ORDINARY MEETING 29 JULY 2026	5.2

PRELIMIARY FINANCIAL PERFORMANCE REPORT FOR THE PERIOD ENDED 30 JUNE 2026

F&BS | 63/17/2-01 | #7903215

RECOMMENDATION:

That Council notes the preliminary financial performance report for the period ended 30 June 2026.

INTERESTED PARTIES:

Not applicable

EXECUTIVE SUMMARY:

This report contains the preliminary financial performance report for the period ended 30 June 2026.

PRELIMINARY JUNE FINANCIALS AT A GLANCE			
Comprehensive Income	**YTD Actual $000**	**YTD Budget $000**	**YTD Variance $000**
Total operating revenue	450,505	438,976	11,529
Total operating expenses	(414,451)	(421,158)	6,707
Net Operating Result	**36,054**	**17,818**	**18,236**
Capital revenue	229,832	292,173	(62,341)
Net Result	**265,886**	**309,991**	**(44,105)**
Capital Expenditure			
Capital Works Program	291,538	421,847	130,309

This report contains the preliminary financial statements for the period ended 30 June 2026 compared to the 2025/26 Budget. Council's annual financial statements are in the process of being drafted and are subject to Audit. A final set of financial statements for 2025/26 will be presented to Council in September and are not expected to vary materially from results in this report.

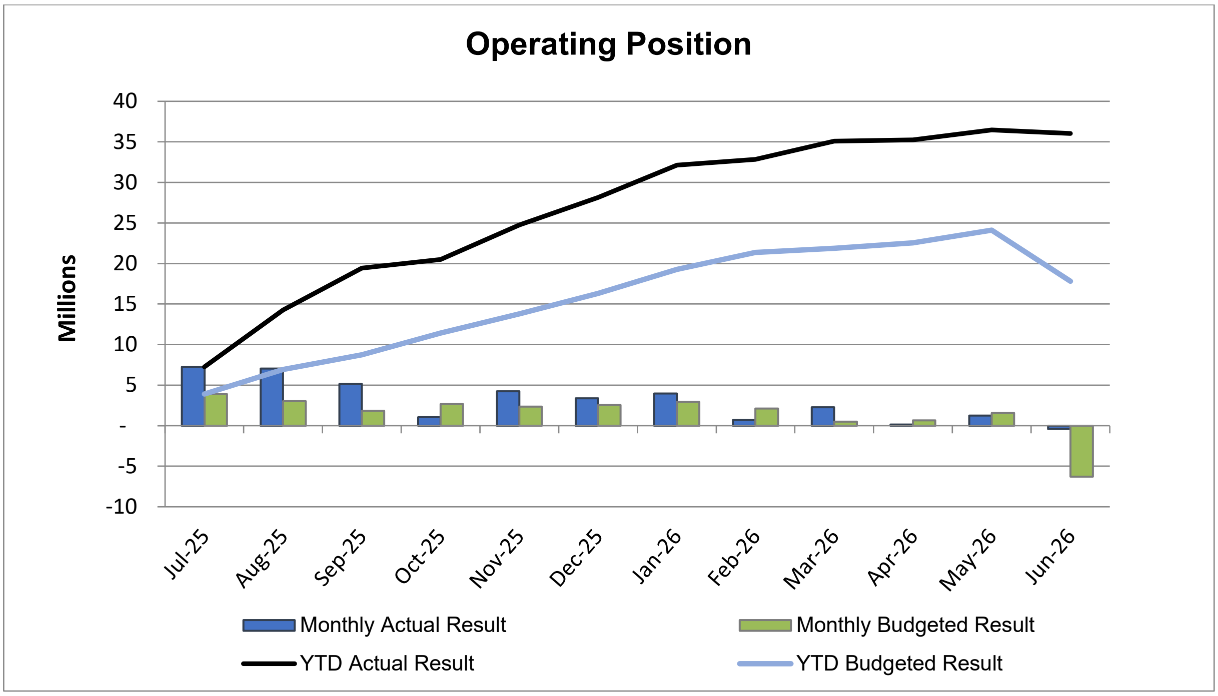
The operating result is favourable to budget by $18.2M driven mainly by favourable variances in materials and services ($6.9M), finance costs ($5.0M), grants and subsidies ($4.0M), miscellaneous revenue ($3.4M), interest revenue ($3.0M) and fees and charges ($1.7M). This has been partially offset by an unfavourable variance in employee benefits ($4.5M) and depreciation ($725K).

Capital expenditure is $291.5M resulting in a favourable $130.3M timing variance to budget.

COMMENT:

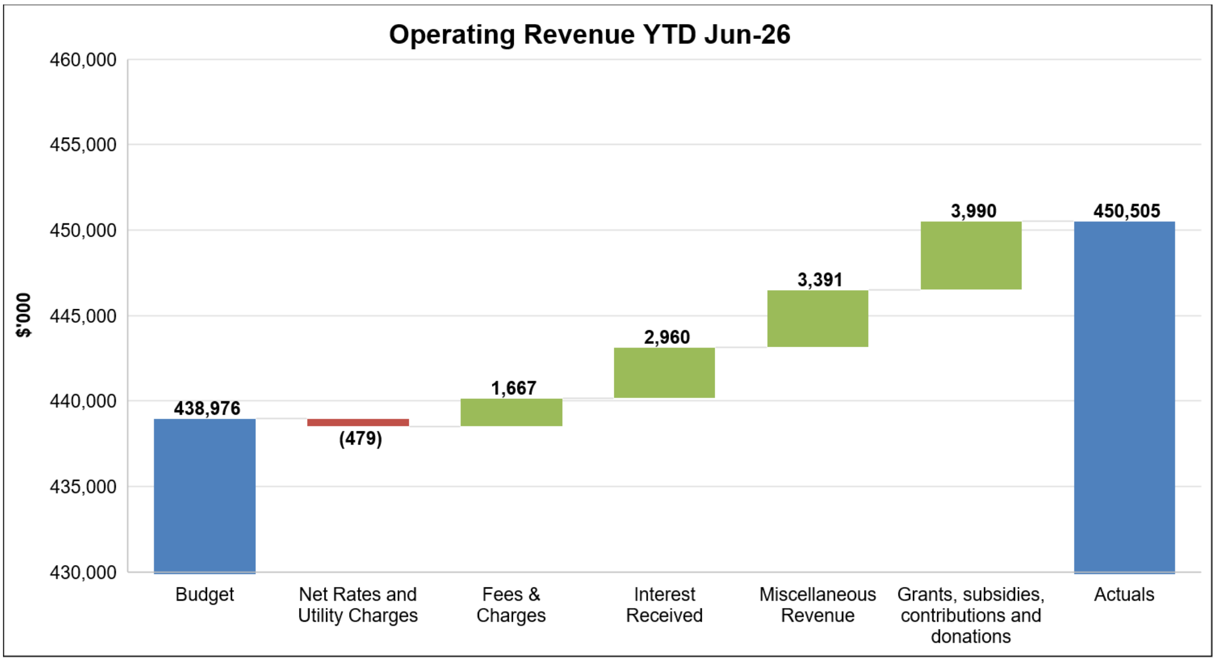
Each month, year to date financial statements are prepared in order to monitor actual performance against budget. Attached are the preliminary financial statements for the period ended 30 June 2026. Actual amounts are compared against year to date Budget 2025/26 figures. See Appendix one for detailed financial statements and Appendix two for statements of comprehensive income by directorate.

PRELIMINARY OPERATING POSITION



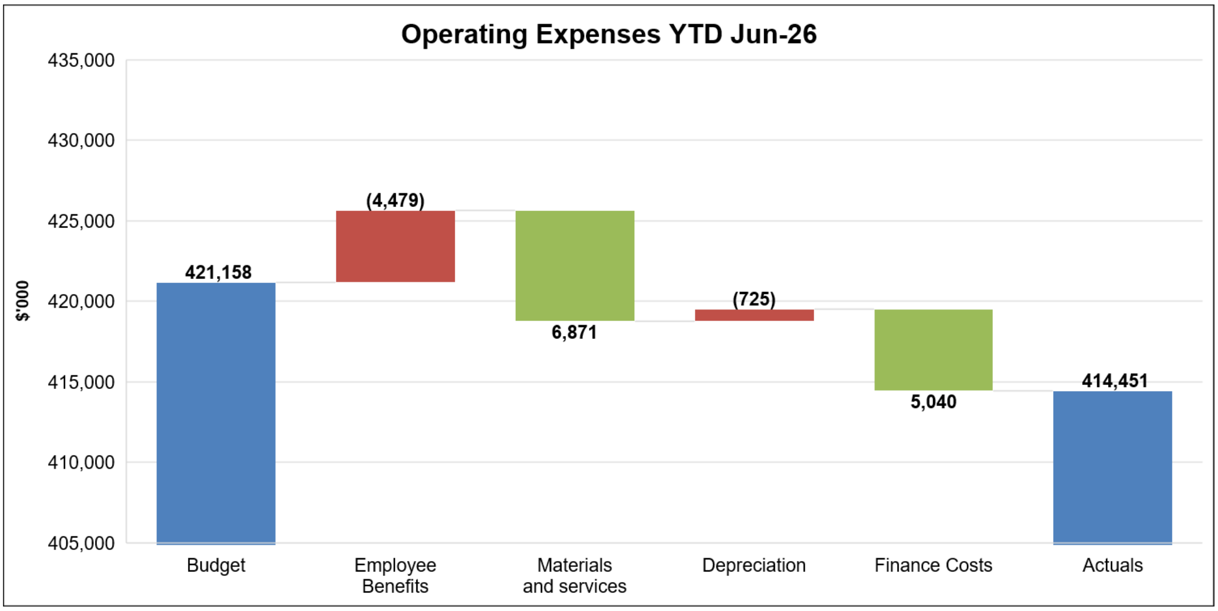
Council's preliminary operating position at the end of June was a surplus of $36.1M, compared to a budget of $17.8M. The operating result is favourable to budget by $18.2M driven mainly by favourable variances in materials and services ($6.9M), finance costs ($5.0M), grants and subsidies ($4.0M), miscellaneous revenue ($3.4M), interest revenue ($3.0M) and fees and charges ($1.7M). This has been partially offset by an unfavourable variance in employee benefits ($4.5M) and depreciation ($725K).

PRELIMINARY OPERATING REVENUE



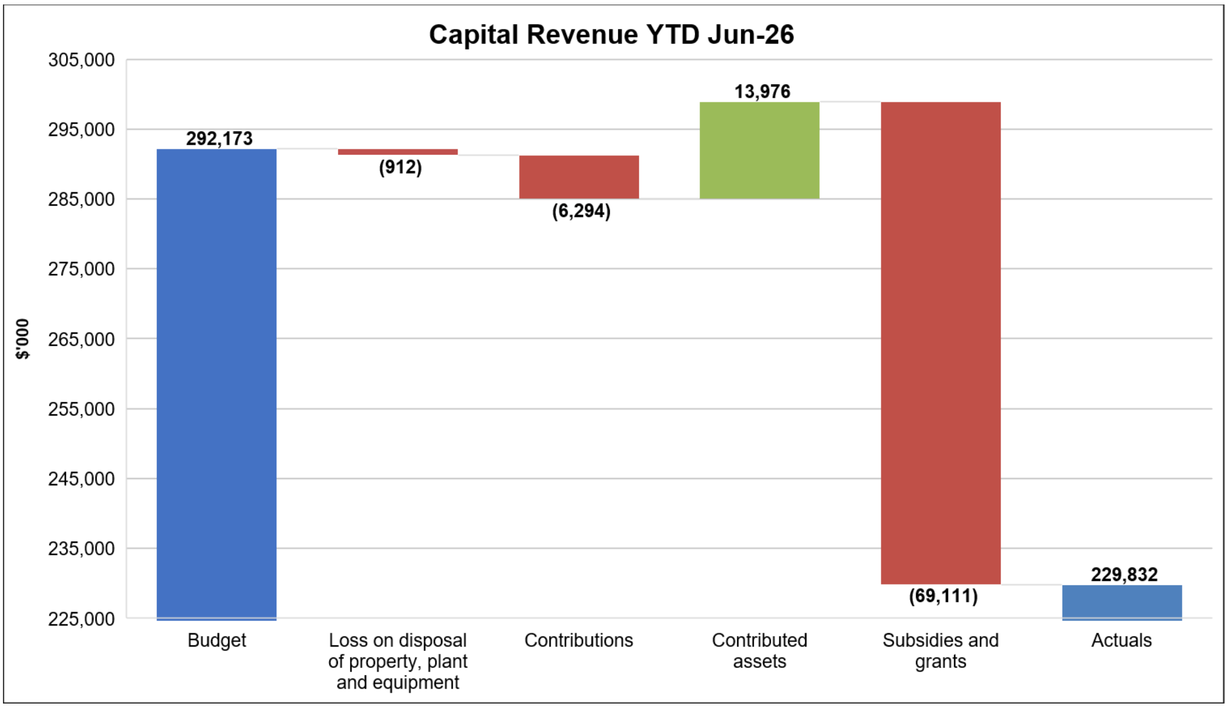
Operating revenue is favourable to budget by $11.5M driven by favourable fees & charges (cemeteries $1.1M, development applications $538K), miscellaneous revenue (external works income $1.4M, various resource recovery income streams $668K) and grant funding receipts (Financial Assistant Grant $1.8M, Disaster Management grant funding $664K).

PRELIMIARY OPERATING EXPENDITURE



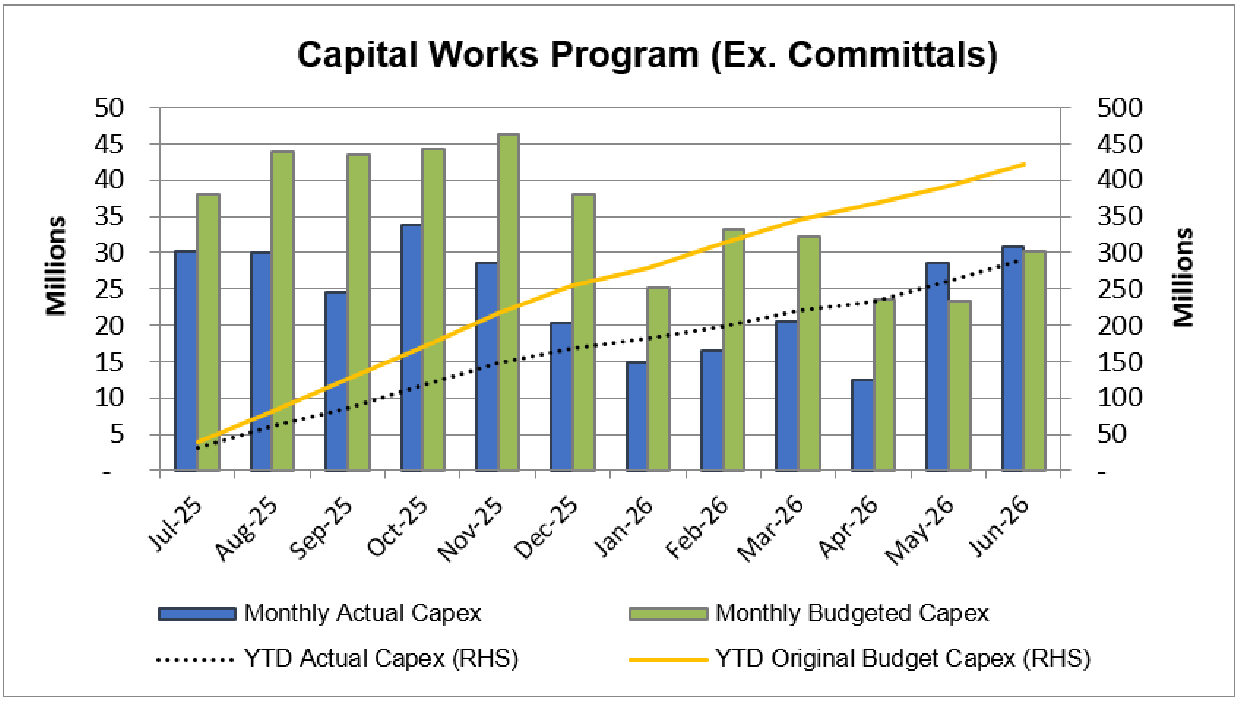
Operating expenditure is $6.7M favourable to budget, largely driven by favourable interest expense finance costs due to lower than anticipated long term debt utilisation. Favourable materials and services include consultants ($2.5M), electricity ($1.2M), IT hardware, software and project support ($846K), and events, contributions and outgoing grants ($730K). They are partially offset in reservoir emergent works ($1.4M), disaster response related expenses ($1.1M) and Bedminster operating costs ($872K).

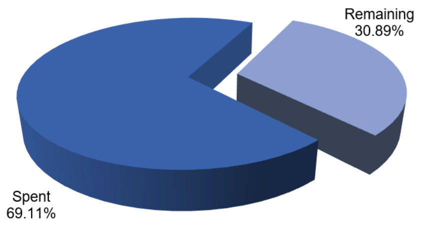
PRELIMINARY CAPITAL REVENUE



Capital revenue is $62.3M unfavourable to budget, mainly within subsidies and grants. This is due to the timing of delivery of the relevant capital works projects, as revenue is recognised in line with expenditure ($69.1M). In addition, contributions are lower than anticipated ($6.3M) as receipt timing can vary depending on development activity. This has been offset by higher than anticipated contributed assets ($14.0M).

PRELIMINARY CAPITAL EXPENDITURE



YTD actual expenditure	$291,538	
Unspent capital expenditure	$130,310	
Full year budget capital expenditure	$421,848	

Actual capital works expenditure year to date is $291.5M, compared to a budget of $421.8M. Unspent capital expenditure from 2025/26 will be incurred in future years and does not represent a permanent cash saving.

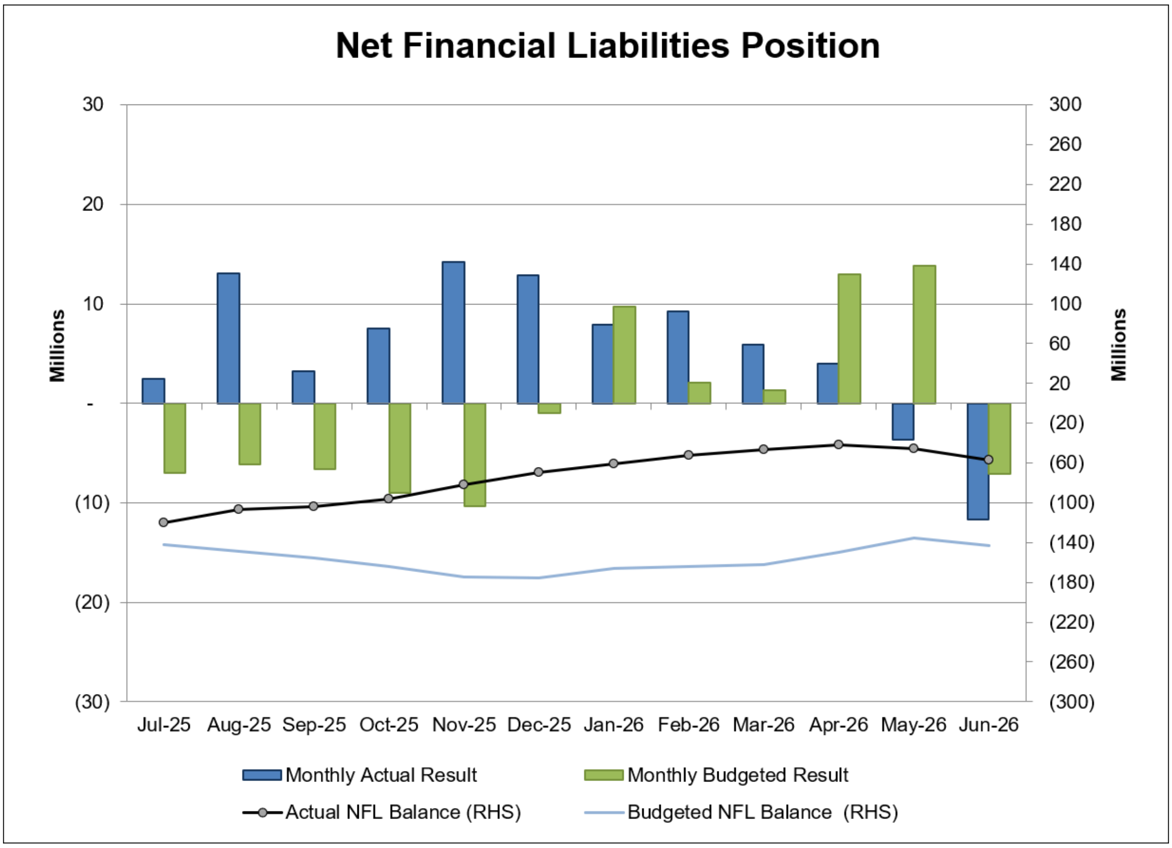
A significant proportion of the unspent capital expenditure for the year relates to timing variance in the budget allocation for Cairns Water Security Strategy. The project is on track and will reach practical completion in 2027.

The following table illustrates year to date 2025/26 capital works program against the full year budget.

Portfolio	Year to Date Actual $000	Year to Date Budget $000	Year to Date Variance $000
Buildings & Fleet	7,923	12,552	4,629
Community Life	1,209	850	(359)
Community Spaces	12,579	17,470	4,891
Creative Life	3,375	3,208	(167)
Drainage	4,659	5,787	1,128
Finance & Business Services	1,642	3,850	2,208
Resource Recovery	2,172	2,942	770
Transport	26,337	24,314	(2,023)
Wastewater	17,307	32,934	15,627
Water	13,928	16,852	2,924
Major Projects	174,766	271,226	96,460
Councillor Discretionary Funds	891	1,000	109
Disaster Recovery	24,750	28,863	4,113
CAPITAL WORKS TOTAL	**291,538**	**421,848**	**130,310**
Capitalised Interest	1,434	-	(1,434)
CAPITAL EXPENDITURE	**292,972**	**421,848**	**128,876**

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 June, Council's NFL is $85.4M favourable to budget. This is driven by a favourable $12.8M carry forward position from the previous financial year combined with a $72.6M favourable net funding year to date variance.

Net Funding Result – Year to Date

Financial Items	Actuals YTD $'000	Budget YTD $'000	Variance YTD $'000
Operating Revenue	450,505	438,976	11,529
Operating Expenses (ex Dep)	(302,469)	(309,901)	7,432
Capital Revenue - Infra Charges	12,379	18,673	(6,294)
Capital Revenue - Grants & Other	197,395	266,322	(68,927)
Net Capital Funding	**357,810**	**414,070**	**(56,260)**
Capital Expenditure	(292,972)	(421,848)	128,876
Net Funding Surplus/(Deficit)	**64,838**	**(7,778)**	**72,616**

Year to date net capital funding totals $357.8M which is $56.3M unfavourable to budget, mainly due to the unfavourable variance in grants capital revenue of $68.9M which is partially offset by the favourable variances in operating revenue and expenses.

Capital expenditure at the end of June is $128.9M favourable to budget. Combined with an unfavourable net capital funding variance ($56.3M), this results in a favourable $72.6M net funding surplus variance year to date.

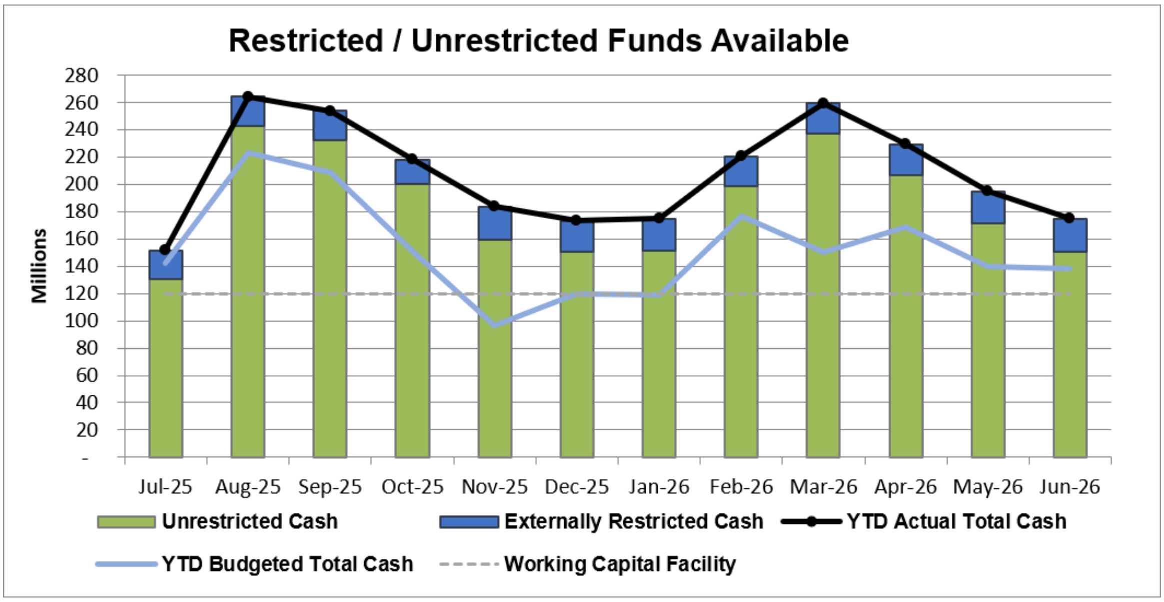
LIQUIDITY

	Actual $000	Budget $000	Variance $000
Cash and cash equivalents	54,706	18,451	36,255
Working capital facility	-	-	-
Long term loans	(73,139)	(161,017)	87,878
NET DEBT POSITION	**(18,433)**	**(142,566)**	**124,133**

Council's net debt position is $124.1M favourable due to the favourable year to date net funding surplus of $72.6M and the $12.8M net funding position from the previous financial year. Also contributing to the favourable position is a higher than anticipated balance in other liabilities ($13.7M) and trade and other payables ($9.6M).

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.



Including the working capital facility ($120M), the total funds available is $174.7M. Excluding funds subject to external restrictions of $27.6M, the unconstrained funds available to meet ongoing operational expenses is $147.1M.

DEPARTMENT OF LOCAL GOVERNMENT, WATER AND VOLUNTEERS (DLGWV) FINANCIAL SUSTAINABILITY RATIOS

In accordance with s169 (6) of the *Local Government Regulation 2012*, the DLGWV 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	**8.0%**	**> 0%**	☑	**4.1%**
	Operating Cash Ratio	Cash operating performance (less depreciation and other non-cash items)	**33.5%**	**> 0%**	☑	**30.2%**
Liquidity	Unrestricted Cash Expense Cover Ratio	Unconstrained liquidity available to Council	**5.8**	**> 2 months**	☑	**3.1**
Debt Servicing Capacity	Leverage Ratio	Ability to repay existing debt	**0.5**	**0 - 4 times**	**N/A**	**1.2**
Asset Management	Asset Sustainability Ratio	Capital renewals program performance	**N/A**	**> 60%**	**N/A**	**93.8%**
	Asset Consumption Ratio	Extent to which assets are being consumed	**68.6%**	**> 60%**	☑	**69.7%**
	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.			

OPTIONS

Option 1 (Recommended):

That Council **notes** the financial performance report for the period ended 30 June 2026.

Option 2:

That Council **does not** note the financial performance report for the period ended 30 June 2026 and requests further information from Council Officers.

CONSIDERATIONS:

Risk Management:

Financial statements report on a historical basis, therefore there are no financial implications or risk on decisions or options. DLGWV 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
Chief Financial Officer

Attachment 1: Financial Statements

Attached are the preliminary financial statements for the period ended 30 June 2026. 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 30 June 2026

	Actual $000	Original Budget $000	Variance $000
Income			
Revenue			
Operating Revenue			
Net rates and utility charges	372,871	373,350	(479)
Fees and charges	34,708	33,041	1,667
Interest received	7,527	4,567	2,960
Miscellaneous Revenue	22,903	19,512	3,391
Grants, subsidies, contributions and donations	12,496	8,506	3,990
Total Operating revenue	**450,505**	**438,976**	**11,529**
Expenses			
Operating Expenses			
Employee benefits	145,868	141,389	(4,479)
Materials and services	153,678	160,549	6,871
Depreciation	111,982	111,257	(725)
Finance costs	2,923	7,963	5,040
Total Operating Expenses	**414,451**	**421,158**	**6,707**
Capital Revenue			
Loss on disposal of property, plant and equipment	(14,912)	(14,000)	(912)
Contributions	12,379	18,673	(6,294)
Contributed assets	36,154	22,178	13,976
Subsidies and grants	196,211	265,322	(69,111)
Net Capital Revenue	**229,832**	**292,173**	**(62,341)**
Net result attributable to Council in period	**265,886**	**309,991**	**(44,105)**

Council's net result for June 2026 is a surplus of $265.9M, $44.1M lower than budgeted.

Operating revenue is $11.5M favourable to budget driven by greater than anticipated grants and subsidies ($4.0M), miscellaneous revenue ($3.4M), interest received ($3.0M) and fees and charges ($1.7M).

Operating expenses are $6.7M favourable to budget due to less than anticipated materials and services ($6.9M) and finance costs ($5.0M). This has been partially offset by unfavourable variances in employee benefits ($4.5M) and depreciation ($725K).

Capital revenue is $62.3M unfavourable to budget mainly due to lower than anticipated subsidies and grants ($69.1M) and contributions ($6.3M). This has been partially offset by higher than anticipated contributed assets ($14.0M).

Statement of Financial Position
For the Period Ended 30 June 2026

	Note	Actual	Original Budget	Variance
		$000	$000	$000
Assets				
Current Assets				
Cash and cash equivalents	1	54,706	18,451	36,255
Trade and other receivables	2	109,131	114,348	(5,217)
Inventories		4,635	5,096	(461)
		168,472	**137,895**	**30,577**
Non-Current Assets				
Property, plant and equipment	3	5,896,183	5,801,629	94,554
		5,896,183	**5,801,629**	**94,554**
Total Assets		**6,064,655**	**5,939,524**	**125,131**
Liabilities				
Current Liabilities				
Trade and other payables	4	78,870	69,254	(9,616)
Borrowings	1	18,098	24,258	6,160
Provisions	5	31,994	26,527	(5,467)
Other liabilities	6	19,256	5,599	(13,657)
		148,218	**125,638**	**(22,580)**
Non-Current Liabilities				
Borrowings	1	55,041	136,759	81,718
Provisions		15,977	15,168	(809)
Other liabilities		6,792	3,070	(3,722)
		77,810	**154,997**	**77,187**
Total Liabilities		**226,028**	**280,635**	**54,607**
NET COMMUNITY ASSETS		**5,838,627**	**5,658,889**	**179,738**
Community Equity				
Retained surplus/deficit		3,286,362	3,332,684	(46,322)
Asset revaluation surplus		2,552,265	2,326,205	226,060
TOTAL COMMUNITY EQUITY		**5,838,627**	**5,658,889**	**179,738**

1 The net variance in cash and non-current borrowings is favourable largely as a result of delays in delivering the capital works program and higher than anticipated cash receipts to date.

2 Trade and other receivables are slightly unfavourable to budget due to higher than anticipated cash receipts year to date.

3 Property, plant and equipment is favourable to budget due to the higher than anticipated result of annual asset valuations and contributed assets.

4 Trade and other payables are unfavourable to budget due to higher than anticipated accrued expenses for capital projects.

5 Current provisions are unfavourable to budget mainly due to a higher than anticipated balance in Council's provision for developer contribution credits. The balance of this provision can vary as it is driven by development activity.

6 The variance in other current liabilities is due to timing of recognition of capital grant payments versus associated capital expenditure, mainly related to the Tropical Cyclone Jasper grant ($12.7M).

Statement of Cash Flows
For the Period Ended 30 June 2026

	Note	Actual	Original Budget	Variance
		$000	$000	$000
Cash Flows from Operating Activities:				
Receipts from customers	1	440,812	434,410	6,402
Payments to suppliers and employees	2	(291,684)	(302,589)	10,905
Interest received		7,527	4,567	2,960
Borrowing costs		(1,855)	(5,745)	3,890
Net cash inflow (outflow) from operating activities		**154,800**	**130,643**	**24,157**
Cash Flows from Investing Activities				
Grants, subsidies and contributions for capital acquisitions	3	157,450	232,938	(75,488)
Proceeds from disposal of property, plant and equipment		1,184	1,000	184
Payments for property, plant and equipment	4	(298,780)	(417,374)	118,594
Net cash inflow (outflow) from investing activities		**(140,146)**	**(183,436)**	**43,290**
Cash Flows from Financing Activities:				
Proceeds from borrowings	5	-	51,000	(51,000)
Repayment of borrowings		(28,353)	(29,704)	1,351
Proceeds from working capital facility	5	-	24,895	(24,895)
Repayment of working capital facility	5	-	(24,895)	24,895
Net cash inflow (outflow) from financing activities		**(28,353)**	**21,296**	**(49,649)**
NET INCREASE/(DECREASE) IN CASH HELD		**(13,699)**	**(31,497)**	**17,798**
Cash at beginning of year		68,405	49,948	18,457
CASH AT END OF PERIOD		**54,706**	**18,451**	**36,255**

1 Receipts from customers is favourable to budget, mainly due to higher than anticipated receipts for operating grants and miscellaneous revenue.

2 Payments to suppliers and employees is lower than anticipated due to timing of recognition of expenditure as well as favourable operating expenditure variances.

3 The unfavourable variance in capital grants, subsidies and contributions is largely due to timing differences in relation to cash receipts for the CWSS1 and Tropical Cyclone Jasper grant.

4 Payments for property, plant and equipment are favourable to budget due to delays in delivery of the capital works program.

5 Delays in delivering the current year capital works program has resulted in higher than anticipated cash balances, leading to decreased utilisation of the working capital facility and long term borrowings.

Attachment 2: Directorate Reports

Directorate operating statements provide information on the performance of each directorate for the period ended 30 June 2026.

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 30 June 2026

Office of the CEO

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Other income	1,024	1,052	(28)	(3)%
Total Operating Revenue	**1,024**	**1,052**	**(28)**	**(3)%**
Operating Expenditure				
Employee Benefits	3,702	3,600	(102)	(3)%
Materials and services	487	793	306	39 %
Total Expenses	**4,189**	**4,393**	**204**	**5 %**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**(3,165)**	**(3,341)**	**176**	**5 %**

Office of the CEO is $176K favourable to budget, largely across various materials and services expenses.

Appendix B – Finance & Business Services

Operating Statement
For the Period Ended 30 June 2026

Finance & Business Services

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Net rates and utility charges	157,430	158,015	(585)	(0)%
Fees & charges	1,173	1,135	38	3 %
Interest revenue	5,681	2,853	2,828	99 %
Other income	241	340	(99)	(29)%
Grants, Subsidies and Contributions	6,977	5,194	1,783	34 %
Total Operating Revenue	**171,502**	**167,537**	**3,965**	**2 %**
Operating Expenditure				
Employee Benefits	17,217	17,659	442	3 %
Materials and services	(1,068)	7,382	8,450	114 %
Depreciation and Amortisation	2,524	2,679	155	6 %
Finance Costs	1,202	6,729	5,527	82 %
Total Expenses	**19,875**	**34,449**	**14,574**	**42 %**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**151,627**	**133,088**	**18,539**	**14 %**

The Finance & Business Services directorate is $18.5M favourable to budget largely due to favourable interest revenue & expense, an early part payment of the Financial Assistance Grant for 2026/27 and centralised budget allocation held within Finance & Business Services where actual expenses were allocated to relevant directorates.

Appendix C – People & Organisational Performance

Operating Statement
For the Period Ended 30 June 2026

People & Organisational Performance

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Fees & charges	4	4	-	0 %
Other income	14	6	8	133 %
Grants, Subsidies and Contributions	1,439	892	547	61 %
Total Operating Revenue	**1,457**	**902**	**555**	**62 %**
Operating Expenditure				
Employee Benefits	12,777	12,885	108	1 %
Materials and services	8,005	8,114	109	1 %
Depreciation and Amortisation	308	350	42	12 %
Total Expenses	**21,090**	**21,349**	**259**	**1 %**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**(19,633)**	**(20,447)**	**814**	**4 %**

The People & Organisational Performance directorate is $814K favourable to budget largely due to favourable grant revenue, materials and services & employee costs.

Appendix D – Planning, Growth & Sustainability

Operating Statement
For the Period Ended 30 June 2026

Planning, Growth & Sustainability

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Fees & charges	4,633	4,069	564	14 %
Other income	720	672	48	7 %
Grants, Subsidies and Contributions	1,040	780	260	33 %
Total Operating Revenue	**6,393**	**5,521**	**872**	**16 %**
Operating Expenditure				
Employee Benefits	10,324	9,843	(481)	(5)%
Materials and services	3,300	3,276	(24)	(1)%
Finance Costs	98	47	(51)	(109)%
Total Expenses	**13,722**	**13,166**	**(556)**	**(4)%**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**(7,329)**	**(7,645)**	**316**	**4 %**

Planning, Growth and Sustainability is $316K favourable to budget due to higher fees and charges and grants revenue, partially offset by higher than anticipated employee benefits costs.

Appendix E – Lifestyle & Community

Operating Statement
For the Period Ended 30 June 2026

Lifestyle & Community

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Fees & charges	17,712	16,967	745	4 %
Other income	6,097	6,165	(68)	(1)%
Grants, Subsidies and Contributions	1,713	1,211	502	41 %
Total Operating Revenue	**25,522**	**24,343**	**1,179**	**5 %**
Operating Expenditure				
Employee Benefits	38,396	38,019	(377)	(1)%
Materials and services	45,319	45,209	(110)	(0)%
Depreciation and Amortisation	16,277	16,130	(147)	(1)%
Finance Costs	1,612	1,184	(428)	(36)%
Total Expenses	**101,604**	**100,542**	**(1,062)**	**(1)%**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**(76,082)**	**(76,199)**	**117**	**0 %**

Lifestyle & Community is $117K favourable to budget with revenue favourable due to higher than anticipated cemetery fees and grant funding offset by higher than anticipated employee and finance costs.

Appendix F – Cairns Infrastructure and Assets – Engineering Services

Operating Statement
For the Period Ended 30 June 2026

Cairns Infrastructure and Assets - Engineering Services

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Fees & charges	56	58	(2)	(3)%
Other income	37	-	37	100 %
Grants, Subsidies and Contributions	327	429	(102)	(24)%
Total Operating Revenue	**420**	**487**	**(67)**	**(14)%**
Operating Expenditure				
Employee Benefits	11,102	10,674	(428)	(4)%
Materials and services	3,401	4,754	1,353	28 %
Depreciation and Amortisation	38,708	38,909	201	1 %
Total Expenses	**53,211**	**54,337**	**1,126**	**2 %**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**(52,791)**	**(53,850)**	**1,059**	**2 %**

Engineering Services is $1.1M favourable to budget due to less external services than anticipated, partly offset by higher employee benefits.

Appendix G – Cairns Infrastructure and Assets – Service Delivery

Operating Statement
For the Period Ended 30 June 2026

Cairns Infrastructure and Assets - Service Delivery

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Net rates and utility charges	215,440	215,335	105	0 %
Fees & charges	11,130	10,808	322	3 %
Interest revenue	1,847	1,714	133	8 %
Other income	14,770	11,277	3,493	31 %
Grants, Subsidies and Contributions	1,000	-	1,000	100 %
Total Operating Revenue	**244,187**	**239,134**	**5,053**	**2 %**
Operating Expenditure				
Employee Benefits	50,557	47,114	(3,443)	(7)%
Materials and services	88,937	84,981	(3,956)	(5)%
Depreciation and Amortisation	54,165	53,189	(976)	(2)%
Finance Costs	11	2	(9)	(450)%
Total Expenses	**193,670**	**185,286**	**(8,384)**	**(5)%**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**50,517**	**53,848**	**(3,331)**	**(6)%**

Service Delivery is $3.3M unfavourable to budget. Major variances include reservoir maintenance and depreciation.

Appendix H – Economic Development & Advocacy

Operating Statement
For the Period Ended 30 June 2026

Economic Development & Advocacy

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Other income	-	-	-	0 %
Total Operating Revenue	**-**	**-**	**-**	**0 %**
Operating Expenditure				
Employee Benefits	1,794	1,593	(201)	(13)%
Materials and services	5,297	6,040	743	12 %
Total Expenses	**7,091**	**7,633**	**542**	**7 %**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**(7,091)**	**(7,633)**	**542**	**7 %**

The Economic Development & Advocacy directorate is $542K favourable to budget, largely due to favourable external events expenditure.

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.