

6.2. FINANCIAL REPORT SEPTEMBER 2023

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DEPARTMENT Finance and Corporate Services

RECOMMENDATION

That Council notes the Statement of Comprehensive Income for September 2023.

EXECUTIVE SUMMARY

The Statement of Comprehensive Income details the progress of the 2023-2024 budget for the period ended 30 September 2023.

Key points to note include the following:

- Operating revenue is ahead of budget by \$287k. Expenditure is behind budget \$851k. The operating Surplus is currently \$7m compared to a budgeted surplus of \$5.9m.
- The Statement of Financial Position will not be provided until the 2022-2023 Financial year is finalised and audited.

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 30 September 2023.

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:

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

- Rates & Utility Charges are behind budget by \$88k. This variance has primarily been caused by the timing of the June 2023 water notices, and the subsequent size of the end of year water accrual.
- Fees and charges are ahead of budget by \$276k. This is due to the following:
 - Daintree Ferry revenue currently \$95k ahead of budget.
 - Licence fees are ahead of budget \$39k due to timing of invoices being issued.
 - Building and Property related fees currently \$107k ahead of budget. A significant number of development applications have been lodged.
 - Refuse Tipping fees are \$27k behind budget, primarily due to timing of invoices being raised.
 - Other Fees and charges are \$62k ahead of budget, primarily due to the timing of issuing trade waste fees.
- Grants and Subsidies are \$31k ahead of budget. This variance is due to quarterly Financial Assistance Grant \$36k behind budget, and \$67k of new and carry forward grants.
- Interest is \$49k ahead of budget.
- Other recurrent income is \$18k ahead of budget.

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

- Employee benefits expenditure is \$146k 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 \$705k under budget year to date. Commitments are currently \$8.8m including purchase orders for annual expenditure.
- Depreciation expense has been accrued based on the budget forecast. The asset register is still being finalised as part of the 2022-2023 end of financial year process and cannot be updated with actual depreciation for the new financial year until this process is completed.

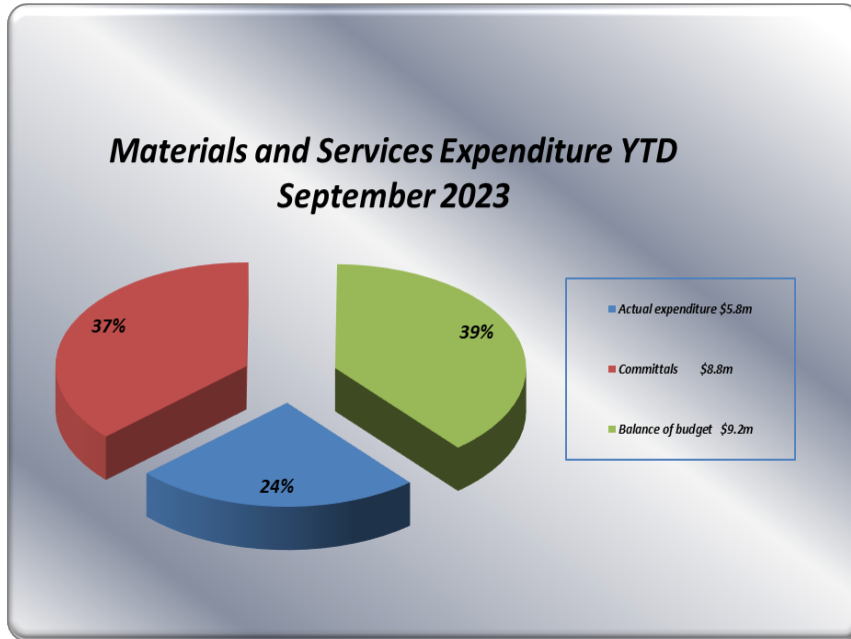


Figure 1.

Operating Result

Key point:

- The operating result is \$1.1m ahead of budget.

As reflected in the attached report, total operating revenue at the end of September 2023 was \$287k ahead of budget and operating expenditure \$851k under budget. This has resulted in an operating Surplus of \$7m compared to a budgeted Surplus of \$5.9m for year to date.

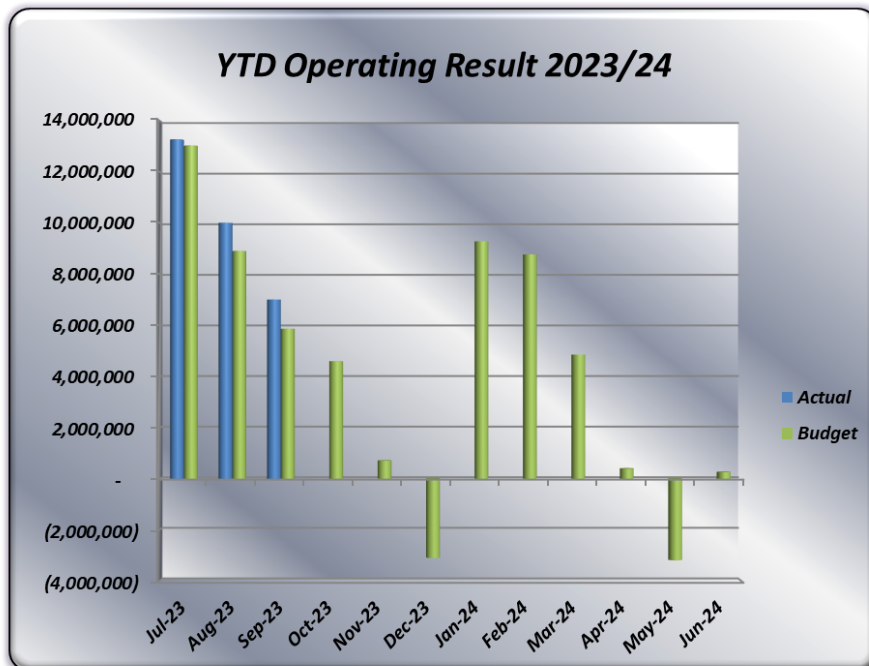


Figure 2.

Capital Revenue and Expenditure

Key point:

- Council has received 2%, \$75k of its annual budgeted capital grants and subsidies and \$42k 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 \$4.2m a further \$4.5m had been committed as at the end of September 2023.

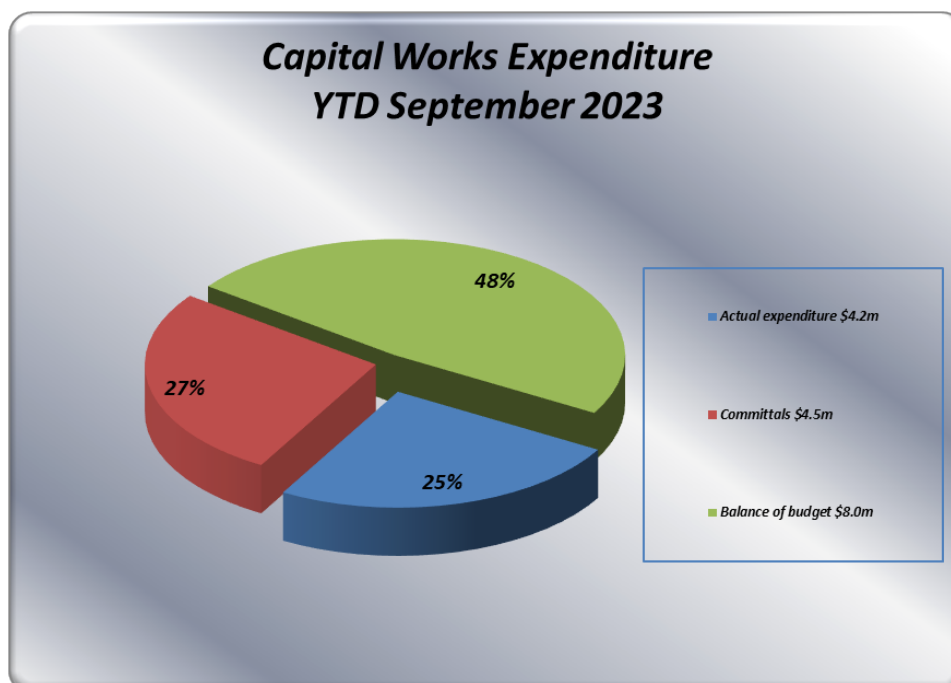


Figure 3.

FINANCIAL STATEMENT - Statement of Financial Position

The Statement of Financial Position will not be provided until the 2022-2023 Financial year is finalised and audited.

PROPOSAL

That Council notes the Statement of Comprehensive Income September 2023.

FINANCIAL/RESOURCE IMPLICATIONS

The results as at the end of September 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. 2023 September Statement of Comprehensive Income [**6.2.1** - 1 page]

Douglas Shire Council					
Statement of Comprehensive Income					
Financial Report September 2023					
	Actual YTD 24	Budget YTD 23/24	Variance	Budget 23/24	Actual as % of Budget 23/24
	\$	\$	\$	\$	
Operating Revenue					
Rates and utility charges	16,219,521	16,304,165	(84,644)	41,916,254	39%
less: Financial Assistance, Remissions (incl. Pensioners)	(307,332)	(303,500)	(3,832)	(611,000)	50%
Net rates and utility charges	15,912,189	16,000,665	(88,476)	41,305,254	39%
Fees and charges	3,113,129	2,836,636	276,493	8,411,328	37%
Grants and subsidies	733,457	701,858	31,599	6,423,376	11%
Interest received	424,376	375,260	49,116	1,261,351	34%
Other recurrent income	323,252	304,952	18,300	1,273,221	25%
Total Operating Revenue	20,506,403	20,219,371	287,032	58,674,529	35%
Operating Expenses					
Employee benefits	3,952,525	4,098,414	145,889	19,323,083	20%
Materials and services	5,771,617	6,476,261	704,644	23,784,226	24%
Depreciation	3,763,718	3,763,718	-	15,187,351	25%
Finance costs	20,520	20,941	421	122,210	17%
Total Recurrent Expenses	13,508,381	14,359,334	850,953	58,416,870	23%
Operating Result	6,998,022	5,860,037	1,137,985	257,659	2716%
Capital Revenue					
Capital grants and subsidies	74,607	3,051,867	(2,977,260)	3,051,867	2%
Contributions from developers	41,805	250,000	(208,195)	250,000	17%
Gain/(Loss) non current assets	-	-	-	-	
Total capital revenue	116,412	3,301,867	(3,185,455)	3,301,867	4%
Net Result	7,114,434	9,161,904	(2,047,470)	3,559,526	200%
Capital Works Program					
Capital additions	4,153,806	16,664,354	12,510,549	16,664,354	25%
Total capital additions	4,153,806	16,664,354	12,510,549	16,664,354	25%