

## 6. OFFICERS REPORTS

### 6.1. FINANCIAL REPORTS OCTOBER 2023

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**DEPARTMENT** Finance and Corporate Services

#### RECOMMENDATION

**That Council notes the Statement of Comprehensive Income and the Statement of Financial Position for October 2023.**

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#### EXECUTIVE SUMMARY

The Statement of Comprehensive Income details the progress of the 2023-2024 budget for the period ended 31 October 2023.

Key points to note include the following:

- Operating revenue is ahead of budget by \$361k. Expenditure is behind budget \$542k. The operating Surplus is currently \$5.5m compared to a budgeted surplus of \$4.6m.
- The Statement of Financial Position indicates net Community Assets of \$522.8m

#### BACKGROUND

In accordance with s 204 of the *Local Government Regulation 2012* the Chief Executive Officer must present to Council a financial report, which states the progress that has been made in relation to the current financial year's budget. This report must be presented to Council on a monthly basis and cover the period up to a day as near as practicable to the end of the preceding month.

#### COMMENT

The 2023-2024 annual budget was adopted on 11 July 2023. The attached financial report details progress against budget for the period ended 31 October 2023. The revised budget was presented to Council for adoption on 31 October, and these amendments will be reflected in the November report.

The following information is provided to assist with interpreting the report, including the provision of relevant graphs.

## FINANCIAL REPORT – Statement of Comprehensive Income

### Operating Revenue and Expenditure

#### Key points:

A revised budget has been adopted by Council on 31st of October, some of the below variances have been taken into account in the revised budget and this will be reflected in the November Report.

Operating revenue is currently ahead of budget, with variations occurring primarily within the categories as follows:

- Rates & Utility Charges are behind budget by \$144k. This variance is due to less than anticipated Water revenue at the time of the October reads. The timing of the water reads may impact this result.
- Fees and charges are ahead of budget by \$376k. This is due to the following:
  - Daintree Ferry revenue currently \$99k ahead of budget.
  - Licence fees are ahead of budget \$51k due to timing of invoices being issued.
  - Building and Property related fees currently \$247k ahead of budget. A significant number of development applications have been lodged.
  - Refuse Tipping fees are \$32k behind budget, primarily due to timing of invoices being raised.
  - Other Fees and charges are \$11k ahead of budget.
- Grants and Subsidies are \$6k behind budget.
- Interest is \$106k ahead of budget. Continued high interest rates is reflected in this result.
- Other recurrent income is \$29k ahead of budget, this is due to the timing for completion of works for TMR.

Regarding year-to-date expenditure, variations to budget are as follows:

- Employee benefits expenditure is \$232k under budget and may be impacted by various factors, such as staff vacancies and the amount and timing of leave taken.
- Materials and services expenditure is \$393k under budget year to date, predominantly timing related. Commitments are currently \$8.1m including purchase orders for annual expenditure.
- Depreciation expense is \$83k over budget, this is primarily due to the increase in Asset Value due to finalisation of 2023 end of year. This has been addressed in the revised budget.

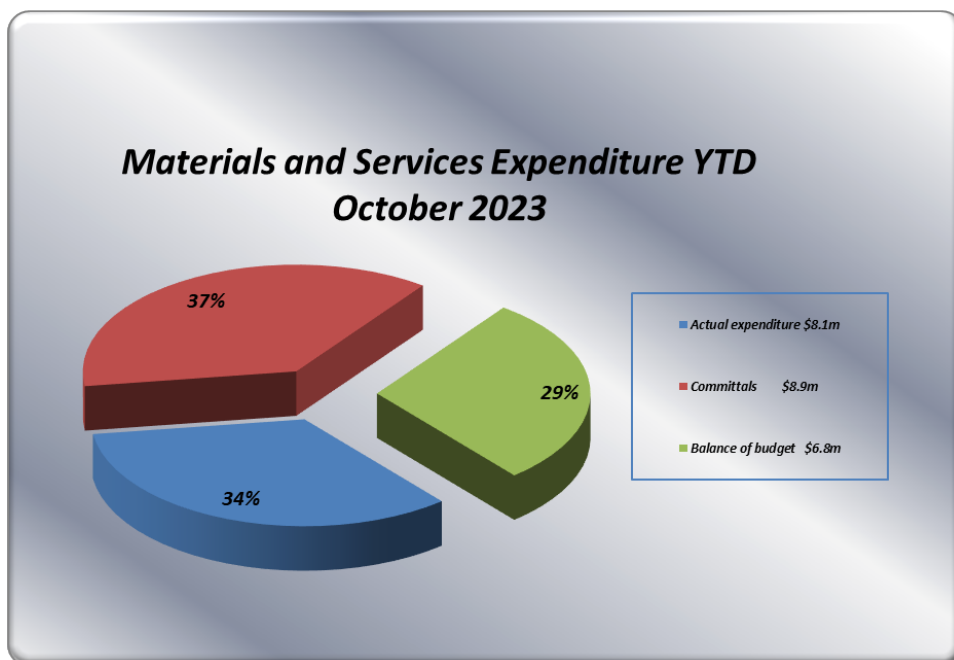


Figure 1.

### Operating Result

#### Key point:

- The operating result is \$903k ahead of budget.

As reflected in the attached report, total operating revenue at the end of October 2023 was \$361k ahead of budget and operating expenditure \$542k under budget. This has resulted in an operating Surplus of \$5.5m compared to a budgeted Surplus of \$4.6m for year to date.

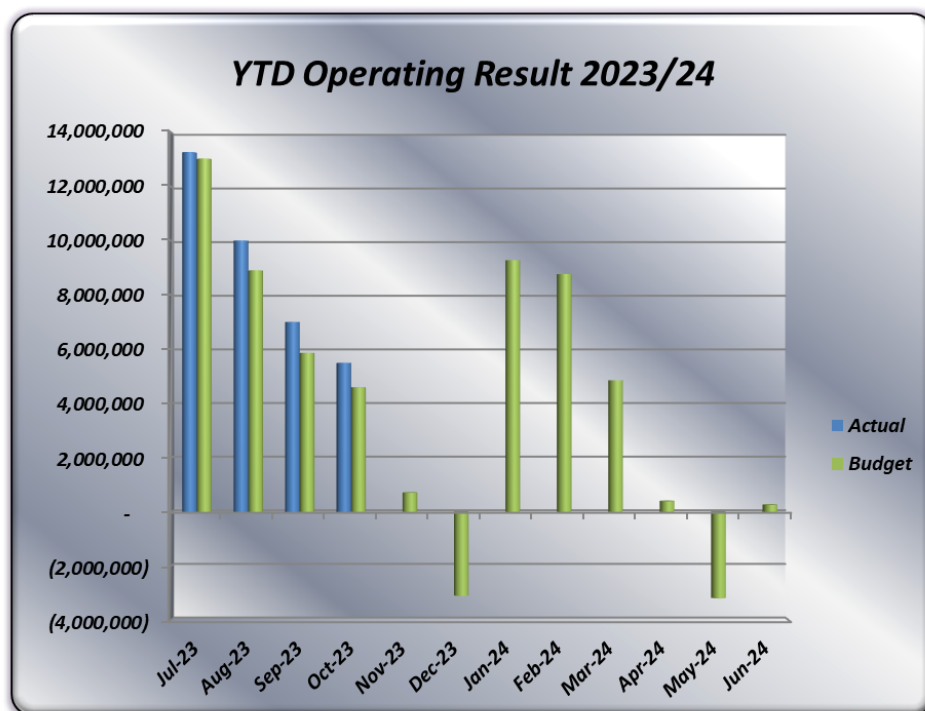


Figure 2.

## Capital Revenue and Expenditure

### Key point:

Revised budget was adopted on 31 October 2023 and will be reflected in the November finance report. This will impact the capital budget due to 2023 carried forward works and new projects.

- Council has received 49%, \$1.5m of its annual budgeted capital grants and subsidies and \$92k contributions from developers.
- Full budget amounts for capital revenue and expenditure are allocated in the report to July 2023
- Capital works income and expenditure budgets include projects that may be completed across multiple financial years.

It should be noted that in addition to year-to-date capital expenditure of \$5.3m a further \$5.5m had been committed as at the end of October 2023.

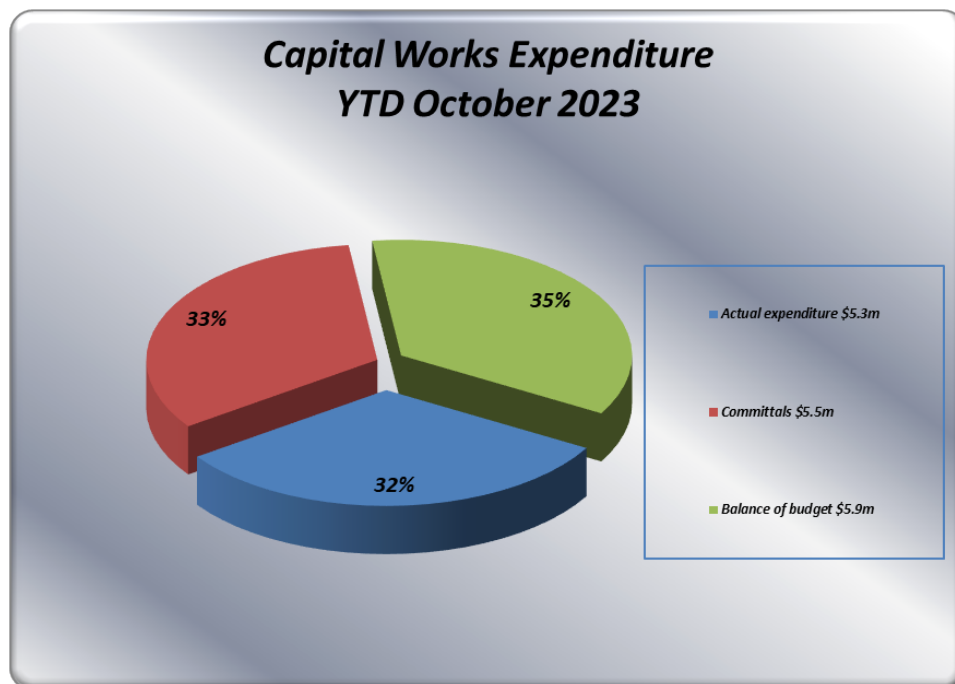


Figure 3.

## FINANCIAL STATEMENT - Statement of Financial Position

The Statement of Financial Position reflects Net Community Assets \$522.8m. Growth in Cash and cash equivalents, mirrors the increase in Investment income in the Statement of comprehensive income.

## PROPOSAL

That Council notes the Statement of Comprehensive Income October 2023 and the Statement of Financial Position October 2023

## FINANCIAL/RESOURCE IMPLICATIONS

The results as at the end of October 2023 have not revealed any significant impacts on the 2023-2024 budget.

## RISK MANAGEMENT IMPLICATIONS

Monthly financial reporting keeps Council informed of the progress in relation to the budget and allows for timely corrective action if required.

## SUSTAINABILITY IMPLICATIONS

**Economic:** The aim of the long-term financial forecast is to meet all the 'measures of financial sustainability'.

**Environmental:** Nil.

**Social:** Nil.

## CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

### Corporate Plan 2019-2024 Initiatives:

#### Theme 5 - Robust Governance and Efficient Service Delivery

Strong governance and financial management are the foundations of the way in which Council will conduct its business and implement the initiatives of the Corporate Plan.

**Goal 1** - *We will conduct Council business in an open and transparent manner with strong oversight and open reporting.*

**Goal 3** - *We will make sound financial decisions by ensuring robust strategic planning, financial management and reporting.*

### Operational Plan 2023-2024 Actions:

Legislative requirement.

## COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances, and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

**Custodian** Council owns and manages infrastructure, facilities, reserves, resources, and natural areas. In fulfilling its role as custodian, Council will be mindful of the community, the economy, the environment and good governance.

**Regulator** Council has a number of statutory obligations detailed in numerous regulations and legislative Acts. Council also makes local laws to ensure that the Shire is well governed. In fulfilling its role as regulator, Council will utilise an outcomes-based approach that balances the needs of the community with social and natural justice.

## **ATTACHMENTS**

1. October 2023 Statement of Financial Position [**6.1.1** - 1 page]
2. October 2023 Statement of Comprehensive Income [**6.1.2** - 1 page]

**Douglas Shire Council**  
**Statement of Financial Position**  
**October 2023**

	2024	2023
	\$	\$
<b>Current assets</b>		
Cash and cash equivalents	10,157,379	13,425,500
Investments	22,500,000	15,060,000
Trade and other receivables, Contract Assets, Prepayments	4,564,674	9,201,164
Inventories	142,991	150,190
<b>Total current assets</b>	<b>37,365,043</b>	<b>37,836,854</b>
<b>Non-current assets</b>		
Property, plant and equipment	499,102,057	504,209,177
Intangible assets	52,634	52,634
<b>Total non-current assets</b>	<b>499,154,691</b>	<b>504,261,811</b>
<b>Total assets</b>	<b>536,519,734</b>	<b>542,098,665</b>
<b>Current liabilities</b>		
Trade and other payables	2,860,025	7,091,224
Provisions	6,070,524	5,554,800
<b>Total current liabilities</b>	<b>8,930,549</b>	<b>12,646,024</b>
<b>Non-current liabilities</b>		
Borrowings	-	-
Provisions	4,310,595	4,310,595
Unearned Revenue	508,645	508,645
<b>Total non-current liabilities</b>	<b>4,819,240</b>	<b>4,819,240</b>
<b>Total liabilities</b>	<b>13,749,789</b>	<b>17,465,264</b>
<b>Net community assets</b>	<b>522,769,945</b>	<b>524,633,402</b>

**\*\* Statement of Financial Position is a representation of Council's financial position at a point in time. No adjustments or considerations have been assessed or made for outstanding revenues or expenses or ongoing Contract assets or liabilities which arise from the receipt of Grant funding. Assessments of Leave provisions, Landfill provisions are undertaken annually.**

**Douglas Shire Council****Statement of Comprehensive Income****Financial Report October 2023**

	Actual YTD 24 \$	Budget YTD 23/24 \$	Variance \$	Budget 23/24 \$	Actual as % of Budget 23/24
<b>Operating Revenue</b>					
Rates and utility charges	19,334,873	19,480,030	(145,157)	41,916,254	46%
less: Financial Assistance, Remissions (incl. Pensioners)	(307,326)	(308,000)	674	(611,000)	50%
Net rates and utility charges	19,027,546	19,172,030	(144,484)	41,305,254	46%
Fees and charges	4,002,138	3,625,982	376,156	8,411,328	48%
Grants and subsidies	733,457	739,388	(5,931)	6,423,376	11%
Interest received	587,026	481,250	105,776	1,261,351	47%
Other recurrent income	432,146	402,531	29,615	1,273,221	34%
<b>Total Operating Revenue</b>	<b>24,782,313</b>	<b>24,421,181</b>	<b>361,132</b>	<b>58,674,529</b>	<b>42%</b>
<b>Operating Expenses</b>					
Employee benefits	6,096,430	6,328,016	231,586	19,323,083	32%
Materials and services	8,062,173	8,455,032	392,859	23,784,226	34%
Depreciation	5,107,121	5,023,813	(83,308)	15,187,351	34%
Finance costs	24,448	24,968	520	122,210	20%
<b>Total Recurrent Expenses</b>	<b>19,290,172</b>	<b>19,831,829</b>	<b>541,657</b>	<b>58,416,870</b>	<b>33%</b>
<b>Operating Result</b>	<b>5,492,141</b>	<b>4,589,352</b>	<b>902,789</b>	<b>257,659</b>	<b>2132%</b>
<b>Capital Revenue</b>					
Capital grants and subsidies	1,482,293	3,051,867	(1,569,574)	3,051,867	49%
Contributions from developers	92,435	250,000	(157,565)	250,000	37%
Gain/(Loss) non current assets	-	-	-	-	-
<b>Total capital revenue</b>	<b>1,574,728</b>	<b>3,301,867</b>	<b>(1,727,139)</b>	<b>3,301,867</b>	<b>48%</b>
<b>Net Result</b>	<b>7,066,869</b>	<b>7,891,219</b>	<b>(824,350)</b>	<b>3,559,526</b>	<b>199%</b>
<b>Capital Works Program</b>					
Capital additions	5,319,240	16,664,354	11,345,114	16,664,354	32%
<b>Total capital additions</b>	<b>5,319,240</b>	<b>16,664,354</b>	<b>11,345,114</b>	<b>16,664,354</b>	<b>32%</b>