ORDINARY MEETING 27 MARCH 2013	3

CAIRNS REGIONAL COUNCIL THIRD BUDGET REVIEW 2012/13

Joe Cristaldi: 17/9/17-01 #3874773v2

RECOMMENDATION:

That the Third Budget Review 2012/13 Financial Statements be adopted by Council.

EXECUTIVE SUMMARY:

Council adopted the Second Budget Review for the 2012/13 financial year in December 2012. Council has now undergone a Third Review focusing on the Capital Budget. The Third Budget Review figures are compared against the Second Review Budget 2012/13 figures.

THIRD BUDGET REVIEW FINANCIAL STATEMENTS AT A GLANCE			
	Second Budget Review $	**Third Budget Review $**	**Movement $**
Total operating revenue	290,421,967	290,421,967	-
Total operating expenses	297,589,364	296,589,364	1,000,000
Operating position	(7,167,397)	(6,167,397)	1,000,000
Capital revenue	36,011,636	30,420,773	(5,590,863)
Net result	28,844,239	24,253,376	(4,590,863)

INTRODUCTION:

Attached are the Third Budget Review Financial Statements for the 12 months ended 30 June 2013.

It is a requirement under the *Local Government Regulation 2012* that the revised budget statements also include statements for the next two financial years as well as measures of financial sustainability for the next nine financial years. These documents are also contained in this report.

COMMENT:

This budget review has focused on capital adjustments as well as an adjustment to depreciation. As a result, Council's operating deficit has reduced by $1m from Second Review due to a reduction in depreciation.

Capital revenue is forecasted at $30,420,733, a $5,590,863 decline from Second Review. This is due to the write off of $3.5m worth of capital assets (disposal of sewerage mains and infrastructure assets) as well as a $2m reduction in expected capital grants.

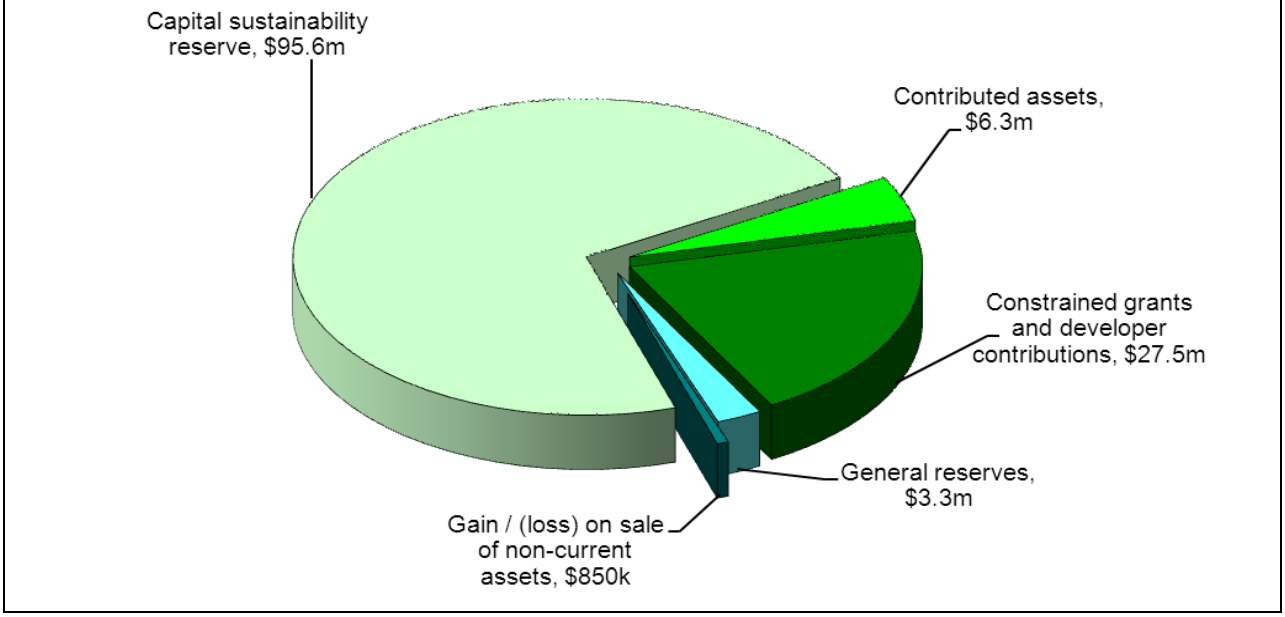
The capital works program for 2012/13 has decreased by $5,276,689 and is reflective of progress to date as well as anticipated works for the remainder of 2012/13. This decrease is the result of movements in the following capital works programs.

CAPITAL WORKS PROGRAM - MOVEMENT

	Second Budget Review $	Third Budget Review $	Movement $
Balance of Council	96,389,854	93,828,424	(2,561,430)
Cairns Water	30,032,328	28,678,949	(1,353,379)
Cairns Resource Recovery	2,690,000	1,328,120	(1,361,880)
Total Capital Works Program	**129,112,182**	**123,835,493**	**(5,276,689)**

The following table represents the funding sources for the revised capital works program and also includes contributed assets.

CAPITAL FUNDING STATEMENT



STATEMENT OF APPROPRIATIONS

Council's unfunded depreciation as at Third Budget Review is $8,883,412 which has decreased from the Second Budget Review figure of $10,223,975. This decrease is a result of the revised capital works program and a reduction in depreciation.

It should be noted that the unfunded depreciation calculated assumes that the actual net result performs to budget, and the full capital budget is expended prior to 30 June 2013. Funded depreciation is calculated for each program (balance of Council, Cairns Water, Cairns Resource Recovery and Cairns Works) separately and then consolidated to determine Council's overall funding capacity. An unfunded depreciation position means that revenue is not sufficient to cover cash and non-cash operating expenses as well as reserve transfers. The unfunded amount represents the portion of depreciation expense that cannot be set aside to fund future asset renewals.

Reserve Analysis	Brought Forward $	Becoming Available in Year $	Utilised in Year $	Carried Forward $
Constrained Works Reserve - Government Grants/Subsidies	15,190,169	24,391,839	25,528,360	14,053,648
Constrained Works Reserve - Developer Contributions	40,433,250	2,473,615	1,989,155	40,917,710
Cairns Water Augmentation Reserve	949,038	-	-	949,038
Cleaner Seas Initiative Reserve	457,216	9,437	466,653	-
Natural Disaster Reserve	550,000	-	-	550,000
Outdoor Dining Fees Reserve	2,279,459	360,000	1,000,000	1,639,459
Public Art Reserve	331,307	69,235	-	400,542
Beach Protection Reserve	3,245,172	500,000	158,235	3,586,937
Future Asset Acquisition Reserve	4,504,469	-	1,500,000	3,004,469
Future Operational Expenditure Reserve	1,753,356	422,650	350,000	1,826,006
Blue Water Special Charge Reserve	400,437	556,555	770,000	186,992
Southern Corridor Reserve	2,618,600	-	-	2,618,600
Resources, Waste and Environment Reserve	1,208,461	-	-	1,208,461
Daintree Ferry Reserve	1,923,457	847,373	200,000	2,570,830
Investment Attraction Reserve	-	1,000,000	500,000	500,000
Revolving Energy Reserve	-	600,000	-	600,000
Future Capital Sustainability Reserve	36,298,566	88,200,386	95,633,167	28,865,785

DEPARTMENT OF LOCAL GOVERNMENT AND PLANNING (DLGP) FINANCIAL SUSTAINABILITY RATIOS

In accordance with s169(3) of the *Local Government Regulation 2012*, performance against the DLGP sustainability financial ratios has been provided.

These ratios are designed to provide an indication of the performance of Council against key financial sustainability criteria which must be met to ensure the prudent management of financial risks.

DLGP SUSTAINABILITY RATIOS

NET FINANCIAL LIABILITIES RATIO:
This is an indicator of the extent to which the net financial liabilities of Council can be serviced by its operating revenues.
Formula:

$$\frac{\text{Total liabilities less current assets}}{\text{Total operating revenue}}$$

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Results	11.64%	34.09%	38.41%	35.73%	29.40%	22.07%	18.63%	13.12%	5.76%	-2.47%
Benchmark	**<60%**	<60%	<60%	<60%	<60%	<60%	<60%	<60%	<60%	<60%
Within Limits	☑	☑	☑	☑	☑	☑	☑	☑	☑	☑

COMMENT:
The results of this ratio are within DLGP guidelines.

OPERATING SUSTAINABILITY RATIO

This ratio is an indicator of the extent to which operating revenues raised cover operating expenses. A ratio greater than 0% indicates additional funds are available for capital funding purposes.

Formula:

$$\frac{\text{Net Operating Surplus}}{\text{Total Operating Revenue}}$$

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Results	**-2.12%**	0.19%	0.26%	-0.54%	-0.65%	0.10%	0.23%	0.07%	0.37%	0.57%
Benchmark	**0-10%**	0-10%	0-10%	0-10%	0-10%	0-10%	0-10%	0-10%	0-10%	0-10%
Within Limits	☒	☑	☑	☒	☒	☑	☑	☑	☑	☑

COMMENT:

Council's forecast operating surplus ratio is within the benchmark set by DLGP for budget years 2014/15 to 2020/21. Council is not within limits for budget years 2011/12 to 2013/14 due to the forecast operating deficits for these years. An operating deficit indicates that the operating revenue Council raises does not cover operational expenses. These short term deficits are a result of the economic climate and Council's desire not to further burden ratepayers.

ASSET SUSTAINABILITY RATIO:

This is an approximation of the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives.

Formula:

$$\frac{\text{Capital expenditure on renewals}}{\text{Depreciation Expense}}$$

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Results	**88.5%**	89.62%	66.38%	48.54%	45.12%	53.18%	50.12%	62.92%	60.96%	63.38%
Benchmark	**>90%**	>90%	>90%	>90%	>90%	>90%	>90%	>90%	>90%	>90%
Within Limits	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒

COMMENT:

The above ratio is calculated based on the planned capital expenditure on the renewal of assets as indicated by Council's Asset Management Plans. Council is confident that this expenditure satisfies asset replacement and renewal for the forecast period. It is intended that the balance of renewal funds not spent during this period be accumulated to meet future year's renewal requirements.

STRATEGIC CONSIDERATIONS

Statutory:

Local Government Regulation 2012

Operational Plan:

To provide professional financial management, service and advice to enable our customers to achieve their goals.

CONCLUSION:

Council has a projected operating deficit of $6,167,397 after the Third Budget Review. Total comprehensive income has decreased from $88,682,678 in the Second Budget to $84,091,815 after the Third Budget Review. This variance is mainly due to reduction of anticipated capital revenue.

Detailed Budgeted Financial Statements are attached.

ATTACHMENTS:

- Appendix A: Budgeted Financial Statements
- Appendix B: Budgeted Departmental Reports

Joe Cristaldi
Acting Coordinator of Financial Performance

Juli-Ann Brozek
Manager Financial Services

Linda Kirchner
General Manager Corporate Services

APPENDIX A – BUDGETED FINANCIAL STATEMENTS

Under the requirements of the *Local Government Regulation 2012,* Council is required to adopt a budget for a three year period up to 2014/15. Attached are the Third Budget Review Financial Statements for the three year period commencing in 2012/13 and concluding in 2014/15 with a comparison to the 2012/13 Original Budget.

These Financial Statements include:

- **Statement of Comprehensive Income** - Displays Council's expected profit and loss for the financial year.
- **Statement of Financial Position** - Displays the expected Assets (what we own), Liabilities (what we owe) and Community Equity (our net worth).
- **Statement of Appropriations** - Presents how the budgeted profit from the Statement of Comprehensive Income is distributed or constrained for future use.
- **Statement of Cash Flows** - Reports how anticipated income received and expenses paid impacts on Council's cash balances.
- **Capital Funding Statement** - Shows how the forecast spending on capital works will be funded.
- **State of Changes in Equity –** Displays the movements in Council's equity accounts.

Departmental statements are also included in this report to provide information on the performance of each department and explanations of any budget movement. (See Appendix B).

CAIRNS REGIONAL COUNCIL

Budgeted Statement of Comprehensive Income
For the period ended 30 June 2013

		2012/13 Second Budget Review	2012/13 Third Budget Review	2012/13 Movement	2013/14 Forecast	2014/15 Forecast
		$	$	$	$	$
Operating Revenue						
Rates and utility charges		244,627,360	244,627,360	-	264,223,948	280,024,506
Less: pensioner remissions		(2,192,989)	(2,192,989)	-	(2,357,462)	(2,498,909)
Net rates and utility charges		**242,434,371**	**242,434,371**	**-**	**261,866,486**	**277,525,597**
Fees and charges		20,492,152	20,492,152	-	21,700,250	22,568,257
Interest revenue		7,081,282	7,081,282	-	7,210,289	7,342,905
Grants, subsidies and contributions		7,835,058	7,835,058	-	7,940,518	7,940,518
Other operating income		12,579,104	12,579,104	-	12,805,446	13,066,419
TOTAL OPERATING REVENUE		**290,421,967**	**290,421,967**	**-**	**311,522,989**	**328,443,696**
Operating Expenses						
Employee beneifts		105,755,446	105,755,446	-	106,981,481	110,725,831
Materials and services		86,801,265	86,801,265	-	92,206,783	97,001,518
Depreciation	1	98,083,806	97,083,806	1,000,000	103,698,741	110,378,435
Finance costs		6,948,847	6,948,847	-	8,047,264	9,483,353
TOTAL OPERATING EXPENSES		**297,589,364**	**296,589,364**	**1,000,000**	**310,934,269**	**327,589,137**
Operating surplus / (Deficit)		**(7,167,397)**	**(6,167,397)**	**1,000,000**	**588,720**	**854,559**
Capital Income and Expenditure						
Capital grants, subsidies and contributions	2	28,911,636	26,894,689	(2,016,947)	71,597,148	36,722,791
Contributed assets		6,250,000	6,250,000	-	10,500,000	10,500,000
Gain / (loss) on sale of non-current assets	3	850,000	(2,723,916)	(3,573,916)	-	-
TOTAL CAPITAL INCOME		**36,011,636**	**30,420,773**	**(5,590,863)**	**82,097,148**	**47,222,791**
Net Result		**28,844,239**	**24,253,376**	**(4,590,863)**	**82,685,868**	**48,077,350**
Other Comprehensive Income						
Increase / (decrease) in asset revaluation surplus		59,838,439	59,838,439	-	60,599,775	61,321,375
TOTAL COMPREHENSIVE INCOME		**88,682,678**	**84,091,815**	**(4,590,863)**	**143,285,643**	**109,398,725**

The above statement should be read in conjunction with the Departmental Reports and notes.

Notes

1 Movement is due to revised depreciation.

2 Movement is in line with the movement in the Capital Works program.

3 Relates to the writing off of capital assets.

CAIRNS REGIONAL COUNCIL

Budgeted Statement of Financial Position
For the period ended 30 June 2013

	2012/13 Second Budget Review $	2012/13 Third Budget Review $	2012/13 Movement $	2013/14 Forecast $	2014/15 Forecast $
Current Assets					
Cash assets and equivalents	112,985,817	87,957,957	(25,027,860)	43,458,409	38,079,630
Receivables	47,434,656	47,434,656	-	49,411,113	51,466,628
Inventories	1,628,640	1,628,640	-	1,693,785	1,761,536
	162,049,113	137,021,253	(25,027,860)	94,563,307	91,307,794
Non-Current Assets					
Property, plant and equipment	3,272,870,599	3,293,307,604	20,437,005	3,508,991,461	3,638,352,291
	3,272,870,599	3,293,307,604	20,437,005	3,508,991,461	3,638,352,291
			-		
TOTAL ASSETS	3,434,919,712	3,430,328,857	(4,590,855)	3,603,554,768	3,729,660,085
Current Liabilities					
Trade and other payables	47,914,880	47,914,880	-	50,298,726	52,909,744
Provisions	3,511,296	3,511,296	-	3,679,134	3,865,861
Interest bearing liabilities	4,258,376	4,258,376	-	5,232,188	5,897,656
Other	2,163,200	2,163,200	-	2,282,176	2,407,696
	57,847,752	57,847,752	-	61,492,224	65,080,957
Non-Current Liabilities					
Trade and other payables	3,244,800	3,244,800	-	3,342,144	3,475,829
Interest bearing liabilities	84,563,355	84,563,355	-	110,378,921	122,837,265
Provisions	25,162,034	25,162,034	-	25,544,920	26,070,750
	112,970,189	112,970,189	-	139,265,985	152,383,844
TOTAL LIABILITIES	170,817,941	170,817,941	-	200,758,209	217,464,801
NET COMMUNITY ASSETS	**3,264,101,771**	**3,259,510,916**	**(4,590,855)**	**3,402,796,559**	**3,512,195,284**
Community Equity					
Capital	2,673,543,840	2,693,980,845	20,437,005	2,822,275,549	2,877,191,192
Asset revaluation surplus	461,778,073	461,778,073	-	522,377,848	583,699,223
General reserves	128,779,858	103,751,998	(25,027,860)	58,143,162	51,304,869
Accumulated surplus / (deficit)	-	-	-	-	-
TOTAL COMMUNITY EQUITY	**3,264,101,771**	**3,259,510,916**	**(4,590,855)**	**3,402,796,559**	**3,512,195,284**

The accompanying notes form part of these financial statements.

CAIRNS REGIONAL COUNCIL

Budgeted Appropriation Statement
For the period ended 30 June 2013

	2012/13 Second Budget Review $	2012/13 Third Budget Review $	2013/14 Forecast $	2014/15 Forecast $
Retained surplus / (deficit) from prior years	-	-	-	-
Increase / (decrease) in the net result	28,844,239	24,253,376	82,685,868	48,077,350
	28,844,239	**24,253,376**	**82,685,868**	**48,077,350**
Appropriations				
Transfers to capital:-				
Other capital income	(850,000)	(850,000)	-	-
Contributed assets	(6,250,000)	(6,250,000)	(10,500,000)	(10,500,000)
Capital payments funded from general reserve	-	-	-	-
	(7,100,000)	**(7,100,000)**	**(10,500,000)**	**(10,500,000)**
Transfers from capital:-				
Loss on disposal of property, plant and equipment	-	3,573,916	-	-
Transfer from capital for unfunded depreciation	10,223,975	8,883,412	2,103,280	1,855,441
	10,223,975	12,457,328	2,103,280	1,855,441
Net transfer (to) from capital	3,123,975	5,357,328	(8,396,720)	(8,644,559)
Net transfer (to) from the constrained works reserve	(28,882,401)	(26,865,454)	(71,542,148)	(36,667,791)
Transfer (to) from the grants and contributions reimbursement reserve	-	-	-	-
Accumulated surplus / (deficit) availale for transfer to general reserves	**3,085,813**	**2,745,250**	**2,747,000**	**2,765,000**
General reserves:				
Transfer (to) from the Beach Protection Reserve	(500,000)	(500,000)	(1,000,000)	(1,000,000)
Transfer (to) from the Outdoor Dining Fees Reserve	(360,000)	(360,000)	(375,000)	(390,000)
Transfer (to) from the Natural Disaster Reserve	-	(9,437)	-	-
Transfer (to) from the Public Art Reserve	(69,235)	(69,235)	(95,000)	(55,000)
Transfer (to) from the Daintree Ferry Reserve	(847,373)	(847,373)	(880,000)	(915,000)
Transfer (to) from the Future Operational Expenditure Reserve	(422,650)	(72,650)	(397,000)	(405,000)
Transfer (to) from the Blue Water Special Charge Reserve	213,445	213,445	-	-
Transfer (to) the investment attraction reserve	(500,000)	(500,000)	-	-
Transfer (to) the revolving energy reserve	(600,000)	(600,000)	-	-
Retained surplus / (deficit) at period end	**-**	**-**	**-**	**-**

CAIRNS REGIONAL COUNCIL

Budgeted Statement of Cash Flows
For the period ended 30 June 2013

	2012/13 Second Budget Review $	2012/13 Third Budget Review $	2013/14 Forecast $	2014/15 Forecast $
Cash flows from operating activities				
Receipts				
Net rate and utility charges	263,567,781	263,567,781	261,866,486	277,525,597
Fees and charges	23,672,308	23,672,308	21,700,250	22,568,257
Interest revenue	7,771,272	7,771,272	7,210,289	7,342,905
Contributions and donations	232,894	232,894	314,354	314,354
Government subsidies and grants	15,414,697	15,414,697	7,626,164	7,626,164
Other income	(23,090,000)	(23,090,000)	10,726,910	10,919,847
	287,568,952	287,568,952	309,444,453	326,297,124
Payments				
Employee benefits	(106,461,817)	(106,461,817)	(106,169,147)	(109,610,227)
Materials and services	(78,352,075)	(78,352,075)	(90,164,293)	(94,844,036)
Finance costs	(6,579,617)	(6,579,617)	(7,714,264)	(9,150,353)
	(191,393,509)	(191,393,509)	(204,047,704)	(213,604,616)
Cash provided by / (used in) operational activities	**96,175,443**	**96,175,443**	**105,396,749**	**112,692,508**
Cash flows from investing activities				
Receipts				
Proceeds/ (loss) from the sale of non-current assets	850,000	850,000	-	-
Proceeds from developers and government for capital projects				
Contributions	4,388,588	4,388,588	6,162,148	6,284,291
Government grants and subsidies	26,408,786	24,391,839	65,435,000	30,438,500
	31,647,374	29,630,427	71,597,148	36,722,791
Payments				
Payments for property, plant and equipment	(129,112,182)	(123,835,493)	(248,282,823)	(167,917,890)
Movements in work in progress	28,287,602	-	-	-
	(100,824,580)	(123,835,493)	(248,282,823)	(167,917,890)
Net proceeds (cost) from advances and cash investments	30,000,000	30,000,000	-	-
Cash provided by / (used in) investing activities	**(39,177,206)**	**(64,205,066)**	**(176,685,675)**	**(131,195,099)**
Cash flows provided from financing activities				
Receipts				
Proceeds from borrowings	-	-	31,047,754	18,356,000
Payments				
Repayment of borrowings	(3,490,077)	(3,490,077)	(4,258,376)	(5,232,188)
Cash provided by / (used in) financing activities	**(3,490,077)**	**(3,490,077)**	**26,789,378**	**13,123,812**
Net increase / (decrease) in cash held	**53,508,160**	**28,480,300**	**(44,499,548)**	**(5,378,779)**
Cash at beginning of reporting period	59,477,657	59,477,657	87,957,957	43,458,409
Cash at end of reporting period	**112,985,817**	**87,957,957**	**43,458,409**	**38,079,630**

CAIRNS REGIONAL COUNCIL

Budgeted Statement of Capital Funding
For the period ended 30 June 2013

	2012/13 Second Budget Review	2012/13 Third Budget Review	2013/14 Forecast	2014/15 Forecast
	$	$	$	$
Sources of capital funding				
Appropriation from general revenue sources, funds expended for capital purposes in the period				
General revenue used (excess funds provided)	-	-	-	-
Gain / (loss) on sale of non-current assets	850,000	850,000	-	-
Capital sustainability reserve	69,677,449	95,633,167	129,138,199	106,855,578
Contributed assets	6,250,000	6,250,000	10,500,000	10,500,000
Loan borrowings	-	-	31,047,754	18,356,000
Constrained grants and developer contributions	29,963,773	27,517,515	85,435,000	45,138,500
General reserves	3,823,435	3,324,888	6,920,246	2,800,000
	110,564,657	**133,575,570**	**263,041,199**	**183,650,078**
Application of capital funding				
Non-current assets				
Capital works program	100,824,580	123,835,493	248,282,823	167,917,890
Contributed assets	6,250,000	6,250,000	10,500,000	10,500,000
	107,074,580	130,085,493	258,782,823	178,417,890
Principal loan repayments:				
Principal loan repayments to Queensland Treasury Corporation	3,490,077	3,490,077	4,258,376	5,232,188
Total capital expenditure	**110,564,657**	**133,575,570**	**263,041,199**	**183,650,078**

CAIRNS REGIONAL COUNCIL

Budgeted Statement of Changes in Equity
For the periods ending June -

	Total				Retained Surplus/Deficit			
	2012/13 Second Budget Review $	2012/13 Third Budget Review $	2013/14 Forecast $	2014/15 Forecast $	2012/13 Second Budget Review $	2012/13 Third Budget Review $	2013/14 Forecast $	2014/15 Forecast $
Balance at the beginning of period	**3,175,419,101**	**3,175,419,101**	**3,259,510,916**	**3,402,796,559**	-	-	-	-
Asset revaluations direct to reserve	59,838,439	59,838,439	60,599,775	61,321,375	-	-	-	
Increase (decrease) in net result	28,844,231	24,253,376	82,685,868	48,077,350	28,844,231	24,253,376	82,685,868	48,077,350
Transfers to capital and reserves	-	-	-	-	(41,842,663)	(38,330,704)	(86,152,668)	(51,022,789)
Transfers from capital and reserves	-	-	-	-	12,998,432	14,077,328	3,466,801	2,945,441
Transfers between capital and reserves	-	-	-	-	-	-	-	-
Balance at the end of priod	**3,264,101,771**	**3,259,510,916**	**3,402,796,559**	**3,512,195,284**	**-**	**-**	**-**	**-**

	Capital				Asset Revaluation Reserve			
	2012/13 Second Budget Review $	2012/13 Third Budget Review $	2013/14 Forecast $	2014/15 Forecast $	2012/13 Second Budget Review $	2012/13 Third Budget Review $	2013/14 Forecast $	2014/15 Forecast $
Balance at the beginning of period	**2,661,062,989**	**2,661,062,989**	**2,693,980,845**	**2,822,275,549**	**401,939,634**	**401,939,634**	**461,778,073**	**522,377,848**
Asset revaluations direct to reserve	-	-	-	-	59,838,439	59,838,439	60,599,775	61,321,375
Increase (decrease) in net result	-	-	-	-	-	-	-	-
Transfers to capital and reserves	7,100,000	7,100,000	10,500,000	10,500,000	-	-	-	-
Transfers from capital and reserves	(10,223,983)	(12,457,328)	(2,376,801)	(1,855,441)	-	-	-	-
Transfers between capital and reserves	15,604,834	38,275,184	120,171,505	46,271,084	-	-	-	-
Balance at the end of priod	**2,673,543,840**	**2,693,980,845**	**2,822,275,549**	**2,877,191,192**	**461,778,073**	**461,778,073**	**522,377,848**	**583,699,223**

	General Reserves			
	2012/13 Second Budget Review $	2012/13 Third Budget Review $	2013/14 Forecast $	2014/15 Forecast $
Balance at the beginning of period	**112,416,478**	**112,416,478**	**103,751,998**	**58,143,162**
Asset revaluations direct to reserve	-	-	-	-
Increase (decrease) in net result	-	-	-	-
Transfers to capital and reserves	34,742,663	31,230,704	75,652,668	40,522,789
Transfers from capital and reserves	(2,774,449)	(1,620,000)	(1,090,000)	(1,090,000)
Transfers between capital and reserves	(15,604,834)	(38,275,184)	(120,171,505)	(46,271,084)
Balance at the end of priod	**128,779,858**	**103,751,998**	**58,143,162**	**51,304,869**

APPENDIX B – BUDGETED DEPARTMENTAL REPORTS

Under the requirements of the *Local Government Regulation 2012,* Council is required to include in its budget contents, the estimated costs of –

- The local government's significant business activities carried on using a full cost pricing basis; and
- The activities of the local government's commercial business units; and
- The local government's significant business activities

Attached are the Third Budget Review Departmental Operating Statements which provide information on the costs and performance of each of Council's significant business activities.

CAIRNS REGIONAL COUNCIL

Budgeted Financial Statement
For the periods ending June -
Total of Council activities (excludes business units)

	2012/13 Second Budget Review	2012/13 Third Budget Review	2013/14 Forecast	2014/15 Forecast
	$	$	$	$
Operating Revenue				
Rates and utility charges	108,001,241	108,001,241	116,035,242	122,944,482
Less: pensioner remissions	(2,154,637)	(2,154,637)	(2,316,234)	(2,455,208)
Fees and charges	14,156,329	14,156,329	15,063,787	15,666,336
Interest revenue	5,850,336	5,850,336	5,914,111	5,968,957
Contributions and donations	232,894	232,894	292,550	292,550
Government grants and subsidies	7,562,164	7,562,164	7,562,164	7,562,164
Sales of contract and recoverable works	474,918	474,918	324,273	324,273
Other operating income	4,514,114	4,514,114	4,874,246	5,069,214
Internal tax received calculated on operating surplus	10,923,230	11,426,809	13,646,100	14,842,681
Inter-program dividends received	25,751,406	25,248,134	30,006,778	33,041,112
Competitive neutrality receipts	14,666,889	14,666,889	14,662,678	14,662,678
Community service obligations received	35,006	35,006	35,006	35,006
Total Operating Revenue	190,013,890	190,014,197	206,100,701	217,954,245
Operating Expenses				
Employee benefits	60,698,026	60,698,026	61,007,233	63,142,486
Materials and services	68,543,658	68,543,658	73,327,726	77,140,758
Community service obligations paid	4,705,896	4,705,896	4,705,896	4,705,896
Finance costs	1,030,224	1,030,224	2,365,297	4,053,677
Depreciation	61,193,050	60,202,786	63,312,262	66,989,784
Competitive neutrality payments	1,010,441	1,010,441	1,067,089	1,067,089
Total Operating Expenses	197,181,295	196,191,031	205,785,503	217,099,690
Surplus / (deficit) from operations	(7,167,405)	(6,176,834)	315,198	854,555
Capital contributions and donations	1,147,854	1,147,854	4,601,548	4,692,479
Government capital grants and subsidies	25,658,786	24,341,839	65,435,000	30,438,500
Contributed assets	3,686,000	3,686,000	7,000,000	7,000,000
Gain / (loss) on sale of non-current assets	850,000	(622,952)	-	-
Net Result	24,175,235	22,375,907	77,351,746	42,985,534
Net result after income tax	24,175,235	22,375,907	77,351,746	42,985,534
Appropriations :				
Retained surplus (deficit) from prior years	-	-	-	-
Net result after income tax	24,175,235	22,375,907	77,351,746	42,985,534
Unfunded depreciation	10,223,983	8,883,412	2,376,801	1,855,441
Other transfers from (to) capital account	(4,536,000)	(3,063,048)	(7,000,000)	(7,000,000)
Transfers (to) reserves	(32,637,667)	(29,816,271)	(73,818,547)	(38,930,975)
Transfers from reserves	2,774,449	1,620,000	1,090,000	1,090,000
Retained surplus (deficit) at period end	-	-	-	-
Capital Funding Sources				
Gain / (loss) on sale of non-current assets	850,000	850,000	-	-
Capital sustainability reserve	50,226,950	62,691,263	70,173,758	63,466,927
Govt capital grants and subsidies expended	26,881,972	25,478,360	65,435,000	30,438,500
Developer contributions	2,331,801	1,989,155	5,000,000	5,000,000
Contributed assets	3,686,000	3,686,000	7,000,000	7,000,000
General reserves	3,823,435	2,858,235	6,920,246	2,800,000
Loan borrowings	-	-	31,047,754	18,356,000
Total capital funding sources utilised	87,800,158	97,553,013	185,576,758	127,061,427
Capital Funding Applications				
Capital works program	84,075,569	93,828,424	178,006,524	118,769,673
Contributed assets	3,686,000	3,686,000	7,000,000	7,000,000
Total non current asset expenditure	87,761,569	97,514,424	185,006,524	125,769,673
Principal loan repayments	38,589	38,589	570,234	1,291,754
Total capital funding applications	87,800,158	97,553,013	185,576,758	127,061,427
Future Capital Sustainability Reserve	21,905,712	9,791,706	553,409	2,220,825
Funds held in council general reserves	42,244,202	43,288,713	38,662,015	38,264,494
Revenue received in advance	2,163,200	2,163,200	2,282,176	2,407,696
Total cash held at end of year	44,407,402	45,451,913	40,944,191	40,672,190

CAIRNS REGIONAL COUNCIL

Budgeted Financial Statement
For the periods ending June -
Cairns Water

	2012/13 Second Budget Review	2012/13 Third Budget Review	2013/14 Forecast	2014/15 Forecast
	$	$	$	$
Operating Revenue				
Rates and utility charges	111,217,101	111,217,101	120,874,012	128,126,449
Less: pensioner remissions	(38,352)	(38,352)	(41,228)	(43,701)
Fees and charges	3,828,171	3,828,171	3,828,130	3,981,255
Interest revenue	1,018,187	1,018,187	1,094,551	1,160,224
Contributions and donations	-	-	21,804	21,804
Government grants and subsidies	30,000	30,000	30,000	30,000
Sales of contract and recoverable works	1,657,568	1,657,568	842,568	842,568
Other operating income	139,602	139,602	145,186	150,993
Community service obligations received	4,360,241	4,360,241	4,360,241	4,360,241
Total Operating Revenue	122,212,518	122,212,518	131,155,264	138,629,833
Operating Expenses				
Employee benefits	23,314,935	23,314,935	23,130,249	23,939,807
Materials and services	21,255,870	21,255,870	23,173,100	24,378,099
Community service obligations paid	708,395	708,395	708,395	708,395
Finance costs	5,706,189	5,706,189	5,477,855	5,234,439
Depreciation	35,936,957	35,995,833	39,448,425	42,381,634
Competitive neutrality payments	7,539,542	7,539,542	7,535,494	7,535,494
Total Operating Expenses	94,461,888	94,520,764	99,473,518	104,177,868
Surplus / (deficit) from operations	27,750,630	27,691,754	31,681,746	34,451,965
Capital contributions and donations	1,354,996	1,354,996	1,560,600	1,591,812
Government capital grants and subsidies	700,000	-	-	-
Contributed assets	2,564,000	2,564,000	3,500,000	3,500,000
Gain / (loss) on sale of non-current assets	-	(2,100,964)	-	-
Net Result	32,369,626	29,509,786	36,742,346	39,543,777
Inter-program income tax equivalent paid	(8,231,028)	(8,714,021)	(9,972,704)	(10,813,133)
Net result after income tax	24,138,598	20,795,765	26,769,642	28,730,644
Appropriations :				
Retained surplus (deficit) from prior years	-	-	-	-
Net result after income tax	24,138,598	20,795,765	26,769,642	28,730,644
Other transfers from (to) capital account	(2,564,000)	(463,036)	(3,500,000)	(3,500,000)
Inter-program dividends paid	(19,519,602)	(18,968,296)	(21,709,042)	(23,638,832)
Transfers (to) reserves	(2,054,996)	(1,364,433)	(1,560,600)	(1,591,812)
Retained surplus (deficit) at period end	-	-	-	-
Capital Funding Sources				
Capital sustainability reserve	17,977,169	31,543,221	58,026,387	42,381,634
Govt capital grants and subsidies expended	700,000	-	-	-
Developer contributions	-	-	15,000,000	9,700,000
Contributed assets	2,564,000	2,564,000	3,500,000	3,500,000
General reserves	-	466,653	-	-
Total capital funding sources utilised	21,241,169	34,573,874	76,526,387	55,581,634
Capital Funding Applications				
Capital works program	15,346,244	28,678,949	69,467,129	48,278,959
Contributed assets	2,564,000	2,564,000	3,500,000	3,500,000
Total non current asset expenditure	17,910,244	31,242,949	72,967,129	51,778,959
Principal loan repayments	3,330,925	3,330,925	3,559,258	3,802,675
Total capital funding applications	21,241,169	34,573,874	76,526,387	55,581,634
Future Capital Sustainability Reserve	32,085,138	18,577,962	-	-
Funds held in council general reserves	27,903,644	27,446,428	14,007,028	5,898,840
Total cash held at end of year	27,903,644	27,446,428	14,007,028	5,898,840

CAIRNS REGIONAL COUNCIL

Budgeted Financial Statement
For the periods ending June -
Cairns Refuse

	2012/13 Second Budget Review $	2012/13 Third Budget Review $	2013/14 Forecast $	2014/15 Forecast $
Operating Revenue				
Rates and utility charges	25,409,018	25,409,018	27,314,694	28,953,575
Fees and charges	2,507,652	2,507,652	2,808,333	2,920,666
Interest revenue	212,759	212,759	201,627	213,724
Government grants and subsidies	10,000	10,000	34,000	34,000
Other operating income	1,453,431	1,453,431	1,504,968	1,565,166
Community service obligations received	1,096,768	1,096,768	1,096,768	1,096,768
Total Operating Revenue	30,689,628	30,689,628	32,960,390	34,783,899
Operating Expenses				
Employee benefits	2,695,237	2,695,237	2,771,828	2,868,841
Materials and services	18,784,017	18,784,017	19,946,123	20,983,318
Community service obligations paid	77,724	77,724	77,724	77,724
Finance costs	212,434	212,434	204,112	195,237
Depreciation	953,799	885,179	938,054	1,007,017
Competitive neutrality payments	1,068,988	1,068,988	992,317	992,317
Total Operating Expenses	23,792,199	23,723,579	24,930,158	26,124,454
Surplus / (deficit) from operations	6,897,429	6,966,049	8,030,232	8,659,445
Government capital grants and subsidies	50,000	50,000	-	-
Net Result	6,947,429	7,016,049	8,030,232	8,659,445
Inter-program income tax equivalent paid	(2,084,229)	(2,104,815)	(2,409,070)	(2,597,834)
Net result after income tax	4,863,200	4,911,234	5,621,162	6,061,611
Appropriations :				
Retained surplus (deficit) from prior years	-	-	-	-
Net result after income tax	4,863,200	4,911,234	5,621,162	6,061,611
General revenue (used) for capital purposes	-	-	(273,521)	-
Inter-program dividends paid	(4,813,200)	(4,861,234)	(5,347,641)	(6,061,611)
Transfers (to) reserves	(50,000)	(50,000)	-	-
Retained surplus (deficit) at period end	-	-	-	-
Capital Funding Sources				
Capital sustainability reserve	1,473,330	1,398,683	938,054	1,007,017
Govt capital grants and subsidies expended	50,000	50,000	-	-
Loan borrowings	-	-	(273,521)	-
Funds from general revenue required	-	-	273,521	-
Total capital funding sources utilised	1,523,330	1,448,683	938,054	1,007,017
Capital Funding Applications				
Capital works program	1,402,767	1,328,120	809,170	869,258
Total non current asset expenditure	1,402,767	1,328,120	809,170	869,258
Principal loan repayments	120,563	120,563	128,884	137,759
Total capital funding applications	1,523,330	1,448,683	938,054	1,007,017
Future Capital Sustainability Reserve	490,090	496,117	496,117	496,117
Funds held in council general reserves	3,877,551	3,877,551	3,877,551	3,877,551
Unspent loans fund reserve	273,521	273,521	273,521	273,521
Total cash held at end of year	4,151,072	4,151,072	4,151,072	4,151,072

CAIRNS REGIONAL COUNCIL

Budgeted Financial Statement
For the periods ending June -
Cairns Works

	2012/13 Second Budget Review	2012/13 Third Budget Review	2013/14 Forecast	2014/15 Forecast
	$	$	$	$
Operating Revenue				
Sales of contract and recoverable works	4,339,471	4,339,471	5,114,205	5,114,205
Total Operating Revenue	4,339,471	4,339,471	5,114,205	5,114,205
Operating Expenses				
Employee benefits	19,047,248	19,047,248	20,072,171	20,774,697
Materials and services	(21,782,272)	(21,782,272)	(24,240,166)	(25,500,655)
Competitive neutrality payments	5,047,917	5,047,917	5,067,778	5,067,778
Total Operating Expenses	2,312,893	2,312,893	899,783	341,820
Surplus / (deficit) from operations	2,026,578	2,026,578	4,214,422	4,772,385
Net Result	2,026,578	2,026,578	4,214,422	4,772,385
Inter-program income tax equivalent paid	(607,973)	(607,973)	(1,264,326)	(1,431,716)
Net result after income tax	1,418,605	1,418,605	2,950,096	3,340,669
Appropriations :				
Retained surplus (deficit) from prior years	-	-	-	-
Net result after income tax	1,418,605	1,418,605	2,950,096	3,340,669
Inter-program dividends paid	(1,418,605)	(1,418,605)	(2,950,096)	(3,340,669)
Retained surplus (deficit) at period end	-	-	-	-