

5. OFFICERS REPORTS

5.1. FINANCIAL REPORT JULY 2022

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DEPARTMENT Finance and Corporate Services

RECOMMENDATION

That Council notes the Financial Report for July 2022.

EXECUTIVE SUMMARY

The attached Financial Report details the progress of the 2022/2023 budget for the period ended 31 July 2022. Key points to note include the following:

- Operating revenue is ahead of budget by \$164k.
- Operating expenditure is under budget by \$360k.
- The operating Surplus is currently \$12.7m compared to a budgeted Surplus of \$12.2m.

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 2022/2023 annual budget was adopted on 28 June 2022 and the attached financial report details progress against budget for the period ended 31 July 2022.

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

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 ahead of budget by \$58k. Valuation Data has now been finalised for all new subdivisions, Langley Road, Ocean Breeze and New Port and this growth has shown a revenue improvement to budget.
- Daintree Ferry revenue currently \$193k ahead of budget. This aligns the increase in visitation numbers to the region.

- Fees and charges are under budget by \$80k. This is due to the following:
 1. Licence fees are behind budget \$88k due to timing of issuing notices for Dog Registrations, Outdoor Dining & Portable Advertising fees.
 2. Building and Property Related Fees currently \$19k behind budget. There has been a slowing in the number of property searches received currently \$7k behind budget. At this early stage Lodgement fees are also behind budget \$12k.
 3. Refuse Tipping fees are currently \$6k ahead of budget.
 4. Other Fees and charges which include Van Parks are \$21k over budget.
- Interest is \$1k ahead of budget
- Other recurrent income is under budget \$8k

On the operating expenditure side, year to date expenditure variations to budget are as follows:

- Employee benefits expenditure is \$8k 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 under budget \$351k. Committals are currently \$2.9m 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 2021/2022 end of financial year process and cannot be updated with actual depreciation for the new financial year until this process is completed.

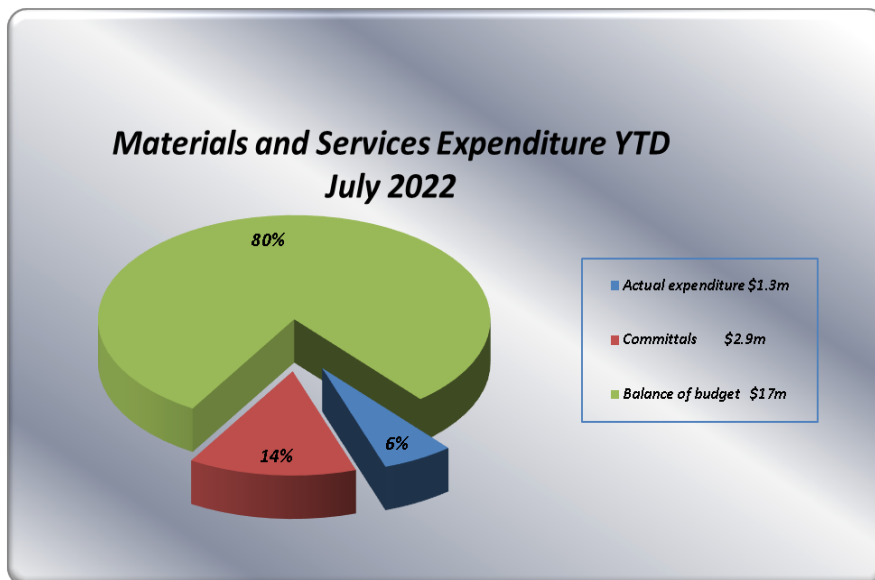


Figure 1.

Capital Revenue and Expenditure

Key point:

- Council has received 22%, \$308K of its annual budgeted capital grants and subsidies at this early stage of the financial year.
- Full budget amounts for capital revenue and expenditure are allocated to July. These amounts will be adjusted as part of a future budget review to take into account carry forwards (uncompleted works) from the previous financial year and any new capital projects.

It should be noted that in addition to year-to-date capital expenditure a further \$4m had been committed as at the end of July.

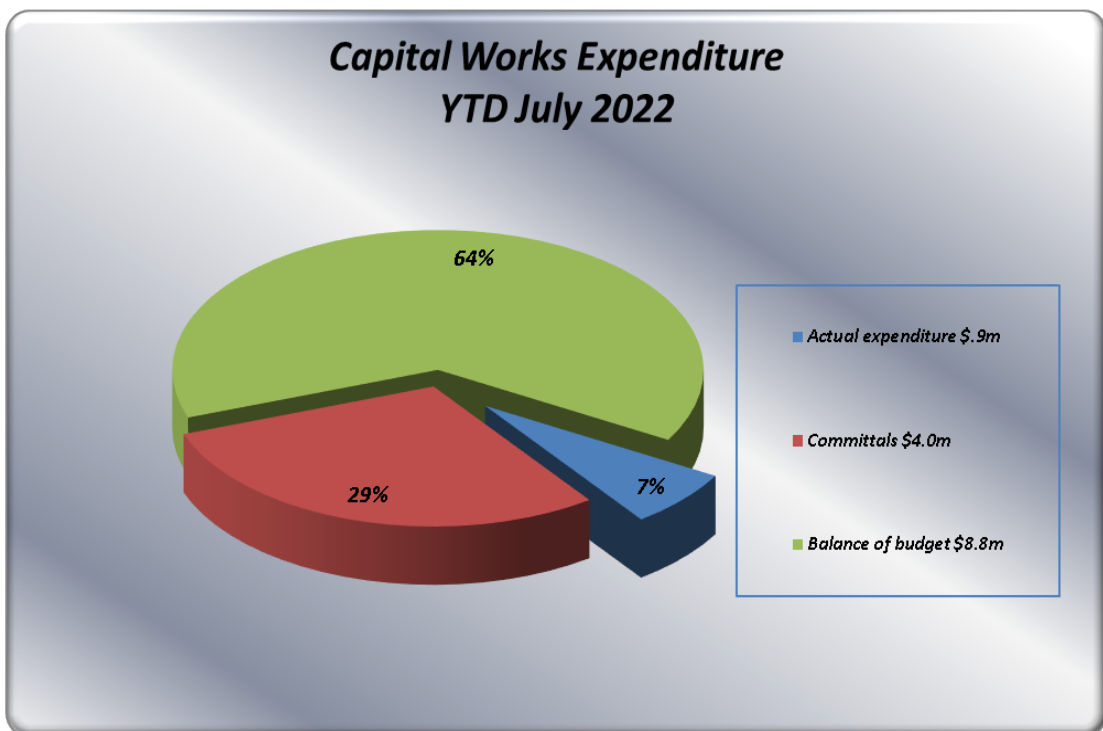


Figure 2.

Operating Result

Key point:

- The operating result is \$524k ahead of budget

As reflected in the attached report, total operating revenue at the end of July was ahead of budget and operating expenditure was under budget. This has resulted in an operating surplus of \$12.7m compared to a budgeted surplus of \$12.2m.

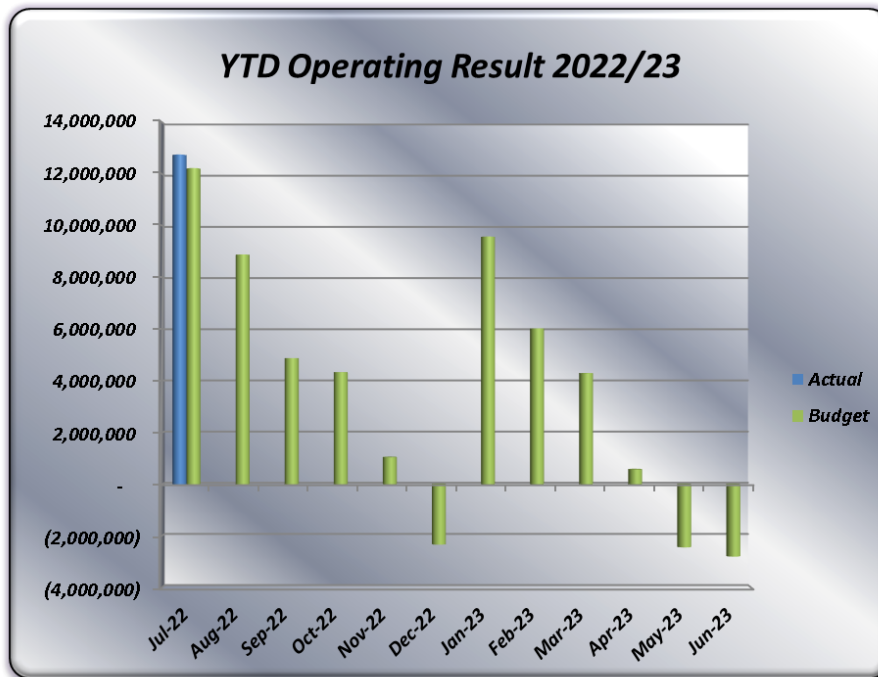


Figure 3.

PROPOSAL

The Financial Report for the period ended 31 July 2022 be received and noted by Council.

FINANCIAL/RESOURCE IMPLICATIONS

The results as at the end of July 2022 have not revealed any significant negative impacts on the 2022/2023 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 three 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 2022-2023 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. Financial Report July 2022 [5.1.1 - 1 page]

Douglas Shire Council					
Statement of Comprehensive Income					
Financial Report July 2022					
	Actual YTD 23	Budget YTD 23	Variance	Budget 22/23	Actual as % of Budget 22/23
	\$	\$	\$	\$	
Operating Revenue					
Rates and utility charges	15,481,511	15,424,098	57,413	39,394,229	39%
less: Financial Assistance, Remissions (incl. Pensioners)	(299,500)	(300,545)	1,045	(630,090)	48%
Net rates and utility charges	15,182,010	15,123,553	58,457	38,764,139	39%
Daintree River Ferry Fees & Charges	626,873	434,082	192,791	4,086,033	15%
Fees and charges (excluding Ferry)	402,868	482,587	(79,719)	3,196,749	13%
Grants and subsidies	-	-	-	3,286,841	0%
Interest received	30,824	29,654	1,170	389,424	8%
Other recurrent income	46,470	54,822	(8,352)	1,098,218	4%
Total Operating Revenue	16,289,045	16,124,698	164,347	50,821,404	32%
Operating Expenses					
Employee benefits	1,108,032	1,116,751	8,719	18,027,874	6%
Materials and services	1,250,203	1,600,813	350,610	21,222,715	6%
Depreciation	1,204,366	1,204,366	-	14,186,318	8%
Finance costs	531	850	319	171,550	0%
Total Recurrent Expenses	3,563,132	3,922,780	359,648	53,608,457	7%
Operating Result	12,725,913	12,201,918	523,995	(2,787,053)	(457%)
Capital Revenue					
Capital grants and subsidies	308,451	1,397,392	(1,088,941)	1,397,392	22%
Contributions from developers	-	250,000	(250,000)	250,000	0%
Total capital revenue	308,451	1,647,392	(1,338,941)	1,647,392	19%
Net Result	13,034,364	13,849,310	(814,946)	(1,139,661)	(1144%)
Capital Works Program					
Capital additions	920,500	13,745,809	12,825,309	13,745,809	7%
Total capital additions	920,500	13,745,809	12,825,309	13,745,809	7%