

## 6. OFFICERS REPORTS

### 6.1. FINANCIAL REPORT AUGUST 2023

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**DEPARTMENT** Finance and Corporate Services

#### RECOMMENDATION

**That Council notes the Statement of Comprehensive Income for August 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 August 2023.

Key points to note include the following:

- Operating revenue is ahead of budget by \$793k. Expenditure is behind budget \$304k. The operating Surplus is currently \$10m compared to a budgeted surplus of \$8.9m.
- 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 31 August 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 \$92k. 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 \$337k. This is due to the following:
  - Daintree Ferry revenue currently \$112k ahead of budget.
  - Licence fees are ahead of budget \$99k due to timing of invoices being issued.
  - Building and Property related fees currently \$134k ahead of budget. A significant number of development applications have been lodged.
  - Refuse Tipping fees are behind budget \$27k due to timing.
  - Other Fees and charges are \$19k ahead of budget.
- Grants and Subsidies are \$519k ahead of budget. This is primarily due to the receipt of Emergent funds \$474k received for the Monsoon events in the 1st quarter 2023. these were budgeted to be received in September 2023.
- Interest is \$26.8k ahead of budget.
- Other recurrent income is \$2k ahead of budget.

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

- Employee benefits expenditure is \$102k 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 \$203k under budget year to date. Commitments are currently \$8.6m 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.

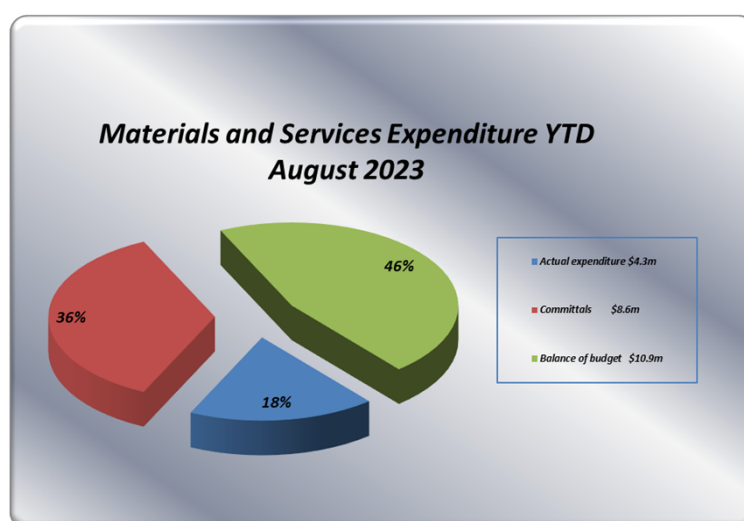


Figure 1.

## 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 August 2023 was \$793k ahead of budget and operating expenditure \$304k under budget This has resulted in an operating Surplus of \$10m compared to a budgeted Surplus of \$8.9m for year to date.

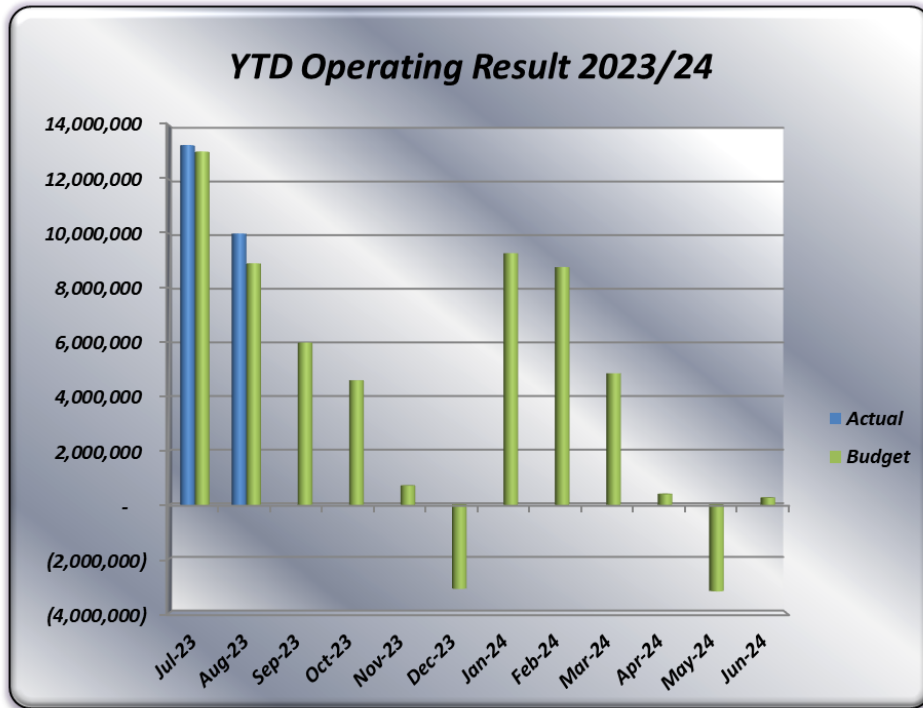


Figure 2.

## 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 \$2m a further \$5.8m had been committed as at the end of August 2023.

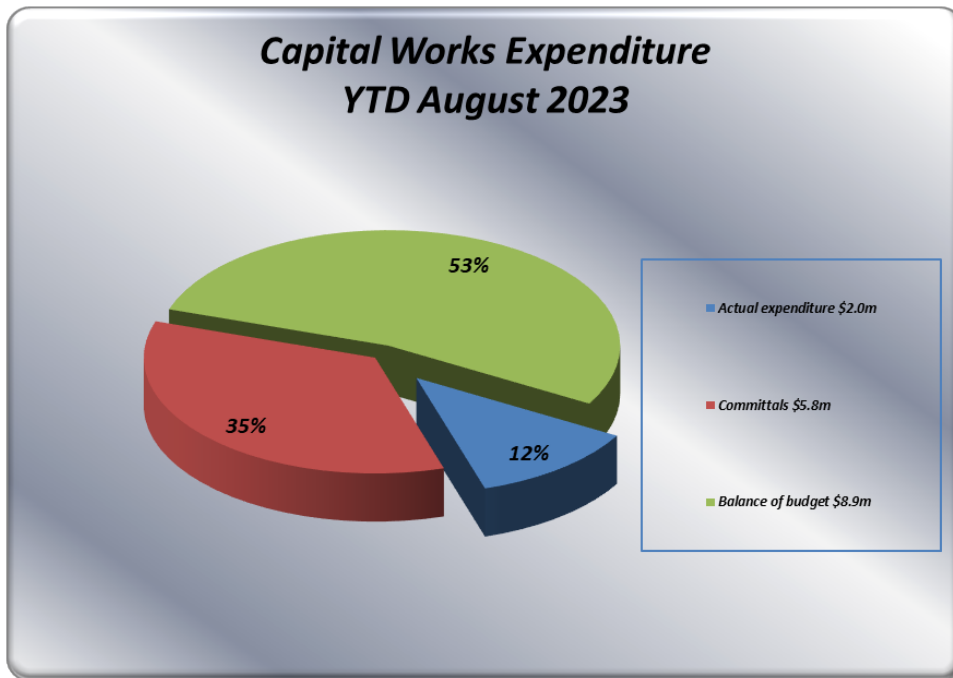


Figure 3.

### 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 August 2023.

### FINANCIAL/RESOURCE IMPLICATIONS

The results as at the end of August 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:

<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. 2023 August Statement of Comprehensive Income [6.1.1 - 1 page]

<b>Douglas Shire Council</b>					
<b>Statement of Comprehensive Income</b>					
<b>Financial Report August 2023</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	16,215,098	16,304,165	(89,067)	41,916,254	39%
less: Financial Assistance, Remissions (incl. Pensioners)	(306,704)	(303,500)	(3,204)	(611,000)	50%
Net rates and utility charges	15,908,393	16,000,665	(92,272)	41,305,254	39%
Fees and charges	2,256,798	1,919,741	337,057	8,411,328	27%
Grants and subsidies	702,767	183,472	519,295	6,423,376	11%
Interest received	267,892	241,076	26,816	1,261,351	21%
Other recurrent income	200,140	198,033	2,107	1,273,221	16%
<b>Total Operating Revenue</b>	<b>19,335,990</b>	<b>18,542,987</b>	<b>793,003</b>	<b>58,674,529</b>	<b>33%</b>
<b>Operating Expenses</b>					
Employee benefits	2,510,370	2,612,010	101,640	19,323,083	13%
Materials and services	4,316,279	4,519,344	203,065	23,784,226	18%
Depreciation	2,506,385	2,506,385	-	15,187,351	17%
Finance costs	7,212	6,990	(222)	122,210	6%
<b>Total Recurrent Expenses</b>	<b>9,340,246</b>	<b>9,644,729</b>	<b>304,483</b>	<b>58,416,870</b>	<b>16%</b>
<b>Operating Result</b>	<b>9,995,743</b>	<b>8,898,258</b>	<b>1,097,485</b>	<b>257,659</b>	<b>3879%</b>
<b>Capital Revenue</b>					
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	-	-	-	-	-
<b>Total capital revenue</b>	<b>116,412</b>	<b>3,301,867</b>	<b>(3,185,455)</b>	<b>3,301,867</b>	<b>4%</b>
<b>Net Result</b>	<b>10,112,155</b>	<b>12,200,125</b>	<b>(2,087,970)</b>	<b>3,559,526</b>	<b>284%</b>
<b>Capital Works Program</b>					
Capital additions	1,979,304	16,664,354	14,685,050	16,664,354	12%
<b>Total capital additions</b>	<b>1,979,304</b>	<b>16,664,354</b>	<b>14,685,050</b>	<b>16,664,354</b>	<b>12%</b>