

ORDINARY MEETING 21 FEBRUARY 2024	3
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FINANCIAL PERFORMANCE REPORT FOR THE PERIOD ENDED 26 JANUARY 2024

63/17/2-01 | #7346496

RECOMMENDATION:

That Council notes the financial performance report for the period ended 26 January 2024.

INTERESTED PARTIES:

Not applicable

EXECUTIVE SUMMARY:

This report contains the financial performance report for the period ended 26 January 2024.

JANUARY FINANCIALS AT A GLANCE				
Comprehensive Income	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Full Year Budget \$000
Total operating revenue	224,033	217,316	6,717	377,916
Total operating expenses	(220,464)	(216,216)	(4,248)	(377,666)
Net Operating Result	3,569	1,100	2,469	250
Capital revenue	5,578	10,936	(5,358)	42,319
Net Result	9,147	12,036	(2,889)	42,569
Treasury Performance	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Full Year Budget \$000
Operating result - (ex depreciation)	65,097	61,904	3,193	106,239
Infrastructure charges revenue	6,842	8,367	(1,525)	15,200
Grants & other capital revenue	4,204	12,859	(8,655)	20,536
Net Capital Funding	76,143	83,130	(6,987)	141,975
Capital expenditure	(60,956)	(79,451)	18,495	(166,209)
Net Funding Surplus/(Deficit)	15,187	3,679	11,508	(24,234)

The year to date operating result is favourable to budget by \$2.5M. The favourable variance of \$5.3M in grants, subsidies, contributions and donations is driven by the unbudgeted receipt of funding for the Cyclone Jasper Flood Emergency (\$5.8M). This funding has corresponding expenditure of \$8.5M which is driving unfavourable variances in materials and services and employee benefits. In addition, miscellaneous revenue (\$767K) and interest revenue (\$709K) are greater than anticipated which has been slightly offset by higher depreciation (\$724K).

The net capital funding available is \$76.1M which is \$7.0M unfavourable to budget. This is due to a combination of unfavourable grants and other capital revenue (\$8.7M) and infrastructure charges revenue (\$1.5M) slightly offset by the favourable operating result (\$2.5M).

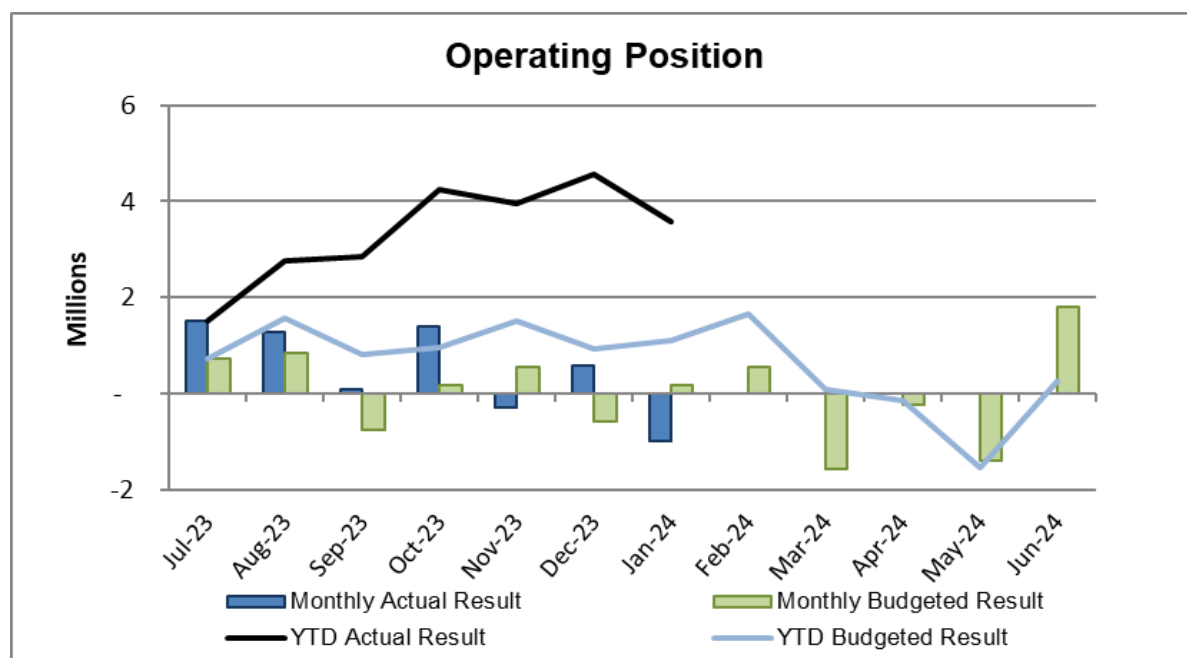
Capital expenditure is \$60.7M resulting in a \$17.9M timing variance to budget.

The full impact of the Cyclone Jasper Flood Emergency on Council’s financial position is still being worked through, with the remediation works expected to exceed \$100M. Whilst funding programs such as DRFA (Disaster Recovery Funding Arrangements), particularly the REPA (Reconstruction of Public Assets) portion, are expected to cover elements of these costs there is still expected to be a significant portion that is not externally funded. To date, approximately \$8.5M of recovery related expenditure has been recognised in Council’s operating expenses, \$5.8M of which is expected to be recoverable through external funding streams.

COMMENT:

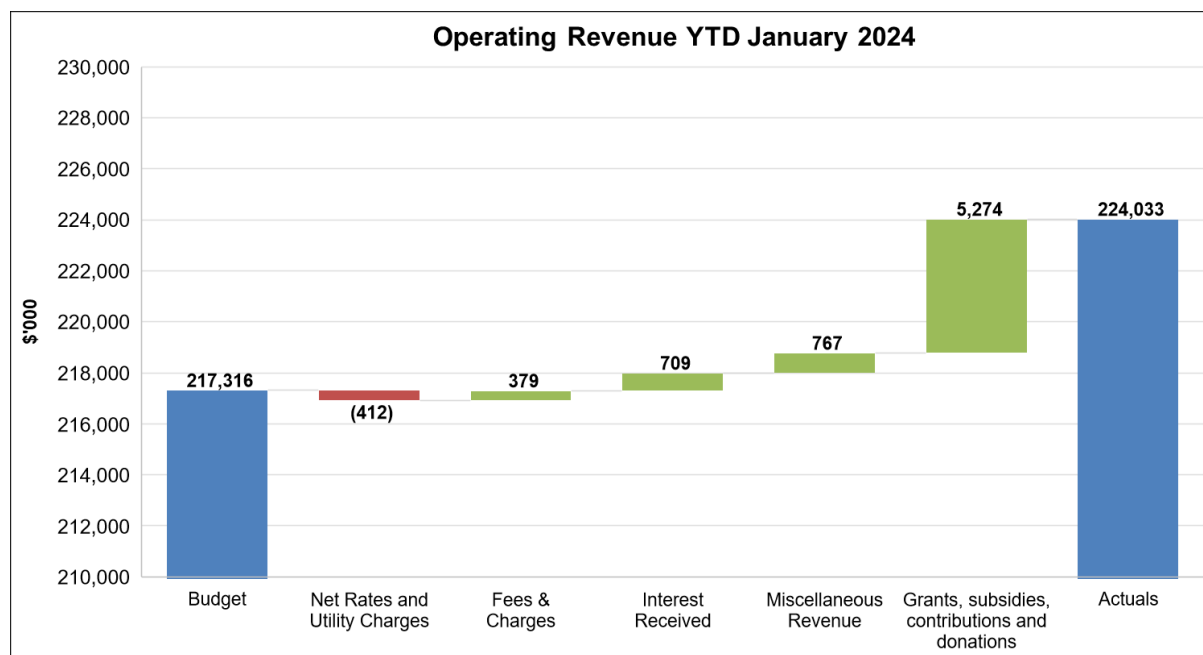
Each month, year to date financial statements are prepared in order to monitor actual performance against budget. Attached are the financial statements for the period ended 26 January 2024. Actual amounts are compared against year to date Budget 2023/24 figures. See Appendix one for detailed financial statements and Appendix two for statements of comprehensive income by directorate.

OPERATING POSITION



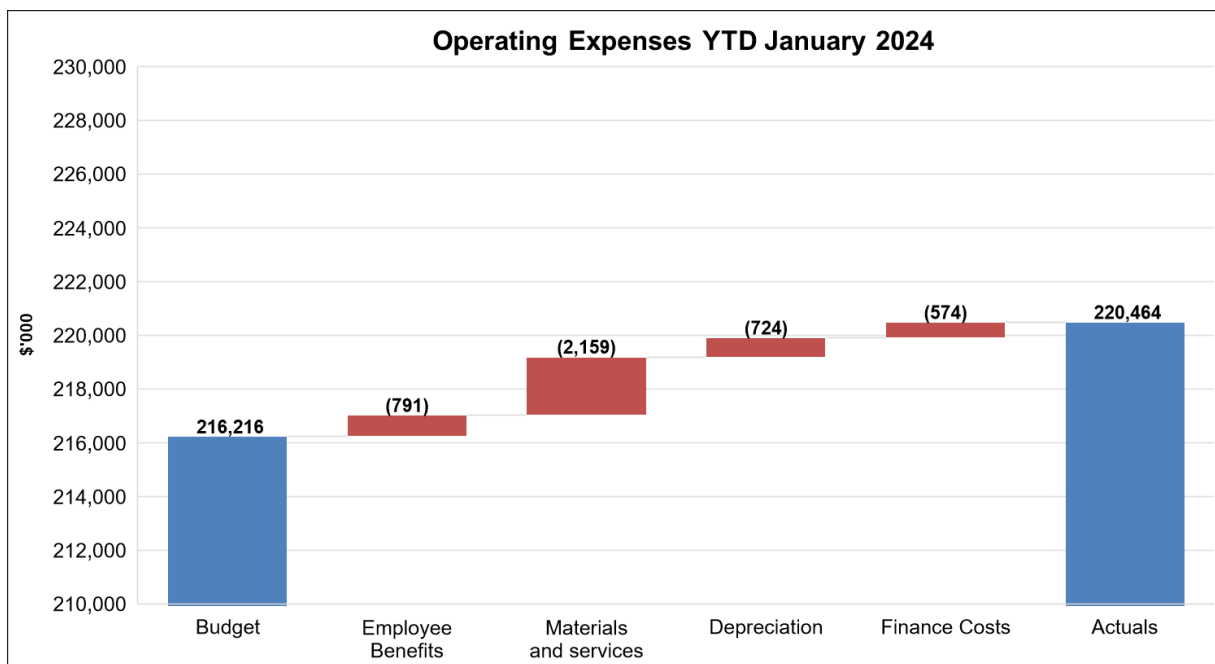
Council’s operating position at the end of January was a surplus of \$3.6M, \$2.5M favourable to budget. This result is mainly due to greater than anticipated grants, subsidies, contributions and donations (\$5.3M), driven by the unbudgeted receipt of funding for the Cyclone Jasper Flood Emergency (\$5.8M). This funding has corresponding expenditure of \$8.5M which is driving unfavourable variances in materials and services and employee benefits. In addition, miscellaneous revenue (\$767K) and interest revenue (\$709K) is greater than anticipated which has been slightly offset by greater than anticipated depreciation (\$724K).

OPERATING REVENUE



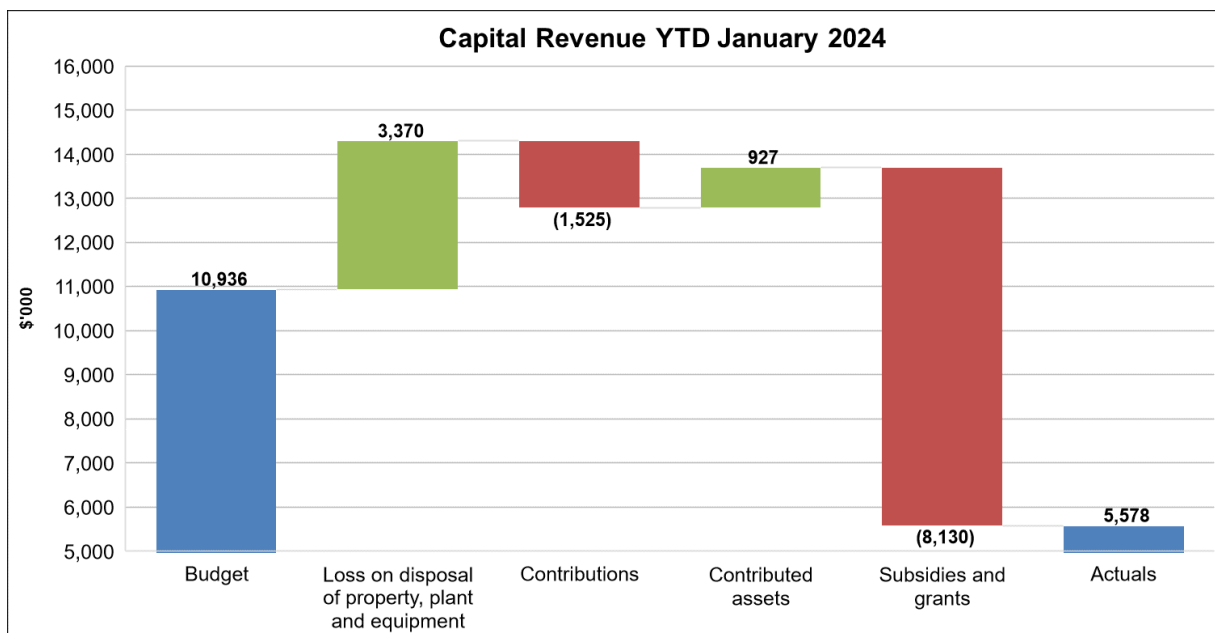
Operating revenue is favourable to budget by \$6.7M driven by greater than anticipated grants, subsidies, contributions and donations (\$5.3M) due to the unbudgeted receipt of funding for the Cyclone Jasper Flood Emergency of (\$5.8M), as well as higher miscellaneous revenue (\$767K) and interest received (\$709K). This has been slightly offset by less than anticipated net rates and utility charges (\$412K).

OPERATING EXPENDITURE



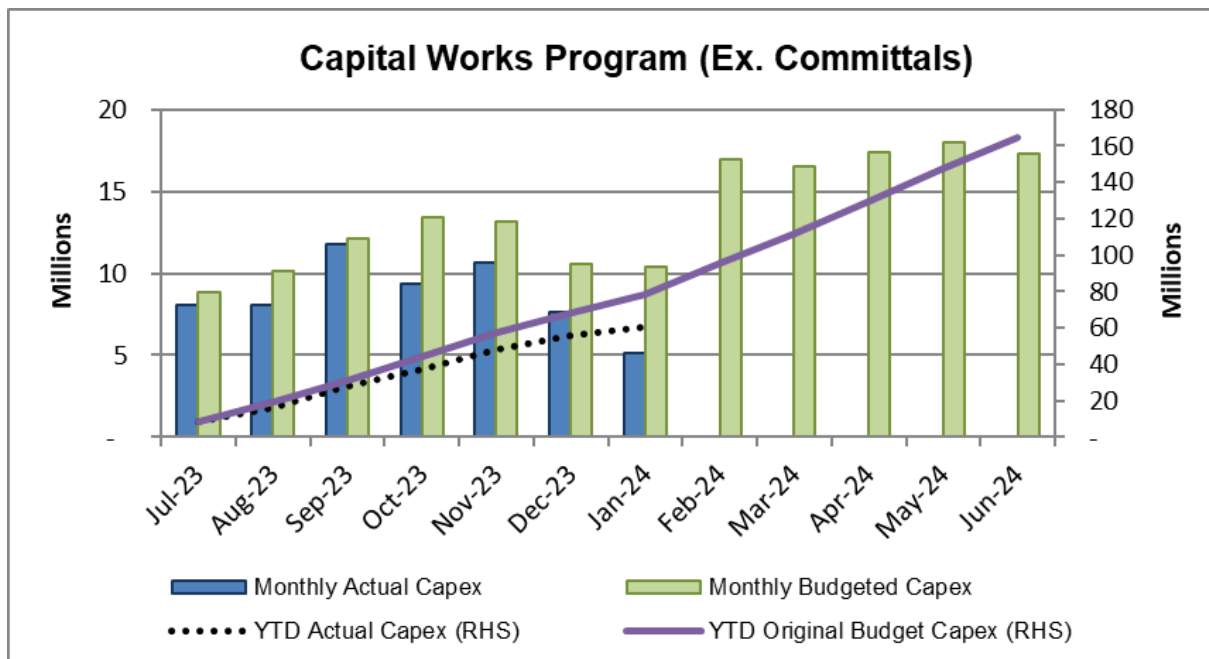
Operating expenditure is \$4.2M unfavourable to budget. This is largely driven by greater than anticipated materials and services (\$2.2M) and employee benefits (\$791K) mainly due to unbudgeted expenditure relating to the Cyclone Jasper Flood Emergency, as well as higher depreciation (\$724K).

CAPITAL REVENUE



Capital revenue is \$5.4M unfavourable to budget mainly due to less than anticipated subsidies and grants, due to timing (\$8.1M) and contributions (\$1.5M). This has been slightly offset by less than anticipated loss on disposal of property, plant and equipment (\$3.4M).

CAPITAL EXPENDITURE



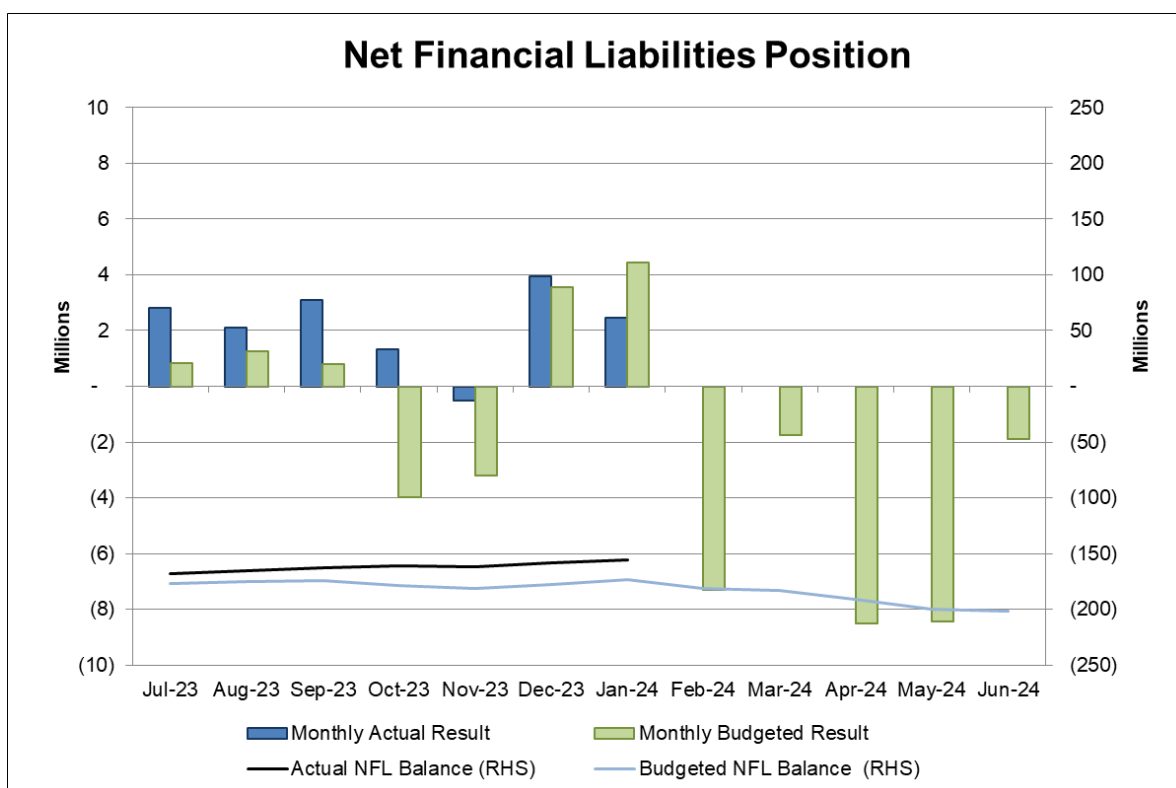
Actual capital works expenditure year to date is \$60.7M, compared to a budget of \$78.6M. The following table illustrates year to date 2023/24 capital works program against the full year budget.

Directorate	Year to Date Actual \$000	Year to Date Budget \$000	Year to Date Variance \$000	Full Year Budget \$000
Finance & Business Services	318	600	282	2,950
Lifestyle & Community	16,182	24,098	7,916	38,867
CIA – Engineering Services	16,734	13,595	(3,139)	27,898
CIA – Service Delivery	27,487	40,331	12,844	95,077
CAPITAL WORKS TOTAL	60,721	78,624	17,903	164,792
Capitalised Interest	235	827	511	1,417
CAPITAL EXPENDITURE	60,956	79,451	18,495	166,209

YTD actual expenditure	\$ 60,721	
Unspent capital expenditure	\$ 104,071	
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 January, Council's NFL is \$18.1M favourable to budget. This is driven by a favourable \$6.6M carry forward position from the previous financial year combined with a \$11.5M 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	224,033	217,316	6,717	377,916
Operating Expenses (ex Dep)	(158,936)	(155,412)	(3,524)	(271,677)
Capital Revenue - Infra Charges	6,842	8,367	(1,525)	15,200
Capital Revenue - Grants & Other	4,204	12,859	(8,655)	20,536
Net Capital Funding	76,143	83,130	(6,987)	141,975
Capital Expenditure	(60,956)	(79,451)	18,495	(166,209)
Net Funding Surplus/(Deficit)	15,187	3,679	11,508	(24,234)

Year to date net capital funding totals \$76.1M which is \$7.0M unfavourable to budget, mainly due to less than anticipated grants and other capital revenue (\$8.7M) and greater than anticipated materials and services (\$2.2M), slightly offset by favourable grants, subsidies, contributions and donations revenue (\$5.3M).

Capital expenditure at the end of January is \$18.5M favourable to budget. Combined with an unfavourable net capital funding variance (\$7.0M), this results in a favourable \$11.5M net funding surplus year to date.

LIQUIDITY

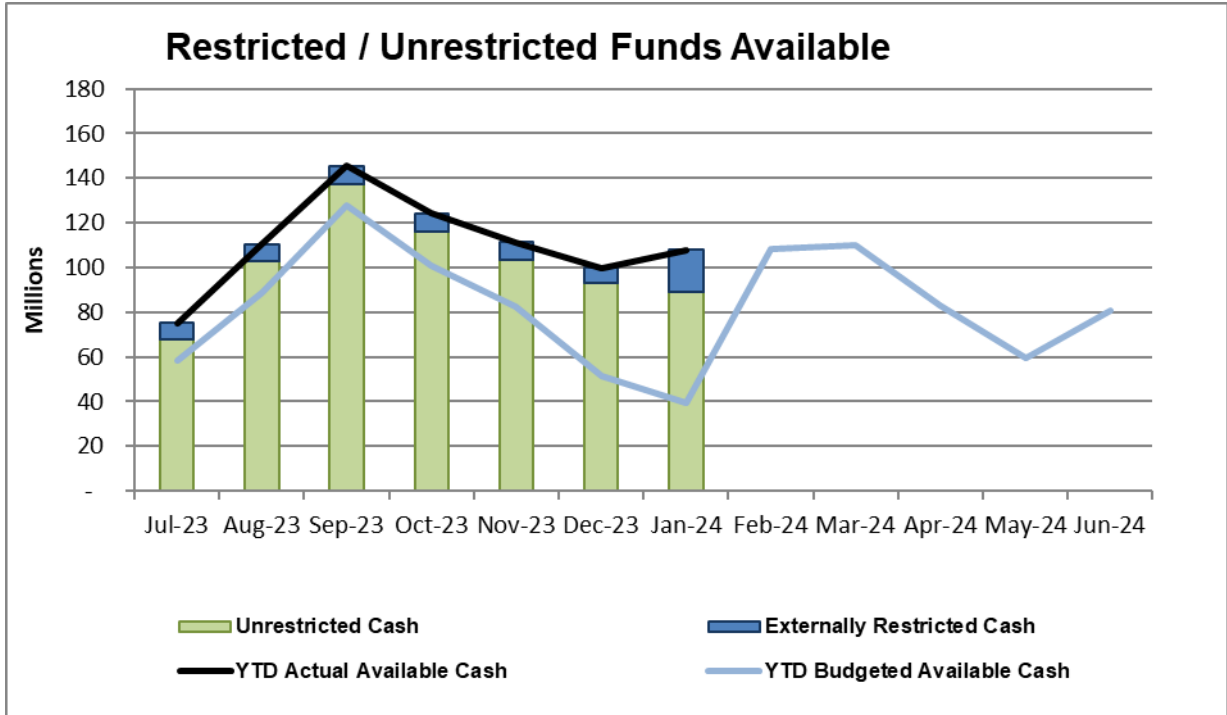
	Actual \$000	Budget \$000	Variance \$000
Cash and cash equivalents	47,946	-	47,946
Working capital facility	-	(20,359)	20,359
Long term loans	(140,508)	(140,306)	(202)
NET DEBT POSITION	(92,562)	(160,665)	68,103

Council's net debt position is \$68.1M favourable to budget due to the favourable \$13.5M position carried forward from the 2022/23 financial year and the favourable year to date net funding surplus position of \$11.5M.

Also contributing to the variance is a lower than anticipated closing balance in receivables due to timing of cash receipts (\$14.8M), and a higher than anticipated closing balance in trade and other payables (\$16.2M) largely due to higher than anticipated expenditure relating to the Cyclone Jasper Flood Emergency, as well as the unspent portion of funds from the QLD Reconstruction Authority for future grant applications associated with the Cyclone Jasper Flood Emergency sitting within other current liabilities (\$14.2M).

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 \$107.9M. Excluding funds subject to external restrictions of \$19.1M, the unconstrained funds available to meet ongoing operational expenses is \$88.8M.

DEPARTMENT OF HOUSING, LOCAL GOVERNMENT, PLANNING AND PUBLIC WORKS

In accordance with s169 (6) of the *Local Government Regulation 2012*, the DHLGPPW 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	1.6%	> 0%	<input checked="" type="checkbox"/>	0.4%
Operating Performance	Operating Cash Ratio	Cash operating performance (less depreciation and other non-cash items)	30.2%	> 0%	<input checked="" type="checkbox"/>	29.4%
Liquidity	Unrestricted Cash Expense Cover Ratio	Unconstrained liquidity available to Council	4.0	> 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	68.2%	> 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. DHLGPPW 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



Robert Jones
Acting Executive Manager Finance



Lisa Whitton
Director Finance & Business Services

Attachment 1: Financial Statements

Attached are the financial statements for the period ended 26 January 2024. 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 26 January 2024			
	Actual	Original Budget	Variance
	\$000	\$000	\$000
Income			
Revenue			
Operating Revenue			
Net rates and utility charges	184,180	184,592	(412)
Fees and charges	17,532	17,153	379
Interest received	3,137	2,428	709
Miscellaneous Revenue	11,236	10,469	767
Grants, subsidies, contributions and donations	7,948	2,674	5,274
Total Operating revenue	224,033	217,316	6,717
Expenses			
Operating Expenses			
Employee benefits	75,083	74,292	(791)
Materials and services	81,327	79,168	(2,159)
Depreciation	61,528	60,804	(724)
Finance costs	2,526	1,952	(574)
Total Operating Expenses	220,464	216,216	(4,248)
Capital Revenue			
Loss on disposal of property, plant and equipment	(6,045)	(9,415)	3,370
Contributions	6,842	8,367	(1,525)
Contributed assets	927	-	927
Subsidies and grants	3,854	11,984	(8,130)
Net Capital Revenue	5,578	10,936	(5,358)
Net result attributable to Council in period	9,147	12,036	(2,889)
Council's net result for January 2024 is a surplus of \$9.1M, \$2.9M less than budgeted.			
Operating revenue is \$6.7M favourable to budget driven mainly by greater than anticipated grants, subsidies, contributions and donations (\$5.3M) due to the unbudgeted receipt of funding for the Cyclone Jasper Flood Emergency (\$5.8M) as well as higher miscellaneous revenue (\$767K) and interest received (\$709K). This has been slightly offset by less than anticipated net rates and utility charges (\$412K).			
Operating expenses are \$4.2M unfavourable to budget due to greater than anticipated materials and services (\$2.2M) and employee benefits (\$791K) mainly due to unbudgeted expenditure relating to the Cyclone Jasper Flood Emergency, as well as higher depreciation (\$724K).			
Capital revenue is \$5.4M unfavourable to budget mainly due to less than anticipated subsidies and grants (\$8.1M) as a result of timing and contributions (\$1.5M). This has been slightly offset by less than anticipated loss on disposal of property, plant and equipment (\$3.4M) and greater than anticipated contributed assets (\$927K).			

Statement of Financial Position				
For the Period Ended 26 January 2024				
	Note	Actual	Original Budget	Variance
		\$000	\$000	\$000
Assets				
Current Assets				
Cash and cash equivalents	1	47,946	-	47,946
Receivables	2	181,571	196,338	(14,767)
Inventories		5,139	3,536	1,603
		234,656	199,874	34,782
Non-Current Assets				
Property, plant and equipment	3	4,660,304	4,690,932	(30,628)
		4,660,304	4,690,932	(30,628)
Total Assets		4,894,960	4,890,806	4,154
Liabilities				
Current Liabilities				
Trade and other payables	4	58,088	41,842	(16,246)
Borrowings		24,281	21,578	(2,703)
Working capital facility	1	-	20,359	20,359
Provisions	5	15,386	12,120	(3,266)
Other liabilities	1	156,782	143,306	(13,476)
		254,537	239,205	(15,332)
Non-Current Liabilities				
Borrowings		116,227	118,728	2,501
Provisions		13,420	13,808	388
Other liabilities	6	5,944	1,747	(4,197)
		135,591	134,283	(1,308)
Total Liabilities		390,128	373,488	(16,640)
NET COMMUNITY ASSETS		4,504,832	4,517,318	(12,486)
Community Equity				
Retained surplus/deficit		2,739,399	2,752,061	(12,662)
Asset revaluation surplus		1,765,433	1,765,257	176
TOTAL COMMUNITY EQUITY		4,504,832	4,517,318	(12,486)
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 resulted in decreased utilisation of the working capital facility (\$20.3M) as well as a corresponding unfavourable variance in other current liabilities being the unspent portion of the funds (\$14.2M).			
2	Timing of cash receipts has resulted in a lower than anticipated closing receivables balance.			
3	Property, plant and equipment is unfavourable to budget due to lower than anticipated capital additions in 2022/23 and 2023/24.			
4	Trade and other payables is unfavourable to budget due to higher than anticipated expenditure relating to the Cyclone Jasper Flood Emergency.			
5	Current provisions are unfavourable to budget due to a higher than anticipated provision for developer contribution credits, which is dependant upon development activity.			
6	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.			

Statement of Cash Flows				
For the Period Ended 26 January 2024				
	Note	Actual	Original Budget	Variance
		\$000	\$000	\$000
Cash Flows from Operating Activities:				
Receipts from customers	1	206,694	211,666	(4,972)
Payments to suppliers and employees	2	(146,302)	(174,505)	28,203
Interest received		3,137	1,462	1,675
Borrowing costs		(1,422)	(1,830)	408
Net cash inflow (outflow) from operating activities		62,107	36,793	25,314
Cash Flows from Investing Activities				
Grants, subsidies and contributions for capital acquisitions	3	27,833	11,834	15,999
Proceeds from disposal of property, plant and equipment		510	875	(365)
Payments for property, plant, equipment and CWIP	4	(62,434)	(82,635)	20,201
Net cash inflow (outflow) from investing activities		(34,091)	(69,926)	35,835
Cash Flows from Financing Activities:				
Repayment of borrowings		(15,893)	(17,767)	1,874
Proceeds from working capital facility	5	-	20,359	(20,359)
Repayment of working capital facility		-	982	(982)
Net cash inflow (outflow) from financing activities		(15,893)	3,574	(19,467)
NET INCREASE/(DECREASE) IN CASH HELD		12,123	(29,559)	41,682
Cash at beginning of year		35,823	29,559	6,264
CASH AT END OF PERIOD		47,946	-	47,946
<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 from the QLD Reconstruction Authority for future grant applications associated with the Cyclone Jasper Flood Emergency (\$14.2M).</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 receipt of funds 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 26 January 2024.

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 26 January 2024				
Office of the CEO				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Other income	482	448	34	8 %
Total Operating Revenue	482	448	34	8 %
Operating Expenditure				
Employee Benefits	1,815	1,823	8	0 %
Materials and services	292	353	61	17 %
Total Expenses	2,107	2,176	69	3 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(1,625)	(1,728)	103	6 %
Office of the CEO is \$103K favourable to budget YTD, due to timing of materials and services expenditure.				

Appendix B – Finance & Business Services

Operating Statement				
For the Period Ended 26 January 2024				
Finance & Business Services				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Net rates and utility charges	78,002	78,157	(155)	(0) %
Fees and charges	344	398	(54)	(14) %
Interest	2,323	1,588	735	46 %
Other income	213	174	39	22 %
Grants, Subsidies and Contributions	137	1,505	(1,368)	(91) %
Total Operating Revenue	81,019	81,822	(803)	(1) %
Operating Expenditure				
Employee benefits	10,707	11,834	1,127	10 %
Materials and services	285	1,506	1,221	81 %
Depreciation and amortisation expenses	1,870	1,921	51	3 %
Finance Costs	1,722	1,570	(152)	(10) %
Total Expenses	14,584	16,831	2,247	13 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	66,435	64,991	1,444	2 %
<p>The Finance & Business Services directorate is \$1.4M 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 26 January 2024				
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	204	289	(85)	(29) %
Total Operating Revenue	220	291	(71)	(24) %
Operating Expenditure				
Employee benefits	5,218	5,133	(85)	(2) %
Materials and services	3,458	4,137	679	16 %
Total Expenses	8,676	9,270	594	6 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(8,456)	(8,979)	523	6 %
The People & Organisational Performance directorate is \$523K favourable to budget largely across various materials and service expenses.				

Appendix D – Planning, Growth & Sustainability

Operating Statement				
For the Period Ended 26 January 2024				
Planning, Growth & Sustainability				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees and charges	2,800	2,948	(148)	(5) %
Other income	465	404	61	15 %
Grants, subsidies, contributions and donations	-	22	(22)	(100) %
Total Operating Revenue	3,265	3,374	(109)	(3) %
Operating Expenditure				
Employee Benefits	4,717	5,141	424	8 %
Materials and services	1,601	2,437	836	34 %
Finance Costs	52	22	(30)	(136) %
Total Expenses	6,370	7,600	1,230	16 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(3,105)	(4,226)	1,121	27 %
Planning, Growth and Sustainability is \$1.1M favourable to budget due to lower than budgeted materials and services and employee vacancies.				

Appendix E – Lifestyle & Community

Operating Statement				
For the Period Ended 26 January 2024				
Lifestyle & Community				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees and charges	8,975	8,177	798	10 %
Other income	2,939	3,300	(361)	(11) %
Grants, subsidies, contributions and donations	1,473	775	698	90 %
Total Operating Revenue	13,387	12,252	1,135	9 %
Operating Expenditure				
Employee benefits	20,245	19,345	(900)	(5) %
Materials and services	23,059	23,535	476	2 %
Depreciation and amortisation expenses	7,973	7,956	(17)	(0) %
Finance Costs	735	360	(375)	(104) %
Total Expenses	52,012	51,196	(816)	(2) %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(38,625)	(38,944)	319	1 %
<p>Lifestyle & Community is \$319K favourable to budget. Fees & charges revenue is favourable due to animal management, parking & CPAC events all exceeding expectations - this is partially offset by an increase in finance costs. Grants revenue is favourable due to library & disaster funding.</p>				

Appendix F – Cairns Infrastructure and Assets – Engineering Services

Operating Statement				
For the Period Ended 26 January 2024				
Cairns Infrastructure and Assets - Engineering Services				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees and charges	73	30	43	143 %
Other income	39	-	39	100 %
Grants, Subsidies and Contributions	20	12	8	67 %
Total Operating Revenue	132	42	90	214 %
Operating Expenditure				
Employee benefits	5,594	5,650	56	1 %
Materials and services	1,826	1,919	93	5 %
Depreciation and amortisation expenses	22,589	22,158	(431)	(2)%
Total Expenses	30,009	29,727	(282)	(1)%
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(29,877)	(29,685)	(192)	(1)%
Engineering Services is \$192K unfavourable to budget due to depreciation.				

Appendix G – Cairns Infrastructure and Assets – Service Delivery

Operating Statement				
For the Period Ended 26 January 2024				
Cairns Infrastructure and Assets - Service Delivery				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Net rates and utility charges	106,179	106,437	(258)	(0) %
Fees and charges	5,339	5,597	(258)	(5)%
Interest revenue	814	839	(25)	(3)%
Other income	7,084	6,143	941	15 %
Grants, Subsidies and Contributions	6,113	72	6,041	8,390 %
Total Operating Revenue	125,529	119,088	6,441	5 %
Operating Expenditure				
Employee benefits	26,144	24,674	(1,470)	(6)%
Materials and services	47,714	41,913	(5,801)	(14)%
Depreciation and amortisation expenses	29,096	28,769	(327)	(1)%
Finance costs	17	-	(17)	(100)%
Total Expenses	102,971	95,356	(7,615)	(8)%
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	22,558	23,732	(1,174)	(5)%
Service Delivery is over budget. Disaster Recovery works are offset by grant funding and below budget maintenance works as resources were diverted to recovery. Disaster recovery works that are ineligible for funding are partially offset by favourable electricity pricing and stock adjustments.				

Appendix H – Economic Development & Advocacy

Operating Statement				
For the Period Ended 26 January 2024				
Economic Development & Advocacy				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Other income	-	-	-	0 %
Total Operating Revenue	-	-	-	0 %
Operating Expenditure				
Employee benefits	643	693	50	7 %
Materials and services	3,092	3,368	276	8 %
Total Expenses	3,735	4,061	326	8 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(3,735)	(4,061)	326	8 %
The Economic Development & Advocacy directorate is \$326K favourable to budget, due to the timing of consultancies and events.				

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.