

5.13. MONTHLY FINANCIAL REPORT APRIL 2020

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DEPARTMENT Finance and Corporate Services

RECOMMENDATION

That Council notes the Financial Report for the period ended 30 April 2020.

EXECUTIVE SUMMARY

The attached Financial Report details the progress of the 2019/20 revised budget for the period ended 30 April 2020. Key points to note include the following:

- Operating revenue is behind budget by \$474k.
- Operating expenditure is under budget by \$1.8m.
- The Operating Surplus is currently \$4.5m, compared to a budgeted Surplus of \$3.2m.

BACKGROUND

In accordance with section 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 2019/20 annual budget was adopted on 25 June 2019 and revised on 3 December 2019. The attached financial report details progress against revised budget for the period ended 30 April 2020. The report is prepared on an accrual basis and includes revenue earned and expenditure incurred during this period.

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

Operating Revenue and Expenditure

Key points:

- Council has received 89% of its annual budgeted operating revenue
- Year to date operating expenditure is currently under budget

Overall year to date operating revenue has now fallen behind budget, with variations occurring primarily within the categories as follows:

- Rates and utility charges are currently behind budget by \$9k.
- Fees and charges are behind budget by \$281k. This is due to the following:
 - Daintree Ferry revenue currently \$211k behind budget. This variance will continue to grow with the restrictions on Ferry travel and measures taken to stimulate travel to the region. Budgeted revenue that is likely to be lost is \$768K.
 - Refuse Tipping fees are currently \$21k behind budget. This may decline further with changes to general access to facilities.
 - Licences are currently \$24k behind budget.
 - Covid-19 measures processed to date including licence fee and venue hire refunds are \$28k. Rent Relief measures are still being finalised.
 - Other fees and charges are currently \$1.5k ahead of budget.
- Grants and subsidies are behind budget by \$98k. An analysis of Grants received YTD under new Accounting standards, have required the movement of several Grants including, Storm tide inundation \$126k & Carnivale \$33k, to the 20/21 Financial Year. This is partially offset by the additional Emergent funding received of \$38k
- Interest Income is currently \$72k behind budget.
 - There has been a continual decline in rates offered for Council investments. This has been partially offset with the use of QTC for daily cash management. There is anticipated to be a permanent impact to budget.
 - Freezing of Interest charged to overdue Rates and Utility accounts will reduce revenue further, this budget for April to June is \$52k.
- Other recurrent income is behind budget \$14k, this is due to budgeted Lease revenue for Mossman Caravan Park.

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

- Materials and services expenditure is currently under budget \$1.4m. This variance is primarily due to timing of receipt of invoices and commencement of projects. Committals are currently \$3.2m, which include Annual purchase orders for major contracts such as Ferry, Waste removal & significant works such as Daintree River Dredging. It should be noted that there is now only \$800k of budgeted materials and services that remain uncommitted via purchase order.

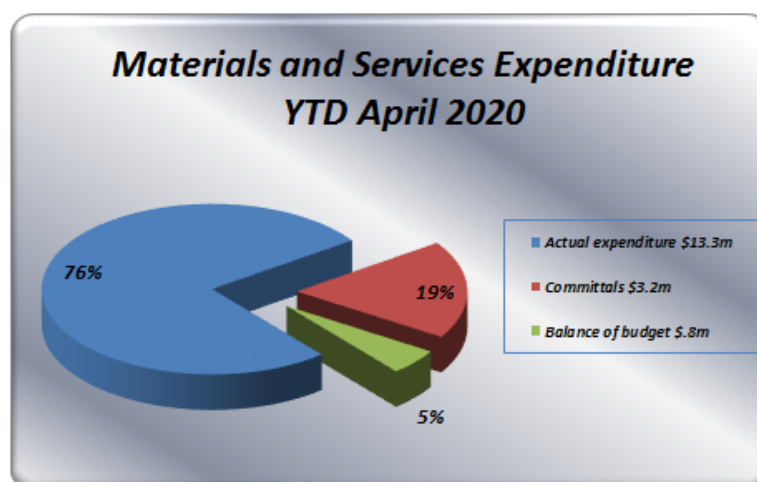


Figure 1.

Capital Revenue and Expenditure

Key point:

- Council has received 43% of its annual revised budgeted capital grants and subsidies

It should be noted that in addition to year to date capital expenditure of \$18.6m, a further \$9.7m had been committed as at the end of April 2020.

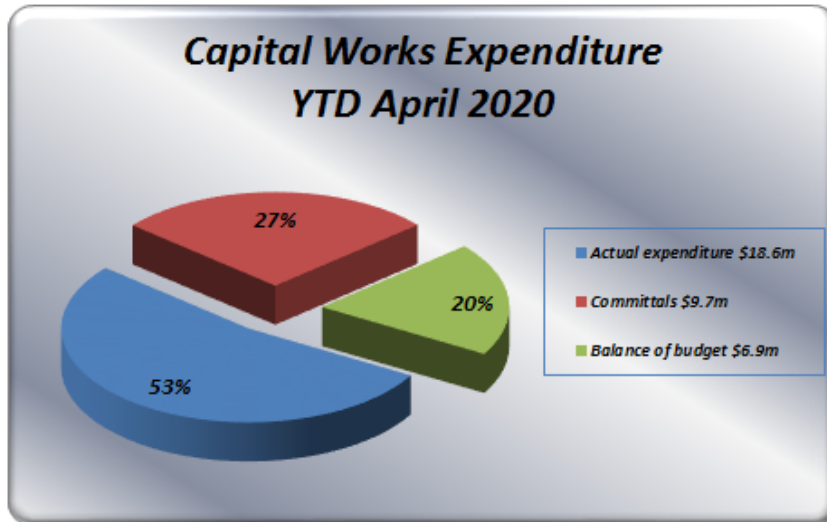


Figure 2.

Operating Result

Key point:

- The operating result is \$1.3m ahead of budget

As reflected in the attached report, total operating revenue at the end of April was now behind budget and operating expenditure was under budget.

This has resulted in an operating surplus of \$4.5m compared to a budgeted surplus of \$3.2m.

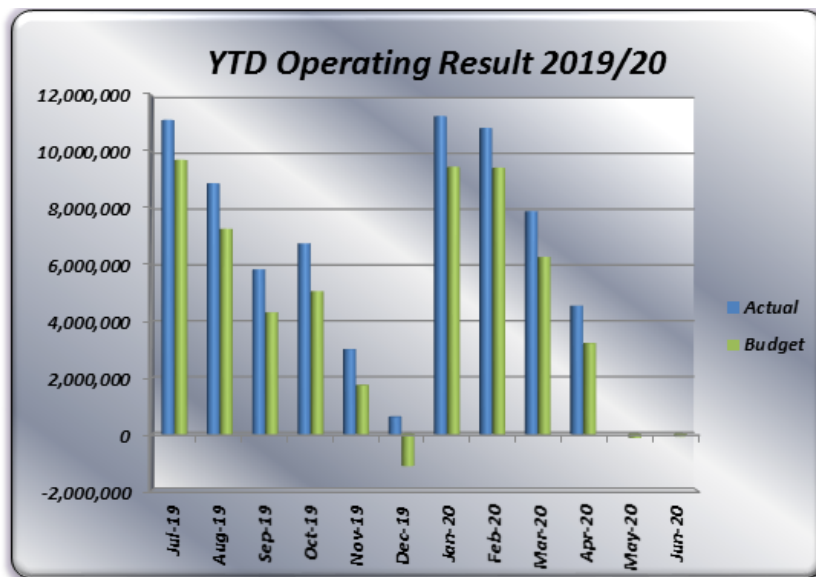


Figure 3.

PROPOSAL

The Financial Report for the period ended 30 April 2020 be received and noted by Council.

FINANCIAL/RESOURCE IMPLICATIONS

The results as at the 30 April 2020 have revealed that a continued decline in interest rates, and the freezing of interest charge to overdue accounts will negatively affect the end of year result.

Daintree Ferry travel restrictions will have a significant impact on revenue for the remainder of the year. Budgeted revenue for the affected period is \$768k.

Council is awaiting advice as to the extent of cover that may be provided by State Government Disaster funding.

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: Council has adopted the first budget surplus since de-amalgamation which, if achieved will see Council meet all three of the 'measures of financial sustainability'. The financial impact of Coronavirus on the Region is immense. It is now likely that Council may not meet budget unless disaster funding is received.

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.*

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 April 2020 [5.13.1 - 1 page]

Douglas Shire Council Statement of Comprehensive Income For the month of April 2020	Actual YTD 20 \$	Budget YTD 20 \$	Variance \$	Budget 19/20 \$	Actual as % of Budget 19/20
Operating Revenue					
Net rates and utility charges	32,333,890	32,343,078	(9,188)	34,849,270	93%
Fees and charges	4,598,379	4,879,581	(281,202)	5,844,226	79%
Grants and subsidies	1,847,527	1,945,379	(97,852)	2,876,893	64%
Interest received	622,259	693,763	(71,504)	833,575	75%
Other recurrent income	903,330	917,651	(14,321)	1,101,299	82%
Total Operating Revenue	40,305,385	40,779,452	(474,067)	45,505,263	89%
Operating Expenses					
Employee benefits	12,174,032	12,355,385	181,353	15,258,213	80%
Materials and services	13,269,103	14,631,978	1,362,875	17,355,767	76%
Depreciation	10,249,018	10,494,928	245,910	12,616,241	81%
Finance costs	68,387	75,398	7,011	188,127	36%
Total Recurrent Expenses	35,760,539	37,557,689	1,797,150	45,418,348	79%
Operating Result	4,544,846	3,221,763	1,323,083	86,915	5229%
Capital Revenue					
Capital grants and subsidies	6,758,292	15,637,880	(8,879,588)	15,637,880	43%
Contributions from developers	1,194,763	1,100,000	94,763	1,100,000	109%
Total capital revenue	7,953,055	16,737,880	(8,784,825)	16,737,880	48%
Net Result	12,497,902	19,959,643	(7,461,741)	16,824,795	74%
Capital Works Program					
Capital additions	18,582,660	35,170,816	16,588,156	35,170,816	53%
Total capital additions	18,582,660	35,170,816	16,588,156	35,170,816	53%
NDRRA portion of Capital Works Program (included above)					
Capital grants and subsidies	4,586,934	11,215,500	(6,628,566)	11,215,500	
Capital additions	5,056,601	11,959,500	6,902,899	11,959,500	
Net position	(469,667)	(744,000)	274,333	(744,000)	