

### 3.9. STATEMENT OF ESTIMATED FINANCIAL POSITION 2023-2024

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**DEPARTMENT** Finance and Corporate Services

#### RECOMMENDATION

**1. Pursuant to s205 of the Local Government Regulation 2012, the Statement of the Financial Operations and Financial Position of the Council in respect of the 2023-2024 financial year (“the Statement of Estimated Financial Position”) be received and its contents noted.**

**2. The Financial Reports for the period ended 31 May 2024, comprising of the Statement of Comprehensive Income, and the Statement of Financial Position for 31 May 2024 be noted.**

#### EXECUTIVE SUMMARY

The attached Financial Report details the progress of the 2023-2024 budget for the period ended 31 May 2024 and provides a "statement of estimated financial position" for the 2023-2024 financial year. Key points to note include the following:

- Operating revenue at 31 May 2024 is over budget by \$25.8m
- Operating expenditure at 31 May 2024 is over budget by \$18.7m
- The operating surplus at 31 May 2024 is currently \$3.7m, compared to a budgeted deficit of \$3.4m

#### BACKGROUND

In accordance with s204 of the *Qld 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.

Additionally, s205 of the *Qld Local Government Regulation 2012* requires the CEO to present to the annual budget meeting a Statement of Estimated Financial Position.

#### COMMENTS

The 2023-2024 annual budget was adopted on 11 July 2023 and revised on 31 October 2023. The attached financial report details progress against revised budget for the period ended 31 May 2024. Also included in the report is the estimated financial position for the financial year ending 30 June 2024.

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

## PROGRESS AGAINST BUDGET FOR THE PERIOD ENDING 31 MAY 2024

### Operating Revenue and Expenditure

Key points:

Overall year to date operating revenue is \$25.8m above budget.

- Rates and Utility charges are currently under budget \$142k, this is primarily due to less than anticipated water revenue.
- Fees and charges are currently under budget by \$1m. This is primarily due to the following:
  - Daintree River Ferry is currently \$726k under budget. This has been impacted by the closure of the Ferry due to Tropical Cyclone Jasper and the subsequent flooding event. The reported slowing in tourism continues to impact this area.
  - Refuse tipping fees are currently \$62k under budget.
  - Licence fees are currently \$51k under budget primarily due to the timing of issuing prescribed activity fee invoices.
  - Property fees \$37k above budget.
  - Other fees and charges are currently \$221k under budget. This predominantly relates to revenue decline from Mossman Van Park \$93k, Mossman Pool \$21k, Wonga Beach Van Park \$35k, Cemetery Fees \$24k and disposal of Septage \$29k.
- Grants and subsidies are \$26.1m above budget. This is primarily due to the receipt of advance grant payments of \$25.8m from Queensland Reconstruction Authority (QRA). These payments are to assist with the immediate recovery costs associated with Cyclone Jasper and the flooding event.
- Interest Income is currently \$540k above budget. The strength of the RBA cash rate and lift in cash holdings has improved this result.
- Other recurrent income is \$278k above budget. This includes increased works for the State Roads maintenance contract and receipts for processing of recycled materials.

Year to date expenditure variations to budget are as follows:

- Employee benefits are currently \$198k under budget. This can be impacted by numerous factors, such as staff vacancies, the amount and timing of leave taken and the allocation of costs to capital expenditure.
- Materials and services expenditure is currently \$18.9m over budget. This includes temporary staff costs to cover various vacancies but is predominantly due to expenditure on emergent works \$22m. It is important to note that there is still \$18.5m in outstanding commitments, of which \$13.1m relates to the Disaster. The timing of rectification works, and subsequent reimbursement from the Disaster funding bodies may impact the result in future months.

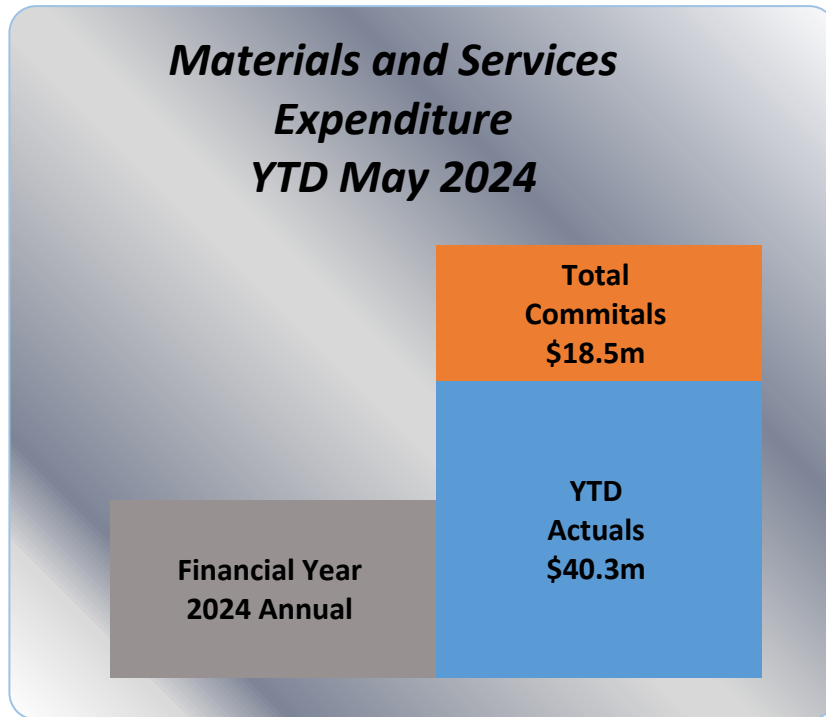


Figure 1

- Depreciation expense is currently \$23k above budget. This variance is subject to the timing of completion of capital projects and the asset capitalisation process.
- Finance costs are currently \$6k under budget.

## Operating Result

### Key points:

The operating result for 31 May 2024 is \$7.1m over budget.

As reflected in the attached report, total operating revenue at the end of May was over budget \$25.8m and operating expenditure was over budget \$18.7m.

This has resulted in an operating surplus of \$3.7m compared to a budgeted deficit of \$3.4m.

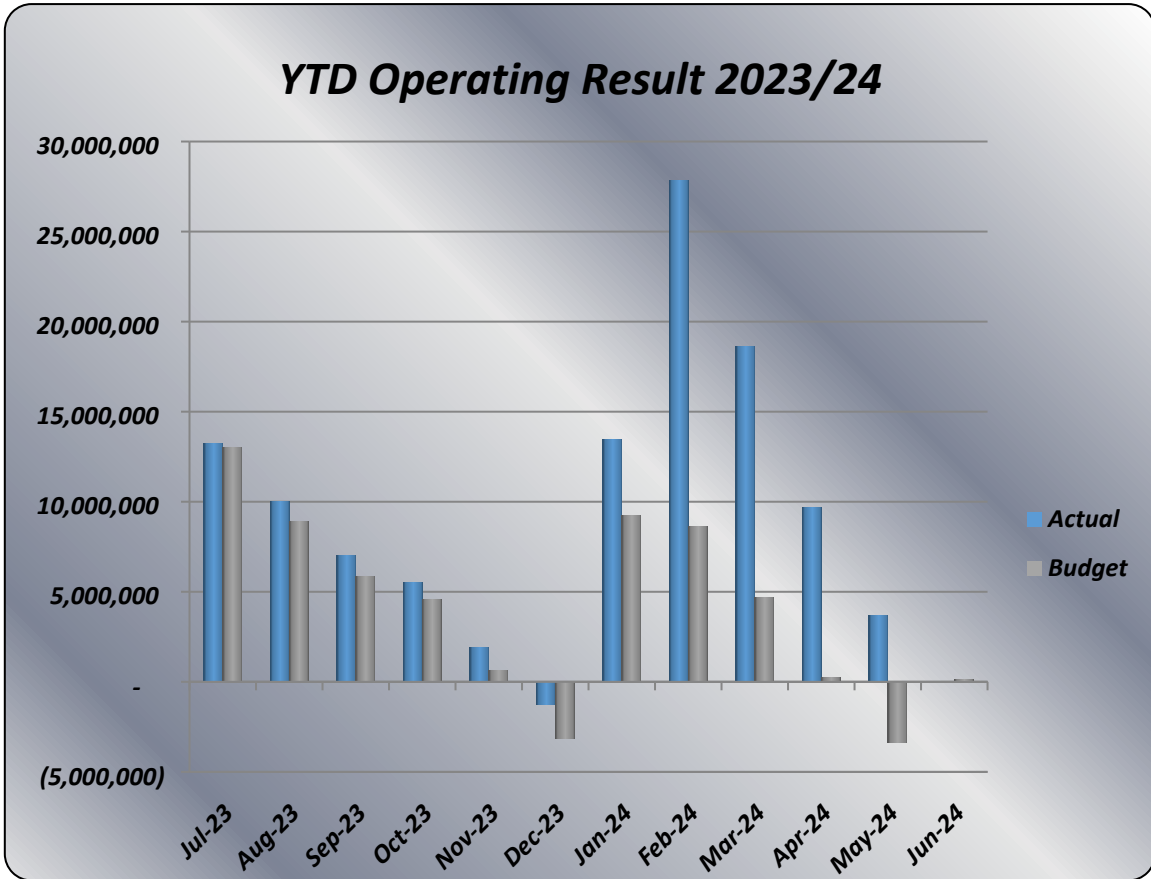


Figure 2

### Capital Revenue and Expenditure

Key points:

Council has now received \$3.9m in capital grants and subsidies and \$300k in developer contributions. There has been a loss on disposal of non-current assets of \$854k.

Note that in addition to year-to-date capital expenditure of \$14m, a further \$9.6m was committed as of the end of May 2024.

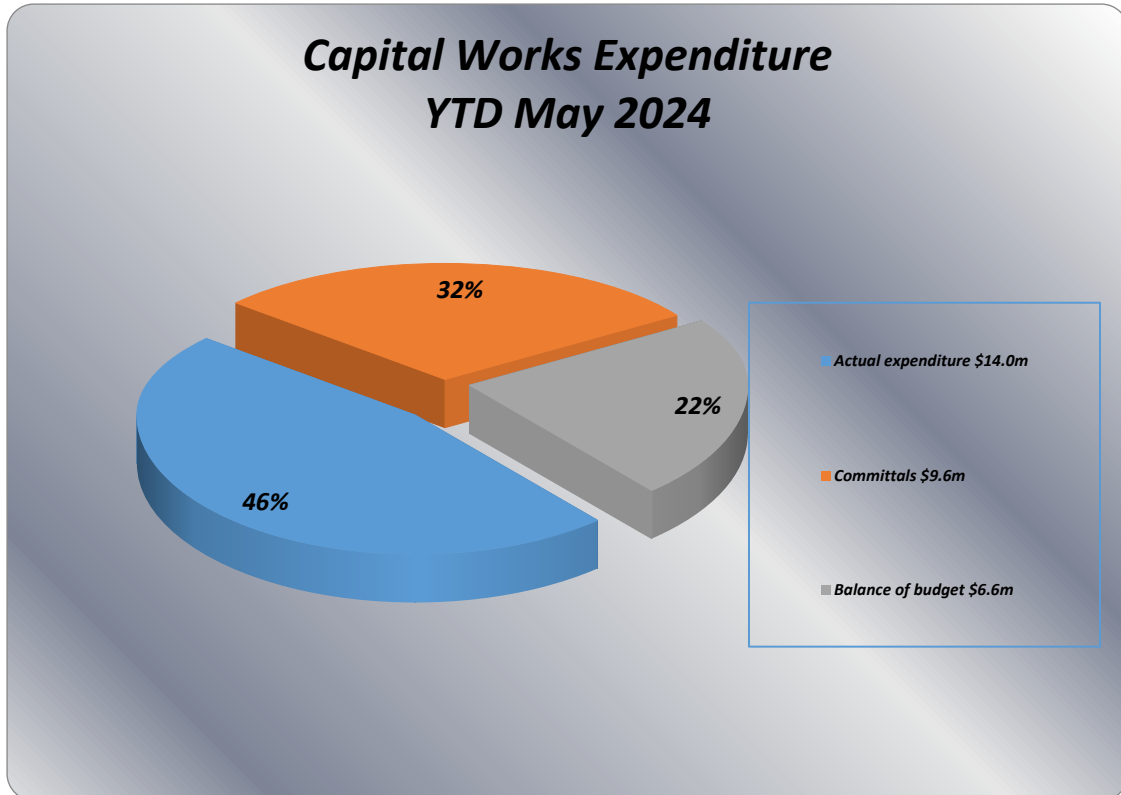


Figure 3.

### FINANCIAL STATEMENT – Statement of Financial Position

The Statement of Financial Position reflects net community assets of \$513.3m. A reduction in trade and other receivables reflects the timing of issuance of rates and utility charges and the completion of EOY processes.

### ESTIMATED FINANCIAL POSITION FOR THE FINANCIAL YEAR ENDING 30 JUNE 2024

Two columns have been added to the attached financial report to show the estimated financial position and variance to budget for the financial year ending 30 June 2024. This estimate is based on information available (including the variance explanations outlined above) and analysis made at the time of preparing this report.

Please note the final result is subject to the finalisation of end of year processes.

The operating result is estimated to be a \$666k deficit against a budgeted surplus \$118k. The timing of lodgment and subsequent payment from Queensland Reconstruction Authority, for Disaster claims may significantly affect this forecast, due to the Australian Accounting Standards which determine the timing of when revenue may be recognised.

Operational revenue is expected to be \$35.5m over budget, which includes \$35.8m in additional grant funding for Cyclone Jasper and the associated flooding event.

Rates and utilities are forecast to be \$192k behind budget, due to a reduction in water usage.

Fees and charges are expected to be under budget by \$1m. This includes Daintree Ferry revenue which is forecast to be \$825k under budget.

Interest revenue is forecast to be \$655k above budget due to interest rate rises and other recurrent income will be \$227k above budget. This includes increased works for the State Roads maintenance contract.

Total operational expenditure is expected to be \$36.2m over budget including costs for emergent works \$37.8m. There is a forecast saving in employee benefits of \$190k. Depreciation forecast has not been reviewed as this is subject to end of year processes.

Developer Contributions have been forecast to be \$50k above budget.

Capital grants and subsidies and capital works expenditure have not been forecast and will be revisited at 2024-2025 budget review as in prior years. It is likely there will be carried forward capital works balances from the 2023-2024 financial year.

Council's financial position as at 30 June 2024 will be dependent upon the outcomes of the end of financial year adjustments and final audit processes.

## PROPOSAL

The Interim Financial Reports for the period ended 30 June 2024 and the Statement of Estimated Financial Position for the 2023-2024 financial year be received and noted by Council.

## FINANCIAL/RESOURCE IMPLICATIONS

The forecast end of year financial result for 2023-2024 would see a decline in result of \$784k. This is primarily due to the timing of the final submission and payment receipt of the Cyclone Jasper emergent works claim.

## 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 of 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. 2024 May Statement of Comprehensive Income and Estimated Financial Position June 2024 [**3.9.1** - 1 page]
2. 2024 May Statement of Financial Position [**3.9.2** - 1 page]

<b>Douglas Shire Council</b>					
<b>Statement of Comprehensive Income</b>					
<b>Financial Report May 2024</b>					
	<b>Actual YTD 24</b>	<b>Budget YTD 23/24</b>	<b>Variance</b>	<b>Budget 23/24</b>	<b>Actual as % of Budget 23/24</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	
<b>Operating Revenue</b>					
Rates and utility charges	38,882,551	39,015,998	(133,447)	41,916,254	93%
less: Financial Assistance, Remissions (incl. Pensioners)	(619,789)	(611,000)	(8,789)	(611,000)	101%
Net rates and utility charges	38,262,733	38,404,998	(142,265)	41,305,254	93%
Fees and charges	6,756,178	7,780,305	(1,024,127)	8,557,828	79%
Grants and subsidies	27,319,120	1,205,839	26,113,281	6,459,724	423%
Interest received	1,853,553	1,313,594	539,959	1,414,476	131%
Other recurrent income	1,321,690	1,043,773	277,917	1,320,781	100%
<b>Total Operating Revenue</b>	<b>75,513,273</b>	<b>49,748,509</b>	<b>25,764,764</b>	<b>59,058,063</b>	<b>128%</b>
<b>Operating Expenses</b>					
Employee benefits	17,277,671	17,475,868	198,197	19,323,083	89%
Materials and services	40,349,904	21,458,866	(18,891,038)	24,118,545	167%
Depreciation	14,139,314	14,116,382	(22,932)	15,395,797	92%
Finance costs	57,345	63,455	6,110	102,210	56%
<b>Total Recurrent Expenses</b>	<b>71,824,234</b>	<b>53,114,571</b>	<b>(18,709,663)</b>	<b>58,939,635</b>	<b>122%</b>
<b>Operating Result</b>	<b>3,689,039</b>	<b>(3,366,062)</b>	<b>7,055,101</b>	<b>118,428</b>	<b>3115%</b>
<b>Capital Revenue</b>					
Capital grants and subsidies	3,946,638	8,699,790	(4,753,152)	8,699,790	45%
Contributions from developers	300,261	250,000	50,261	250,000	120%
Gain/(Loss) non current assets	(854,105)	-	854,105	-	
<b>Total capital revenue</b>	<b>3,392,794</b>	<b>8,949,790</b>	<b>(5,556,997)</b>	<b>8,949,790</b>	<b>38%</b>
<b>Net Result</b>	<b>7,081,833</b>	<b>5,583,728</b>	<b>1,498,105</b>	<b>9,068,218</b>	<b>78%</b>
<b>Capital Works Program</b>					
Capital additions	14,032,547	30,231,240	16,198,693	30,231,240	46%
<b>Total capital additions</b>	<b>14,032,547</b>	<b>30,231,240</b>	<b>16,198,693</b>	<b>30,231,240</b>	<b>46%</b>

<b>Statement of Estimated Financial Position</b>	
<b>Financial Year June 2024</b>	
<b>Actual</b>	<b>Variance</b>
<b>\$</b>	<b>\$</b>
41,732,807	(183,447)
(619,789)	(8,789)
41,113,018	(192,236)
7,510,091	(1,047,737)
42,275,929	35,816,205
2,070,449	655,973
1,548,698	227,917
<b>94,518,185</b>	<b>35,460,122</b>
19,133,083	190,000
60,553,156	(36,434,611)
15,395,797	-
102,210	-
<b>95,184,246</b>	<b>(36,244,611)</b>
<b>(666,061)</b>	<b>(784,489)</b>
8,699,790	-
300,261	50,261
(854,105)	(854,105)
<b>8,145,946</b>	<b>(803,844)</b>
<b>7,479,885</b>	<b>(1,588,333)</b>
30,231,240	-
<b>30,231,240</b>	<b>-</b>

<b>INFORMATION ONLY: CDO and Emergency Works (Included Above)</b>			
INCOME: DRFA Operational Funding	26,274,746	474,746	25,800,000
EXPENDITURE: DRFA Employee & Materials & Services	22,017,149	-	22,017,149
<b>Total DRFA</b>	<b>4,257,596</b>	<b>474,746</b>	<b>3,782,850</b>

36,258,364	35,783,618
37,783,618	37,783,618
<b>(1,525,254)</b>	<b>(2,000,000)</b>



**Douglas Shire Council**  
**Statement of Financial Position**  
**May 2024**

	2024	2023
	\$	\$
<b>Current assets</b>		
Cash and cash equivalents	30,879,300	13,425,500
Investments	5,000,000	15,060,000
Trade and other receivables, Contract Assets, Prepayments	1,810,354	9,201,164
Inventories	107,262	150,190
<b>Total current assets</b>	<b>37,796,915</b>	<b>37,836,854</b>
<b>Non-current assets</b>		
Property, plant and equipment	488,879,277	504,209,177
Intangible assets	52,634	52,634
<b>Total non-current assets</b>	<b>488,931,911</b>	<b>504,261,811</b>
<b>Total assets</b>	<b>526,728,826</b>	<b>542,098,665</b>
<b>Current liabilities</b>		
Trade and other payables	2,635,101	7,091,224
Provisions	6,022,951	5,554,800
<b>Total current liabilities</b>	<b>8,658,052</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>13,477,292</b>	<b>17,465,264</b>
<b>Net community assets</b>	<b>513,251,535</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.**