

ORDINARY MEETING 24 JANUARY 2024	4
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FINANCIAL PERFORMANCE REPORT FOR THE PERIOD ENDED 29 DECEMBER 2023

63/17/2-01 | #7318352

RECOMMENDATION:

That Council notes the financial performance report for the period ended 29 December 2023.

INTERESTED PARTIES:

Not applicable

EXECUTIVE SUMMARY:

This report contains the financial performance report for the period ended 29 December 2023.

DECEMBER FINANCIALS AT A GLANCE				
Comprehensive Income	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Full Year Budget \$000
Total operating revenue	189,916	188,891	1,025	377,916
Total operating expenses	(185,366)	(187,956)	2,590	(377,666)
Net Operating Result	4,550	935	3,615	250
Capital revenue	5,885	6,340	(455)	42,319
Net Result	10,435	7,275	3,160	42,569
Treasury Performance	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Full Year Budget \$000
Operating result - (ex depreciation)	57,821	53,619	4,202	106,239
Infrastructure charges revenue	6,502	7,600	(1,098)	15,200
Grants & other capital revenue	4,204	6,923	(2,719)	20,536
Net Capital Funding	68,527	68,142	385	141,975
Capital expenditure	(55,783)	(68,899)	13,116	(166,209)
Net Funding Surplus/(Deficit)	12,744	(757)	13,501	(24,234)

The operating result is favourable to budget by \$3.6M driven by a favourable variance in materials and services (\$2.9M), which is made up of timing variances in Council’s operational areas (\$1.4M) and consultants (\$1.0M) and higher than anticipated miscellaneous revenue (\$1.1M). This has been offset by less than anticipated grants, subsidies, contributions and donations (\$956K), being primarily the unexpected early receipt of the majority of the 2023/24 Financial Assistance Grant in June 2023. It is unclear if the Financial Assistance Grant will be paid early again in June 2024 and there is a high chance that this will result in a permanent negative variance for 2023/24.

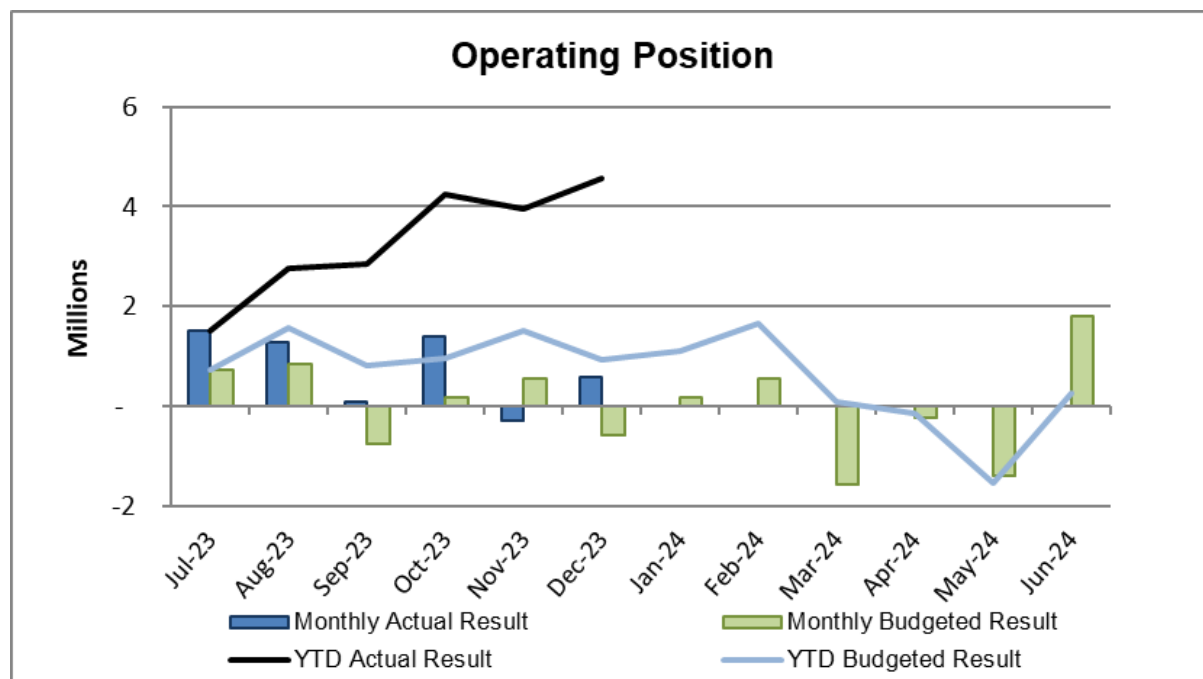
The net capital funding available is \$68.5M which is \$385K favourable to budget. This is due to a combination of the favourable operating result (\$4.2M) slightly offset by unfavourable grants and other capital revenue (\$2.7M) and infrastructure charges revenue (\$1.1M).

Capital expenditure is \$55.6M year to date resulting in a \$12.6M timing variance to budget.

BACKGROUND:

Each month, year to date financial statements are prepared in order to monitor actual performance against budget. Attached are the financial statements for the period ended 29 December 2023. Actual amounts are compared against year to date Budget 2023/24 figures. See Appendix one for detailed financial statements and Appendix two for statements of comprehensive income by directorate.

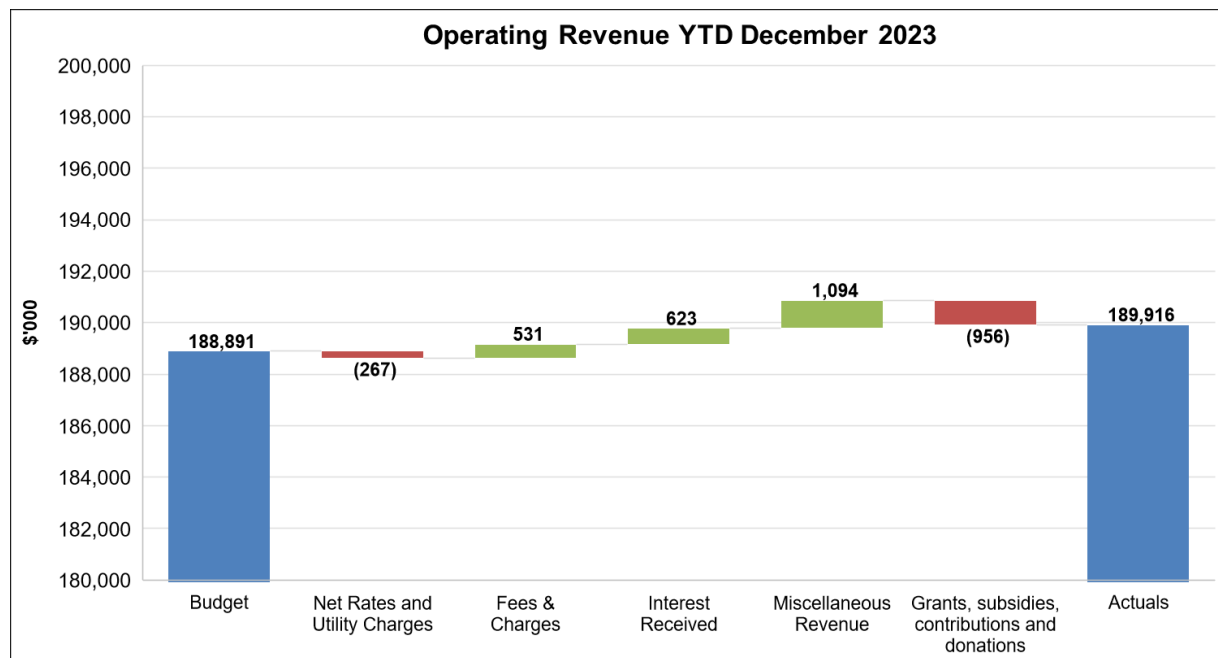
OPERATING POSITION



Council’s operating position at the end of December was a surplus of \$4.6M, \$3.6M favourable to budget. This result is mainly due to lower than anticipated materials and services (\$2.9M), which is made up of timing variances in Council’s operational areas (\$1.4M) and consultants (\$1.0M) and greater than anticipated miscellaneous revenue (\$1.1M).

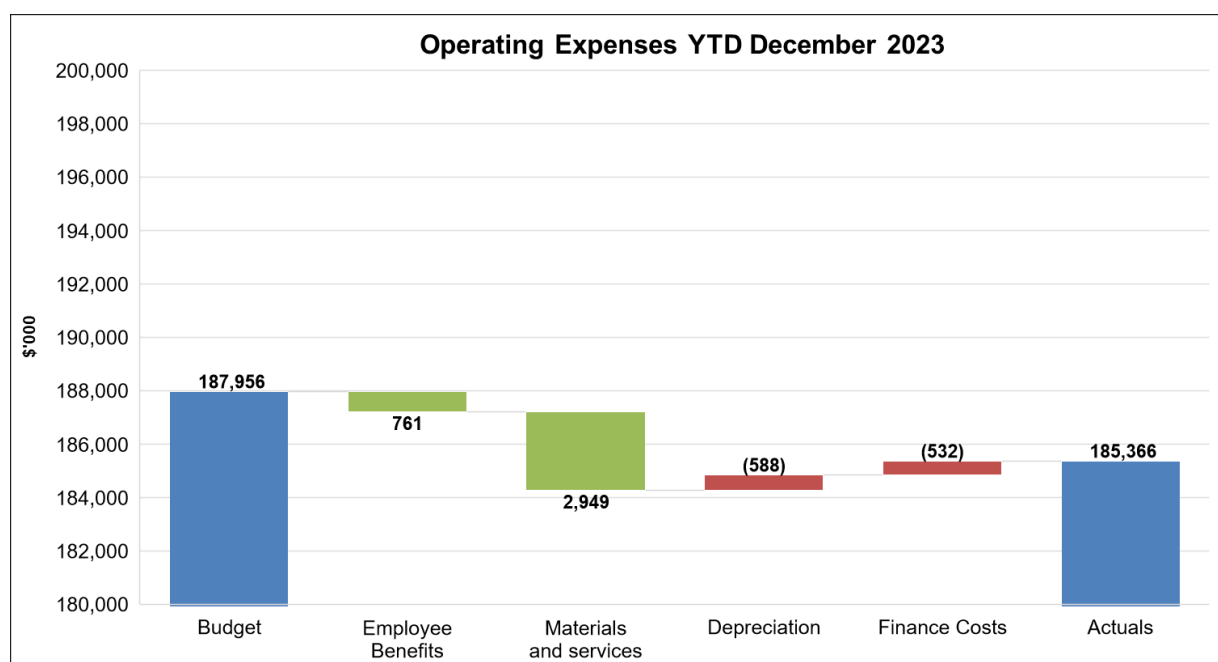
This has been slightly offset by less than anticipated grants, subsidies, contributions and donations (\$956K), being primarily the unexpected early receipt of the majority of the 2023/24 Financial Assistance Grant in June 2023 resulting in lower than budgeted receipts during the year to date.

OPERATING REVENUE



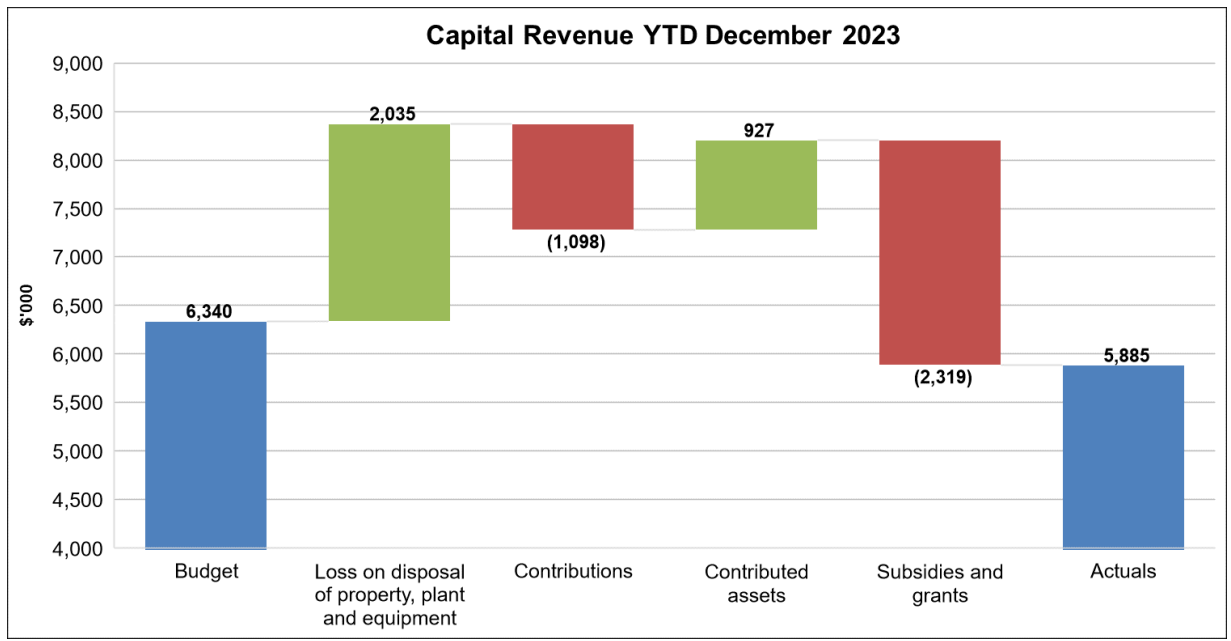
Operating revenue is favourable to budget by \$1.0M driven by greater than anticipated miscellaneous revenue (\$1.1M), interest received (\$623K) and fees and charges (\$531K). This has been slightly offset by less than anticipated grants, subsidies, contributions and donations (\$956K), being primarily the unexpected early receipt of the majority of the 2023/24 Financial Assistance Grant in June 2023 resulting in lower than budgeted receipts during the year to date.

OPERATING EXPENDITURE



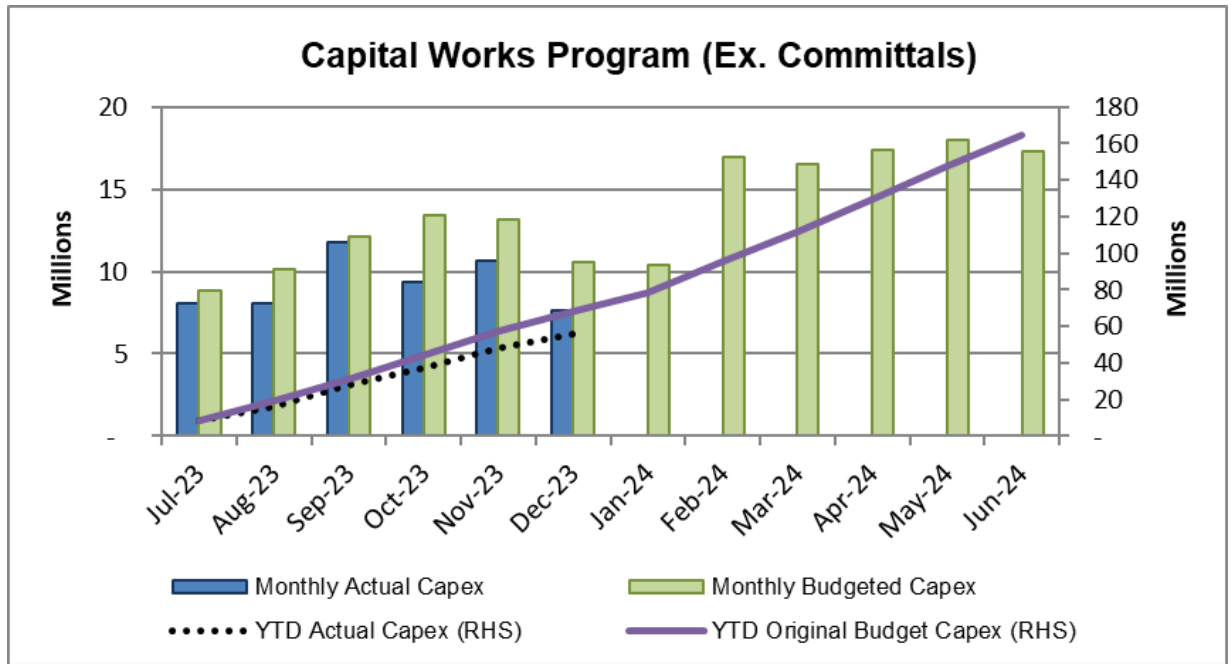
Operating expenditure is \$2.6M favourable to budget. This is largely driven by less than anticipated materials and services (\$2.9M) which is made up of timing variances in Council’s operational areas (\$1.4M) and consultants (\$1.0M).

CAPITAL REVENUE



Capital revenue is \$455K unfavourable to budget mainly due to less than anticipated subsidies and grants, due to timing (\$2.3M), and contributions (\$1.1M). This has been slightly offset by less than anticipated loss on disposal of property, plant and equipment (\$2.0M).

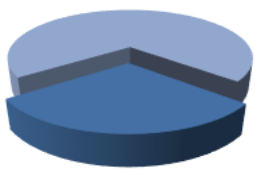
CAPITAL EXPENDITURE



Actual capital works expenditure year to date is \$55.6M, compared to a budget of \$68.2M.

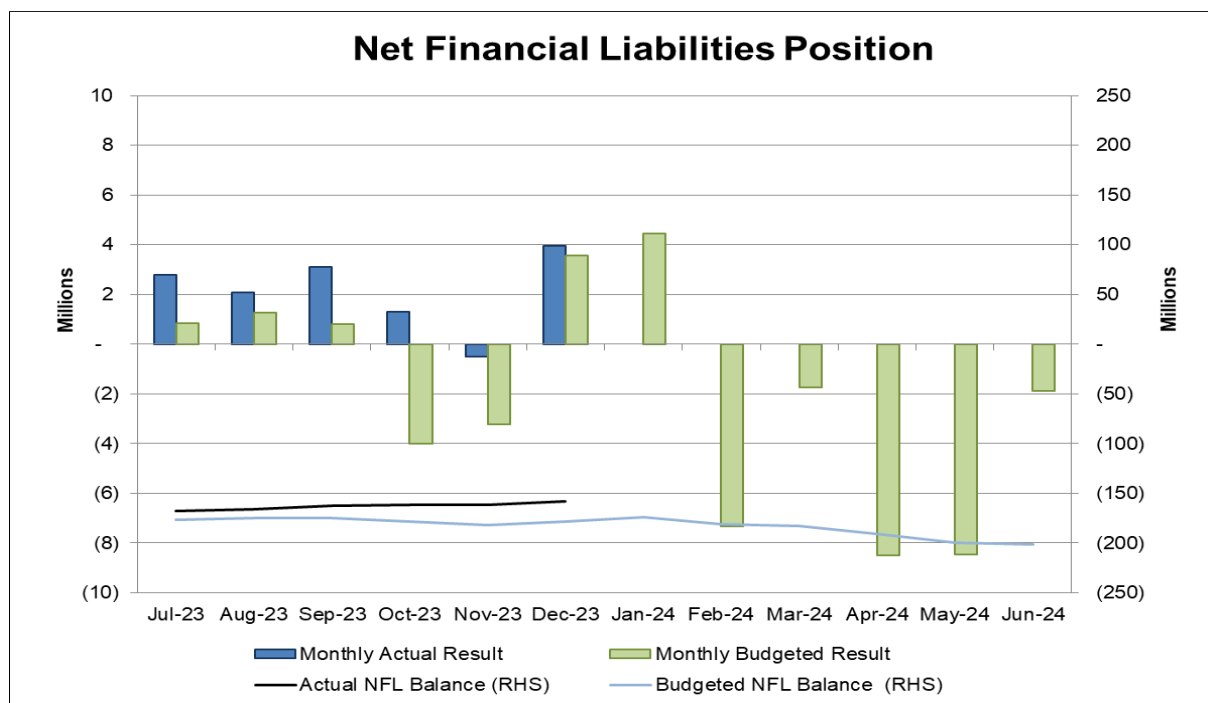
The following table illustrates year to date 2023/24 capital works program against the full year budget.

Directorate	Year to Date Actual \$000	Year to Date Budget \$000	Year to Date Variance \$000	Full Year Budget \$000
Finance & Business Services	310	350	40	2,950
Lifestyle & Community	14,498	21,813	7,315	38,867
CIA – Engineering Services	15,994	13,010	(2,984)	27,898
CIA – Service Delivery	24,783	33,017	8,234	95,077
CAPITAL WORKS TOTAL	55,585	68,190	12,605	164,792
Capitalised Interest	198	709	511	1,417
CAPITAL EXPENDITURE	55,783	68,899	13,116	166,209

YTD actual expenditure	\$55,585	
Unspent capital expenditure	\$109,207	
Full year budget capital expenditure	\$164,792	

TREASURY PERFORMANCE

The following graph has been developed to provide an indication of Council's net financial liabilities monthly variance to budget.



Net financial liabilities (NFL) is a broader measure of indebtedness than the level of borrowings. It includes items such as trade payables, employee long-service leave entitlements and other amounts payable as well as taking account of Council's cash holdings. An increase in net financial liabilities will increase interest associated with borrowings and will impact negatively on Council's operating result.

As at the end of December, Council's NFL is \$20.1M favourable to budget. This is driven by a favourable \$6.6M carry forward position from the previous financial year combined with a \$13.5M favourable net funding year to date variance.

Net Funding Result – Year to Date

Financial Items	Actuals YTD \$'000	Budget YTD \$'000	Variance YTD \$'000	Budget Full Year \$'000
Operating Revenue	189,916	188,891	1,025	377,916
Operating Expenses (ex Dep)	(132,095)	(135,272)	3,177	(271,677)
Capital Revenue - Infra Charges	6,502	7,600	(1,098)	15,200
Capital Revenue - Grants & Other	4,204	6,923	(2,719)	20,536
Net Capital Funding	68,527	68,142	385	141,975
Capital Expenditure	(55,783)	(68,899)	13,116	(166,209)
Net Funding Surplus/(Deficit)	12,744	(757)	13,501	(24,234)

Year to date net capital funding totals \$68.5M which is \$385K favourable to budget, mainly due to less than anticipated materials and services (\$2.9M), offset by unfavourable grants and other capital revenue (\$2.7M) and infrastructure charges revenue (\$1.1M).

Capital expenditure at the end of December is \$13.1M favourable to budget. Combined with a favourable net capital funding variance (\$385K), this results in a favourable \$13.5M net funding surplus year to date.

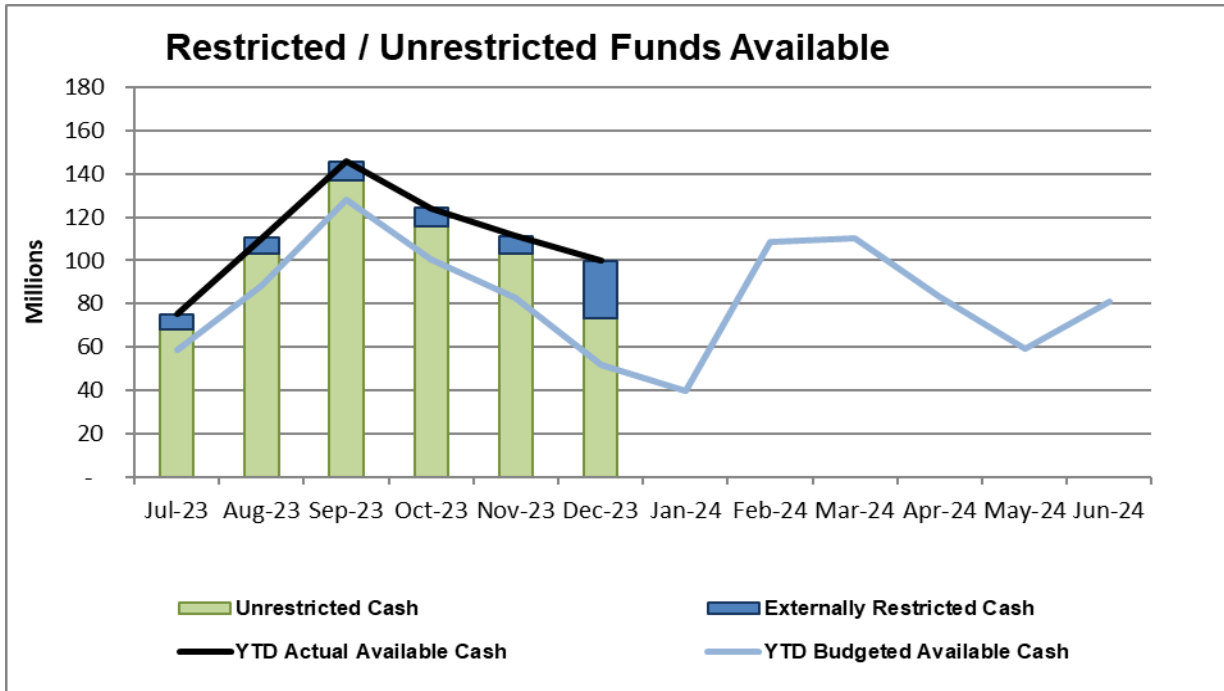
LIQUIDITY

	Actual \$000	Budget \$000	Variance \$000
Cash and cash equivalents	39,848	-	39,848
Working capital facility	-	(8,284)	8,284
Long term loans	(142,749)	(142,546)	(203)
NET DEBT POSITION	(102,901)	(150,830)	47,929

Council's net debt position is \$47.9M favourable to budget due to the favourable \$13.5M position carried forward from the 2022/23 financial year, the favourable year to date net funding surplus position of \$13.5M, as well as the unbudgeted prepayment of \$20M from the QLD Reconstruction Authority for future grant applications associated with the Cyclone Jasper Flood Emergency.

UNRESTRICTED FUNDS POSITION

Restricted cash represents cash and cash equivalents that are subject to a number of external restrictions that limit amounts available for discretionary or future use. It is comprised of unspent government grants and developer contributions set aside for specific capital works. A summary of Council’s restricted funds position is provided below.



Including the working capital facility, the total funds available is \$99.8M. Excluding funds subject to external restrictions of \$26.8M, the unconstrained funds available to meet ongoing operational expenses is \$73.0M.

**DEPARTMENT OF STATE DEVELOPMENT, INFRASTRUCTURE,
LOCAL GOVERNMENT AND PLANNING (DSDILGP) FINANCIAL SUSTAINABILITY
RATIOS**

In accordance with s169 (6) of the *Local Government Regulation 2012*, the DSDILGP financial sustainability ratios have been provided. The 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.

As the information required for the leverage ratio and asset sustainability ratio is based on full year results, it is not feasible to report these ratios on a monthly basis. These ratios will be provided in the budget and annual financial statements as regulated.

Type	Measure	Rationale	Actual Result	Benchmark	Within limits	FY Budget
Operating Performance	Operating Surplus Ratio	Holistic overview of Council operating performance	2.4%	> 0%	<input checked="" type="checkbox"/>	0.4%
Operating Performance	Operating Cash Ratio	Cash operating performance (less depreciation and other non-cash items)	31.6%	> 0%	<input checked="" type="checkbox"/>	29.4%
Liquidity	Unrestricted Cash Expense Cover Ratio	Unconstrained liquidity available to Council	3.3	> 2 months	<input checked="" type="checkbox"/>	4.7
Debt Servicing Capacity	Leverage Ratio	Ability to repay existing debt	N/A	0 - 4 times	N/A	1.6
Asset Management	Asset Sustainability Ratio	Capital renewals program performance	N/A	> 60%	N/A	68.4%
	Asset Consumption Ratio	Extent to which assets are being consumed	68.3%	> 60%	<input checked="" type="checkbox"/>	68.1%
	Asset Renewal Funding Ratio	Asset replacement program performance	Contextual purposes only and not audited by QAO.			
Financial Capacity	Council Controlled Revenue	Capacity to generate revenue internally	Contextual purposes only and not audited by QAO.			
	Population Growth	Population growth/decline pressures on Council	Contextual purposes only and not audited by QAO.			

CONSIDERATIONS:**Risk Management:**

Financial statements report on a historical basis, therefore there are no financial implications or risk on decisions or options. DSDILGP ratios are submitted with financial statements which provide an indication of the performance of Council to ensure prudent management of financial risks.

In terms of financial performance and risk, the approach taken sees the Finance Team working with the various business directorates to understand and report on financial outcomes whilst also considering what those outcomes indicate for the future, particularly the requirement to deliver within budget. It is expected this forward-looking approach will allow the management team to implement timely rectification actions to emerging trends.

ATTACHMENTS:

Attachment 1: Financial Statements

Attachment 2: Directorate Reports

Attachment 3: Explanation of Financial Statement Items



Jason Ritchie
Executive Manager Finance



Lisa Whitton
Director Finance & Business Services

Attachment 1: Financial Statements

Attached are the financial statements for the period ended 29 December 2023. Actual amounts are compared against the year-to-date Budget figures.

Financial statements included:

- **Statement of Comprehensive Income** – Displays Council's year to date profit and loss up to the period end.
- **Statement of Financial Position** – Displays the Assets (what we own), Liabilities (what we owe) and Community Equity (our net worth).
- **Statement of Cash Flows** – Reports how income received, and expenses paid impacts on Council's cash balances.

Statement of Comprehensive Income For the Period Ended 29 December 2023			
	Actual	Original Budget	Variance
	\$000	\$000	\$000
Income			
Revenue			
Operating Revenue			
Net rates and utility charges	159,563	159,830	(267)
Fees and charges	15,683	15,152	531
Interest received	2,807	2,184	623
Miscellaneous Revenue	10,301	9,207	1,094
Grants, subsidies, contributions and donations	1,562	2,518	(956)
Total Operating revenue	189,916	188,891	1,025
Expenses			
Operating Expenses			
Employee benefits	64,098	64,859	761
Materials and services	65,749	68,698	2,949
Depreciation	53,272	52,684	(588)
Finance costs	2,247	1,715	(532)
Total Operating Expenses	185,366	187,956	2,590
Capital Revenue			
Loss on disposal of property, plant and equipment	(5,398)	(7,433)	2,035
Contributions	6,502	7,600	(1,098)
Contributed assets	927	-	927
Subsidies and grants	3,854	6,173	(2,319)
Net Capital Revenue	5,885	6,340	(455)
Net result attributable to Council in period	10,435	7,275	3,160
Council's net result for December 2023 is a surplus of \$10.4M, \$3.2M more than budgeted.			
Operating revenue is \$1.0M favourable to budget driven mainly by greater than anticipated miscellaneous revenue (\$1.1M), interest received (\$623K) and fees and charges (\$531K). This has been slightly offset by less than anticipated grants, subsidies, contributions and donations (\$956K).			
Operating expenses are \$2.6M favourable to budget due to less than anticipated materials and services (\$2.9M) and employee benefits (\$761K). This has been slightly offset by greater than anticipated depreciation (\$588K) and finance costs (\$532K).			
Capital revenue is \$455K unfavourable to budget mainly due to less than anticipated subsidies and grants (\$2.3M) and contributions (\$1.1M). This has been slightly offset by less than anticipated loss on disposal of property, plant and equipment (\$2.0M) and greater than anticipated contributed assets (\$927K).			

Statement of Financial Position				
For the Period Ended 29 December 2023				
	Note	Actual	Original Budget	Variance
		\$000	\$000	\$000
Assets				
Current Assets				
Cash and cash equivalents	1	39,848	-	39,848
Receivables		54,941	54,489	452
Inventories		5,260	3,521	1,739
		100,049	58,010	42,039
Non-Current Assets				
Property, plant and equipment	2	4,664,035	4,690,607	(26,572)
		4,664,035	4,690,607	(26,572)
Total Assets		4,764,084	4,748,617	15,467
Liabilities				
Current Liabilities				
Trade and other payables		37,121	34,101	(3,020)
Borrowings		24,668	21,923	(2,745)
Working capital facility		-	8,284	8,284
Provisions	3	15,394	12,117	(3,277)
Other liabilities	1	43,291	23,480	(19,811)
		120,474	99,905	(20,569)
Non-Current Liabilities				
Borrowings		118,081	120,623	2,542
Provisions		13,465	13,785	320
Other liabilities	4	5,944	1,747	(4,197)
		137,490	136,155	(1,335)
Total Liabilities		257,964	236,060	(21,904)
NET COMMUNITY ASSETS		4,506,120	4,512,557	(6,437)
Community Equity				
Retained surplus/deficit		2,740,687	2,747,300	(6,613)
Asset revaluation surplus		1,765,433	1,765,257	176
TOTAL COMMUNITY EQUITY		4,506,120	4,512,557	(6,437)
<p>1 The cash and cash equivalents variance is largely due the favourable opening cash balance as at 1 July, as well as the unbudgeted prepayment of \$20M from the QLD Reconstruction Authority for future grant applications associated with the Cyclone Jasper Flood Emergency. This has caused a corresponding unfavourable variance in other current liabilities.</p> <p>2 Property, plant and equipment is unfavourable to budget due to lower than anticipated capital additions in 2022/23 and 2023/24.</p> <p>3 Current provisions are unfavourable to budget due to a higher than anticipated provision for developer contribution credits, which is dependant upon development activity.</p> <p>4 Other liabilities are unfavourable to budget due to Council's lease liabilities being brought to account in 2022/23 which has resulted in a \$4.2M variance to budget.</p>				

Statement of Cash Flows				
For the Period Ended 29 December 2023				
	Note	Actual	Original Budget	Variance
		\$000	\$000	\$000
Cash Flows from Operating Activities:				
Receipts from customers	1	182,309	191,634	(9,325)
Payments to suppliers and employees	2	(138,382)	(151,925)	13,543
Interest received		2,807	1,253	1,554
Borrowing costs		(1,238)	(1,569)	331
Net cash inflow (outflow) from operating activities		45,496	39,393	6,103
Cash Flows from Investing Activities				
Grants, subsidies and contributions for capital acquisitions	3	30,828	9,195	21,633
Proceeds from disposal of property, plant and equipment		505	750	(245)
Payments for property, plant, equipment and CWIP	4	(59,152)	(72,842)	13,690
Net cash inflow (outflow) from investing activities		(27,819)	(62,897)	35,078
Cash Flows from Financing Activities:				
Repayment of borrowings		(13,652)	(15,269)	1,617
Proceeds from working capital facility	5	-	8,283	(8,283)
Repayment of working capital facility		-	931	(931)
Net cash inflow (outflow) from financing activities		(13,652)	(6,055)	(7,597)
NET INCREASE/(DECREASE) IN CASH HELD		4,025	(29,559)	33,584
Cash at beginning of year		35,823	29,559	6,264
CASH AT END OF PERIOD		39,848	-	39,848
<p>1 The unfavourable variance in receipts from customers is largely due to timing and is expected to reduce over the remainder of the year.</p> <p>2 Timing of expenditure and a higher than anticipated balance in trade and other payables has resulted in lower than anticipated payments to suppliers and employees.</p> <p>3 Grants, subsidies and contributions for capital acquisitions is favourable to budget due to the unbudgeted prepayment of \$20M from the QLD Reconstruction Authority for future grant applications associated with the Cyclone Jasper Flood Emergency.</p> <p>4 The timing of delivery of the capital works program has caused lower than anticipated payments for property, plant and equipment.</p> <p>5 Utilisation of the working capital facility has not been required due to lower than anticipated cash outflows combined with the receipt of the unbudgeted prepayment from the QLD Reconstruction Authority.</p>				

Attachment 2: Directorate Reports

Directorate operating statements provide information on the performance of each directorate for the period ended 29 December 2023.

The following are the directorate operating statements included in this report (in order):

Appendix:

- A. Office of the CEO
- B. Finance & Business Services
- C. People & Organisational Performance
- D. Planning, Growth & Sustainability
- E. Lifestyle & Community
- F. Cairns Infrastructure and Assets – Engineering Services
- G. Cairns Infrastructure and Assets – Service Delivery
- H. Economic Development & Advocacy

Appendix A – Office of the CEO

Operating Statement				
For the Period Ended 29 December 2023				
Office of the CEO				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Other income	415	388	27	7 %
Total Operating Revenue	415	388	27	7 %
Operating Expenditure				
Employee Benefits	1,565	1,586	21	1 %
Materials and services	257	306	49	16 %
Total Expenses	1,822	1,892	70	4 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(1,407)	(1,504)	97	6 %
Office of the CEO is \$97K favourable to budget YTD, due to timing of materials and services expenditure.				

Appendix B – Finance & Business Services

Operating Statement				
For the Period Ended 29 December 2023				
Finance & Business Services				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Net rates and utility charges	67,557	67,647	(90)	(0) %
Fees and charges	315	350	(35)	(10) %
Interest	2,063	1,456	607	42 %
Other income	188	150	38	25 %
Grants, Subsidies and Contributions	137	1,505	(1,368)	(91) %
Total Operating Revenue	70,260	71,108	(848)	(1) %
Operating Expenditure				
Employee benefits	9,258	10,314	1,056	10 %
Materials and services	(86)	1,119	1,205	108 %
Depreciation and amortisation expenses	1,621	1,664	43	3 %
Finance Costs	1,506	1,383	(123)	(9) %
Total Expenses	12,299	14,480	2,181	15 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	57,961	56,628	1,333	2 %
<p>The Finance & Business Services directorate is \$1.3M favourable to budget with favourable variances in employee benefits and materials and services offsetting unfavourable grant revenue which is due to the early bring forward of the Financial Assistance Grant in 2022/23.</p>				

Appendix C – People & Organisational Performance

Operating Statement				
For the Period Ended 29 December 2023				
People & Organisational Performance				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees and charges	1	2	(1)	(50) %
Other income	15	-	15	100 %
Grants, Subsidies and Contributions	199	250	(51)	(20) %
Total Operating Revenue	215	252	(37)	(15) %
Operating Expenditure				
Employee benefits	4,475	4,470	(5)	(0) %
Materials and services	2,933	3,474	541	16 %
Total Expenses	7,408	7,944	536	7 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(7,193)	(7,692)	499	6 %
The People & Organisational Performance directorate is \$499K favourable to budget largely across various materials and service expenses.				

Appendix D – Planning, Growth & Sustainability

Operating Statement				
For the Period Ended 29 December 2023				
Planning, Growth & Sustainability				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees and charges	2,527	2,608	(81)	(3) %
Other income	458	375	83	22 %
Grants, subsidies, contributions and donations	-	19	(19)	(100) %
Total Operating Revenue	2,985	3,002	(17)	(1) %
Operating Expenditure				
Employee Benefits	4,092	4,486	394	9 %
Materials and services	1,454	2,112	658	31 %
Finance Costs	52	19	(33)	(174) %
Total Expenses	5,598	6,617	1,019	15 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(2,613)	(3,615)	1,002	28 %
Planning, Growth and Sustainability is \$1M favourable to budget due to lower than budgeted materials and services and employee vacancies.				

Appendix E – Lifestyle & Community

Operating Statement				
For the Period Ended 29 December 2023				
Lifestyle & Community				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees and charges	8,127	7,315	812	11 %
Other income	2,805	2,969	(164)	(6) %
Grants, subsidies, contributions and donations	823	671	152	23 %
Total Operating Revenue	11,755	10,955	800	7 %
Operating Expenditure				
Employee benefits	17,385	16,925	(460)	(3) %
Materials and services	20,159	20,521	362	2 %
Depreciation and amortisation expenses	6,918	6,900	(18)	(0) %
Finance Costs	672	312	(360)	(115) %
Total Expenses	45,134	44,658	(476)	(1) %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(33,379)	(33,703)	324	1 %
<p>Lifestyle & Community is \$324K favourable to budget. Fees & charges revenue is favourable due to animal management exceeding expectations and revenue from CPAC events - this is partially offset by an increase in finance costs. Grants revenue is favourable due to library funding.</p>				

Appendix F – Cairns Infrastructure and Assets – Engineering Services

Operating Statement				
For the Period Ended 29 December 2023				
Cairns Infrastructure and Assets - Engineering Services				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees and charges	70	26	44	169 %
Other income	39	-	39	100 %
Grants, Subsidies and Contributions	20	10	10	100 %
Total Operating Revenue	129	36	93	258 %
Operating Expenditure				
Employee benefits	4,784	4,874	90	2 %
Materials and services	1,579	1,625	46	3 %
Depreciation and amortisation expenses	19,561	19,181	(380)	(2)%
Total Expenses	25,924	25,680	(244)	(1)%
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(25,795)	(25,644)	(151)	(1)%
Engineering Services is \$151K unfavourable to budget due to depreciation.				

Appendix G – Cairns Infrastructure and Assets – Service Delivery

Operating Statement				
For the Period Ended 29 December 2023				
Cairns Infrastructure and Assets - Service Delivery				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Net rates and utility charges	92,004	92,186	(182)	(0) %
Fees and charges	4,643	4,851	(208)	(4)%
Interest revenue	744	727	17	2 %
Other income	6,382	5,324	1,058	20 %
Grants, Subsidies and Contributions	383	62	321	518 %
Total Operating Revenue	104,156	103,150	1,006	1 %
Operating Expenditure				
Employee benefits	21,946	21,599	(347)	(2)%
Materials and services	36,933	36,525	(408)	(1)%
Depreciation and amortisation expenses	25,172	24,939	(233)	(1)%
Finance costs	17	-	(17)	(100)%
Total Expenses	84,068	83,063	(1,005)	(1)%
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	20,088	20,087	1	0 %
Service Delivery is on budget. Disaster Recovery works are offset by below budget maintenance works as resources were diverted to recovery and grant funding. Above budget utilities operation costs are offset by favourable electricity pricing and stock adjustments.				

Appendix H – Economic Development & Advocacy

Operating Statement				
For the Period Ended 29 December 2023				
Economic Development & Advocacy				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Other income	-	-	-	0 %
Total Operating Revenue	-	-	-	0 %
Operating Expenditure				
Employee benefits	592	605	13	2 %
Materials and services	2,520	3,016	496	16 %
Total Expenses	3,112	3,621	509	14 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(3,112)	(3,621)	509	14 %
<p>The Economic Development & Advocacy directorate is \$509K favourable to budget, due to the timing of consultancies and outgoing contributions and events.</p>				

Attachment 3: Explanation of Financial Statement Items

This appendix is a general explanation of Council's revenues, costs, assets and liabilities to aid in understanding the budget to actual comparison in the monthly financial report.

STATEMENT OF COMPREHENSIVE INCOME	
OPERATING REVENUE	
Net Rates and Utility Charges	Rates are the taxes levied on ratepayers within Council. Whilst the rates notices are mainly issued in July and January, revenue is accounted for on an accrual basis throughout the year.
Fees and Charges	Revenue includes a mixture of regulated fees and user fees. Regulated fees are levied by Council and the amount of the fee or fine is often set externally and the payment is compulsory. User fees are charged for the use of goods and services and are entered into at the election of the user. The pattern of revenue for fees and charges reflects a mixture of billing cycles and seasonal variations.
Interest Received	Interest is earned on surplus cash fund balances and is also charged on overdue rates. The interest earned fluctuates throughout the year due to the timing of rates collections.
Miscellaneous Revenue	Miscellaneous revenue comprises of items that don't meet the definition for other categories. It includes reimbursements and recoveries, rentals and external contract works.
Grants, Subsidies, Contributions & Donations	Council receives support to fund and assist in the delivery of services. Financial assistance grants are federally funded and allocated via state and territory-based Grant Commissions, whilst tiered grants are generally linked to the delivery of specific programs.
OPERATING EXPENSES	
Employee Benefits	Represents the total cost of staff employed in the delivery of Council services. Costs include wages, superannuation, employee leave entitlements and other on costs. They will not include the costs of engaging contractors providing services to the Council on an outsourced basis.
Materials and Services	Costs incurred in the purchase of material or other services necessary to deliver Council services.
Depreciation	Represents the consumption of property, plant and equipment and the reduction of the future value of the assets is recognised as a cost to Council. While this is a significant cost, it does not represent a cash outflow to Council.
Finance Costs	Interest on loans, bank charges and doubtful debts expense.
CAPITAL ITEMS	
Loss on Disposal of Property, Plant and Equipment	Loss on disposal of property, plant and equipment represents the accounting value of an asset when it is retired. As it is an accounting entry only, it does not have a cash impact for Council.
Contributions	Contributions are comprised of both cash and offset infrastructure charges which are to be used for the construction of trunk community assets.
Subsidies and Grants	Capital subsidies and grants are used by Council for the construction of specific assets and are recognised over time in line with completion of the construction works.
Contributed Assets	Assets acquired by Council at nominal or no cost usually by way of agreement with property developers or other government entities. They are valued at their estimated cost of construction utilising appropriate valuation unit rates.

TREASURY PERFORMANCE	
Net Capital Funding	Net capital funding represents the cash available to fund Council's capital works program. The funding available is represented by the net result from the statement of comprehensive income adjusted for non-cash items including depreciation, contributed assets and loss on disposal.
Capital Expenditure	Capital expenditure reflects the money spent on the capital works program to maintain, improve and expand Council's community assets.
Net Funding Surplus/(Deficit)	The net funding result impacts Council's net financial liabilities which is also a measure of indebtedness. A surplus will improve Council's net financial liabilities position whilst a deficit will deteriorate the financial position and likely result in additional long-term loan borrowings.
Net Financial Liabilities	Net financial liabilities is a broader and more appropriate measure of indebtedness than the level of borrowings, because it includes items such as employee long-service leave entitlements and other amounts payable in future as well as taking account of Council's cash holdings and invested monies. An increase in indebtedness will increase interest associated with borrowings and will impact negatively on Council's operating result.
STATEMENT OF FINANCIAL POSITION	
Current Assets	Cash and other assets, like trade receivables, that are easily converted into cash. The actual cash balance will vary significantly throughout the year as rate receipts, loans and major payments are processed. Cash investment is managed by Council's Treasury Section.
Non-Current Assets	The value of property, plant and equipment and infrastructure assets including land, transport, drainage, water and sewerage infrastructure after depreciation, renewals, new capital works, contributed assets and revaluations are accounted for.
Current Liabilities	Obligations that Council has to make payments for within the next financial year. This includes accounts payable and provisions for employee entitlements to annual and long service leave. It also includes the expected loan payment due in the next financial year.
Non-Current Liabilities	The financial obligations relating to provisions for employee entitlements and debt that is not required to be paid within the next financial year.
Community Equity	Equity includes accumulated retained surpluses and asset revaluation reserves which record the valuation adjustments to Council's existing non-current assets.