TITLE:	May Finance Report	DOC REF:

REPORT BY:	Anthony Ottaway ADO & Co Consultancy Pty Ltd	DATE: 19 Jun 2026

CORPORATE PLAN REFERENCE:
Key Priority 5: Robust Governance
5.2: Accountability
5.2.1: Ensure Council's financial activities are monitored and well managed

RISK MANAGEMENT:
Monitoring of actual operating and capital performance against budget will reduce the following operational risks:

- Budgets – budget overspend
- Budgets – failure to achieve required targets

PURPOSE:
To provide council with the financial report for the period ended 31 May 2026

CONTENT:

<u>Operating performance</u>
Included at Attachment A is the finance report providing council's operating performance for the period ended 31 May 2026 incorporating:

- operating performance summary
- cash position and key operating sustainability ratios
- aged debtors (excluding rates receivables), and
- statement of financial performance.

From an operating performance perspective, council has achieved a year-to-date net operating deficit (before depreciation) of ($3,084), a consistent result with the prior month. Attachment A highlights the key variances between actual performance and the amended budget adopted by council on 20 February 2026.

A detailed review of RMPC expenditure is current underway with focus on the recoverability of $1.2M cost costs incurred in relation to the program.

<u>Capital performance</u>
Included at Attachment B is the performance of Council's capital works program for the period ended. Capital expenditure to date totals $3,031K (including May spend of $452K), representing 22% of the amended capital program.

CONSULTATION: The financial report has been prepared in consultation with the chief executive officer.

GOVERNANCE IMPLICATIONS: In accordance with section 204 of the *Local Government Regulation 2012*, this financial report outlines progress against the adopted budget for the financial year to a date as near as practicable to the end of the month preceding this meeting. Monthly year-to-date financial statements are prepared to monitor actual performance against budget.

RECOMMENDATION:
That Council notes the contents of the finance report: operating performance and the capital program performance report for the period ended 31 May 2026.

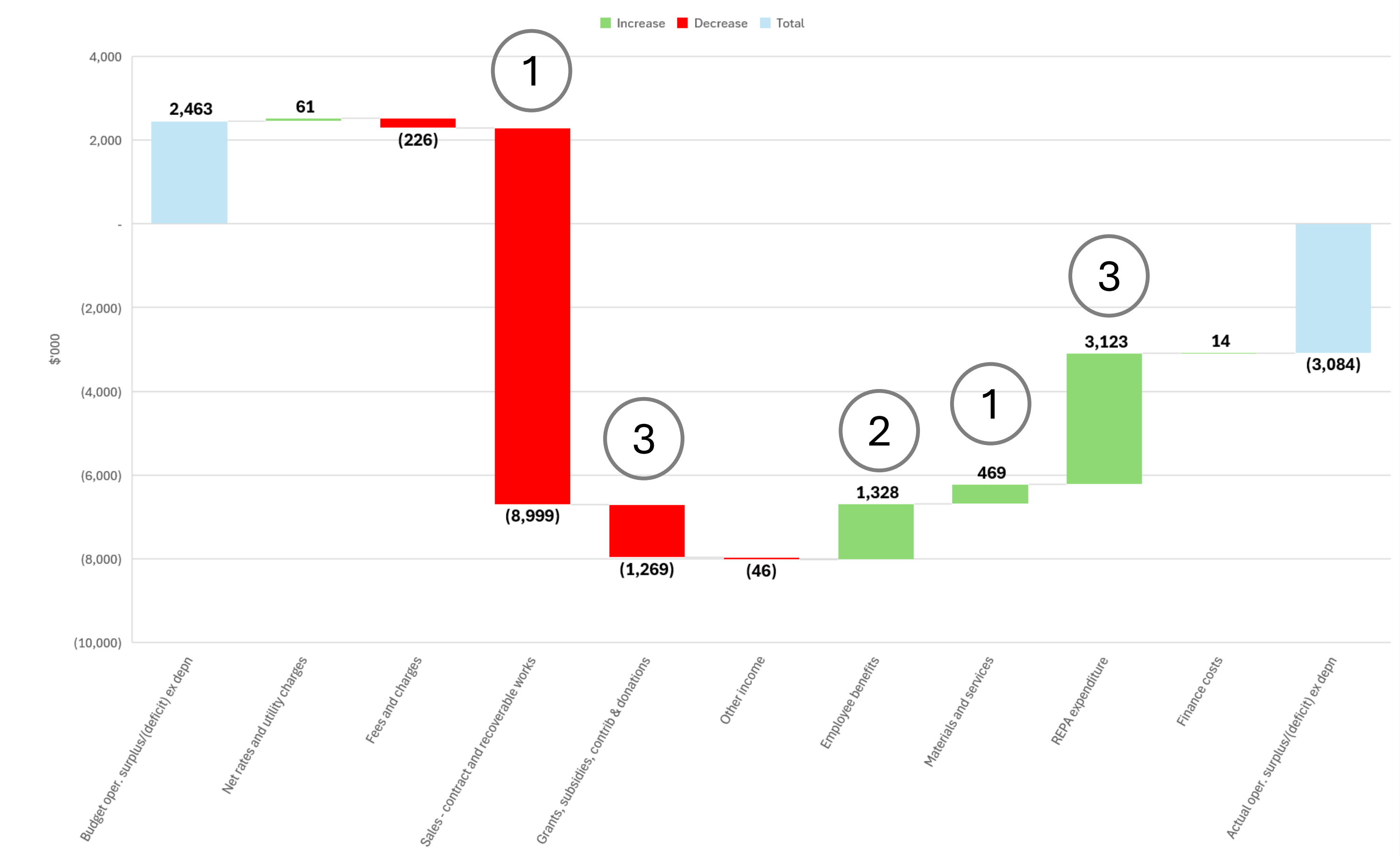
ATTACHMENTS: A – Finance report: operating performance to 31 May 2026
B – Capital program performance report to 31 May 2026

Attachment A: Finance report

period ended 31 May 2026

Operating performance – whole of council

YTD operating surplus/(deficit) ex depn of ($3,084)



Unfavourable YTD variance to budget of (**$5,547K)**

Performance outcomes are measured against council's amended budget adopted at the 20 February 2026 meeting

Key variances:

1. **($8,999K)** ***unfavourable variance: sales - contract and recoverable works,*** partially offset by a **$469K** favourable variance in materials and services. The variance reflects:
    - an overly optimistic budget
    - $2,827K of FY25 revenue incorrectly recognised in FY26, and
    - FY26 year-to-date performance indicating unrecovered costs of $1,915K, with a detailed review occurring on the recoverability of $1,226K of these costs.

2. **$1,328K** ***favourable variance: Employee benefits***, influenced by ongoing staff vacancies, noting that several vacant positions have or are in the process of being filled.

3. **$3,123K** ***favourable variance: REPA expenditure***, partially offset by an unfavourable variance of **$1,269K** in grants, subsidies, contributions and donations and budget differences.

Attachment A: Finance report

period ended 31 May 2026

BOULIA SHIRE COUNCIL

Cash position (unrestricted)

Component	$’000
Cash balance at month end	31,284
Less restricted components	(13,865)
Unrestricted cash balance	17,419

The unrestricted cash cover ratio at 31 May 2026 is 8.0 months, consistent with April results

Key operating sustainability ratios

	Actual		Target	Target met
Operating cash ratio	-17.5%	>	0%	No
Unrestricted cash expense cover ratio (months)	8.0	>	4.0	Yes
Asset sustainability ratio	N/A	>	90%	
Asset consumption ratios	N/A	>	60%	
Leverage ratio (times)	(0.4)	<	0-3	No

The operating cash ratio and leverage ratio are both currently outside the designated sustainability thresholds. These ratios are expected to return to compliance by year end, reflecting improvements following:

- finalisation of RMPC recoveries for FY25 and FY26, and
- the receipt of the upfront financial assistance grant payment expected in June 2026.

The asset sustainability ratio and asset consumption ratios will be determined at year end.

Attachment A: Finance report

period ended 31 May 2026

Aged debtors (excluding rates) ($'000)

Aged debtors at 31 May 2026 were $33.3K, representing an increase of $5.4K from April 2026.

Detailed ageing information was not available at the time of preparing this report, however the overall balance has not materially changed since April 2026.

Attachment A: Finance report

period ended 31 May 2026

YTD operating deficit (ex depn) **($3,084K)**

Statement of financial performance

Revenue	Year to date May 2026				Full year		
	Actual	Amended budget	Variance Fav\(unfav)		Amended budget	Original budget	Variance Fav\(unfav)
Recurrent income:	$'000	$'000	$'000	Ref	$'000	$'000	$'000
Rates, levies and charges	2,032	1,971	61		1,971	1,971	0
Fees and charges	258	484	(226)		528	240	288
Sales contract and recoverable works	2,022	11,021	(8,999)	1	12,023	4,450	7,573
Grants, subsidies, contributions and donations	12,066	13,335	(1,269)	3	18,659	7,600	11,059
Total recurrent revenue	16,378	26,813	(10,435)		33,182	14,261	18,921
Other income		-					
Rental income	214	51	163		56	400	(344)
Interest received	873	651	222		710	820	(110)
Other recurrent income	118	549	(431)		598	130	468
Total other income	1,205	1,251	(46)		1,364	1,350	14
Total operating revenue	**17,583**	**28,063**	**(10,480)**		**34,546**	**15,611**	**18,935**
Recurrent expenses:							
Employee benefits	4,607	5,935	1,328	2	6,474	4,811	(1,663)
Materials and services	8,510	8,979	469	1	9,795	28,145	18,350
REPA expenditure	7,527	10,650	3,123	3	9,889	-	(9,889)
Finance costs	23	37	14		40	121	81
Depreciation and amortisation	-	-	-		5,062	4,900	(162)
Total recurrent expenses	**20,667**	**25,600**	**4,933**		**31,261**	**37,977**	**6,716**
Net operating surplus/(deficit)	**(3,084)**	**2,463**	**(5,547)**		**3,285**	**(22,366)**	**25,651**
Net operating suprlus/(deficit) - ex depreciation	**(3,084)**	**2,463**	**(5,547)**		**8,348**	**(17,466)**	**25,814**
Capital revenue:							
Grants, subsidies, contributions and donations	2,742	3,402	(660)		5,816	27,000	(21,184)
Total capital revenue	**2,742**	**3,402**	**(660)**		**5,816**	**27,000**	**(21,184)**
Capital expenses:							
Sale of property, plant & equipment	-	-	-				
Landfill rehabilitation	-	-	-		(10)	0	(10)
Total capital expenses	-	-	-		(10)	-	(10)
Net result	**(342)**	**5,865**	**(6,207)**		**9,091**	**4,634**	**4,457**

Unfavourable YTD variance to budget of (**$5,547K)**

Performance outcomes are measured against council's amended budget adopted at the 20 February 2026 meeting

Key variances:

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   - an overly optimistic budget
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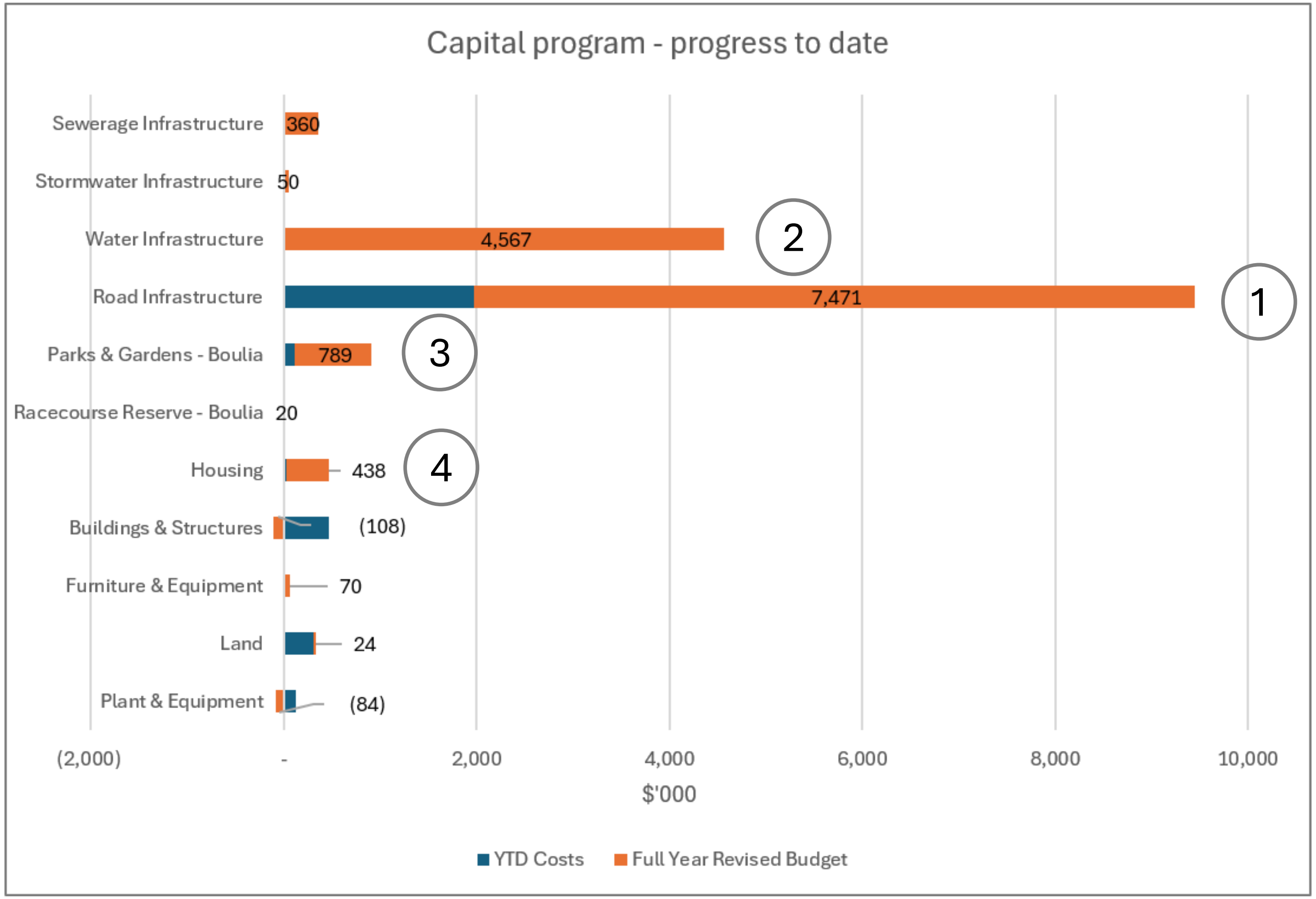
Attachment B: Capital program performance report

period ended 31 May 2026

Capital program – progress to date



Total YTD capital program spend of $3,031K (22%)

Council adopted a revised capital program of $16,028K at its 20 February 2026 meeting. The performance of the capital program to date has been compared against this amended capital program.

Key points to note:

1. ***Roads infrastructure***, remaining spend of $7,471, with $300K of expenditure occurring on the outback way in May 2026.
2. ***Water infrastructure***, remaining spend of $4,567K: Includes $4,280K of projects that are subject to funding ($4,000K town water solution and $280K water connections).
3. ***Parks and gardens***, remaining spend of $789K, with work on footpath replacements commencing in May.
4. ***Housing***, remaining spend of $438K: The budget is unlikely to be fully expended in FY26, as the housing framework is still being finalised.

While capital expenditure is considerably below budget, it has been influenced by a significant QRA flood recovery program, with $8M spent year to date.