ORDINARY MEETING 28 OCTOBER 2026	5.2

FINANCIAL PERFORMANCE REPORT FOR THE PERIOD ENDED 25 SEPTEMBER 2026

F&BS | 63/17/2-01 | #7953366

RECOMMENDATION:

That Council notes the financial performance report for the period ended 25 September 2026.

INTERESTED PARTIES:

Not applicable

EXECUTIVE SUMMARY:

This report contains the financial performance report for the period ended 25 September 2026.

SEPTEMBER FINANCIALS AT A GLANCE				
Comprehensive Income	**YTD Actual $000**	**YTD Budget $000**	**YTD Variance $000**	**Full Year Budget $000**
Total operating revenue	121,428	119,268	2,160	484,952
Total operating expenses	(109,319)	(108,661)	(658)	(463,613)
Net Operating Result	**12,109**	**10,607**	**1,502**	**21,339**
Capital revenue	41,075	32,739	8,336	124,262
Net Result	**53,184**	**43,346**	**9,838**	**145,601**
Capital Expenditure				
Capital Works Program	63,688	107,384	43,696	289,649

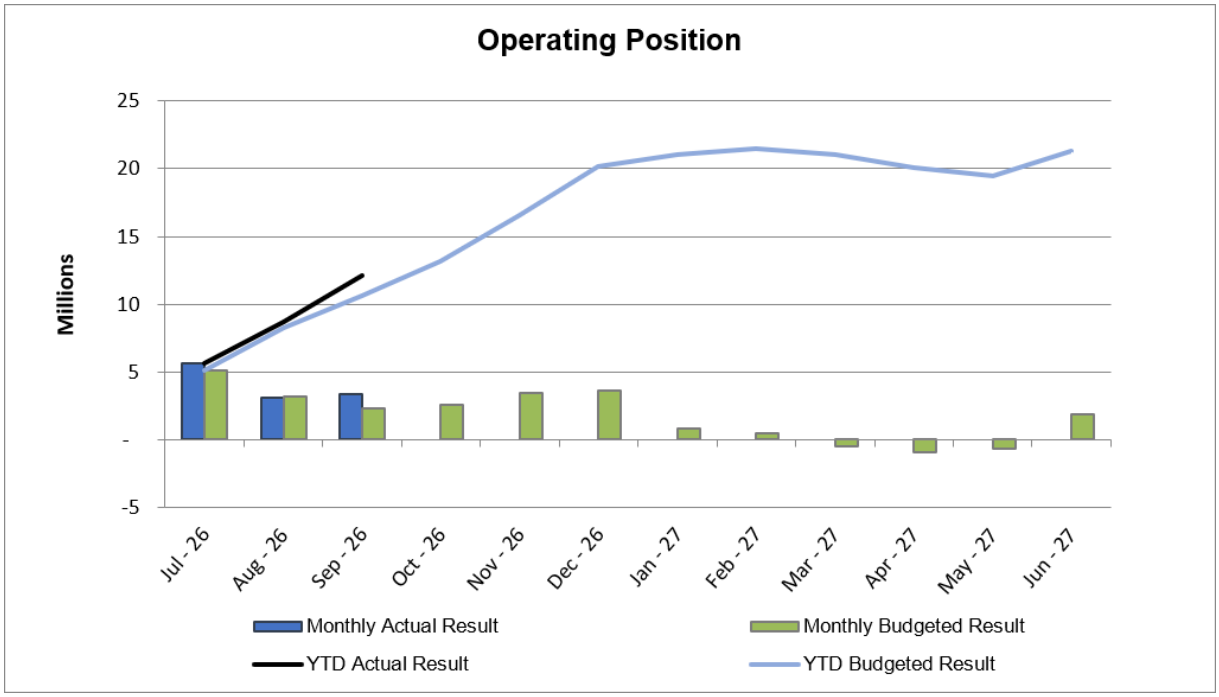
The operating result is favourable to budget by $1.5M driven mainly by favourable variances in other revenue ($842K), fees and charges ($743K) interest received ($729K) and finance costs ($482K). This has been partially offset by unfavourable variances in materials and services ($828K), net rates and utility charges ($529K) and depreciation expense ($437K).

Capital expenditure is $63.7M resulting in a favourable $43.7M timing variance to budget.

COMMENT:

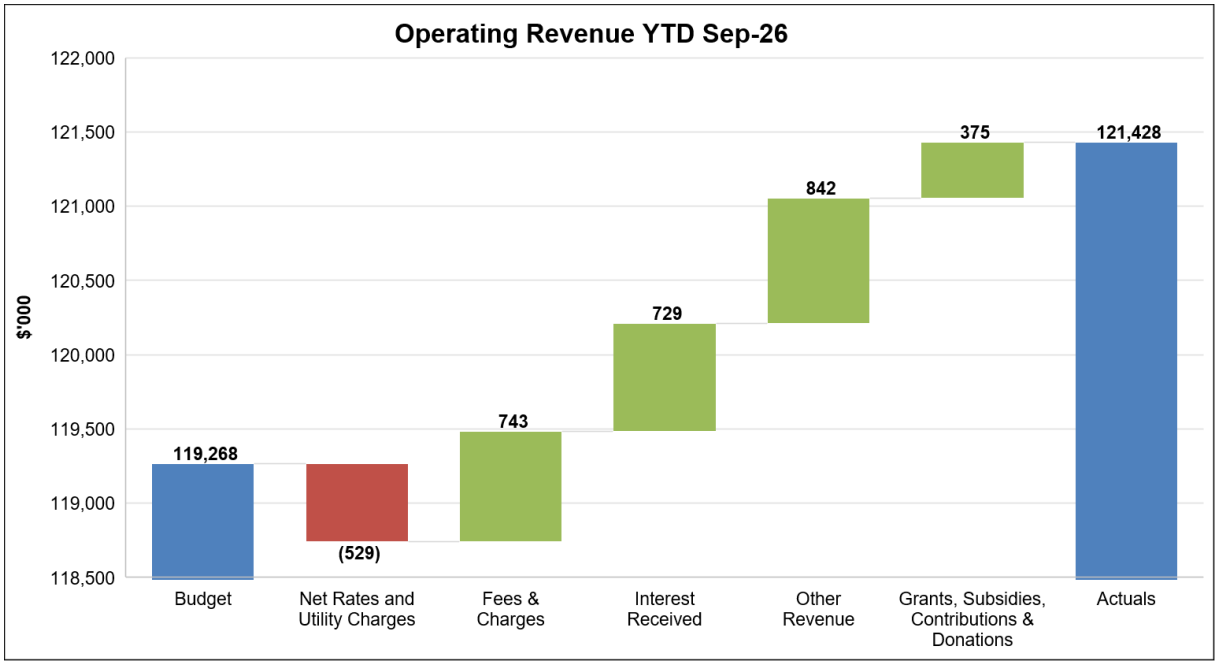
Each month, year to date financial statements are prepared in order to monitor actual performance against budget. Attached are the financial statements for the period ended 25 September 2026. Actual amounts are compared against year to date Budget 2026/27 figures. See Appendix one for detailed financial statements and Appendix two for statements of comprehensive income by directorate.

OPERATING POSITION



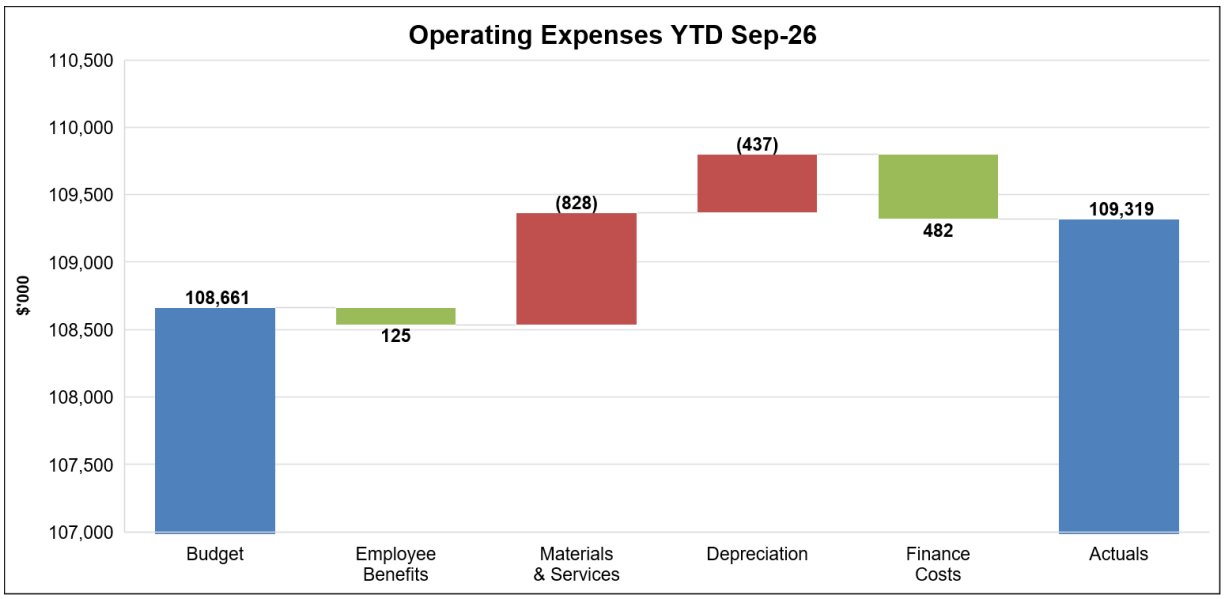
Council's operating position at the end of September was a surplus of $12.1M, compared to a budget of $10.6M. The operating result is favourable to budget by $1.5M driven mainly by favourable variances in other revenue ($842K), fees and charges ($743K) interest received ($729K) and finance costs ($482K). This has been partially offset by unfavourable variances in materials and services ($828K), net rates and utility charges ($529K) and depreciation expense ($437K).

OPERATING REVENUE



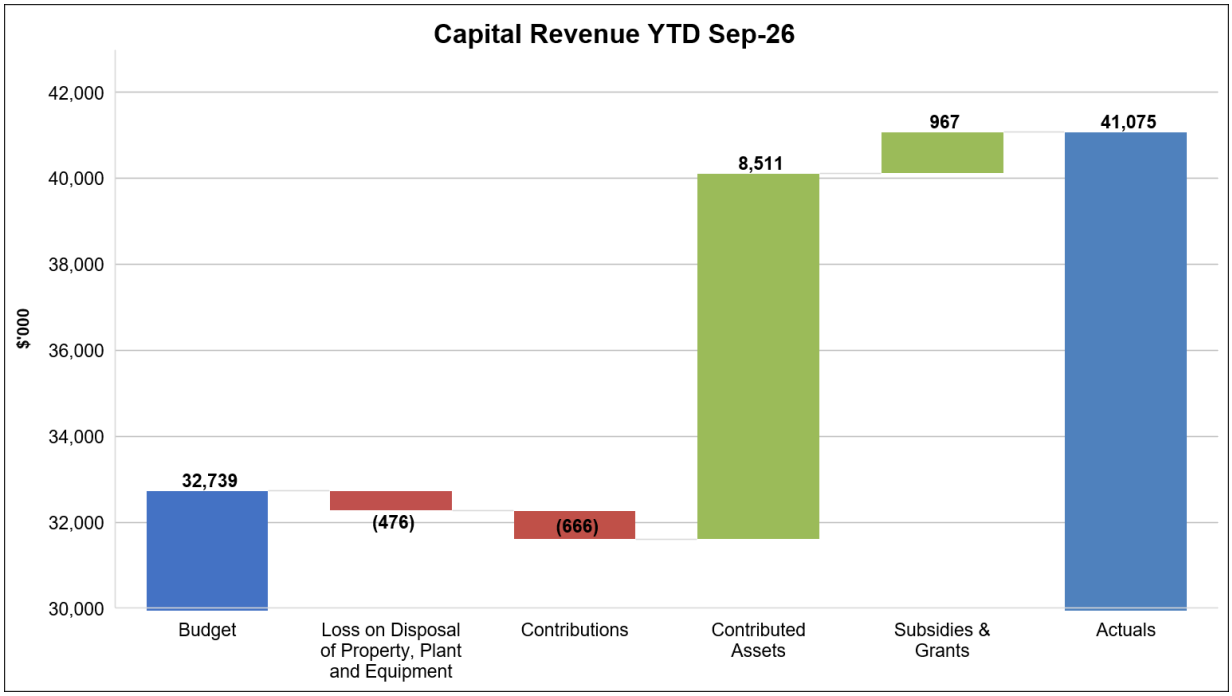
Operating revenue is favourable to budget by $2.2M driven by fees & charges associated with Resource Recovery, favourable investment income, external works income and the timing of grant receipts.

OPERATING EXPENDITURE



Operating expenditure is $658K unfavourable to budget, largely driven by the timing of operational spend in materials and services expenditure.

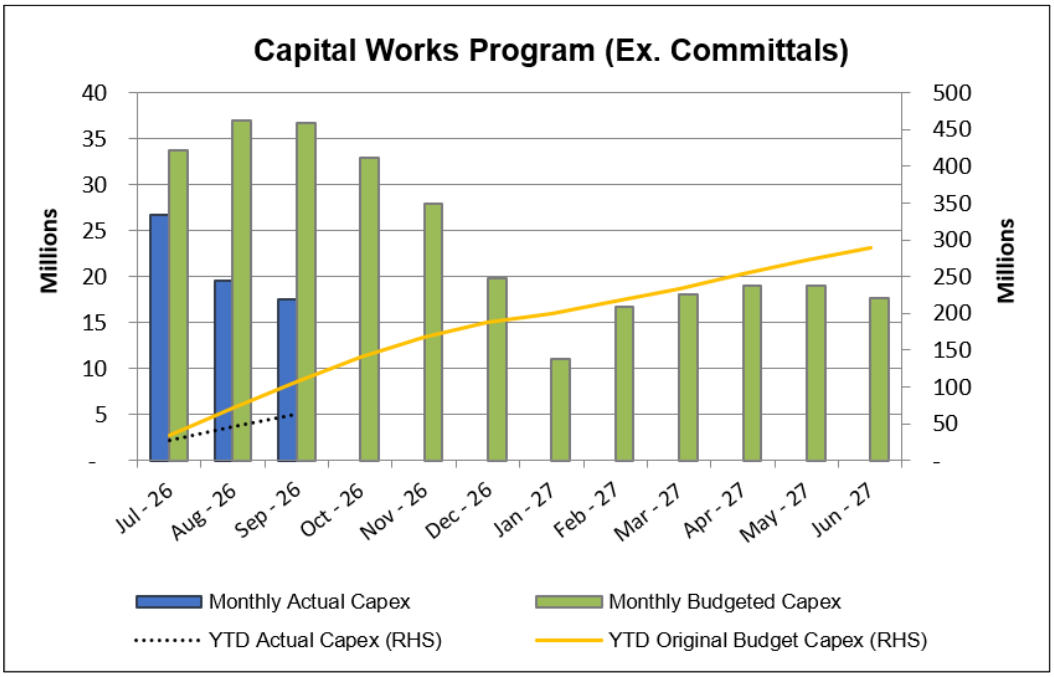
CAPITAL REVENUE



Capital revenue is $8.3M favourable to budget, mainly within contributed assets due to the higher than anticipated value of assets contributed from the Edmonton to Gordonvale (E2G) Bruce Highway Upgrade ($8.5M). Also contributing to the favourable variance is higher than anticipated subsidies and grants due to the timing of delivery of the relevant capital works projects, as revenue is recognised in line with expenditure ($967K).

This has been partially offset by lower than anticipated contributions ($666K) as receipt timing can vary depending on development activity. In addition, loss on disposal of property, plant and equipment is higher than anticipated ($476K) due to the timing of processing asset disposals and capitalisations.

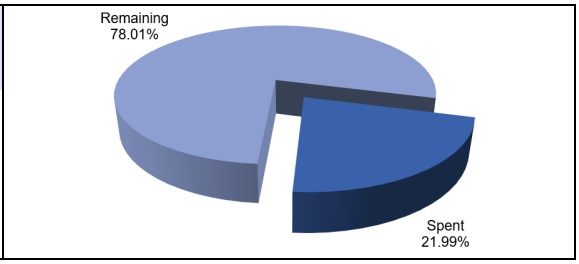
CAPITAL EXPENDITURE



Actual capital works expenditure year to date is $63.7M, compared to a budget of $107.4M. The following table illustrates year to date 2026/27 capital works program against the full year budget.

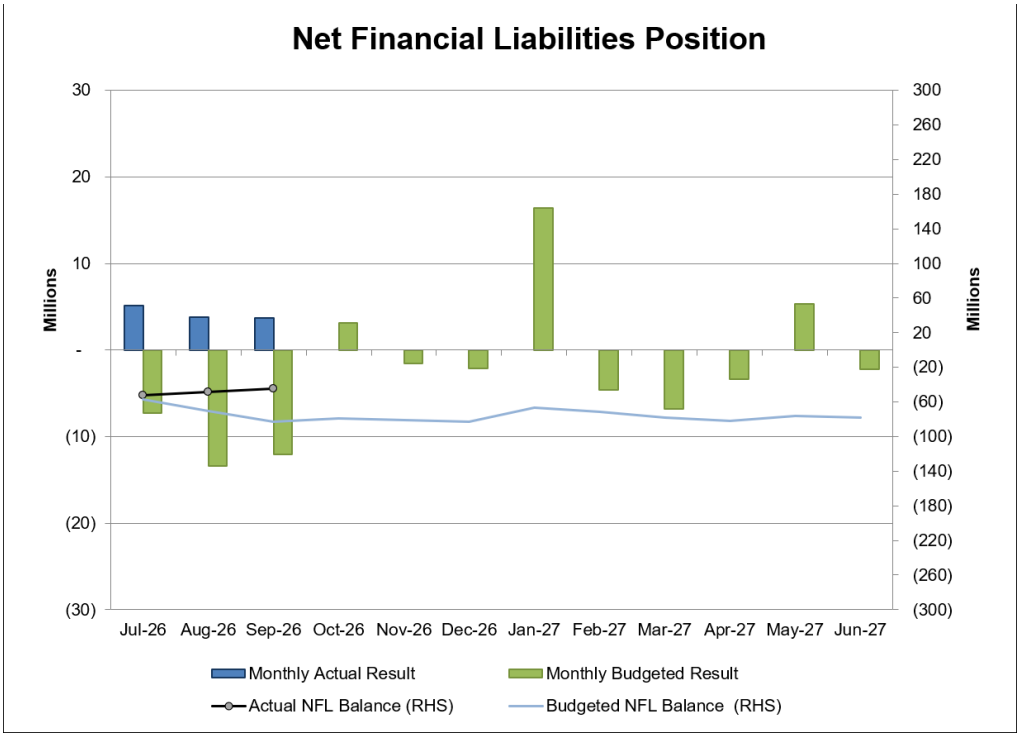
Portfolio	Year to Date Actual $000	Year to Date Budget $000	Year to Date Variance $000	Full Year Budget $000
Buildings & Fleet	1,263	3,133	1,870	14,228
Community Life	494	724	230	1,498
Community Spaces	4,370	9,287	4,917	30,307
Creative Life	407	1,182	775	2,045
Drainage	1,136	907	(229)	3,663
Finance & Business Services	55	872	817	3,300
Resource Recovery	1,151	1,075	(76)	2,795
Transport	7,847	13,384	5,537	34,468
Wastewater	2,816	7,723	4,907	32,992
Water	3,575	7,771	4,196	25,862
Major Projects	34,396	48,880	14,484	118,708
Councillor Discretionary Funds	176	200	24	1,000
Disaster Recovery	6,002	12,246	6,244	18,783
CAPITAL WORKS TOTAL	**63,688**	**107,384**	**43,696**	**289,649**
Capitalised Interest	347	-	(347)	-
CAPITAL EXPENDITURE	**64,035**	**107,384**	**43,349**	**289,649**

YTD actual expenditure	$63,688
Unspent capital expenditure	$225,961
Full year budget capital expenditure	$289,649



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 September, Council's NFL is $37.7M favourable to budget. This is driven by an unfavourable $7.7M carry forward position from the previous financial year combined with a $45.4M 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	121,428	119,268	2,160	484,953
Operating Expenses (ex Dep)	(80,384)	(80,163)	(221)	(341,456)
Capital Revenue - Infra Charges	3,644	4,310	(666)	17,239
Capital Revenue - Grants & Other	31,990	31,245	745	100,523
Net Capital Funding	**76,678**	**74,660**	**2,018**	**261,259**
Capital Expenditure	(64,035)	(107,384)	43,349	(289,649)
Net Funding Surplus/(Deficit)	**12,643**	**(32,724)**	**45,367**	**(28,390)**

Year to date net capital funding totals $76.7M which is $2.0M favourable to budget, mainly due to the favourable variance in operating revenue of $2.2M.

Capital expenditure at the end of September is $43.3M favourable to budget. Combined with a favourable net capital funding variance of $2.0M, this results in a favourable $45.4M net funding surplus variance year to date.

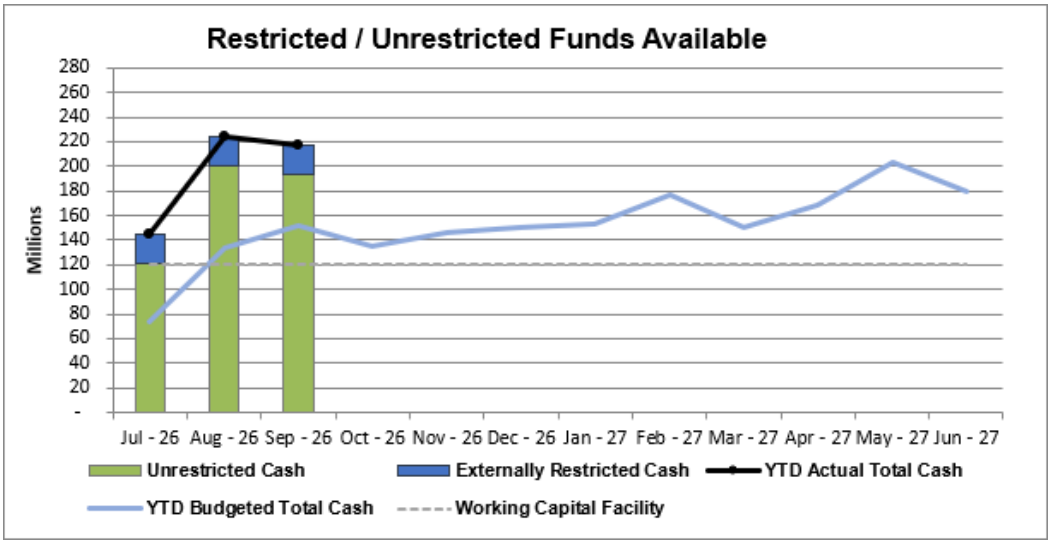
LIQUIDITY

	Actual $000	Budget $000	Variance $000
Cash and cash equivalents	96,416	31,598	64,818
Working capital facility	-	-	-
Long term loans	(68,453)	(71,628)	3,175
NET DEBT POSITION	**27,963**	**(40,030)**	**67,993**

Council's net debt position is $68.0M favourable driven mainly by the favourable year to date net funding surplus ($45.4M) and a higher than anticipated balance in trade and other payables ($25.4M). Also contributing is a higher than anticipated balance in other liabilities ($19.3M) for Disaster Recovery Funding Arrangements and State Waste Levy refunds, which is offset by a higher than anticipated trade and other receivables balance ($12.2M).

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.



Including the working capital facility, the total funds available is $216.4M. Excluding funds subject to external restrictions of $22.9M, the unconstrained funds available to meet ongoing operational expenses is $193.6M.

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	**10.0%**	**> 0%**	☑	**4.4%**
	Operating Cash Ratio	Cash operating performance (less depreciation and other non-cash items)	**34.4%**	**> 0%**	☑	**29.9%**
Liquidity	Unrestricted Cash Expense Cover Ratio	Unconstrained liquidity available to Council	**6.9**	**> 2 months**	☑	**4.2**
Debt Servicing Capacity	Leverage Ratio	Ability to repay existing debt	**1.7**	**0 - 4 times**	**N/A**	**0.5**
Asset Management	Asset Sustainability Ratio	Capital renewals program performance	**N/A**	**> 60%**	**N/A**	**97.5%**
	Asset Consumption Ratio	Extent to which assets are being consumed	**68.3%**	**> 60%**	☑	**69.4%**
	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 25 September 2026.

Option 2:

That Council does not note the financial performance report for the period ended 25 September 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 financial statements for the period ended 25 September 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 25 September 2026

	Actual	Original Budget	Variance
	$000	$000	$000
Income			
Revenue			
Operating Revenue			
Net rates and utility charges	99,083	99,612	(529)
Fees and charges	12,900	12,157	743
Interest received	1,766	1,037	729
Other revenue	5,818	4,976	842
Grants, subsidies, contributions and donations	1,861	1,486	375
Total Operating revenue	**121,428**	**119,268**	**2,160**
Expenses			
Operating Expenses			
Employee benefits	37,640	37,765	125
Materials and services	41,994	41,166	(828)
Depreciation	28,935	28,498	(437)
Finance costs	750	1,232	482
Total Operating Expenses	**109,319**	**108,661**	**(658)**
Capital Revenue			
Loss on disposal of property, plant and equipment	(2,917)	(2,441)	(476)
Contributions	3,644	4,310	(666)
Contributed assets	8,511	-	8,511
Subsidies and grants	31,837	30,870	967
Net Capital Revenue	**41,075**	**32,739**	**8,336**
Net result attributable to Council in period	**53,184**	**43,346**	**9,838**

Council's net result for September 2026 is a surplus of $53.2M, $9.8M higher than budgeted.

Operating revenue is $2.2M favourable to budget driven by greater than anticipated other revenue ($842K), fees and charges ($743K) and interest received ($729K). This has been partially offset by an unfavourable variance in net rates and utility charges ($529K).

Operating expenses are $658K unfavourable to budget due to higher than anticipated materials and services ($828K) and depreciation ($437K). This has been partially offset by favourable variances in finance costs ($482K) and employee benefits ($125K).

Capital revenue is $8.3M favourable to budget mainly due to higher than anticipated contributed assets ($8.5M) and subsidies and grants ($967K), offset by the unfavourable variance in contributions ($666K) and loss on disposal of property, plant and equipment ($476K).

Statement of Financial Position
For the Period Ended 25 September 2026

	Note	Actual	Original Budget	Variance
		$000	$000	$000
Assets				
Current Assets				
Cash and cash equivalents	**1**	96,416	31,598	64,818
Trade and other receivables	**2**	176,277	164,049	12,228
Inventories		4,913	4,230	683
		277,606	**199,877**	**77,729**
Non-Current Assets				
Property, plant and equipment	**3**	5,936,726	5,945,793	(9,067)
		5,936,726	**5,945,793**	**(9,067)**
Total Assets		**6,214,332**	**6,145,670**	**68,662**
Liabilities				
Current Liabilities				
Trade and other payables	**4**	84,777	59,422	(25,355)
Borrowings		17,816	19,124	1,308
Provisions		31,967	33,624	1,657
Other liabilities	**5**	107,880	98,577	(9,303)
		242,440	**210,747**	**(31,693)**
Non-Current Liabilities				
Borrowings		50,637	52,504	1,867
Provisions		16,222	15,918	(304)
Other liabilities	**6**	13,223	3,263	(9,960)
		80,082	**71,685**	**(8,397)**
Total Liabilities		**322,522**	**282,432**	**(40,090)**
NET COMMUNITY ASSETS		**5,891,810**	**5,863,238**	**28,572**
Community Equity				
Retained surplus/deficit		3,339,545	3,361,230	(21,685)
Asset revaluation surplus		2,552,265	2,502,008	50,257
TOTAL COMMUNITY EQUITY		**5,891,810**	**5,863,238**	**28,572**

1 The variance in cash and cash equivalents is favourable largely as a result of delays in delivering the prior and current year's capital works program.

2 The favourable variance in trade and other receivables is mainly driven by higher than anticipated accrued revenue ($11.3M).

3 Property, plant and equipment is unfavourable to budget due to delays in delivering the 2025/26 and current year capital works programs ($79.4M), which has been offset by the higher than anticipated result of annual asset valuations in 2025/26 ($50.3M) and contributed assets in 2025/26 ($11.1M) and 2026/27 ($8.5M)

4 Trade and other payables are unfavourable to budget due to a higher than anticipated opening balance as at 1 July, as well as timing of recognition of expenses.

5 The variance in other current liabilities is due to timing of recognition of capital grant payments versus associated capital expenditure, mainly related to various Disaster Recovery Funding Arrangement grants.

6 The variance in other non-current liabilities is due to the unanticipated advance payment of State Waste Levy refunds in July ($9.5M).

Statement of Cash Flows
For the Period Ended 25 September 2026

	Note	Actual	Original Budget	Variance
		$000	$000	$000
Cash Flows from Operating Activities:				
Receipts from customers		187,046	184,718	2,328
Payments to suppliers and employees	1	(83,468)	(104,538)	21,070
Interest received		1,766	1,067	699
Borrowing costs		(378)	(378)	-
Net cash inflow (outflow) from operating activities		**104,966**	**80,869**	**24,097**
Cash Flows from Investing Activities				
Grants, subsidies and contributions for capital acquisitions	2	9,863	55,653	(45,790)
Proceeds from disposal of property, plant and equipment		190	375	(185)
Payments for property, plant and equipment	3	(68,624)	(97,747)	29,123
Net cash inflow (outflow) from investing activities		**(58,571)**	**(41,719)**	**(16,852)**
Cash Flows from Financing Activities:				
Proceeds from borrowings		-	3,000	(3,000)
Repayment of borrowings		(4,685)	(4,877)	192
Proceeds from working capital facility	4	-	46,484	(46,484)
Repayment of working capital facility	4	-	(52,159)	52,159
Net cash inflow (outflow) from financing activities		**(4,685)**	**(7,552)**	**2,867**
NET INCREASE/(DECREASE) IN CASH HELD		**41,710**	**31,598**	**10,112**
Cash at beginning of year		54,706	-	54,706
CASH AT END OF PERIOD		**96,416**	**31,598**	**64,818**

1 Payments to suppliers and employees are lower than anticipated due a higher than anticipated opening balance in trade and other payables as at 1 July, as well as timing of recognition of expenses.

2 The unfavourable variance in cash receipts from capital grants and contributions is largely due to timing differences in relation to cash receipts for the CWSS1 grant ($50M).

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

4 Delays in delivering the prior year capital works program has resulted in higher than anticipated cash balances, leading to the non-utilisation of the working capital facility.

Attachment 2: Directorate Reports

Directorate operating statements provide information on the performance of each directorate for the period ended 25 September 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 25 September 2026

Office of the CEO

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Other revenue	258	271	(13)	(5)%
Total Operating Revenue	**258**	**271**	**(13)**	**(5)%**
Operating Expenditure				
Employee Benefits	908	928	20	2 %
Materials and services	149	198	49	25 %
Total Expenses	**1,057**	**1,126**	**69**	**6 %**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**(799)**	**(855)**	**56**	**7 %**

Office of the CEO is $56K favourable to budget YTD, across various materials & services.

Appendix B – Finance & Business Services

Operating Statement
For the Period Ended 25 September 2026

Finance & Business Services

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Net rates and utility charges	40,449	40,557	(108)	(0)%
Fees & charges	280	286	(6)	(2)%
Interest revenue	1,286	577	709	123 %
Other revenue	107	84	23	27 %
Grants, Subsidies and Contributions	279	272	7	3 %
Total Operating Revenue	**42,401**	**41,776**	**625**	**1 %**
Operating Expenditure				
Employee Benefits	4,487	4,447	(40)	(1)%
Materials and services	(551)	(82)	469	572 %
Depreciation and Amortisation	626	665	39	6 %
Finance Costs	287	813	526	65 %
Total Expenses	**4,849**	**5,843**	**994**	**17 %**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**37,552**	**35,933**	**1,619**	**5 %**

The Finance & Business Services directorate is $1.6M favourable to budget YTD, largely due to favourable interest revenue & expense, and timing of various materials & services.

Appendix C – People & Organisational Performance

Operating Statement
For the Period Ended 25 September 2026

People & Organisational Performance

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Fees & charges	2	1	1	100 %
Other revenue	36	-	36	100 %
Grants, Subsidies and Contributions	426	458	(32)	(7)%
Total Operating Revenue	**464**	**459**	**5**	**1 %**
Operating Expenditure				
Employee Benefits	3,362	3,440	78	2 %
Materials and services	2,022	2,098	76	4 %
Depreciation and Amortisation	76	83	7	8 %
Total Expenses	**5,460**	**5,621**	**161**	**3 %**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**(4,996)**	**(5,162)**	**166**	**3 %**

The People & Organisational Performance directorate is $166K favourable to budget largely within various materials and services expenses and employee benefits.

Appendix D – Planning, Growth & Sustainability

Operating Statement
For the Period Ended 25 September 2026

Planning, Growth & Sustainability

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Fees & charges	1,906	1,857	49	3 %
Other revenue	341	401	(60)	(15)%
Grants, Subsidies and Contributions	88	120	(32)	(27)%
Total Operating Revenue	**2,335**	**2,378**	**(43)**	**(2)%**
Operating Expenditure				
Employee Benefits	2,789	2,660	(129)	(5)%
Materials and services	529	766	237	31 %
Finance Costs	-	11	11	100 %
Total Expenses	**3,318**	**3,437**	**119**	**3 %**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**(983)**	**(1,059)**	**76**	**7 %**

Planning, Growth and Sustainability is $76K favourable to budget due to timing of external services.

Appendix E – Lifestyle & Community

Operating Statement
For the Period Ended 25 September 2026

Lifestyle & Community

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Fees & charges	5,910	5,756	154	3 %
Other revenue	1,831	1,538	293	19 %
Grants, Subsidies and Contributions	570	509	61	12 %
Total Operating Revenue	**8,311**	**7,803**	**508**	**7 %**
Operating Expenditure				
Employee Benefits	10,138	10,024	(114)	(1)%
Materials and services	12,790	12,213	(577)	(5)%
Depreciation and Amortisation	4,403	4,149	(254)	(6)%
Finance Costs	464	407	(57)	(14)%
Total Expenses	**27,795**	**26,793**	**(1,002)**	**(4)%**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**(19,484)**	**(18,990)**	**(494)**	**(3)%**

Lifestyle & Community is $494K unfavourable to budget. Materials and services is due to the timing of external services. This is offset by fees & charges (venues & cemeteries) and other revenue which is favourable due to a large volume of community events throughout the month.

Appendix F – Cairns Infrastructure and Assets – Engineering Services

Operating Statement
For the Period Ended 25 September 2026

Cairns Infrastructure and Assets - Engineering Services

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Fees & charges	14	16	(1)	(6)%
Other revenue	2	-	1	100 %
Grants, Subsidies and Contributions	-	24	(24)	(100)%
Total Operating Revenue	**16**	**40**	**(24)**	**(60)%**
Operating Expenditure				
Employee Benefits	2,917	2,936	19	1 %
Materials and services	855	1,306	451	35 %
Depreciation and Amortisation	10,021	9,775	(246)	(3)%
Total Expenses	**13,793**	**14,017**	**224**	**2 %**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**(13,777)**	**(13,977)**	**200**	**1 %**

Engineering Services is $200K favourable to budget due to timing of external services.

Appendix G – Cairns Infrastructure and Assets – Service Delivery

Operating Statement
For the Period Ended 25 September 2026

Cairns Infrastructure and Assets - Service Delivery

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Net rates and utility charges	58,634	59,054	(420)	(1)%
Fees & charges	4,788	4,241	547	13 %
Interest revenue	480	459	21	5 %
Other revenue	3,244	2,682	562	21 %
Grants, Subsidies and Contributions	497	103	394	383 %
Total Operating Revenue	**67,643**	**66,539**	**1,104**	**2 %**
Operating Expenditure				
Employee Benefits	12,621	12,890	269	2 %
Materials and services	25,190	23,081	(2,109)	(9)%
Depreciation and Amortisation	13,809	13,824	15	0 %
Total Expenses	**51,620**	**49,795**	**(1,825)**	**(4)%**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**16,023**	**16,744**	**(721)**	**(4)%**

Service Delivery is $721K unfavourable to budget. Major variances include timing of Facilities Maintenance and Works Maintenance annual programs.

Appendix H – Economic Development & Advocacy

Operating Statement
For the Period Ended 25 September 2026

Economic Development & Advocacy

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Other revenue	-	-	-	0 %
Total Operating Revenue	**-**	**-**	**-**	**0 %**
Operating Expenditure				
Employee Benefits	418	440	22	5 %
Materials and services	1,008	1,585	577	36 %
Total Expenses	**1,426**	**2,025**	**599**	**30 %**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**(1,426)**	**(2,025)**	**599**	**30 %**

The Economic Development & Advocacy directorate is $599K favourable to budget, largely due to timing of event contributions.

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 August 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.
Other Revenue	Other 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.