

SPECIAL BUDGET MEETING**19 JUNE 2023****18****STATEMENT OF ESTIMATED FINANCIAL POSITION**

J Piercy | 63/17/2-01 | #7169919

RECOMMENDATION:

That Council note the Statement of Estimated Financial Position in accordance with section 205 of the *Local Government Regulation 2012*.

EXECUTIVE SUMMARY:

This report provides a comparison of Council's financial operations and financial position between the 2022/23 budget and the 2022/23 forecast. The report is comprised of a Budgeted Statement of Income and Expenditure, Budgeted Financial Position and Budgeted Statement of Cash Flows.

BACKGROUND:

In accordance with section 205 of the *Local Government Regulation 2012* Council is required to present a Statement of Estimated Financial Position during the budget meeting to enable a review of the previous year.

This report provides a comparison of Council's financial operations and financial position between the 2022/23 budget adopted in June 2022 and the 2022/23 forecast. The 2022/23 forecast is based upon Council's actual results for the period 1 July 2022 up to 31 March 2023 and an estimated forecast for the remainder of the period.

The report is comprised of a Budgeted Statement of Income and Expenditure, Budgeted Financial Position and Budgeted Statement of Cash Flows (refer to attachments).

COMMENT:

Council's 2022/23 Net Result is anticipated to be \$8.6M favourable to budget, driven largely by a \$10.7M favourable variance in revenue offset by \$2.1M of expenses in excess of budget. The favourable revenue variance was mainly due to higher than anticipated contributed assets (\$12.3M) and fees and charges (\$2.4M), which was slightly offset by lower than anticipated capital grants, subsidies and contributions (\$9.6M). The unfavourable expense variance was mainly due to greater than anticipated materials and services costs (\$6.7M) which was partially offset by less than expected losses on disposal of non-current assets (\$4.2M).

Council's actual results are compared against year to date budgeted results on a monthly basis and reported each month to Council. This analysis includes commentary on variances.

CONSIDERATIONS:**Statutory:**

This report has been prepared in accordance with section 205 of the *Local Government Regulation 2012*.

ATTACHMENTS:

Budgeted Financial Statements:

- Budgeted Statement of Income and Expenditure;
- Budgeted Financial Position; and
- Budgeted Statement of Cash Flows



Jason Ritchie
Executive Manger Finance



Lisa Whitton
Chief Financial Officer

BUDGETED FINANCIAL STATEMENTS

Cairns Regional Council - Budgeted Statement of Income and Expenditure

	2022/23 Budget \$'000	2022/23 Forecast \$'000	Variance \$'000	Variance %
Operating Revenue				
Rates and utility charges	303,890	303,573	(317)	(0.10%)
Less: rebates	(5,131)	(5,014)	117	2.28%
Net rates and utility charges	298,759	298,559	(200)	(0.07%)
Fees and charges	26,173	28,561	2,388	9.12%
Interest revenue	1,781	3,609	1,828	102.64%
Grants, subsidies and contributions	5,857	6,689	832	14.21%
Other operating income	19,437	20,618	1,181	6.08%
	352,007	358,036	6,029	1.71%
Capital Revenue				
Capital grants and subsidies	24,325	14,727	(9,598)	(39.46%)
Contributions from developers	13,000	15,000	2,000	15.38%
Contributed assets	13,724	25,980	12,256	89.30%
	51,049	55,707	4,658	9.12%
TOTAL REVENUE	403,056	413,743	10,687	2.65%
Operating Expenses				
Employee benefits	124,280	122,333	1,947	1.57%
Materials and services	123,960	130,615	(6,655)	(5.37%)
Depreciation	99,563	100,450	(887)	(0.89%)
Finance costs	3,780	4,464	(684)	(18.10%)
	351,583	357,862	(6,279)	(1.79%)
Capital Expenses				
Gain/(loss) on sale of non-current assets	18,095	13,900	4,195	23.18%
TOTAL EXPENSES	369,678	371,762	(2,084)	(0.56%)
NET RESULT	33,378	41,981	8,603	25.77%
Other Comprehensive Income				
Increase/(decrease) in asset revaluation surplus	82,413	362,399	279,986	339.74%
TOTAL COMPREHENSIVE INCOME	115,791	404,380	288,589	249.23%

Cairns Regional Council - Budgeted Financial Position

	2022/23 Budget \$'000	2022/23 Forecast \$'000	Variance \$'000	Variance %
Current Assets				
Cash assets and equivalents	10,150	29,563	19,413	191.26%
Receivables	61,696	47,504	(14,192)	(23.00%)
Inventories	2,526	3,430	904	35.79%
	<u>74,372</u>	<u>80,497</u>	<u>6,125</u>	<u>8.24%</u>
Non-Current Assets				
Property, plant and equipment	4,406,564	4,682,575	276,011	6.26%
	<u>4,406,564</u>	<u>4,682,575</u>	<u>276,011</u>	<u>6.26%</u>
TOTAL ASSETS	<u>4,480,936</u>	<u>4,763,072</u>	<u>282,136</u>	<u>6.30%</u>
Current Liabilities				
Trade and other payables	54,015	47,712	6,303	11.67%
Interest bearing liabilities	28,971	27,149	1,822	6.29%
Other liabilities	17,162	23,988	(6,826)	(39.77%)
Provisions	15,925	14,431	1,494	9.38%
	<u>116,073</u>	<u>113,280</u>	<u>2,793</u>	<u>2.41%</u>
Non-Current Liabilities				
Interest bearing liabilities	160,395	129,111	31,284	19.50%
Other liabilities	-	1,747	(1,747)	(100.00%)
Provisions	13,881	13,652	229	1.65%
	<u>174,276</u>	<u>144,510</u>	<u>29,766</u>	<u>17.08%</u>
TOTAL LIABILITIES	<u>290,349</u>	<u>257,790</u>	<u>32,559</u>	<u>11.21%</u>
NET COMMUNITY ASSETS	4,190,587	4,505,282	314,695	7.51%
Community Equity				
Asset revaluation surplus	1,448,471	1,765,256	316,785	21.87%
Retained surplus / (deficit)	2,742,116	2,740,026	(2,090)	(0.08%)
TOTAL COMMUNITY EQUITY	4,190,587	4,505,282	314,695	7.51%

Cairns Regional Council - Budgeted Statement of Cash Flows

	2022/23 Budget \$'000	2022/23 Forecast \$'000	Variance \$'000	Variance %
Cash flows from operating activities				
Receipts				
Receipts from customers	335,786	352,227	16,441	4.90%
Interest revenue	1,781	2,043	262	14.71%
Operating grants and contributions	6,513	6,914	401	6.16%
	<u>344,080</u>	<u>361,184</u>	<u>17,104</u>	<u>4.97%</u>
Payments				
Payments to suppliers and employees	(239,647)	(260,476)	(20,829)	(8.69%)
Finance costs	(3,379)	(3,528)	(149)	(4.41%)
	<u>(243,026)</u>	<u>(264,004)</u>	<u>(20,978)</u>	<u>(8.63%)</u>
Cash provided by / (used in) operational activities	101,054	97,180	(3,874)	(3.83%)
Cash flows from investing activities				
Receipts				
Proceeds/ (loss) from the sale of non-current assets	1,500	2,069	569	37.93%
Proceeds from developers and government for capital projects	31,902	21,537	(10,365)	(32.49%)
	<u>33,402</u>	<u>23,606</u>	<u>(9,796)</u>	<u>(29.33%)</u>
Payments				
Payments for property, plant and equipment	(145,181)	(104,731)	40,450	27.86%
	<u>(145,181)</u>	<u>(104,731)</u>	<u>40,450</u>	<u>27.86%</u>
Cash provided by / (used in) investing activities	(111,779)	(81,125)	30,654	27.42%
Cash flows provided from financing activities				
Receipts				
Proceeds from borrowings	33,000	-	(33,000)	(100.00%)
Payments				
Repayment of borrowings	(26,627)	(26,753)	(126)	(0.47%)
Cash provided by / (used in) financing activities	6,373	(26,753)	(33,126)	(519.79%)
Net increase / (decrease) in cash held	(4,352)	(10,698)	(6,346)	145.82%
Cash at beginning of reporting period	14,502	40,261	25,759	177.62%
Cash at end of reporting period	10,150	29,563	19,413	191.26%