



**Date:** Wednesday, 13 December 2023  
**Time:** 9:00AM  
**Location:** Council Chamber  
Mission Road  
Gununa

# **BUSINESS PAPER**

## **Late Reports**

### **Ordinary Council Meeting**

### **13 December 2023**

**Gary Uhlmann**  
**Chief Executive Officer**

**Order Of Business**

**12 Financial Services..... 3**

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## 12 FINANCIAL SERVICES

### 12.1 FINANCIAL REPORT

**Author:** Chief Financial Officer

**Attachments:** 1 Monthly Reports November 2023

#### **PURPOSE (EXECUTIVE SUMMARY)**

The purpose of this report is to present to the Council a monthly consolidated financial snapshot of key information regarding the financial position of the Mornington Shire Council.

This is to enable the Council to conduct their duties in a financially responsible manner, whilst being made aware of potential risks.

Thus enabling decisions to be made regarding the most efficient use of the resources available.

Resulting in a sustainable organisation for the benefit of all stakeholders.

- Executive Summary
- Revenue and Expenses
- Money
- Numbers
- Project Status (in progress)
- Compliance (in progress cashflow to be added)
- Business in Focus (new)
- Actions (new)
- Wins

All numbers are year to date up until 31 October 2023.

#### **FINANCIAL & RESOURCE IMPLICATIONS**

Nil

#### **RECOMMENDATION**

That Council note and receive the Finance Department report for December 2023.

Monthly Finance Report  
November 2023



The purpose of this report is to present to the Council a monthly consolidated financial snapshot of key information regarding the financial position of the Morrington Shire Council  
This is to enable the council to conduct their duties in a financially responsible manner  
Whilst being made aware of potential risks  
Thus enabling decisions to be made regarding the most efficient use of the resources available  
Resulting in a sustainable organisation for the benefit of all stakeholders

- 2 [Executive Summary](#)
- 3 [Revenue and Expenses](#)
- 4 [Money](#)
- 5 [Numbers](#)
- 6 [Project Status](#) In Progress
- 7 [Compliance](#) In Progress Cashflow to be added
- 8 [Business in Focus](#)
- 9 [Actions](#)
- 10 [Wins](#)

Traffic Lights	
✓	On track
–	Need to monitor
✗	Needs attention

All numbers are year to date up until 30-November-2023

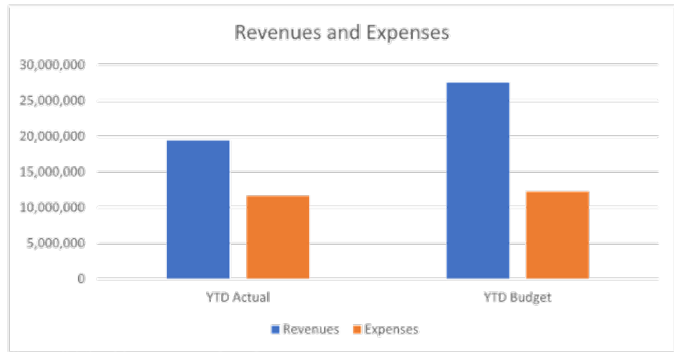
Executive Summary



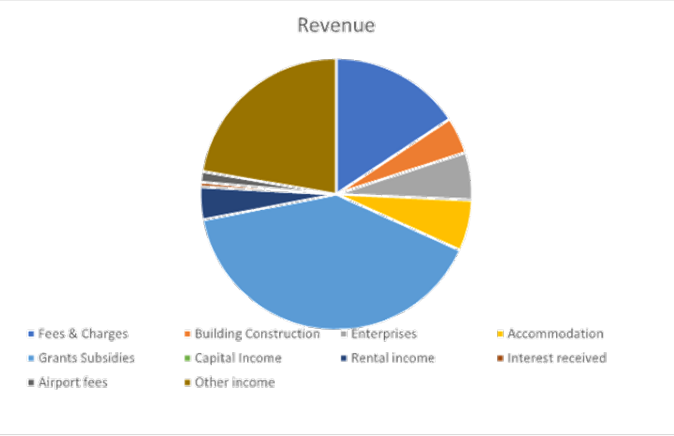
We remain solvent draft cashflow forecast completed	✓
Grant applications are being prepared in to provide funding for projects into next year.	-
Debtors have now reached a stage where a list of debts will be prepared for "write off" at the December Council Meeting and a list to be subject to legal action.	✗
With the 2022 Audit finalised we were able to update our opening balances and provide more accurate figures.	-
The implementation of Local Buy and Procedures should improve stock and ordering efficiency	-
We have been advised that VAC2 will be finalised by 31 December	-
2022 Audit is almost complete and was delayed due to numerous errors that were discovered in prior years. These have been calculated at ????? The 2023 financial statements are now being prepared to be audited in the new year. The 2022 Audited Financial Statements should be ready for the next Council meeting in January 2024	-
Valuations will be presented to the January Council Meeting for adoption. During the audit process these have been corrected as required.	✓
Q Build invoicing will be the finance team's main focus as the lack of funds from this enterprise is having a detrimental affect on Council's finances.	✗

Revenues and Expenses

All numbers are year to date up until 30-November-2023

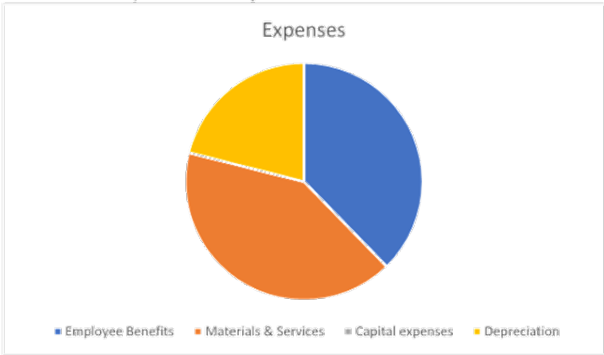


Where did the Money come from?



Did we make a profit ?

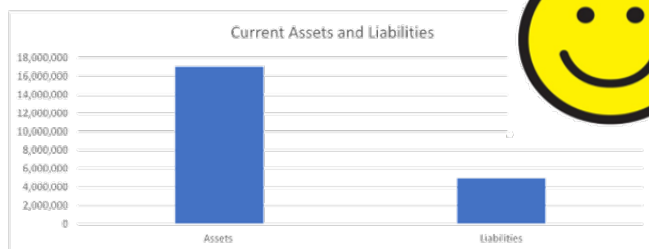
Where do we spend our money?



## Cash Position

All numbers are year to date up until

30-November-2023



## Assets

Cash at Bank Unrestricted	7,481,339
QTC Cash at Bank Restricted	4,402,381
Debtors	5,174,774
	<u>17,058,494</u>

## Liabilities

Creditors	3,053,250
GST	-918,010
PAYG	2,377,456
Employee Entitlements	441,973
	<u>4,954,669</u>

## Who we owe money to (Creditors)

AISS (Australian Indigenous Security Service Pty Ltd)	\$648,593	Discussions commenced
Ergon Energy	\$247,252	Agreement Reached



## Seeking Approval to Commence Legal Action Against the following Debtors

Ausnorth Consultants	2,640.00
Burkin Svendsens Funerals	30,792.28
Choices Flooring Atherton	6,018.40
Floorit (QLD) Pty Ltd	6,101.96
Lifebuilding	2,561.85
N & J Building & Construction	100,990.73
NQCCS	4,279.96
Nordig NQ P/L	4,160.00
Morrison Civil Works P/L	18,524.30
SBSM Investments P/L	83,409.29
360 Aero Space P/L	1,624.46
Dasap P/L	10,348.40
Flightech Air Logistics	15,362.21
	<u>\$286,813.84</u>



## Who owes us money (Debtors)

## But hasn't paid soon enough

	Total	Over 90 days
AISS (Australian Indigenous Security S	759,443	596,640
BYNOE CACS LTD	279,060	278,937
Department of Industry, Science, Ener	215,211	215,211
Department of Regional Development,	300,000	300,000
Dept of Education (QLD)	190,844	116,054
GUNUNAMANDA LIMITED T/A Gunun	468,549	375,394
HC Building and Construction	384,346	143,823
N & J Building & Construction	100,991	100,991

Total of above and others	<u>\$4,721,413</u>	<u>\$3,671,038</u>
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## Seeking Approval to Commence Legal Action Against the following Debtors

## Other Local Debts &gt; \$10k

Maureen Jane Ahkit	17,101.67
Richard Sewter	41,263.06
	<u>\$58,364.73</u>

## Details in the numbers



Statement of Financial Position Year to date up until 30-November-2023

	Actual \$	Budget \$	Variance \$	
<b>Revenue</b>				
<b>Recurrent Revenue</b>				
Fees & Charges	3,048,021	3,138,713	-90,692	-
Sales Revenue - Building Construction	844,521	2,866,250	-2,021,729	X
Sales Revenue - Enterprises	1,100,776	685,000	415,776	✓
Accommodation	1,179,955	1,506,469	-326,514	X
<b>Total Recurrent Revenue</b>	<b>6,173,274</b>	<b>8,196,432</b>	<b>-2,023,159</b>	
<b>Capital Revenue</b>	<b>0</b>	<b>0</b>		
Capital, Grants, Subsidies, Contributions & Donations	7,815,628	18,124,732	-10,309,104	X
Capital Income	0	0	0	
<b>Total Capital Revenue</b>	<b>7,815,628</b>	<b>18,124,732</b>	<b>-10,309,104</b>	
Rental income	755,204	772,649	-17,445	✓
Interest received	107,078	136,256	-29,177	X
Airport Landing & Passenger fees	247,039	215,625	31,414	✓
Other income	4,333,683	111,880	4,221,803	✓
	<b>5,443,003</b>	<b>1,236,410</b>	<b>4,206,594</b>	
<b>Total Revenue</b>	<b>19,431,905</b>	<b>27,557,574</b>	<b>-8,125,669</b>	
<b>Expenses</b>				
<b>Recurrent Expenses</b>				
Employee Benefits	4,398,893	3,921,935	476,958	-
Materials & Services	4,806,592	5,853,733	-1,047,141	-
<b>Total Recurrent Expenses</b>	<b>9,205,485</b>	<b>9,775,668</b>	<b>-570,183</b>	
Capital expenses	0	0	0	
<b>Total Expenses</b>	<b>9,205,485</b>	<b>9,775,668</b>	<b>-570,183</b>	
<b>Net Operating Surplus/ (Deficit) Before Depreciation</b>	<b>10,226,420</b>	<b>17,781,906</b>	<b>-7,555,486</b>	
<b>Less: Non Cash Expenditure</b>				
Depreciation	2,457,309	2,480,147	-22,838	✓
<b>Total Expenditure</b>	<b>11,662,794</b>	<b>12,255,815</b>	<b>-593,021</b>	
<b>Net Operating Surplus/ (Deficit)</b>	<b>7,769,111</b>	<b>15,301,759</b>	<b>-7,532,647</b>	X

## Notes

**Depreciation**

Buildings	479,035
Sewerage	104,811
Roads	1,251,098
Water	202,177
Plant & Vehicles	139,162
Other	34,549
Furniture & Equipment	246,477
	<b>2,457,309</b>



Are we up to date with all the numbers  
and ticking the boxes



Task	Traffic Light	Due	Due next	Notes
ATO Reporting	✓		21/11/2023	All Lodgements caught up this month
Workcover	✓		15/09/2024	
Insurance	✓			All renewals completed
Audit 2022	-			Finalising
Audit 2023	✗			
Grant reporting	✗	Over		Progressing as a priority
Issuing Invoices	✗			Progressing as a priority changes have been made to it
Paying Invoices	✓	Ongoing		With a few exceptions upto date and cleaned up
Audit Committee	✗			To be established
5 Year Plan	✓	Ongoing		
QTC 10 Year forecast	✗	Ongoing		Draft forecast completed and will be ready for the next 1
Policies	✗	Over		To be reviewed and adopted
Adherence to Policies	✗	Over		Will be an ongoing project

## Operational potentially profit making departments

**Profit and Loss for the Period 1 July 2021 to 28 November 2023**

Mornington Shire Council

**Bowser**

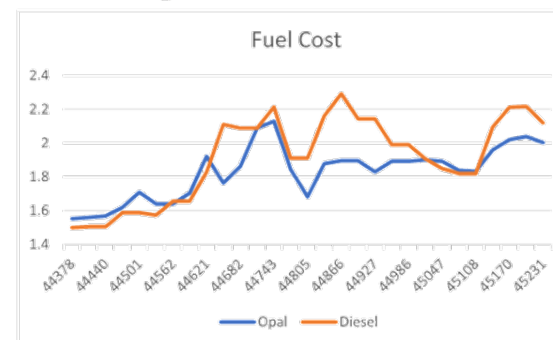
	2022	2023	YTD 2024
<b>Revenue</b>	<b>621,894</b>	<b>748,277</b>	<b>334,791</b>
Cost of Sales	652,840	783,720	375,458
Staff Costs	30,566	23,928	12,408
Staff On Costs	6,113	4,786	2,482
Electricity	6,000	6,300	2,730
Management Fees	0	0	0
Materials and Services	15,466	1,917	3,385
Repairs and Maintenance	440	13,865	6,835
Other Costs	1,754	1,738	658
<b>Total Operating Costs</b>	<b>713,179</b>	<b>836,253</b>	<b>403,955</b>
<b>Operating Profit / - Loss</b>	<b>-91,285</b>	<b>-87,976</b>	<b>-69,164</b>
Depreciation	46,430	3,522	1,184
<b>Profit/-Loss</b>	<b>-137,715</b>	<b>-91,498</b>	<b>-70,347</b>

Loss making Business

Are there opportunities to reduce the loss?

New Pricing Model

Fixed Costs weighted towards Diesel



## Operational potentially profit making departments

**Profit and Loss for the Period 1 July 2022 to 30 November 2023**

Mornington Shire Council

**Airport**

	2022	2023	2024 YTD
<b>Revenue</b>	<b>399,604</b>	<b>483,638</b>	<b>247,039</b>
Staff Costs	69,472	74,334	30,622
Staff Oncosts	28,999	29,954	3,224
AVDATA	0	29,156	13,931
Consultancy Fees	47,063	42,375	1,680
Electricity	9,166	7,912	4,923
Management Fees	0	32,652	35,975
Materials and Services	1,702	86,754	13,453
Repairs and Maintenance	12,610	20,638	33,411
Other Costs	284	3,065	0
<b>Total Operating Costs</b>	<b>169,295</b>	<b>326,841</b>	<b>137,219</b>
<b>Operating Profit</b>	<b>230,309</b>	<b>156,797</b>	<b>109,820</b>
Depreciation	454,171	378,957	157,900
<b>Profit/-Loss</b>	<b>-223,861</b>	<b>-222,160</b>	<b>-48,081</b>

Loss making Business

Are there opportunities to reduce the loss?

New Pricing Model

Subsidised Flights?



## Operational potentially profit making departments

**Profit and Loss for the Period 1 July 2021 to 28 November 2023**

Mornington Shire Council

Workshop

	2022	2023	YTD 2024
<b>Revenue</b>	148,548	179,343	75,135
COGS	27,435	149,332	131,667
Staff Costs	493,644	553,465	209,250
Staff On Costs	98,729	110,693	41,850
Electricity	10,577	17,870	209,250
Management Fees	0	0	0
Materials and Services	565,521	517,118	149,628
Repairs and Maintenance	24,456	5,375	33,914
Other Costs	14,896	0	14,896
<b>Total Operating Costs</b>	1,207,824	1,204,522	658,788
<b>Operating Profit / - Loss</b>	-1,059,276	-1,025,179	-583,653
Depreciation	376,812	362,870	152,062
<b>Profit/-Loss</b>	-1,436,087	-1,388,048	-735,715



## What we need to do



Actions	Goal	Resources	Timeline (calendar)
Reworked SharePoint	Easy access to information	It Guru	Q1 2024
Comprehensive Reporting to Council	Full reporting	Existing resources	Q2 2024
Audit 2022	Financials Completed Q4	Existing resources	Q4 2023
Complete 2023 Accounts	Draft Financials 2023	Existing resources	January 2024
Audit 2023	Reduction in management points	Existing resources	Q1 2024
Cashflow management		Existing resources	Next Council Meeting
Invoicing	Invoice within 7 days of work	New resource in Qbuild	Q1 2024
Debt Recovery	Assess all debts and start recovery	Floater in Finance	Q2 2024
Grant Register	Full register of all grants	Existing resources	Q1 2024
Commercial Lease Register	Full register of all Leases	Existing resources	Q1 2024
Contracts Register \$200k+	List of Contracts for last 7 years	Existing resources	Q1 2024
Contracts Register All	List of all new and ongoing	All department	Q2 2024
Local Buy Implementation	Access and basic functionality	Procurement Manager	Q1 2024
Vehicle replacement strategy	5 year continuous replacement	Existing resources	Q1 2024
Stock Control and analysis	Quarterly Stocktakes	All department	March 2024
Barge Contract	Renew existing contract	Existing resources	December
CCTV rollout	Complete with Civic Centre		Q1 2024
Youth Hub	Finally opened and operational		Q1 2024

## Wins and opportunities



The audit has  
Balance Sheet recs are 60% completed cleaning up as far back as 2019  
There are additional revenue opportunities from accommodation and particularly increase rooms built in VAC  
We continue to identify unspent grant monies and found GST errors in our favour  
We continue to apply and receive grants into our pipeline for the future  
Youth Hub has been painted and is progressing towards an opening  
Over 150 Boxes of books and media have arrived for the Library  
Christmas presents are arriving on the island this week and next  
Christmas appeal has raised over \$10,000



Questions ?