

ORDINARY MEETING 6 MARCH 2024	3
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FINANCIAL PERFORMANCE REPORT FOR THE PERIOD ENDED 23 FEBRUARY 2024

63/17/2-01 | #7357183

RECOMMENDATION:

That Council notes the financial performance report for the period ended 23 February 2024.

INTERESTED PARTIES:

Not applicable

EXECUTIVE SUMMARY:

This report contains the financial performance report for the period ended 23 February 2024.

FEBRUARY FINANCIALS AT A GLANCE				
Comprehensive Income	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Full Year Budget \$000
Total operating revenue	254,289	246,694	7,595	377,916
Total operating expenses	(253,699)	(245,051)	(8,648)	(377,666)
Net Operating Result	590	1,643	(1,053)	250
Capital revenue	5,009	11,441	(6,432)	42,319
Net Result	5,599	13,084	(7,485)	42,569
Treasury Performance	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Full Year Budget \$000
Operating result - (ex depreciation)	70,705	70,563	142	106,239
Infrastructure charges revenue	6,912	9,134	(2,222)	15,200
Grants & other capital revenue	4,690	13,223	(8,533)	20,536
Net Capital Funding	82,307	92,920	(10,613)	141,975
Capital expenditure	(68,641)	(96,553)	27,912	(166,209)
Net Funding Surplus/(Deficit)	13,666	(3,633)	17,299	(24,234)

The year to date operating result is unfavourable to budget by \$1.1M. Included in this is an unbudgeted net cost of \$2.9M related to TC Jasper recovery works (\$11.7M in expenses offset by \$8.8M in funding). In addition, miscellaneous revenue (\$1.3M) and interest revenue (\$957K) are greater than anticipated which has been slightly offset by lower than anticipated net rates and utility charges (\$2.1M) and higher depreciation (\$1.2M).

The net capital funding available is \$82.3M which is \$10.6M unfavourable to budget. This is due to a combination of unfavourable grants and other capital revenue (\$8.5M), and infrastructure charges revenue (\$2.2M).

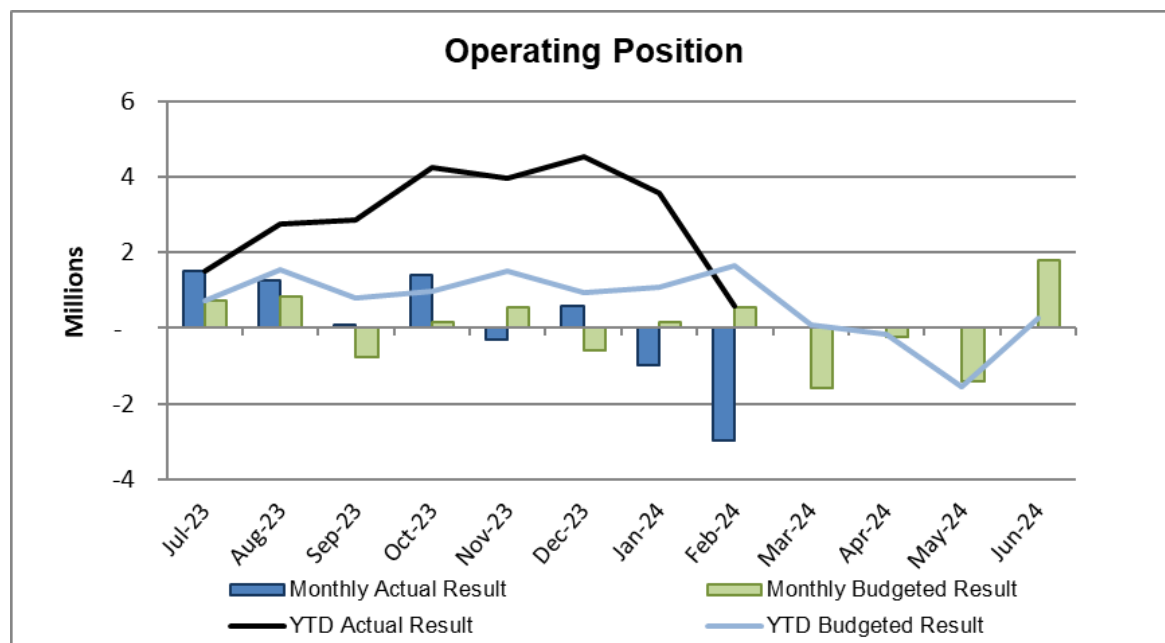
Capital expenditure is \$68.3M resulting in a \$27.3M timing variance to budget.

The full impact of the Cyclone Jasper Flood Emergency on Council’s financial position is still being worked through, with the remediation works expected to exceed \$100M. Whilst funding programs such as DRFA (Disaster Recovery Funding Arrangements), particularly the REPA (Reconstruction of Public Assets) portion, are expected to cover elements of these costs there is still expected to be a significant portion that is not externally funded. To date, approximately \$11.7M of recovery related expenditure has been recognised in Council’s operating expenses, \$8.8M of which is expected to be recoverable through external funding streams.

COMMENT:

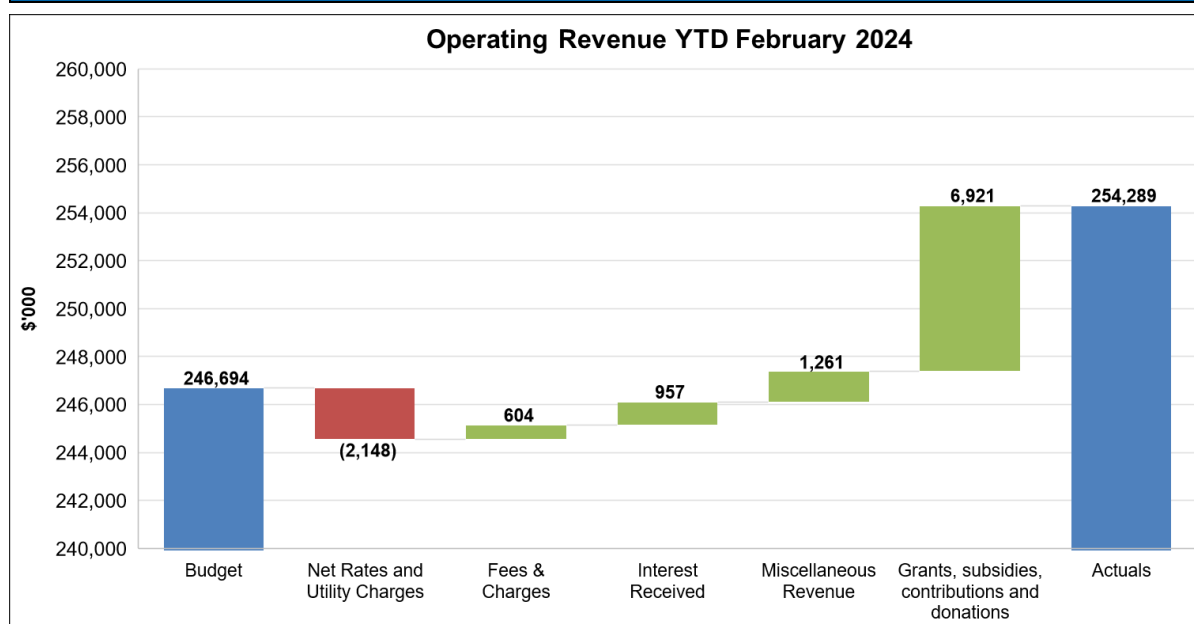
Each month, year to date financial statements are prepared in order to monitor actual performance against budget. Attached are the financial statements for the period ended 23 February 2024. Actual amounts are compared against year to date Budget 2023/24 figures. See Appendix one for detailed financial statements and Appendix two for statements of comprehensive income by directorate.

OPERATING POSITION



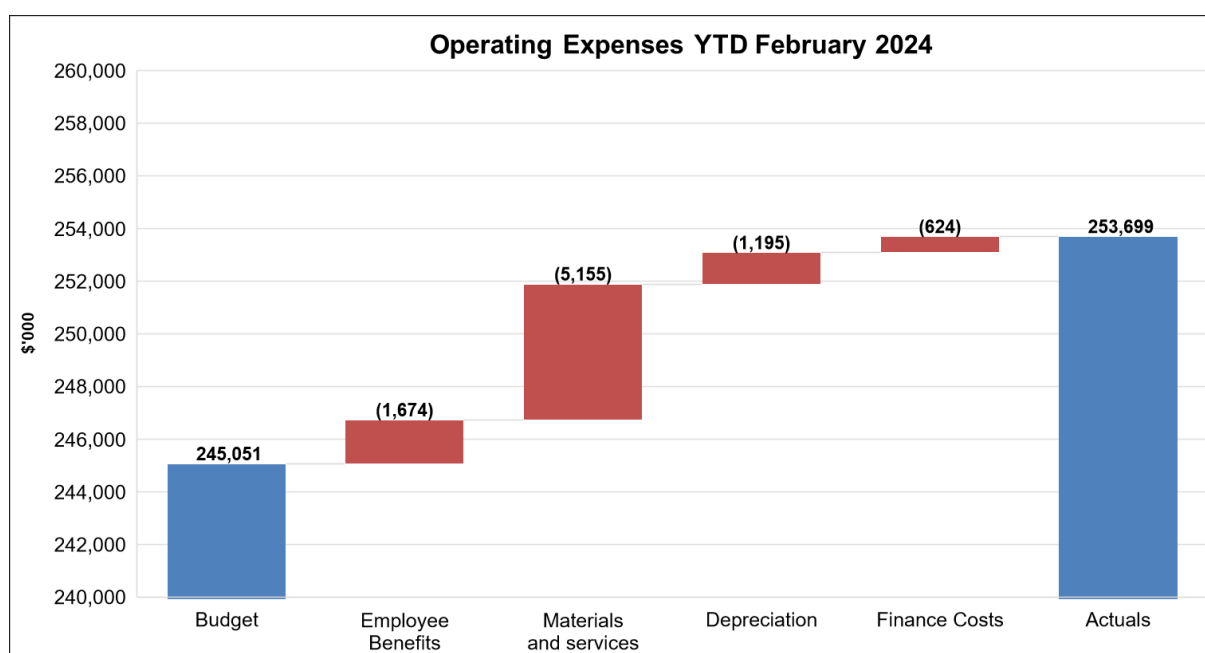
Council's operating position at the end of February was a surplus of \$590K, \$1.1M favourable to budget. This result is mainly due to greater than anticipated grants, subsidies, contributions and donations (\$6.9M), driven by the unbudgeted receipt of funding for the Cyclone Jasper Flood Emergency (\$8.8M). This funding has corresponding expenditure of \$11.7M which is driving unfavourable variances in materials and services and employee benefits. In addition, miscellaneous revenue (\$1.3M) and interest revenue (\$957K) is greater than anticipated which has been slightly offset by lower than anticipated net rates and utility charges (\$2.1M) and greater than anticipated depreciation (\$1.2M).

OPERATING REVENUE



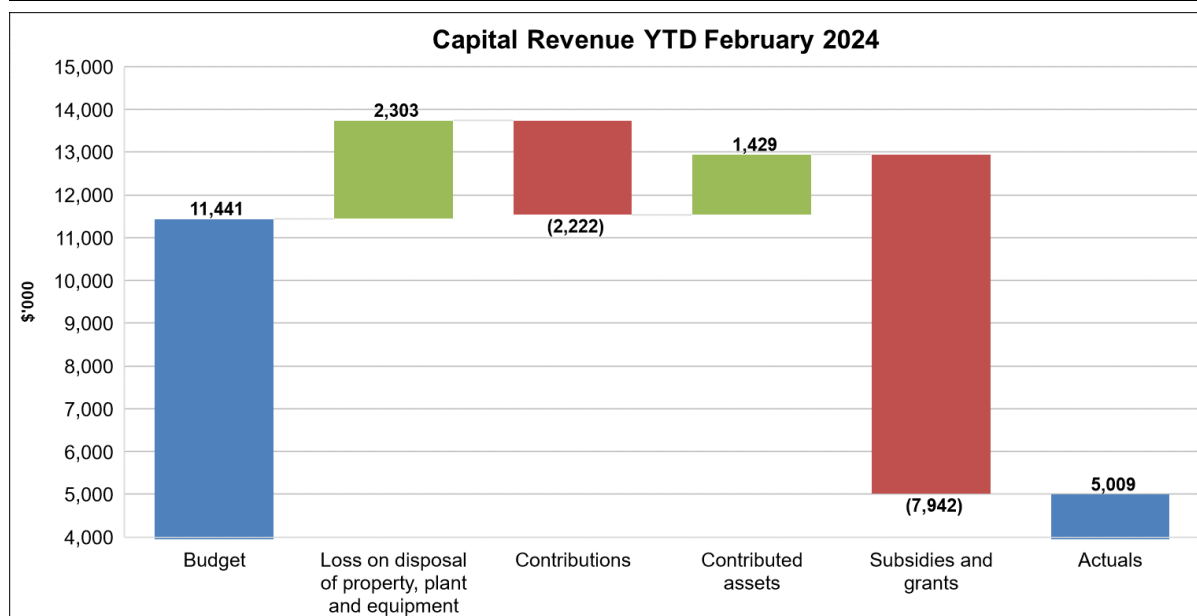
Operating revenue is favourable to budget by \$7.6M driven by greater than anticipated grants, subsidies, contributions and donations (\$6.9M) due to the unbudgeted receipt of funding for the Cyclone Jasper Flood Emergency of (\$8.8M), as well as higher miscellaneous revenue (\$1.3M) and interest received (\$957K). This has been slightly offset by less than anticipated net rates and utility charges (\$2.1M).

OPERATING EXPENDITURE



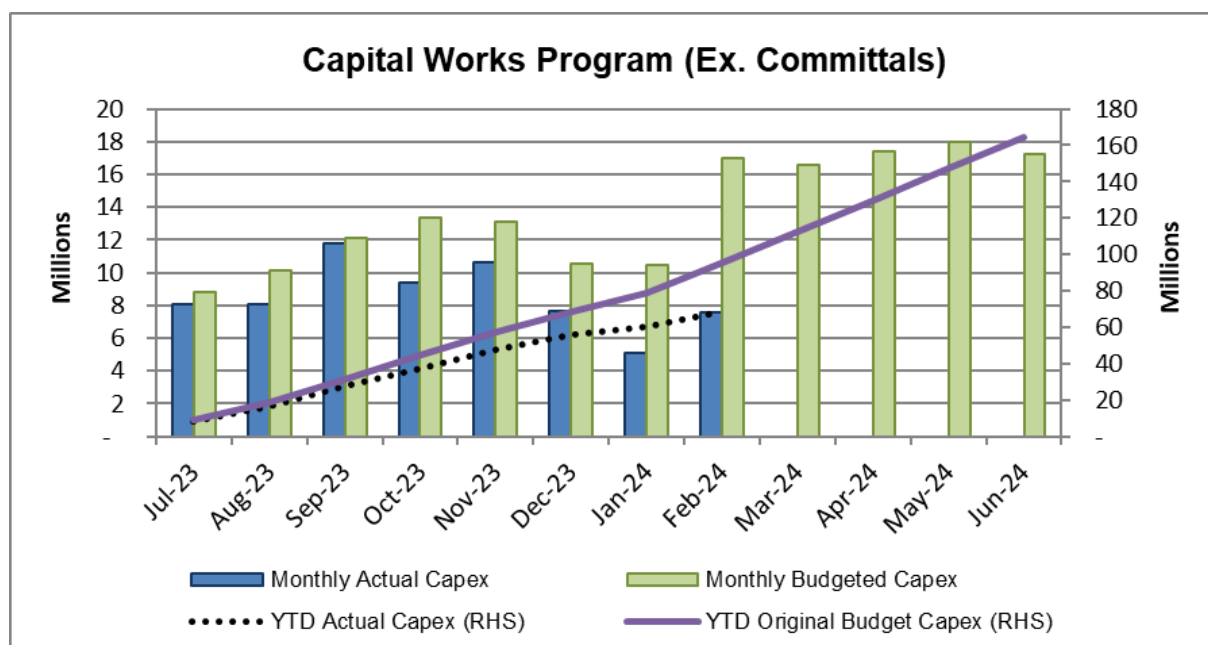
Operating expenditure is \$8.6M unfavourable to budget. This is largely driven by greater than anticipated materials and services (\$5.2M) and employee benefits (\$1.7M) mainly due to unbudgeted expenditure relating to the Cyclone Jasper Flood Emergency, as well as higher depreciation (\$1.2M).

CAPITAL REVENUE



Capital revenue is \$6.4M unfavourable to budget mainly due to less than anticipated subsidies and grants, due to timing (\$7.9M) and contributions (\$2.2M). This has been slightly offset by less than anticipated loss on disposal of property, plant and equipment (\$2.3M). The unfavourable capital grant revenue is due largely to the timing of the capital works program as revenue is recognised in line with expenditure.

CAPITAL EXPENDITURE



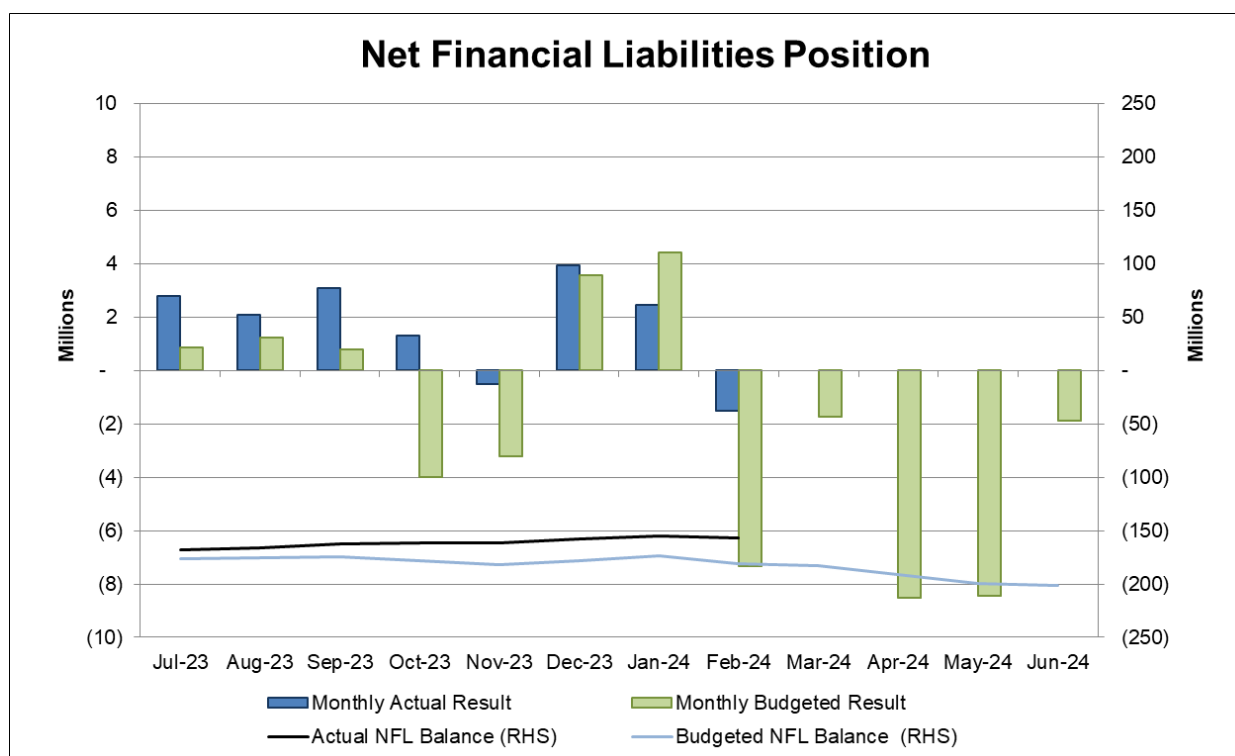
Actual capital works expenditure year to date is \$68.3M, compared to a budget of \$95.6M. The following table illustrates year to date 2023/24 capital works program against the full year budget.

Directorate	Year to Date Actual \$000	Year to Date Budget \$000	Year to Date Variance \$000	Full Year Budget \$000
Finance & Business Services	322	1,000	678	2,950
Lifestyle & Community	17,802	26,616	8,814	38,867
CIA – Engineering Services	17,924	14,690	(3,234)	27,898
CIA – Service Delivery	32,287	53,302	21,015	95,077
CAPITAL WORKS TOTAL	68,335	95,608	27,273	164,792
Capitalised Interest	306	945	639	1,417
CAPITAL EXPENDITURE	68,641	96,553	27,912	166,209

YTD actual expenditure	\$ 68,335	
Unspent capital expenditure	\$ 96,457	
Full year budget capital expenditure	\$ 164,792	

TREASURY PERFORMANCE

The following graph has been developed to provide an indication of Council's net financial liabilities monthly variance to budget.



Net financial liabilities (NFL) is a broader measure of indebtedness than the level of borrowings. It includes items such as trade payables, employee long-service leave entitlements and other amounts payable as well as taking account of Council's cash holdings. An increase in net financial liabilities will increase interest associated with borrowings and will impact negatively on Council's operating result.

As at the end of February, Council's NFL is \$23.9M favourable to budget. This is driven by a favourable \$6.6M carry forward position from the previous financial year combined with a \$17.3M 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	254,289	246,694	7,595	377,916
Operating Expenses (ex Dep)	(183,584)	(176,131)	(7,453)	(271,677)
Capital Revenue - Infra Charges	6,912	9,134	(2,222)	15,200
Capital Revenue - Grants & Other	4,690	13,223	(8,533)	20,536
Net Capital Funding	82,307	92,920	(10,613)	141,975
Capital Expenditure	(68,641)	(96,553)	27,912	(166,209)
Net Funding Surplus/(Deficit)	13,666	(3,633)	17,299	(24,234)

Year to date net capital funding totals \$82.3M which is \$10.6M unfavourable to budget, mainly due to less than anticipated grants and other capital revenue (\$8.5M) and net rates and utility charges (\$2.1M) as well as greater than anticipated materials and services (\$5.2M) and employee benefits (\$1.7M). This has been slightly offset by favourable grants, subsidies, contributions and donations revenue (\$6.9M).

Capital expenditure at the end of February is \$27.9M favourable to budget. Combined with an unfavourable net capital funding variance (\$10.6M), this results in a favourable \$17.3M net funding surplus year to date.

LIQUIDITY

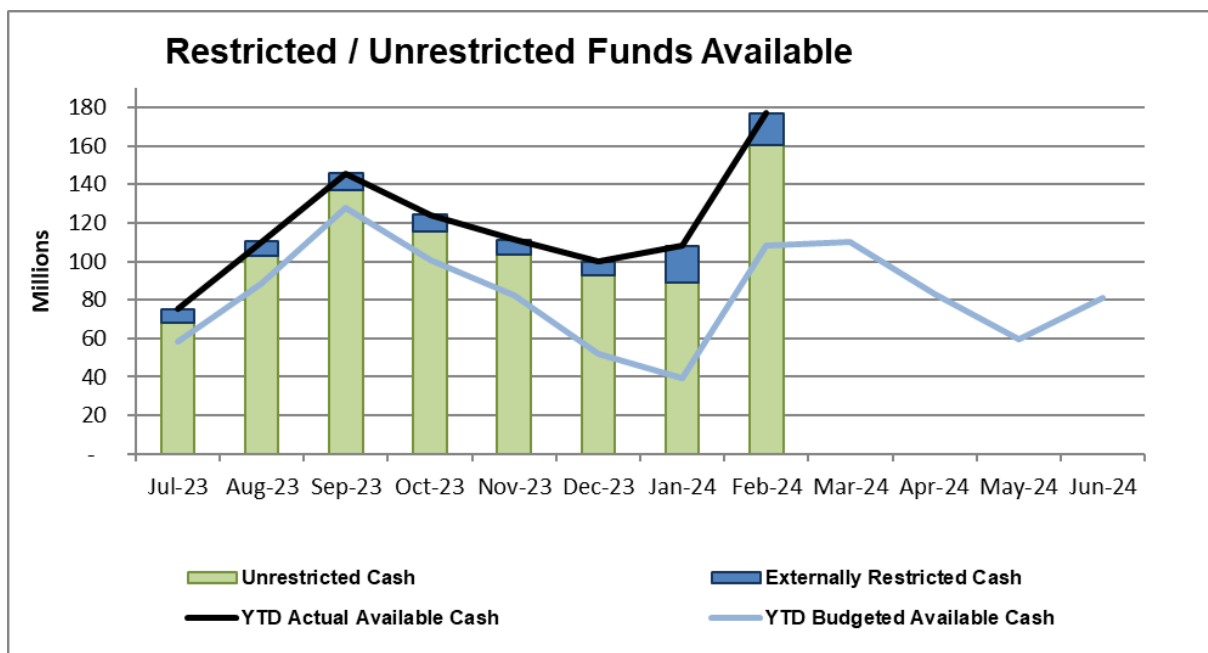
	Actual \$000	Budget \$000	Variance \$000
Cash and cash equivalents	117,126	48,365	68,761
Working capital facility	-	-	-
Long term loans	(138,261)	(138,067)	(194)
NET DEBT POSITION	(21,135)	(89,702)	68,567

Council's net debt position is \$68.6M favourable to budget due to the favourable \$13.5M position carried forward from the 2022/23 financial year and the favourable year to date net funding surplus position of \$17.3M. Due largely to the progress on the capital works program.

Also contributing to the variance is a lower than anticipated closing balance in receivables due to timing of cash receipts (\$15.8M), and a higher than anticipated closing balance in trade and other payables due to higher than anticipated expenditure relating to the Cyclone Jasper Flood Emergency (\$12.1M) as well as the unspent portion of funds from the QLD Reconstruction Authority for future grant applications associated with the Cyclone Jasper Flood Emergency sitting within other current liabilities (\$11.2M).

UNRESTRICTED FUNDS POSITION

Restricted cash represents cash and cash equivalents that are subject to a number of external restrictions that limit amounts available for discretionary or future use. It is comprised of unspent government grants and developer contributions set aside for specific capital works. A summary of Council’s restricted funds position is provided below.



Including the working capital facility, the total funds available is \$177.1M. Excluding funds subject to external restrictions of \$16.9M, the unconstrained funds available to meet ongoing operational expenses is \$160.2M.

DEPARTMENT OF HOUSING, LOCAL GOVERNMENT, PLANNING AND PUBLIC WORKS (DHLGPPW) FINANCIAL SUSTAINABILITY RATIOS

In accordance with s169 (6) of the *Local Government Regulation 2012*, the DHLGPPW financial sustainability ratios have been provided. The ratios are designed to provide an indication of the performance of Council against key financial sustainability criteria which must be met to ensure the prudent management of financial risks.

As the information required for the leverage ratio and asset sustainability ratio is based on full year results, it is not feasible to report these ratios on a monthly basis. These ratios will be provided in the budget and annual financial statements as regulated.

Type	Measure	Rationale	Actual Result	Benchmark	Within limits	FY Budget
Operating Performance	Operating Surplus Ratio	Holistic overview of Council operating performance	0.2%	> 0%	<input checked="" type="checkbox"/>	0.4%
Operating Performance	Operating Cash Ratio	Cash operating performance (less depreciation and other non-cash items)	28.9%	> 0%	<input checked="" type="checkbox"/>	29.4%
Liquidity	Unrestricted Cash Expense Cover Ratio	Unconstrained liquidity available to Council	7.2	> 2 months	<input checked="" type="checkbox"/>	4.7
Debt Servicing Capacity	Leverage Ratio	Ability to repay existing debt	N/A	0 - 4 times	N/A	1.6
Asset Management	Asset Sustainability Ratio	Capital renewals program performance	N/A	> 60%	N/A	68.4%
	Asset Consumption Ratio	Extent to which assets are being consumed	68.1%	> 60%	<input checked="" type="checkbox"/>	68.1%
	Asset Renewal Funding Ratio	Asset replacement program performance	Contextual purposes only and not audited by QAO.			
Financial Capacity	Council Controlled Revenue	Capacity to generate revenue internally	Contextual purposes only and not audited by QAO.			
	Population Growth	Population growth/decline pressures on Council	Contextual purposes only and not audited by QAO.			

CONSIDERATIONS:**Risk Management:**

Financial statements report on a historical basis, therefore there are no financial implications or risk on decisions or options. DHLGPPW ratios are submitted with financial statements which provide an indication of the performance of Council to ensure prudent management of financial risks.

In terms of financial performance and risk, the approach taken sees the Finance Team working with the various business directorates to understand and report on financial outcomes whilst also considering what those outcomes indicate for the future, particularly the requirement to deliver within budget. It is expected this forward-looking approach will allow the management team to implement timely rectification actions to emerging trends.

ATTACHMENTS:

Attachment 1: Financial Statements

Attachment 2: Directorate Reports

Attachment 3: Explanation of Financial Statement Items



Robert Jones
A / Executive Manager Finance



Lisa Whitton
Director Finance & Business Services

Attachment 1: Financial Statements

Attached are the financial statements for the period ended 23 February 2024. Actual amounts are compared against the year-to-date Budget figures.

Financial statements included:

- **Statement of Comprehensive Income** – Displays Council's year to date profit and loss up to the period end.
- **Statement of Financial Position** – Displays the Assets (what we own), Liabilities (what we owe) and Community Equity (our net worth).
- **Statement of Cash Flows** – Reports how income received, and expenses paid impacts on Council's cash balances.

Statement of Comprehensive Income For the Period Ended 23 February 2024			
	Actual	Original Budget	Variance
	\$000	\$000	\$000
Income			
Revenue			
Operating Revenue			
Net rates and utility charges	206,992	209,140	(2,148)
Fees and charges	19,747	19,143	604
Interest received	3,844	2,887	957
Miscellaneous Revenue	13,203	11,942	1,261
Grants, subsidies, contributions and donations	10,503	3,582	6,921
Total Operating revenue	254,289	246,694	7,595
Expenses			
Operating Expenses			
Employee benefits	85,955	84,281	(1,674)
Materials and services	94,815	89,660	(5,155)
Depreciation	70,115	68,920	(1,195)
Finance costs	2,814	2,190	(624)
Total Operating Expenses	253,699	245,051	(8,648)
Capital Revenue			
Loss on disposal of property, plant and equipment	(7,613)	(9,916)	2,303
Contributions	6,912	9,134	(2,222)
Contributed assets	1,429	-	1,429
Subsidies and grants	4,281	12,223	(7,942)
Net Capital Revenue	5,009	11,441	(6,432)
Net result attributable to Council in period	5,599	13,084	(7,485)
Council's net result for February 2024 is a surplus of \$5.6M, \$7.5M less than budgeted.			
Operating revenue is \$7.6M favourable to budget driven mainly by greater than anticipated grants, subsidies, contributions and donations (\$6.9M) due to the unbudgeted receipt of funding for the Cyclone Jasper Flood Emergency (\$8.8M) as well as higher miscellaneous revenue (\$1.3M) and interest received (\$957K). This has been slightly offset by less than anticipated net rates and utility charges (\$2.1M).			
Operating expenses are \$8.6M unfavourable to budget due to greater than anticipated materials and services (\$5.2M) and employee benefits (\$1.7M) mainly due to unbudgeted expenditure relating to the Cyclone Jasper Flood Emergency, as well as higher depreciation (\$1.2M).			
Capital revenue is \$6.4M unfavourable to budget mainly due to less than anticipated subsidies and grants (\$7.9M) as a result of timing and contributions (\$2.2M). This has been slightly offset by less than anticipated loss on disposal of property, plant and equipment (\$2.3M) and greater than anticipated contributed assets (\$1.4M).			

Statement of Financial Position				
For the Period Ended 23 February 2024				
	Note	Actual	Original Budget	Variance
		\$000	\$000	\$000
Assets				
Current Assets				
Cash and cash equivalents	1	117,126	48,365	68,761
Receivables	2	88,870	104,689	(15,819)
Inventories		4,879	3,551	1,328
		210,875	156,605	54,270
Non-Current Assets				
Property, plant and equipment	3	4,658,276	4,699,292	(41,016)
		4,658,276	4,699,292	(41,016)
Total Assets		4,869,151	4,855,897	13,254
Liabilities				
Current Liabilities				
Trade and other payables	4	62,255	50,145	(12,110)
Borrowings		23,893	21,234	(2,659)
Provisions	5	15,371	12,223	(3,148)
Other liabilities	1	132,706	121,520	(11,186)
		234,225	205,122	(29,103)
Non-Current Liabilities				
Borrowings		114,368	116,833	2,465
Provisions		13,334	13,830	496
Other liabilities	6	5,944	1,747	(4,197)
		133,646	132,410	(1,236)
Total Liabilities		367,871	337,532	(30,339)
NET COMMUNITY ASSETS		4,501,280	4,518,365	(17,085)
Community Equity				
Retained surplus/deficit		2,735,847	2,753,108	(17,261)
Asset revaluation surplus		1,765,433	1,765,257	176
TOTAL COMMUNITY EQUITY		4,501,280	4,518,365	(17,085)
<p>1 The cash and cash equivalents variance is largely due the favourable opening cash balance as at 1 July, as well as the unbudgeted prepayment of \$20M from the QLD Reconstruction Authority for future grant applications associated with the Cyclone Jasper Flood Emergency. This has resulted in a corresponding unfavourable variance in other current liabilities being the unspent portion of the funds (\$11.2M).</p> <p>2 Timing of cash receipts has resulted in a lower than anticipated closing receivables balance.</p> <p>3 Property, plant and equipment is unfavourable to budget due to lower than anticipated capital additions in 2022/23 and 2023/24.</p> <p>4 Trade and other payables is unfavourable to budget due to higher than anticipated expenditure relating to the Cyclone Jasper Flood Emergency.</p> <p>5 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>6 Other non-current 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 23 February 2024				
	Note	Actual	Original Budget	Variance
		\$000	\$000	\$000
Cash Flows from Operating Activities:				
Receipts from customers	1	307,259	309,365	(2,106)
Payments to suppliers and employees	2	(167,924)	(186,896)	18,972
Interest received		3,844	1,671	2,173
Borrowing costs		(1,597)	(2,092)	495
Net cash inflow (outflow) from operating activities		141,582	122,048	19,534
Cash Flows from Investing Activities				
Grants, subsidies and contributions for capital acquisitions	3	25,184	13,854	11,330
Proceeds from disposal of property, plant and equipment		524	1,000	(476)
Payments for property, plant, equipment and CWIP	4	(67,846)	(99,079)	31,233
Net cash inflow (outflow) from investing activities		(42,138)	(84,225)	42,087
Cash Flows from Financing Activities:				
Repayment of borrowings		(18,141)	(20,265)	2,124
Repayment of working capital facility		-	1,248	(1,248)
Net cash inflow (outflow) from financing activities		(18,141)	(19,017)	876
NET INCREASE/(DECREASE) IN CASH HELD		81,303	18,806	62,497
Cash at beginning of year		35,823	29,559	6,264
CASH AT END OF PERIOD		117,126	48,365	68,761
<p>1 The unfavourable variance in receipts from customers is largely due to timing and is expected to reduce over the remainder of the year.</p> <p>2 Timing of expenditure and a higher than anticipated balance in trade and other payables has resulted in lower than anticipated payments to suppliers and employees.</p> <p>3 Grants, subsidies and contributions for capital acquisitions is favourable to budget due to the unbudgeted prepayment from the QLD Reconstruction Authority for future grant applications associated with the Cyclone Jasper Flood Emergency (\$11.2M).</p> <p>4 The timing of delivery of the capital works program has caused lower than anticipated payments for property, plant and equipment.</p>				

Attachment 2: Directorate Reports

Directorate operating statements provide information on the performance of each directorate for the period ended 23 February 2024.

The following are the directorate operating statements included in this report (in order):

Appendix:

- A. Office of the CEO
- B. Finance & Business Services
- C. People & Organisational Performance
- D. Planning, Growth & Sustainability
- E. Lifestyle & Community
- F. Cairns Infrastructure and Assets – Engineering Services
- G. Cairns Infrastructure and Assets – Service Delivery
- H. Economic Development & Advocacy

Appendix A – Office of the CEO

Operating Statement				
For the Period Ended 23 February 2024				
Office of the CEO				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Other income	544	508	36	7 %
Total Operating Revenue	544	508	36	7 %
Operating Expenditure				
Employee Benefits	2,065	2,067	2	0 %
Materials and services	334	400	66	17 %
Total Expenses	2,399	2,467	68	3 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(1,855)	(1,959)	104	5 %
Office of the CEO is \$104K favourable to budget YTD, due to timing of materials and services expenditure.				

Appendix B – Finance & Business Services

Operating Statement				
For the Period Ended 23 February 2024				
Finance & Business Services				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Net rates and utility charges	88,409	88,668	(259)	(0) %
Fees and charges	404	445	(41)	(9) %
Interest	2,861	1,936	925	48 %
Other income	236	197	39	20 %
Grants, Subsidies and Contributions	206	2,258	(2,052)	(91) %
Total Operating Revenue	92,116	93,504	(1,388)	(1) %
Operating Expenditure				
Employee benefits	12,358	13,458	1,100	8 %
Materials and services	467	1,636	1,169	71 %
Depreciation and amortisation expenses	2,068	2,177	109	5 %
Finance Costs	1,958	1,757	(201)	(11) %
Total Expenses	16,851	19,028	2,177	11 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	75,265	74,476	789	1 %
<p>The Finance & Business Services directorate is \$789K 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 23 February 2024				
People & Organisational Performance				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees and charges	1	3	(2)	(67) %
Other income	15	-	15	(100) %
Grants, Subsidies and Contributions	207	327	(120)	(37) %
Total Operating Revenue	223	330	(107)	(32) %
Operating Expenditure				
Employee benefits	5,881	5,831	(50)	(1) %
Materials and services	3,961	4,645	684	15 %
Total Expenses	9,842	10,476	634	6 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(9,619)	(10,146)	527	5 %
The People & Organisational Performance directorate is \$527K favourable to budget largely across various materials and service expenses.				

Appendix D – Planning, Growth & Sustainability

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

Appendix E – Lifestyle & Community

Operating Statement				
For the Period Ended 23 February 2024				
Lifestyle & Community				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees and charges	10,049	9,104	945	10 %
Other income	3,594	3,842	(248)	(6) %
Grants, subsidies, contributions and donations	2,142	879	1,263	144 %
Total Operating Revenue	15,785	13,825	1,960	14 %
Operating Expenditure				
Employee benefits	23,281	21,934	(1,347)	(6) %
Materials and services	26,973	26,854	(119)	(0) %
Depreciation and amortisation expenses	9,045	9,010	(35)	(0) %
Finance Costs	783	408	(375)	(92) %
Total Expenses	60,082	58,206	(1,876)	(3) %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(44,297)	(44,381)	84	0 %
<p>Lifestyle & Community is \$84K favourable to budget. Fees & charges revenue is favourable due to animal management, parking, CPAC events all exceeding expectations - this is partially offset by an increase in finance costs. Grants revenue is favourable due to library & disaster funding. Employee costs exceed budget mainly due to disaster management and Creative Life events.</p>				

Appendix F – Cairns Infrastructure and Assets – Engineering Services

Operating Statement				
For the Period Ended 23 February 2024				
Cairns Infrastructure and Assets - Engineering Services				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees and charges	78	34	44	129 %
Other income	39	-	39	100 %
Grants, Subsidies and Contributions	20	13	7	54 %
Total Operating Revenue	137	47	90	191 %
Operating Expenditure				
Employee benefits	6,301	6,387	86	1 %
Materials and services	1,992	2,163	171	8 %
Depreciation and amortisation expenses	25,622	25,135	(487)	(2)%
Total Expenses	33,915	33,685	(230)	(1)%
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(33,778)	(33,638)	(140)	(0)%
Engineering Services is \$140K unfavourable to budget due to depreciation, offset by lower than budgeted external services.				

Appendix G – Cairns Infrastructure and Assets – Service Delivery

Operating Statement				
For the Period Ended 23 February 2024				
Cairns Infrastructure and Assets - Service Delivery				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Net rates and utility charges	118,583	120,472	(1,889)	(2) %
Fees and charges	6,179	6,344	(165)	(3)%
Interest revenue	983	951	32	3 %
Other income	8,219	6,961	1,258	18 %
Grants, Subsidies and Contributions	7,758	82	7,676	9,361 %
Total Operating Revenue	141,722	134,810	6,912	5 %
Operating Expenditure				
Employee benefits	29,850	27,980	(1,870)	(7)%
Materials and services	55,930	47,523	(8,407)	(18)%
Depreciation and amortisation expenses	33,379	32,598	(781)	(2)%
Finance costs	17	-	(17)	0 %
Total Expenses	119,176	108,101	(11,075)	(10)%
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	22,546	26,709	(4,163)	(16)%
<p>Service Delivery is over budget. Below budget water usage unfavourably impacts rates. Disaster Recovery works are offset by grant funding and below budget maintenance works as resources were diverted to recovery. Disaster recovery works that are ineligible for funding are partially offset by favourable electricity pricing and stock adjustments.</p>				

Appendix H – Economic Development & Advocacy

Operating Statement				
For the Period Ended 23 February 2024				
Economic Development & Advocacy				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Other income	-	-	-	0 %
Total Operating Revenue	-	-	-	0 %
Operating Expenditure				
Employee benefits	726	786	60	8 %
Materials and services	3,359	3,676	317	9 %
Total Expenses	4,085	4,462	377	8 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(4,085)	(4,462)	377	8 %
The Economic Development & Advocacy directorate is \$377K favourable to budget, due to the timing of consultancies and events.				

Attachment 3: Explanation of Financial Statement Items

This appendix is a general explanation of Council's revenues, costs, assets and liabilities to aid in understanding the budget to actual comparison in the monthly financial report.

STATEMENT OF COMPREHENSIVE INCOME	
OPERATING REVENUE	
Net Rates and Utility Charges	Rates are the taxes levied on ratepayers within Council. Whilst the rates notices are mainly issued in July and January, revenue is accounted for on an accrual basis throughout the year.
Fees and Charges	Revenue includes a mixture of regulated fees and user fees. Regulated fees are levied by Council and the amount of the fee or fine is often set externally and the payment is compulsory. User fees are charged for the use of goods and services and are entered into at the election of the user. The pattern of revenue for fees and charges reflects a mixture of billing cycles and seasonal variations.
Interest Received	Interest is earned on surplus cash fund balances and is also charged on overdue rates. The interest earned fluctuates throughout the year due to the timing of rates collections.
Miscellaneous Revenue	Miscellaneous revenue comprises of items that don't meet the definition for other categories. It includes reimbursements and recoveries, rentals and external contract works.
Grants, Subsidies, Contributions & Donations	Council receives support to fund and assist in the delivery of services. Financial assistance grants are federally funded and allocated via state and territory-based Grant Commissions, whilst tiered grants are generally linked to the delivery of specific programs.
OPERATING EXPENSES	
Employee Benefits	Represents the total cost of staff employed in the delivery of Council services. Costs include wages, superannuation, employee leave entitlements and other on costs. They will not include the costs of engaging contractors providing services to the Council on an outsourced basis.
Materials and Services	Costs incurred in the purchase of material or other services necessary to deliver Council services.
Depreciation	Represents the consumption of property, plant and equipment and the reduction of the future value of the assets is recognised as a cost to Council. While this is a significant cost, it does not represent a cash outflow to Council.
Finance Costs	Interest on loans, bank charges and doubtful debts expense.
CAPITAL ITEMS	
Loss on Disposal of Property, Plant and Equipment	Loss on disposal of property, plant and equipment represents the accounting value of an asset when it is retired. As it is an accounting entry only, it does not have a cash impact for Council.
Contributions	Contributions are comprised of both cash and offset infrastructure charges which are to be used for the construction of trunk community assets.
Subsidies and Grants	Capital subsidies and grants are used by Council for the construction of specific assets and are recognised over time in line with completion of the construction works.
Contributed Assets	Assets acquired by Council at nominal or no cost usually by way of agreement with property developers or other government entities. They are valued at their estimated cost of construction utilising appropriate valuation unit rates.

TREASURY PERFORMANCE	
Net Capital Funding	Net capital funding represents the cash available to fund Council's capital works program. The funding available is represented by the net result from the statement of comprehensive income adjusted for non-cash items including depreciation, contributed assets and loss on disposal.
Capital Expenditure	Capital expenditure reflects the money spent on the capital works program to maintain, improve and expand Council's community assets.
Net Funding Surplus/(Deficit)	The net funding result impacts Council's net financial liabilities which is also a measure of indebtedness. A surplus will improve Council's net financial liabilities position whilst a deficit will deteriorate the financial position and likely result in additional long-term loan borrowings.
Net Financial Liabilities	Net financial liabilities is a broader and more appropriate measure of indebtedness than the level of borrowings, because it includes items such as employee long-service leave entitlements and other amounts payable in future as well as taking account of Council's cash holdings and invested monies. An increase in indebtedness will increase interest associated with borrowings and will impact negatively on Council's operating result.
STATEMENT OF FINANCIAL POSITION	
Current Assets	Cash and other assets, like trade receivables, that are easily converted into cash. The actual cash balance will vary significantly throughout the year as rate receipts, loans and major payments are processed. Cash investment is managed by Council's Treasury Section.
Non-Current Assets	The value of property, plant and equipment and infrastructure assets including land, transport, drainage, water and sewerage infrastructure after depreciation, renewals, new capital works, contributed assets and revaluations are accounted for.
Current Liabilities	Obligations that Council has to make payments for within the next financial year. This includes accounts payable and provisions for employee entitlements to annual and long service leave. It also includes the expected loan payment due in the next financial year.
Non-Current Liabilities	The financial obligations relating to provisions for employee entitlements and debt that is not required to be paid within the next financial year.
Community Equity	Equity includes accumulated retained surpluses and asset revaluation reserves which record the valuation adjustments to Council's existing non-current assets.