

## 5. OFFICERS REPORTS

### 5.1. FINANCIAL REPORT SEPTEMBER 2022

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**MANAGER** Rachel Brophy, Chief Executive Officer

**DEPARTMENT** Finance and Corporate Services

#### RECOMMENDATION

**That Council notes the Financial Report for September 2022.**

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#### EXECUTIVE SUMMARY

The attached Financial Report details the progress of the 2022-2023 budget for the period ended 30 September 2022. Key points to note include the following:

- Operating revenue is ahead of budget by \$912k.
- Operating expenditure is under budget by \$78k.
- The operating Surplus is currently \$5.8m compared to a budgeted Surplus of \$4.8m.

#### 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 2022-2023 annual budget was adopted on 28 June 2022 and the attached financial report details progress against budget for the period ended 30 September 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 \$77k. Valuation Data has now been finalised for new subdivisions; Langley Road, Ocean Breeze and New Port and this growth has shown a revenue improvement to budget.
- Daintree Ferry revenue currently \$471k ahead of budget. This aligns with the reported increase in visitation numbers to the region.

- Fees and charges are ahead of budget by \$86k. This is due to the following:
  - Licence fees are ahead of budget \$19k due to timing of issuing notices.
  - Building and Property Related Fees currently \$27k ahead of budget. There has been significant activity, in application fees for Water & Plumbing connections. Property Search fees have fallen behind budget by \$19k.
  - Refuse Tipping fees are \$9k ahead of budget
  - Other Fees and charges are \$31k over budget. Mossman Van Park is currently \$52k ahead. Mooring fees are \$4k behind. The annual fees for Trade Waste are yet to be issued.
- Grants and Subsidies are \$183k ahead of budget. This is primarily due to an increase in the amount received for the Financial Assistance grant of \$104k and \$73k for the implementation of the asset management system.
- Interest is \$70k ahead of budget. Recent interest rate increases will continue to have a positive effect on Council revenue.
- Other recurrent income is ahead of budget \$26k. An amount of \$41.7k was carried forward from 21/2022 financial year due to incomplete project works.

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

- Employee benefits expenditure is \$58k 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 are \$21k behind budget. Committals are currently \$8.2m including purchase orders for annual expenditure for items such as Ferry & Waste.
- Depreciation expense has been accrued based on the budget forecast. The 21/2022 end of financial year process is being finalised and depreciation cannot be updated until this process is completed.

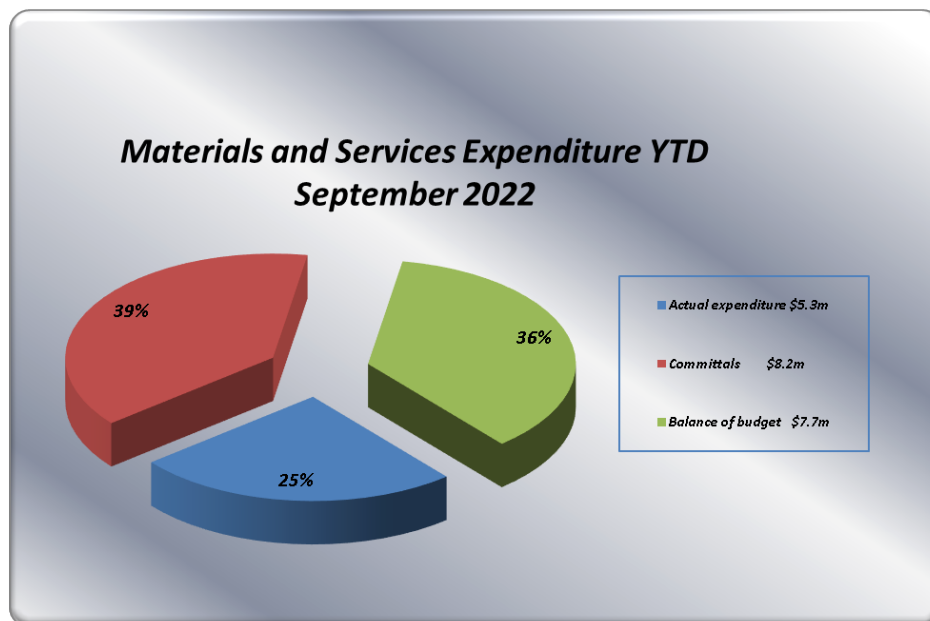


Figure 1.

## Capital Revenue and Expenditure

### Key point:

- Council has received 80%, \$1.3m 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 \$6.7m had been committed as at the end of September.

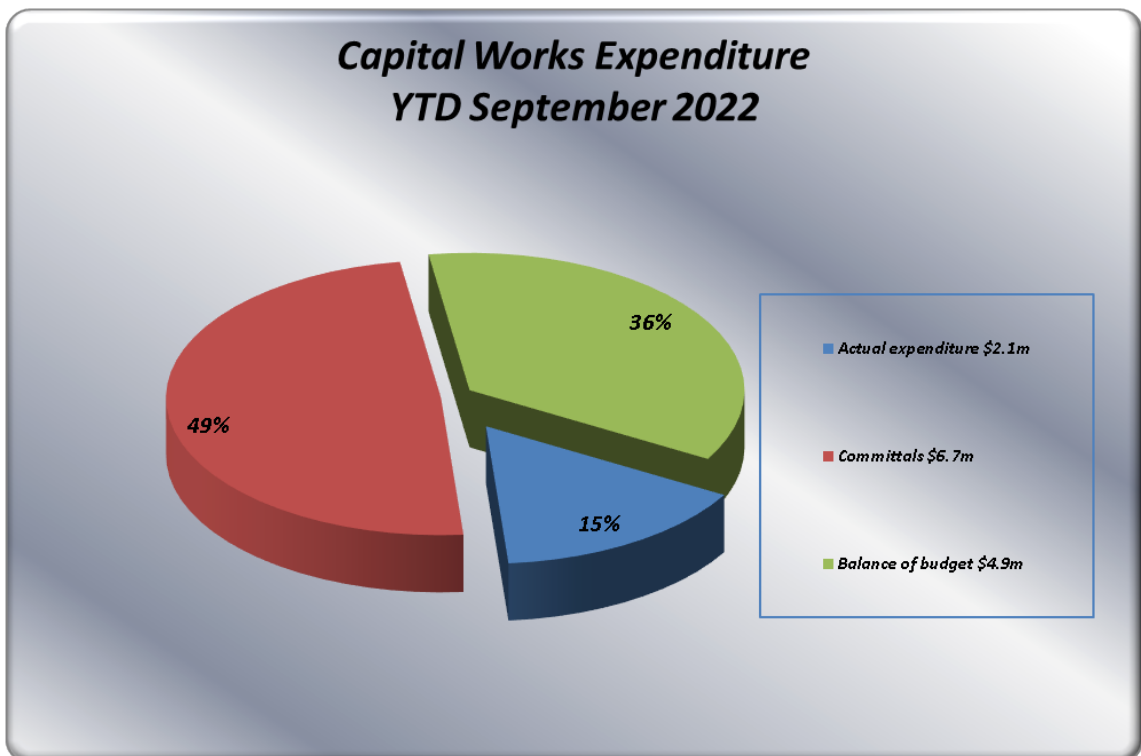


Figure 2.

## Operating Result

### Key point:

- The operating result is \$989k ahead of budget.

As reflected in the attached report, total operating revenue at the end of September was ahead of budget and operating expenditure was under budget. This has resulted in an operating surplus of \$5.8m compared to a budgeted surplus of \$4.8m.



Figure 3.

## PROPOSAL

The Financial Report for the period ended 30 September 2022 be received and noted by Council.

## FINANCIAL/RESOURCE IMPLICATIONS

The results as at the end of September 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. Currently, the FY23 budget is tracking well. Any increase to materials associated with capital works will be closely monitored.

## SUSTAINABILITY IMPLICATIONS

<b>Economic:</b>	The aim of the long-term financial forecast is to meet all three of the 'measures of financial sustainability'
<b>Environmental:</b>	Nil
<b>Social:</b>	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:

<b>Custodian</b>	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.
<b>Regulator</b>	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. September 2022 Financial Report [5.1.1 - 1 page]

<b>Douglas Shire Council Statement of Comprehensive Income Financial Report September 2022</b>					
	<b>Actual YTD 23</b>	<b>Budget YTD 23</b>	<b>Variance</b>	<b>Budget 22/23</b>	<b>Actual as % of Budget 22/23</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	
<b>Operating Revenue</b>					
Rates and utility charges	15,478,261	15,403,463	74,798	39,394,229	39%
less: Financial Assistance, Remissions (incl. Pensioners)	(303,154)	(305,045)	1,891	(630,090)	48%
Net rates and utility charges	15,175,107	15,098,418	76,689	38,764,139	39%
Daintree River Ferry Fees & Charges	1,740,763	1,269,978	470,785	4,086,033	43%
Fees and charges (excluding Ferry)	1,102,151	1,016,339	85,812	3,196,749	34%
Grants and subsidies	889,395	706,716	182,679	3,286,841	27%
Interest received	167,501	97,993	69,508	389,424	43%
Other recurrent income	251,965	225,831	26,134	1,098,218	23%
<b>Total Operating Revenue</b>	<b>19,326,881</b>	<b>18,415,275</b>	<b>911,606</b>	<b>50,821,404</b>	<b>38%</b>
<b>Operating Expenses</b>					
Employee benefits	4,525,518	4,583,649	58,131	18,027,874	25%
Materials and services	5,367,621	5,388,521	20,900	21,222,715	25%
Depreciation	3,575,088	3,575,088	-	14,186,318	25%
Finance costs	21,377	19,850	(1,527)	171,550	12%
<b>Total Recurrent Expenses</b>	<b>13,489,604</b>	<b>13,567,108</b>	<b>77,504</b>	<b>53,608,457</b>	<b>25%</b>
<b>Operating Result</b>	<b>5,837,277</b>	<b>4,848,167</b>	<b>989,110</b>	<b>(2,787,053)</b>	<b>(209%)</b>
<b>Capital Revenue</b>					
Capital grants and subsidies	1,311,123	1,397,392	(86,269)	1,397,392	94%
Contributions from developers	-	250,000	(250,000)	250,000	0%
<b>Total capital revenue</b>	<b>1,311,123</b>	<b>1,647,392</b>	<b>(336,269)</b>	<b>1,647,392</b>	<b>80%</b>
<b>Net Result</b>	<b>7,148,400</b>	<b>6,495,559</b>	<b>652,841</b>	<b>(1,139,661)</b>	<b>(627%)</b>
<b>Capital Works Program</b>					
Capital additions	2,111,619	13,745,809	11,634,190	13,745,809	15%
<b>Total capital additions</b>	<b>2,111,619</b>	<b>13,745,809</b>	<b>11,634,190</b>	<b>13,745,809</b>	<b>15%</b>