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| ORDINARY MEETING 21 DECEMBER 2023 | 8 |
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FINANCIAL PERFORMANCE REPORT FOR THE PERIOD ENDED 24 NOVEMBER 2023

63/17/2-01 | #7310881

RECOMMENDATION:

That Council notes the financial performance report for the period ended 24 November 2023.

INTERESTED PARTIES:

Not applicable

EXECUTIVE SUMMARY:

This report contains the financial performance report for the period ended 24 November 2023.

| NOVEMBER FINANCIALS AT A GLANCE | | | | |
|--|---------------------------------|---------------------------------|-----------------------------------|---------------------------------------|
| Comprehensive Income | YTD Actual \$000 | YTD Budget \$000 | YTD Variance \$000 | Full Year Budget \$000 |
| Total operating revenue | 155,181 | 154,338 | 843 | 377,916 |
| Total operating expenses | (151,224) | (152,818) | 1,594 | (377,666) |
| Net Operating Result | 3,957 | 1,520 | 2,437 | 250 |
| Capital revenue | 5,504 | 2,475 | 3,029 | 42,319 |
| Net Result | 9,461 | 3,995 | 5,466 | 42,569 |
| Treasury Performance | YTD Actual \$000 | YTD Budget \$000 | YTD Variance \$000 | Full Year Budget \$000 |
| Operating result - (ex depreciation) | 46,962 | 44,098 | 2,864 | 106,239 |
| Infrastructure charges revenue | 5,960 | 5,334 | 626 | 15,200 |
| Grants & other capital revenue | 4,003 | 4,468 | (465) | 20,536 |
| Net Capital Funding | 56,925 | 53,900 | 3,025 | 141,975 |
| Capital expenditure | (48,125) | (58,220) | 10,095 | (166,209) |
| Net Funding Surplus/(Deficit) | 8,800 | (4,320) | 13,120 | (24,234) |

The operating result is favourable to budget by \$2.4M driven by a favourable variance in materials and services (\$1.7M), which is made up of timing variances in Council's operational areas (\$465K), consultants (\$938K) and software (\$332K) and higher than anticipated fees and charges (\$1.1M). This has been offset by less than anticipated grants, subsidies, contributions and donations (\$1.4M), 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.

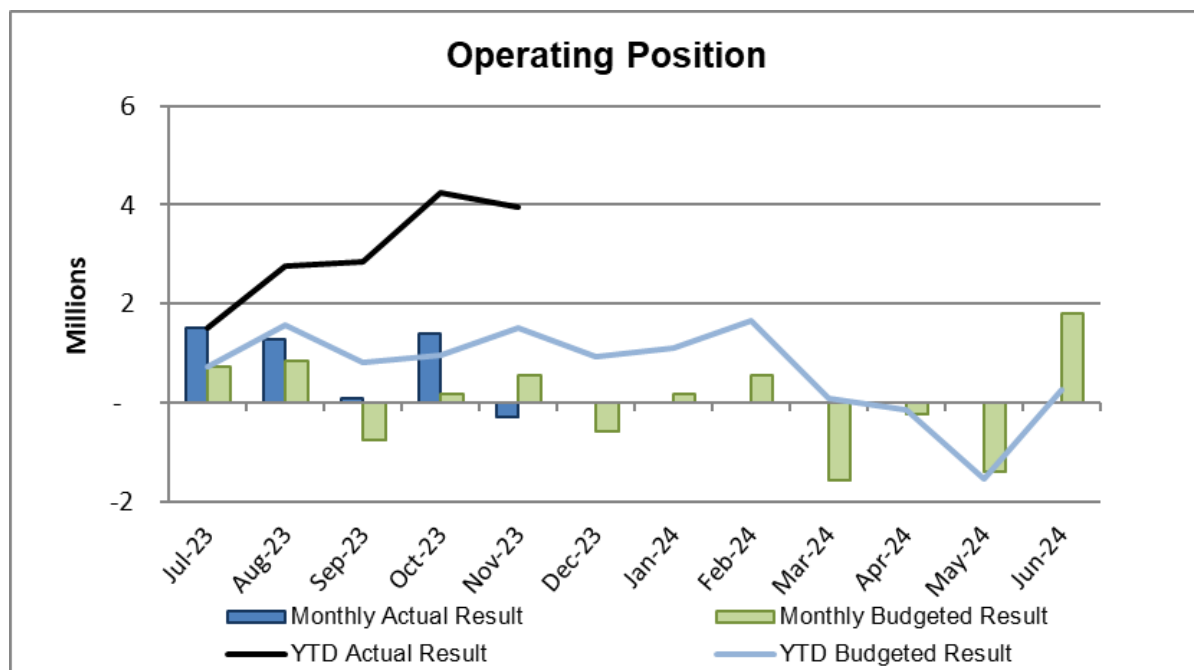
The net capital funding available is \$56.9M which is \$3.0M favourable to budget. This is due to a combination of the favourable operating result (\$2.9M) and infrastructure charges revenue (\$626K), slightly offset by unfavourable grants and other capital revenue (\$465K).

Capital expenditure is \$48.1M year to date resulting in a \$10.1M 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 24 November 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.

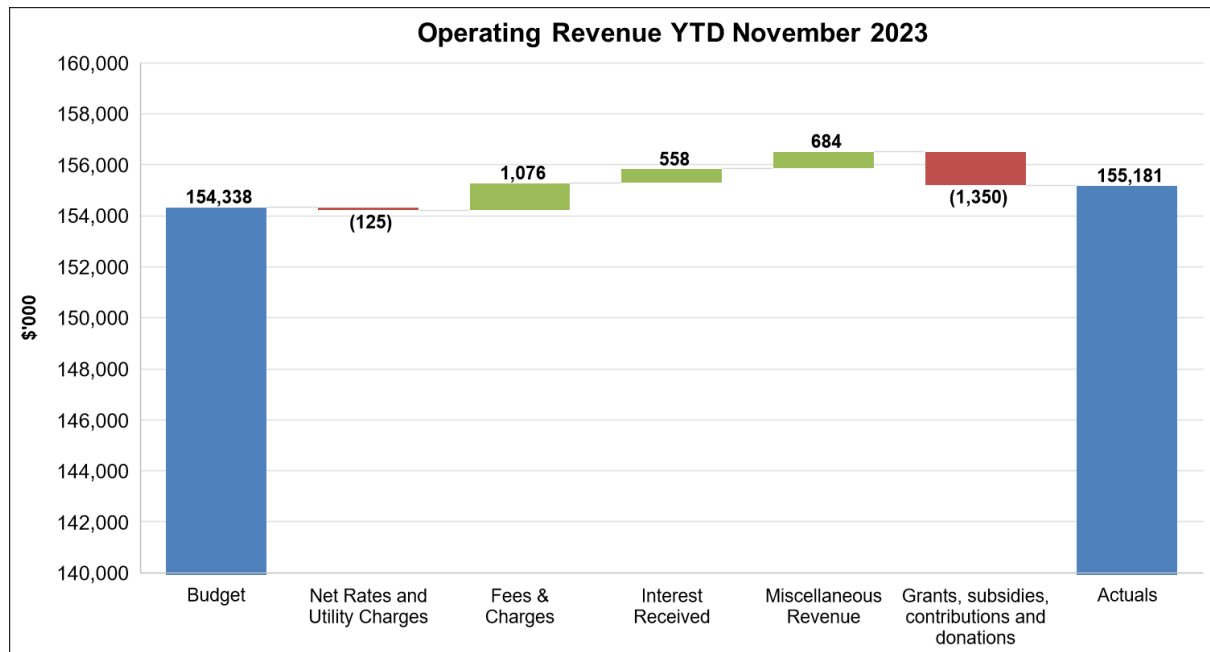
OPERATING POSITION



Council's operating position at the end of November was a surplus of \$4.0M, \$2.4M favourable to budget. This result is mainly due to lower than anticipated materials and services (\$1.7M), which is made up of timing variances in Council's operational (\$465K), consultants (\$938K) and software (\$332K) and greater than anticipated fees and charges (\$1.1M).

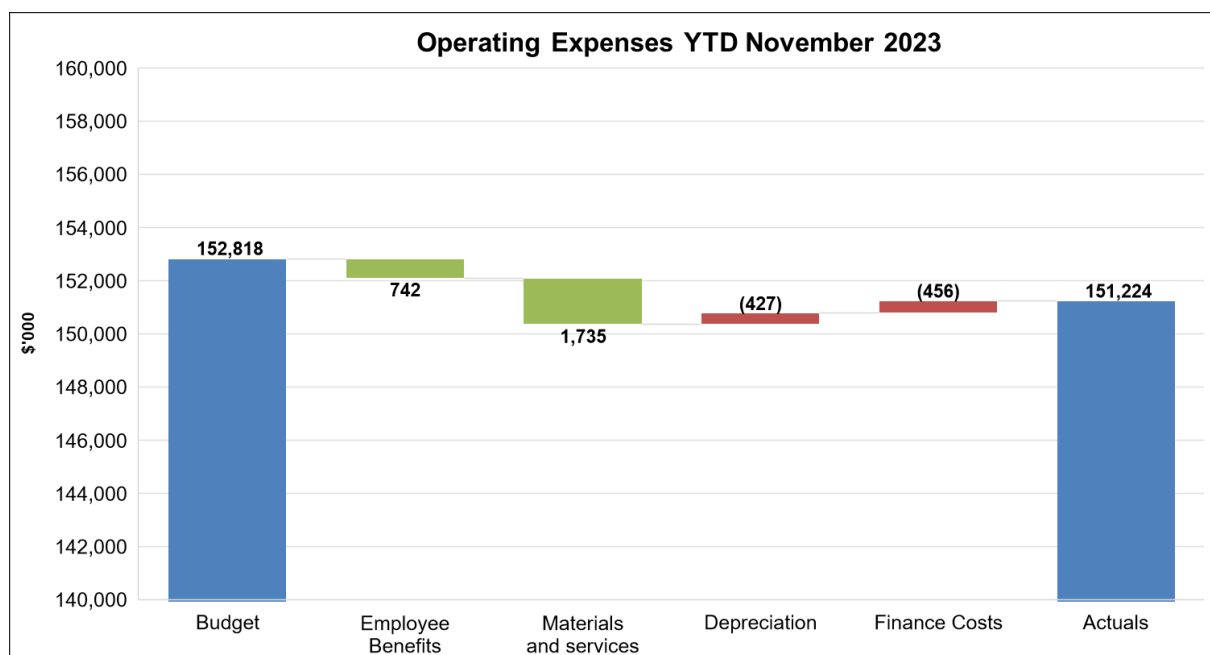
This has been slightly offset by less than anticipated grants, subsidies, contributions and donations (\$1.4M), being primarily the unexpected early receipt of the majority of the 2023/24 Financial Assistance Grant in June 2023 resulting in lower than budgeted receipts during the year to date.

OPERATING REVENUE



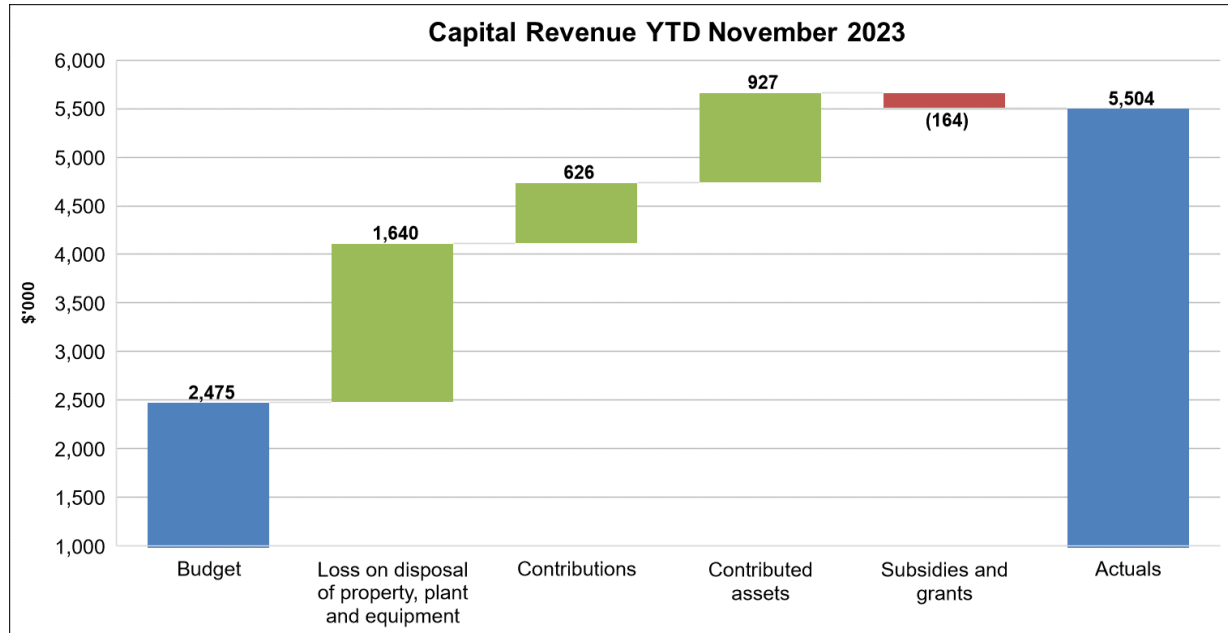
Operating revenue is favourable to budget by \$843K driven by greater than anticipated fees and charges (\$1.1M), mainly parking and animal management fees, miscellaneous revenue (\$684K) and interest received (\$558K). This has been slightly offset by less than anticipated grants, subsidies, contributions and donations (\$1.4M), 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



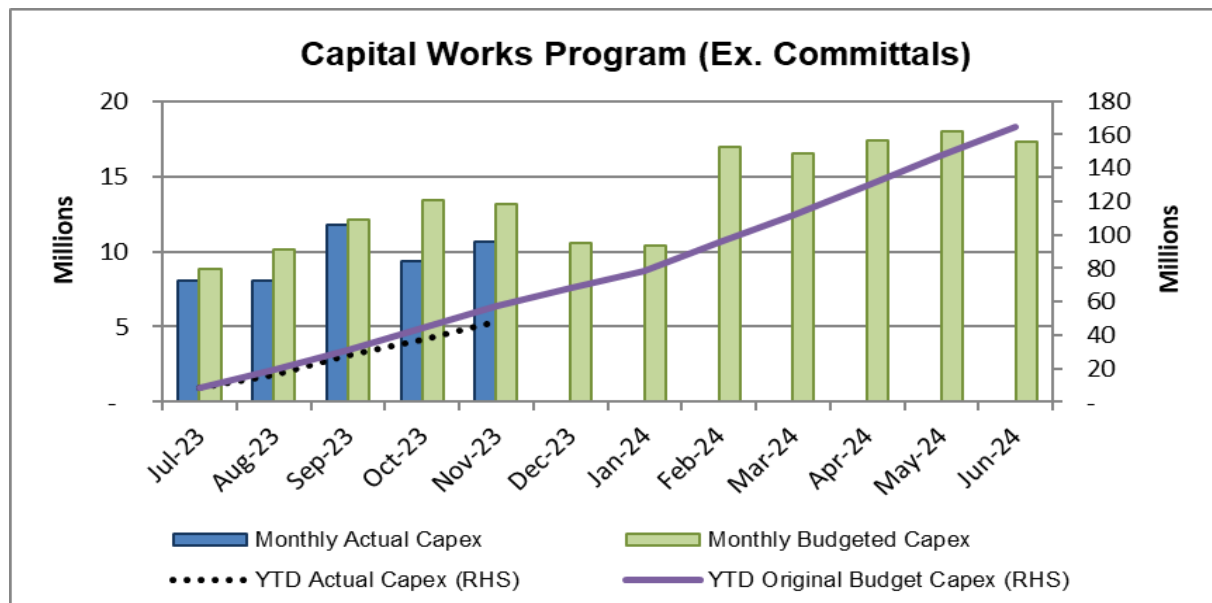
Operating expenditure is \$1.6M favourable to budget. This is largely driven by less than anticipated materials and services (\$1.7M) which is made up of timing variances in Council’s operational areas (\$465K), consultants (\$938K) and software (\$332K).

CAPITAL REVENUE



Capital revenue is \$3.0M favourable to budget mainly due to less than anticipated loss on disposal of property, plant and equipment (\$1.6M) and greater than anticipated contributed assets (\$927K) and contributions (\$626K). This has been slightly offset by less than anticipated subsidies and grants (\$164K).

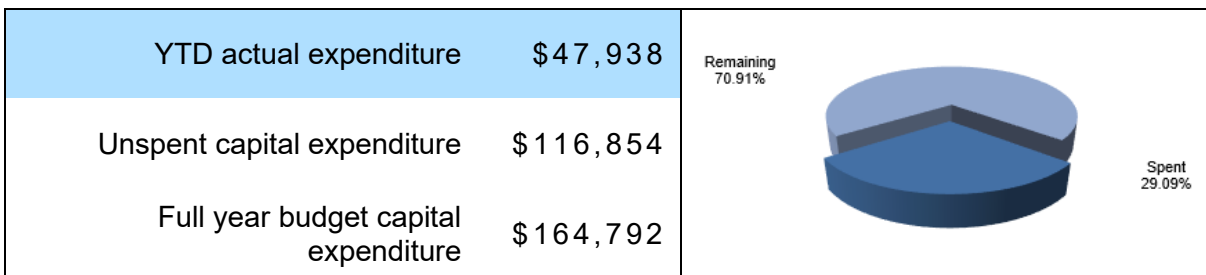
CAPITAL EXPENDITURE



Actual capital works expenditure year to date is \$47.9M, compared to a budget of \$57.6M.

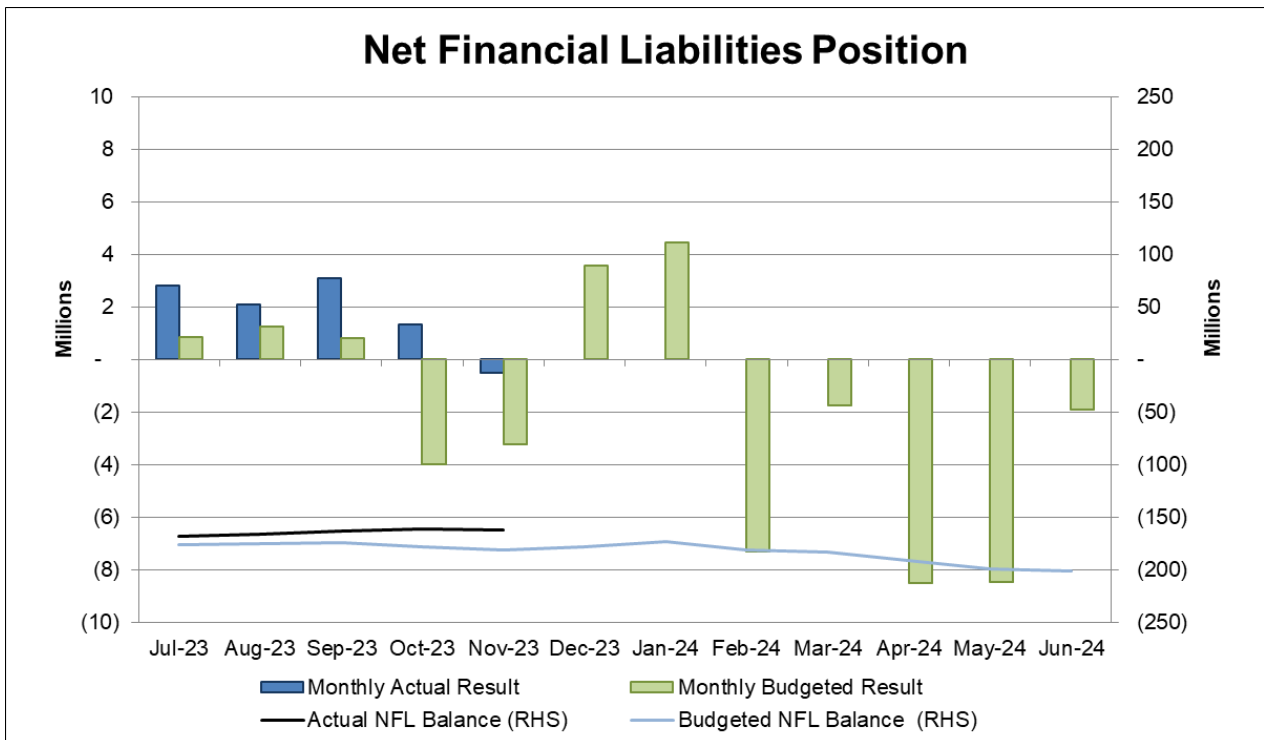
The following table illustrates year to date 2023/24 capital works program against the full year budget.

| Directorate | Year to Date Actual \$000 | Year to Date Budget \$000 | Year to Date Variance \$000 | Full Year Budget \$000 |
|-----------------------------|---------------------------|---------------------------|-----------------------------|------------------------|
| Finance & Business Services | 256 | 200 | (56) | 2,950 |
| Lifestyle & Community | 11,635 | 17,869 | 6,234 | 38,867 |
| CIA – Engineering Services | 14,395 | 12,285 | (2,110) | 27,898 |
| CIA – Service Delivery | 21,652 | 27,276 | 5,624 | 95,077 |
| CAPITAL WORKS TOTAL | 47,938 | 57,630 | 9,692 | 164,792 |
| Capitalised Interest | 187 | 590 | 403 | 1,417 |
| CAPITAL EXPENDITURE | 48,125 | 58,220 | 10,095 | 166,209 |



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 November, Council's NFL is \$19.8M favourable to budget. This is driven by a favourable \$6.6M carry forward position from the previous financial year combined with a \$13.1M 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 | 155,181 | 154,338 | 843 | 377,916 |
| Operating Expenses (ex Dep) | (108,219) | (110,240) | 2,021 | (271,677) |
| Capital Revenue - Infra Charges | 5,960 | 5,334 | 626 | 15,200 |
| Capital Revenue - Grants & Other | 4,003 | 4,468 | (465) | 20,536 |
| Net Capital Funding | 56,925 | 53,900 | 3,025 | 141,975 |
| Capital Expenditure | (48,125) | (58,220) | 10,095 | (166,209) |
| Net Funding Surplus/(Deficit) | 8,800 | (4,320) | 13,120 | (24,234) |

Year to date net capital funding totals \$56.9M which is \$3.0M favourable to budget, mainly due to less than anticipated materials and services (\$1.7M) and greater than anticipated infrastructure charges revenue (\$626K), slightly offset by unfavourable grants and other capital revenue (\$465K).

Capital expenditure at the end of November is \$10.1M favourable to budget. Combined with a favourable net capital funding variance (\$3.0M), this results in a favourable \$13.1M net funding surplus year to date.

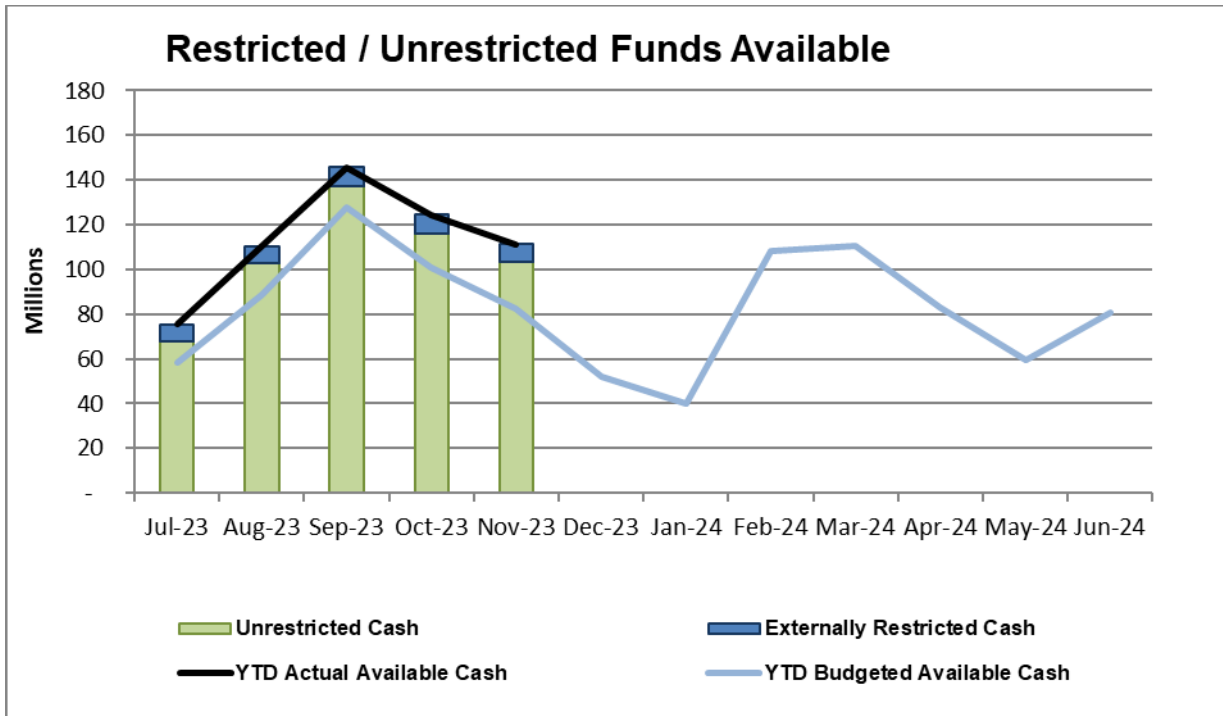
LIQUIDITY

| | Actual \$000 | Budget \$000 | Variance \$000 |
|---------------------------|-------------------------|-------------------------|---------------------------|
| Cash and cash equivalents | 51,237 | 22,492 | 28,745 |
| Working capital facility | - | - | - |
| Long term loans | (144,991) | (144,784) | (207) |
| NET DEBT POSITION | (93,754) | (122,292) | 28,538 |

Council's net debt position is \$28.5M favourable to budget due to the favourable \$13.5M position carried forward from the 2022/23 financial year and a favourable net funding surplus position of \$13.1M.

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 \$111.2M. Excluding funds subject to external restrictions of \$7.9M, the unconstrained funds available to meet ongoing operational expenses is \$103.3M.

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 | 2.5% | > 0% | <input checked="" type="checkbox"/> | 0.4% |
| | Operating Cash Ratio | Cash operating performance (less depreciation and other non-cash items) | 31.5% | > 0% | <input checked="" type="checkbox"/> | 29.4% |
| Liquidity | Unrestricted Cash Expense Cover Ratio | Unconstrained liquidity available to Council | 4.6 | > 2 months | <input checked="" type="checkbox"/> | 4.7 |

| Type | Measure | Rationale | Actual Result | Benchmark | Within limits | FY Budget |
|--------------------------------|-----------------------------|--|--|-------------|-------------------------------------|-----------|
| 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 | 68.4% | > 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

A handwritten signature in black ink that reads "R Jones". The letters are cursive and fluid.

Robert Jones
Acting Executive Manager Finance

A handwritten signature in black ink that reads "L Whitton". The letters are cursive and fluid.

Lisa Whitton
Director Finance & Business Services

Attachment 1: Financial Statements

Attached are the financial statements for the period ended 24 November 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 24 November 2023 | | | |
|--|----------------|----------------------------|-----------------|
| | Actual | Original Budget | Variance |
| | \$000 | \$000 | \$000 |
| Income | | | |
| Revenue | | | |
| Operating Revenue | | | |
| Net rates and utility charges | 129,738 | 129,863 | (125) |
| Fees and charges | 13,788 | 12,712 | 1,076 |
| Interest received | 2,424 | 1,866 | 558 |
| Miscellaneous Revenue | 8,236 | 7,552 | 684 |
| Grants, subsidies, contributions and donations | 995 | 2,345 | (1,350) |
| Total Operating revenue | 155,181 | 154,338 | 843 |
| Expenses | | | |
| Operating Expenses | | | |
| Employee benefits | 52,399 | 53,141 | 742 |
| Materials and services | 53,916 | 55,651 | 1,735 |
| Depreciation | 43,005 | 42,578 | (427) |
| Finance costs | 1,904 | 1,448 | (456) |
| Total Operating Expenses | 151,224 | 152,818 | 1,594 |
| Capital Revenue | | | |
| Loss on disposal of property, plant and equipment | (5,062) | (6,702) | 1,640 |
| Contributions | 5,960 | 5,334 | 626 |
| Contributed assets | 927 | - | 927 |
| Subsidies and grants | 3,679 | 3,843 | (164) |
| Net Capital Revenue | 5,504 | 2,475 | 3,029 |
| Net result attributable to Council in period | 9,461 | 3,995 | 5,466 |
| Council's net result for November 2023 is a surplus of \$9.5M, \$5.5M more than budgeted. | | | |
| Operating revenue is \$843K favourable to budget driven mainly by greater than anticipated fees and charges (\$1.1M), miscellaneous revenue (\$684K) and interest received (\$558K). This has been slightly offset by less than anticipated grants, subsidies, contributions and donations (\$1.4M). | | | |
| Operating expenses are \$1.6M favourable to budget due to less than anticipated materials and services (\$1.7M) and employee benefits (\$742K). This has been slightly offset by greater than anticipated finance costs (\$456K) and depreciation (\$427K). | | | |
| Capital revenue is \$3.0M favourable to budget mainly due to less than anticipated loss on disposal of property, plant and equipment (\$1.6M) and greater than anticipated contributed assets (\$927K) and contributions (\$626K). This has been slightly offset by less than subsidies and grants (\$164K). | | | |

| Statement of Financial Position | | | | |
|--|-------------|------------------|----------------------------|-----------------|
| For the Period Ended 24 November 2023 | | | | |
| | Note | Actual | Original Budget | Variance |
| | | \$000 | \$000 | \$000 |
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | 1 | 51,237 | 22,492 | 28,745 |
| Receivables | | 59,616 | 57,337 | 2,279 |
| Inventories | | 5,235 | 3,506 | 1,729 |
| | | 116,088 | 83,335 | 32,753 |
| Non-Current Assets | | | | |
| Property, plant and equipment | 2 | 4,667,031 | 4,690,890 | (23,859) |
| | | 4,667,031 | 4,690,890 | (23,859) |
| Total Assets | | 4,783,119 | 4,774,225 | 8,894 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Trade and other payables | | 45,080 | 40,678 | (4,402) |
| Borrowings | | 25,056 | 22,267 | (2,789) |
| Provisions | 3 | 17,593 | 13,280 | (4,313) |
| Other liabilities | | 50,907 | 50,696 | (211) |
| | | 138,636 | 126,921 | (11,715) |
| Non-Current Liabilities | | | | |
| Borrowings | | 119,935 | 122,517 | 2,582 |
| Provisions | | 13,432 | 13,763 | 331 |
| Other liabilities | 4 | 5,944 | 1,747 | (4,197) |
| | | 139,311 | 138,027 | (1,284) |
| Total Liabilities | | 277,947 | 264,948 | (12,999) |
| NET COMMUNITY ASSETS | | 4,505,172 | 4,509,277 | (4,105) |
| Community Equity | | | | |
| Retained surplus/deficit | | 2,739,714 | 2,744,020 | (4,306) |
| Asset revaluation surplus | | 1,765,458 | 1,765,257 | 201 |
| TOTAL COMMUNITY EQUITY | | 4,505,172 | 4,509,277 | (4,105) |
| <p>1 The cash and cash equivalents variance is largely due the favourable opening cash balance as at 1 July, as well as timing of cash receipts and payments.</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 24 November 2023 | | | | |
| | Note | Actual | Original Budget | Variance |
| | | \$000 | \$000 | \$000 |
| Cash Flows from Operating Activities: | | | | |
| Receipts from customers | 1 | 171,185 | 179,425 | (8,240) |
| Payments to suppliers and employees | 2 | (113,188) | (120,473) | 7,285 |
| Interest received | | 2,424 | 1,044 | 1,380 |
| Borrowing costs | | (1,054) | (1,307) | 253 |
| Net cash inflow (outflow) from operating activities | | 59,367 | 58,689 | 678 |
| Cash Flows from Investing Activities | | | | |
| Grants, subsidies and contributions for capital acquisitions | | 12,666 | 7,887 | 4,779 |
| Proceeds from disposal of property, plant and equipment | | 315 | 625 | (310) |
| Payments for property, plant, equipment and CWIP | 3 | (45,524) | (62,351) | 16,827 |
| Net cash inflow (outflow) from investing activities | | (32,543) | (53,839) | 21,296 |
| Cash Flows from Financing Activities: | | | | |
| Repayment of borrowings | | (11,410) | (12,771) | 1,361 |
| Repayment of working capital facility | | - | 854 | (854) |
| Net cash inflow (outflow) from financing activities | | (11,410) | (11,917) | 507 |
| NET INCREASE/(DECREASE) IN CASH HELD | | 15,414 | (7,067) | 22,481 |
| Cash at beginning of year | | 35,823 | 29,559 | 6,264 |
| CASH AT END OF PERIOD | | 51,237 | 22,492 | 28,745 |
| <p>1 A higher than anticipated balance in receivables has resulted in lower than anticipated receipts from customers. This 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 The timing of delivery of the capital works program has caused lower than anticipated payments for property, plant and equipment.</p> | | | | |

Attachment 2: Directorate Reports

Directorate operating statements provide information on the performance of each directorate for the period ended 24 November 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 24 November 2023 | | | | |
| Office of the CEO | | | | |
| | Actual | Budget | Variance | Variance |
| | \$000 | \$000 | \$000 | % |
| Operating Revenue | | | | |
| Other income | 335 | 314 | 21 | 7 % |
| Total Operating Revenue | 335 | 314 | 21 | 7 % |
| Operating Expenditure | | | | |
| Employee Benefits | 1,299 | 1,290 | (9) | (1)% |
| Materials and services | 225 | 247 | 22 | 9 % |
| Total Expenses | 1,524 | 1,537 | 13 | 1 % |
| OPERATING CAPABILITIES BEFORE CAPITAL ITEMS | (1,189) | (1,223) | 34 | 3 % |
| Office of the CEO is \$34K favourable to budget YTD, due to timing of materials and services expenditure. | | | | |

Appendix B – Finance & Business Services

| Operating Statement | | | | |
|---|---------------|---------------|-----------------|-----------------|
| For the Period Ended 24 November 2023 | | | | |
| Finance & Business Services | | | | |
| | Actual | Budget | Variance | Variance |
| | \$000 | \$000 | \$000 | % |
| Operating Revenue | | | | |
| Net rates and utility charges | 54,534 | 54,637 | (103) | (0) % |
| Fees and charges | 281 | 290 | (9) | (3) % |
| Interest | 1,784 | 1,278 | 506 | 40 % |
| Other income | 165 | 122 | 43 | 35 % |
| Grants, Subsidies and Contributions | 137 | 1,505 | (1,368) | (91) % |
| Total Operating Revenue | 56,901 | 57,832 | (931) | (2) % |
| Operating Expenditure | | | | |
| Employee benefits | 7,593 | 8,495 | 902 | 11 % |
| Materials and services | (129) | 850 | 979 | 115 % |
| Depreciation and amortisation expenses | 1,310 | 1,344 | 34 | 3 % |
| Finance Costs | 1,286 | 1,180 | (106) | (9) % |
| Total Expenses | 10,060 | 11,869 | 1,809 | 15 % |
| OPERATING CAPABILITIES BEFORE CAPITAL ITEMS | 46,841 | 45,963 | 878 | 2 % |
| <p>The Finance & Business Services directorate is \$878K 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 24 November 2023 | | | | |
| People & Organisational Performance | | | | |
| | Actual | Budget | Variance | Variance |
| | \$000 | \$000 | \$000 | % |
| Operating Revenue | | | | |
| Fees and charges | - | 2 | (2) | (100) % |
| Other income | 14 | - | 14 | 100 % |
| Grants, Subsidies and Contributions | 199 | 202 | (3) | (1) % |
| Total Operating Revenue | 213 | 204 | 9 | 4 % |
| Operating Expenditure | | | | |
| Employee benefits | 3,673 | 3,658 | (15) | (0) % |
| Materials and services | 2,394 | 2,705 | 311 | 11 % |
| Total Expenses | 6,067 | 6,363 | 296 | 5 % |
| OPERATING CAPABILITIES BEFORE CAPITAL ITEMS | (5,854) | (6,159) | 305 | 5 % |
| The People & Organisational Performance directorate is \$305K favourable to budget largely in materials and services. | | | | |

Appendix D – Planning, Growth & Sustainability

| Operating Statement | | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| For the Period Ended 24 November 2023 | | | | |
| Planning, Growth & Sustainability | | | | |
| | Actual | Budget | Variance | Variance |
| | \$000 | \$000 | \$000 | % |
| Operating Revenue | | | | |
| Fees and charges | 2,308 | 2,277 | 31 | 1 % |
| Other income | 447 | 339 | 108 | 32 % |
| Grants, subsidies, contributions and donations | - | 15 | (15) | (100) % |
| Total Operating Revenue | 2,755 | 2,631 | 124 | 5 % |
| Operating Expenditure | | | | |
| Employee Benefits | 3,361 | 3,661 | 300 | 8 % |
| Materials and services | 1,128 | 1,708 | 580 | 34 % |
| Finance Costs | 19 | 16 | (3) | (19) % |
| Total Expenses | 4,508 | 5,385 | 877 | 16 % |
| OPERATING CAPABILITIES BEFORE CAPITAL ITEMS | (1,753) | (2,754) | 1,001 | 36 % |
| 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 24 November 2023 | | | | |
| Lifestyle & Community | | | | |
| | Actual | Budget | Variance | Variance |
| | \$000 | \$000 | \$000 | % |
| Operating Revenue | | | | |
| Fees and charges | 7,289 | 6,204 | 1,085 | 17 % |
| Other income | 2,371 | 2,468 | (97) | (4) % |
| Grants, subsidies, contributions and donations | 624 | 565 | 59 | 10 % |
| Total Operating Revenue | 10,284 | 9,237 | 1,047 | 11 % |
| Operating Expenditure | | | | |
| Employee benefits | 14,265 | 13,851 | (414) | (3) % |
| Materials and services | 16,985 | 16,766 | (219) | (1) % |
| Depreciation and amortisation expenses | 5,569 | 5,579 | 10 | 0 % |
| Finance Costs | 585 | 252 | (333) | (132) % |
| Total Expenses | 37,404 | 36,448 | (956) | (3) % |
| OPERATING CAPABILITIES BEFORE CAPITAL ITEMS | (27,120) | (27,211) | 91 | 0 % |
| <p>Lifestyle & Community is \$91K favourable to budget. Fees & charges revenue is favourable due to parking and animal management exceeding expectations, this is partially offset by an increase in finance costs. Employee costs exceed budget largely in the Creative Life space due to a significant number of events in the first part of the year.</p> | | | | |

Appendix F – Cairns Infrastructure and Assets – Engineering Services

| Operating Statement | | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| For the Period Ended 24 November 2023 | | | | |
| Cairns Infrastructure and Assets - Engineering Services | | | | |
| | Actual | Budget | Variance | Variance |
| | \$000 | \$000 | \$000 | % |
| Operating Revenue | | | | |
| Fees and charges | 68 | 21 | 47 | 224 % |
| Grants, Subsidies and Contributions | 20 | 8 | 12 | 150 % |
| Total Operating Revenue | 88 | 29 | 59 | 203 % |
| Operating Expenditure | | | | |
| Employee benefits | 3,747 | 3,919 | 172 | 4 % |
| Materials and services | 1,315 | 1,350 | 35 | 3 % |
| Depreciation and amortisation expenses | 15,795 | 15,494 | (301) | (2)% |
| Total Expenses | 20,857 | 20,763 | (94) | (0)% |
| OPERATING CAPABILITIES BEFORE CAPITAL ITEMS | (20,769) | (20,734) | (35) | (0)% |
| Engineering Services is on budget. Unfavourable depreciation is offset by employee vacancies. | | | | |

Appendix G – Cairns Infrastructure and Assets – Service Delivery

| Operating Statement | | | | |
|--|---------------|---------------|-----------------|-----------------|
| For the Period Ended 24 November 2023 | | | | |
| Cairns Infrastructure and Assets - Service Delivery | | | | |
| | Actual | Budget | Variance | Variance |
| | \$000 | \$000 | \$000 | % |
| Operating Revenue | | | | |
| Net rates and utility charges | 75,203 | 75,228 | (25) | (0) % |
| Fees and charges | 3,843 | 3,918 | (75) | (2)% |
| Interest revenue | 640 | 587 | 53 | 9 % |
| Other income | 4,905 | 4,309 | 596 | 14 % |
| Grants, Subsidies and Contributions | 15 | 50 | (35) | (70)% |
| Total Operating Revenue | 84,606 | 84,092 | 514 | 1 % |
| Operating Expenditure | | | | |
| Employee benefits | 17,988 | 17,773 | (215) | (1)% |
| Materials and services | 29,689 | 29,720 | 31 | 0 % |
| Depreciation and amortisation expenses | 20,331 | 20,162 | (169) | (1)% |
| Finance costs | 14 | - | (14) | 100 % |
| Total Expenses | 68,022 | 67,655 | (367) | (1)% |
| OPERATING CAPABILITIES BEFORE CAPITAL ITEMS | 16,584 | 16,437 | 147 | 1 % |
| Service Delivery is \$147K favourable to budget due favourable Water Utilities electricity pricing compared to budget and stock adjustments. | | | | |

Appendix H – Economic Development & Advocacy

| Operating Statement | | | | |
|--|----------------|----------------|-----------------|-----------------|
| For the Period Ended 24 November 2023 | | | | |
| Economic Development & Advocacy | | | | |
| | Actual | Budget | Variance | Variance |
| | \$000 | \$000 | \$000 | % |
| Operating Revenue | | | | |
| Other income | - | - | - | 0 % |
| Total Operating Revenue | - | - | - | 0 % |
| Operating Expenditure | | | | |
| Employee benefits | 473 | 494 | 21 | 4 % |
| Materials and services | 2,309 | 2,304 | (5) | (0) % |
| Total Expenses | 2,782 | 2,798 | 16 | 1 % |
| OPERATING CAPABILITIES BEFORE CAPITAL ITEMS | (2,782) | (2,798) | 16 | 1 % |
| The Economic Development & Advocacy directorate is tracking to budget. | | | | |

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. |