

HOPE VALE ABORIGINAL  
SHIRE COUNCIL

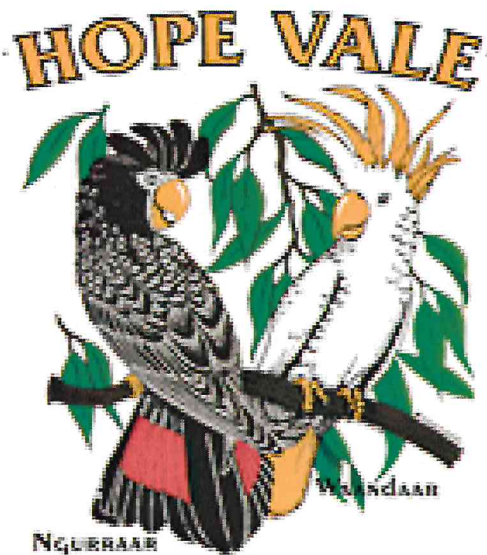
# COUNCIL FINANCE REPORT



**8 OCTOBER 2021**

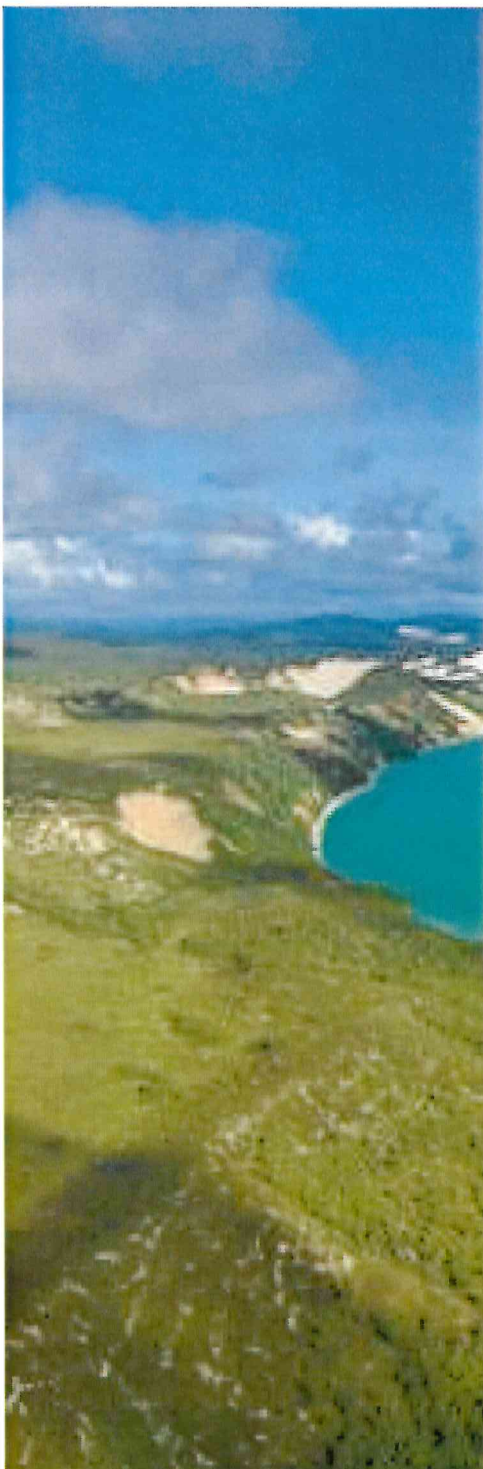
PREPARED BY  
Shannon Gibbs





*Where we are right now*

# COUNCIL HIGHLIGHTS



Pursuant to meet Council's legislative requirements under section 204 of the Local Government Regulation 2012, the finance report must be prepared each month and be presented to Council on its financial performance for the period.

The Council posted an operating profit as at 8 October 2021. However, the impact of the COVID-19 pandemic continues to present challenges to progress contract works relating to the housing program. Since last month's meeting between the Council and the Department of Communities, Housing and Digital Economy The proposed action plan proposed that identified immediate local housing priorities which safeguards the Departments housing stock assets as resulted in works being identified and orders issued so that Council can commence rectifications. The Department of Communities, Housing and Digital Economy also carried out their annual housing inspections this month which has resulted in numerous orders being issued which will assist the result and also employment continuity. Lease revenue as applicable in the lease conditions has been recognised within the P&L with the exception of three leases which are currently being finalised. Utility Charge revenue for the financial year has also been completed.

Depreciation for the October 2021 report has been expensed in the Income Statement.

Recurrent expenses are within year to date forecast estimates for the October 2021 period. Recurrent revenue is below budget expectations. It was forecast that Contract and Recoverable Works would have recognised revenue from the Housing Investment Program. It has been advised that this will now be initiated in November 2021. The original advice was that the works could commence in September 2021. By continually pushing the date out, only serves to jeopardise the agreed delivery timetable considering wet season is looming.

The Balance Sheet cash position remains comparable to the budgeted forecast position. Total Community Equity has increased by \$1.533m since the beginning for the financial year.

Council has achieved all target measures in October 2021 for all measurable sustainability ratios.

The debtors balance as at 8 October 2021 is \$838k which is a further decrease of \$97k since last month.



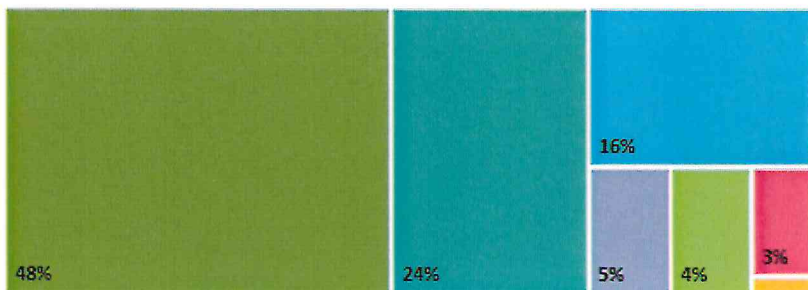


Our Statistics

# STATEMENT OF INCOME AND EXPENDITURE

## INCOME

- Fees and Charges
- Interest
- Other/Sundry Income
- Recurrent Grants
- Rental Income
- Contract Works
- Capital Grants

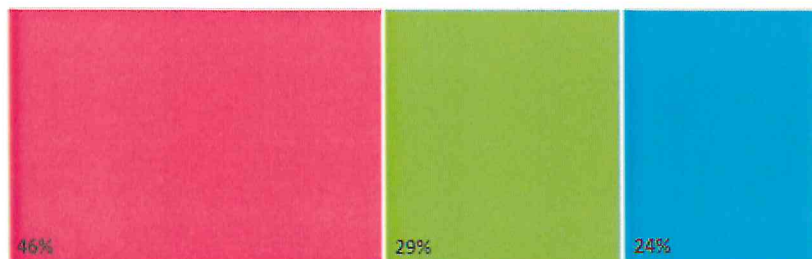


## CURRENT INCOME

Year to date total income currently sits at \$6.29m. Recurrent grants and Capital revenue continue to be the major source of income for Council accounting for 72% of total income. With the reintroduction of the Department of Housing's annual property inspections of their housing portfolio, it is estimated that contract and recoverable works will steadily increase as work orders are released to commence rectification and maintenance works identified through the annual scoping as forecast. Currently, recurrent grants revenue equates to 48% of total income. As contracts are received from Housing for works pertaining to housing upgrades related to the annual property inspections, the contract and recoverable works income percentage will increase and the recurrent grants percentage of income will decline.

## EXPENSES

- Employee Benefits
- Materials and Services
- Finance Costs
- Depreciation and Amortisation



## CURRENT EXPENDITURE

Materials and services together with employee benefits comprise of 75% of Council's expenditure of \$3.39m. In addition to these expenses, \$1.15m of depreciation has been expensed in the Income Statement. It is expected that the current category percentages will remain similar for the end of financial year results. Finance costs represent \$7k of total expenditure which is the result of the low banking and administrative costs of Council's Cash Fund held with Queensland Treasury Corporation.



Our Statistics

# THE BIG NUMBERS

BUILDING  
DEPARTMENT  
**NEGATIVE**  
CASHFLOW



DO AND CHARGE  
UPGRADES  
PLUG-INS  
LINEN UPGRADES  
PAINT PROGRAM  
O.T. MODS  
ROOF PROGRAM

YTD  
COMMUNITY  
EQUITY  
**INCREASE**



NET RESULT

**\$1.53M**

DEBTORS BALANCE

**\$838,262**

QUARANTINED GRANT FUNDS

**\$1,206,500**

GRANT FUNDING RECIEVED

**\$3,664,779**

STATE GOVERNMENT

**\$605,874**

FEDERAL GOVERNMENT

GST RECEIVABLE

**\$13,436**

OCTOBER 2021

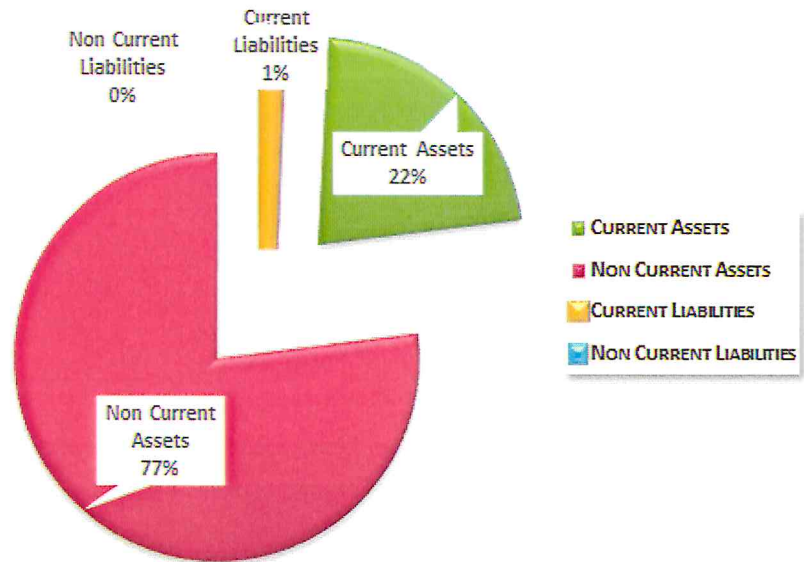




Our Statistics

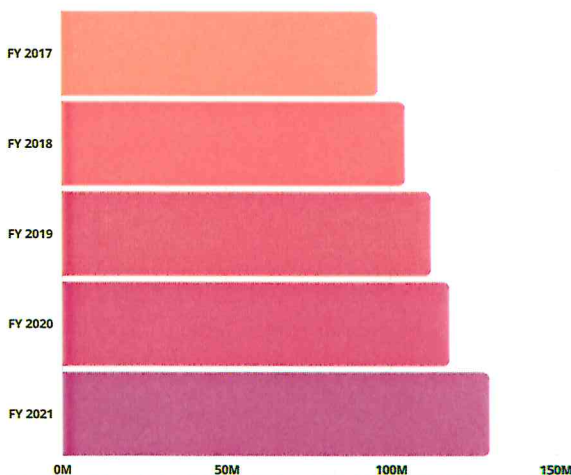
# STATEMENT OF FINANCIAL POSITION

## BALANCE SHEET



## CURRENT EQUITY

Council is currently managing in excess of \$131,217,358 of net community assets on behalf of all residents. Total Community Equity has had an increase in growth of \$1,533,817 since July 2021 and is projected to continue to increase as per the budget forecast. This will be underpinned by Council's capital works programs which are funded through Council's own source revenue and capital grants.



### A 5 Year snapshot of Net Community Assets

Net community assets have increased by \$35,23M since 2017.





Financial

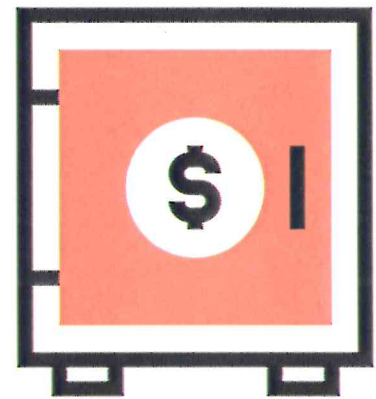
# SUSTAINABILITY RATIOS

The Financial Sustainability of Councils continues to be the cornerstone of the Local Government Act and a core responsibility of Hope Vale Aboriginal Shire Council

**1. Operating Surplus Ratio** - Net Result divided by Total Operating Revenue

**2. Asset Sustainability Ratio** - Capital Expenditure on Asset Renewals divided by Depreciation Expense.

**3. Net Financial Liabilities Ratio** - Total Liabilities less Current assets divided by Total Operating Revenue



## TARGET MEASURES

Target Ranges as determined by the Department of Local Government, Racing and Multi Cultural Affairs are:

- Operating Surplus Ratio - Between 0 - 10%
- Asset Sustainability Ratio - > 90%
- Net Financial Sustainability Ratio - < 60%

## OUR SEPTEMBER 2021 STATISTICS



**1. Operating Surplus Ratio** 1%

**2. Asset Sustainability Ratio** 90%

**3. Net Financial Liabilities Ratio** -592%