

ORDINARY MEETING 24 JUNE 2026	6.5
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FINANCIAL PERFORMANCE REPORT FOR THE PERIOD ENDED 29 MAY 2026

F&BS | 63/17/2-01 | #7883675

RECOMMENDATION:

That Council notes the financial performance report for the period ended 29 May 2026.

INTERESTED PARTIES:

Not applicable

EXECUTIVE SUMMARY:

This report contains the financial performance report for the period ended 29 May 2026.

MAY FINANCIALS AT A GLANCE				
	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Full Year Budget \$000
Total operating revenue	409,726	400,230	9,496	438,976
Total operating expenses	(373,256)	(376,117)	2,861	(421,158)
Net Operating Result	36,470	24,113	12,357	17,818
Capital revenue	222,426	256,075	(33,649)	292,173
Net Result	258,896	280,188	(21,292)	309,991
Capital Expenditure				
Capital Works Program	260,681	391,650	130,969	421,848

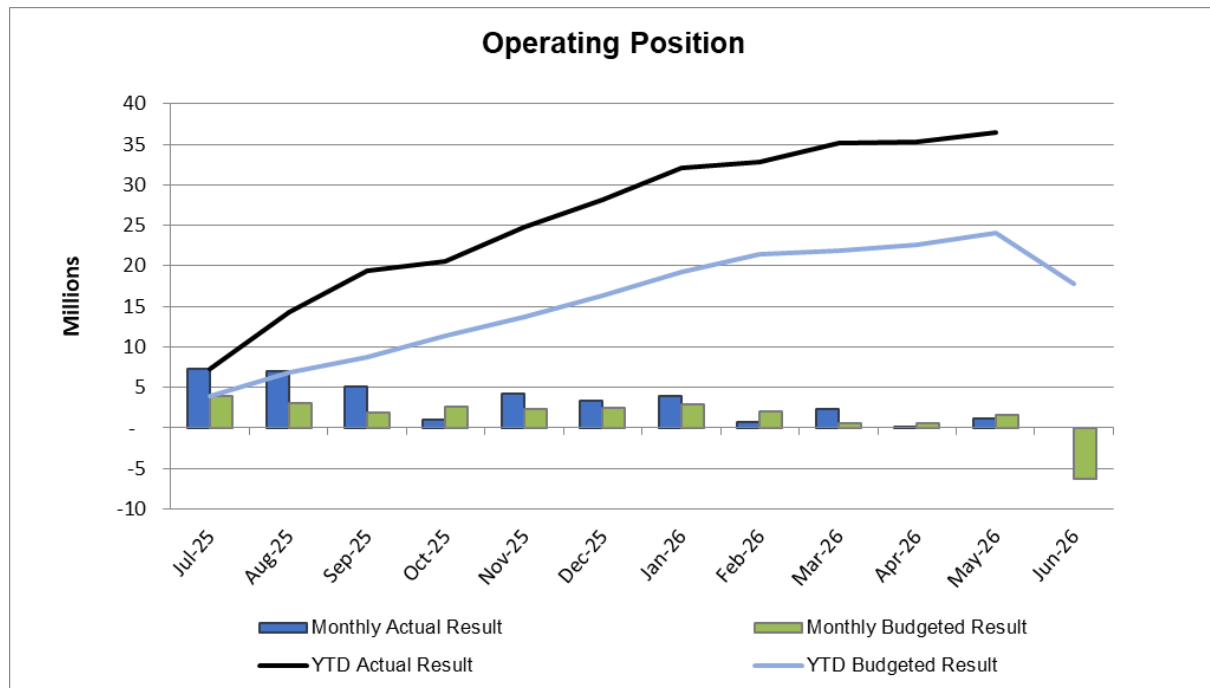
The operating result is favourable to budget by \$12.4M driven mainly by favourable variances in materials and services (\$4.4M), grants and subsidies (\$2.9M), finance costs (\$2.8M), interest received (\$2.7M), miscellaneous revenue (\$2.3M) and fees and charges (\$1.5M). This has been partially offset by an unfavourable variance in employee benefits (\$3.6M) and depreciation (\$688K).

Capital expenditure is \$260.7M resulting in a favourable \$131.0M timing variance to budget.

COMMENT:

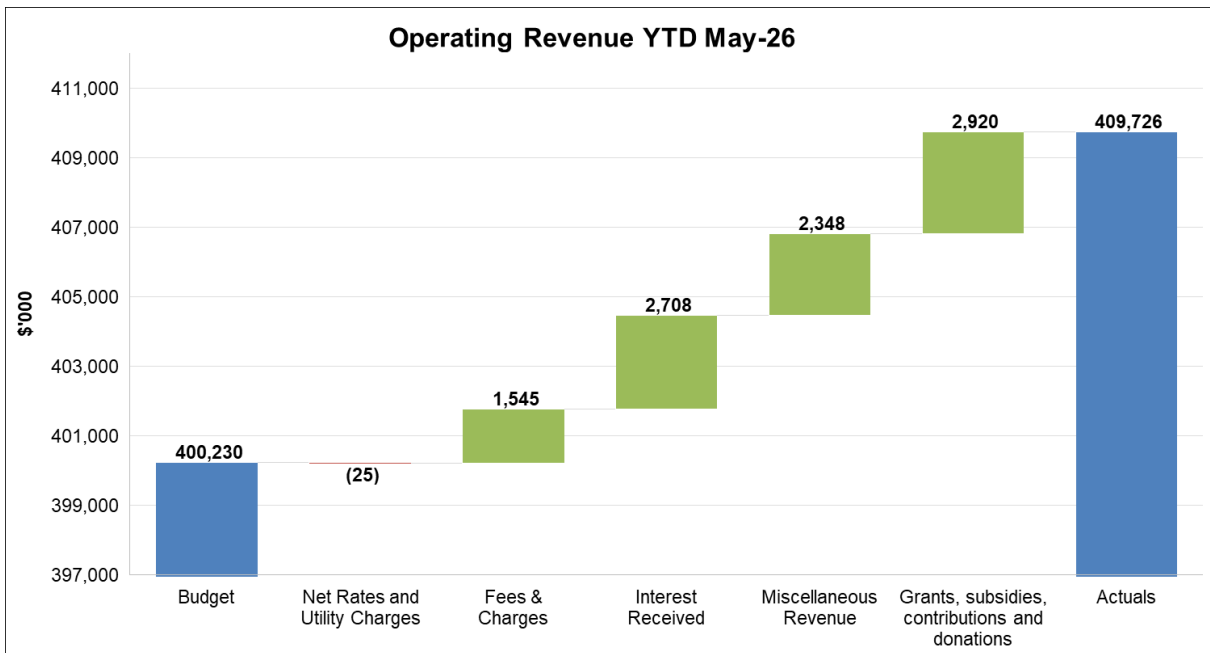
Each month, year to date financial statements are prepared in order to monitor actual performance against budget. Attached are the financial statements for the period ended 29 May 2026. Actual amounts are compared against year to date Budget 2025/26 figures. See Appendix one for detailed financial statements and Appendix two for statements of comprehensive income by directorate.

OPERATING POSITION



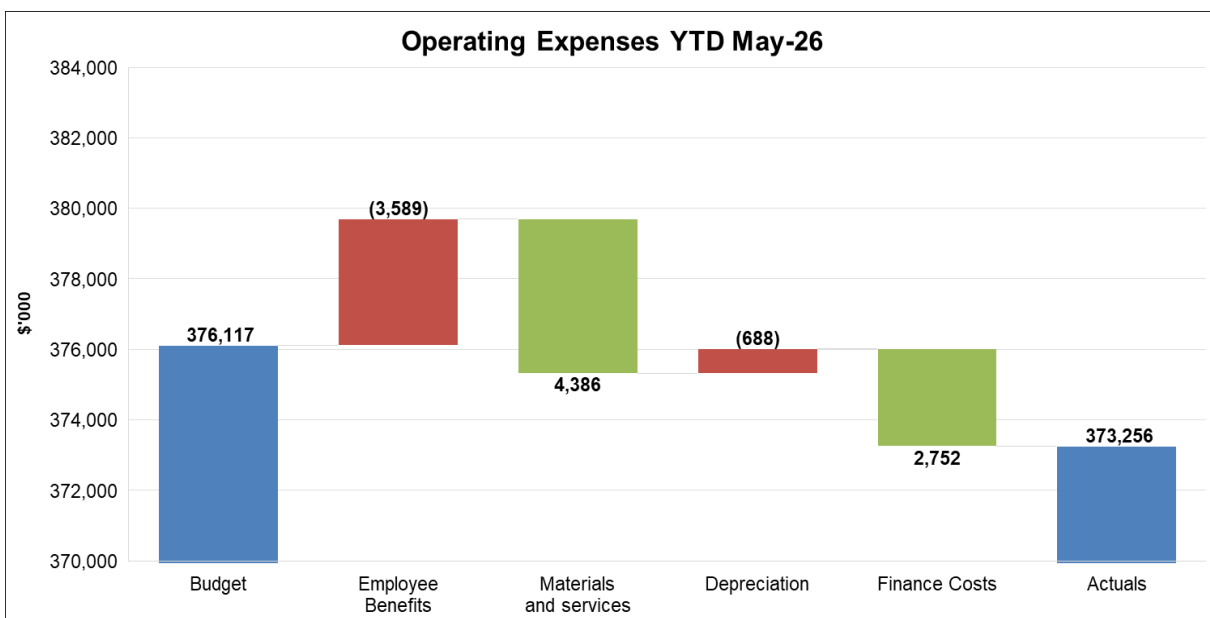
Council's operating position at the end of May was a surplus of \$36.5M, compared to a budget of \$24.1M. The operating result is favourable to budget by \$12.4M driven by favourable variances in materials and services (\$4.4M), grants and subsidies (\$2.9M), finance costs (\$2.8M), interest received (\$2.7M), miscellaneous revenue (\$2.3M) and fees and charges (\$1.5M). This has been partially offset by an unfavourable variance in employee benefits (\$3.6M) and depreciation (\$688K).

OPERATING REVENUE



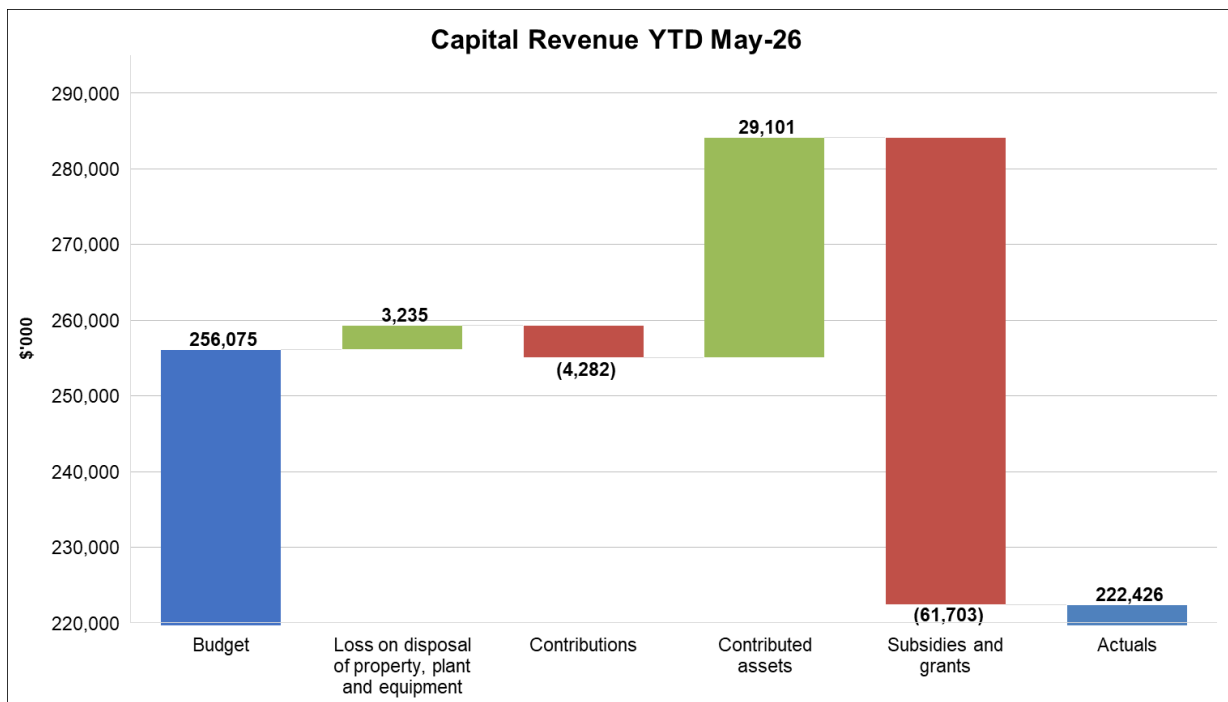
Operating revenue is favourable to budget by \$9.5M driven by favourable water usage consumption (\$785K), timing of grant funding receipts (\$2.9M) as well as higher activity in fees & charges and sales revenues.

OPERATING EXPENDITURE



Operating expenditure is \$2.9M favourable to budget, largely driven by the timing of materials and services expenditure including consultants (\$2.2M), I&TS hardware, software and project support (\$1.7M), electricity (\$1.0M) and events, contributions and outgoing grants (\$1.0M). They are partially offset in reservoir emergent works (\$1.4M), disaster response related expenses (\$1.0M), legal (\$818K) and Bluewater dredging (\$715K). Finance costs are favourable in interest expense due to lower than anticipated long term debt utilisation.

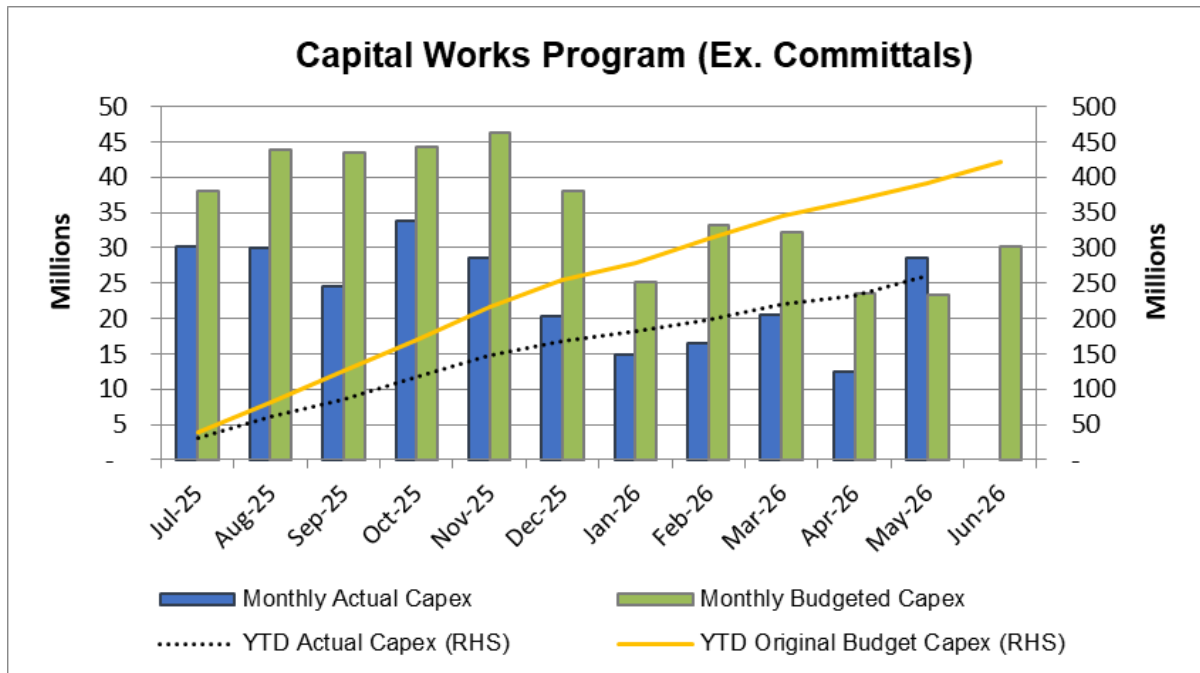
CAPITAL REVENUE



Capital revenue is \$33.6M unfavourable to budget, mainly within subsidies and grants. This is due to the timing of delivery of the relevant capital works projects, as revenue is recognised in line with expenditure (\$61.7M). In addition, contributions are lower than anticipated (\$4.3M) as receipt timing can vary depending on development activity.

This has been offset by higher than anticipated contributed assets (\$29.1M) as well as the loss on disposal of property, plant and equipment being lower than anticipated due to the timing of processing asset disposals and capitalisations (\$3.2M).

CAPITAL EXPENDITURE



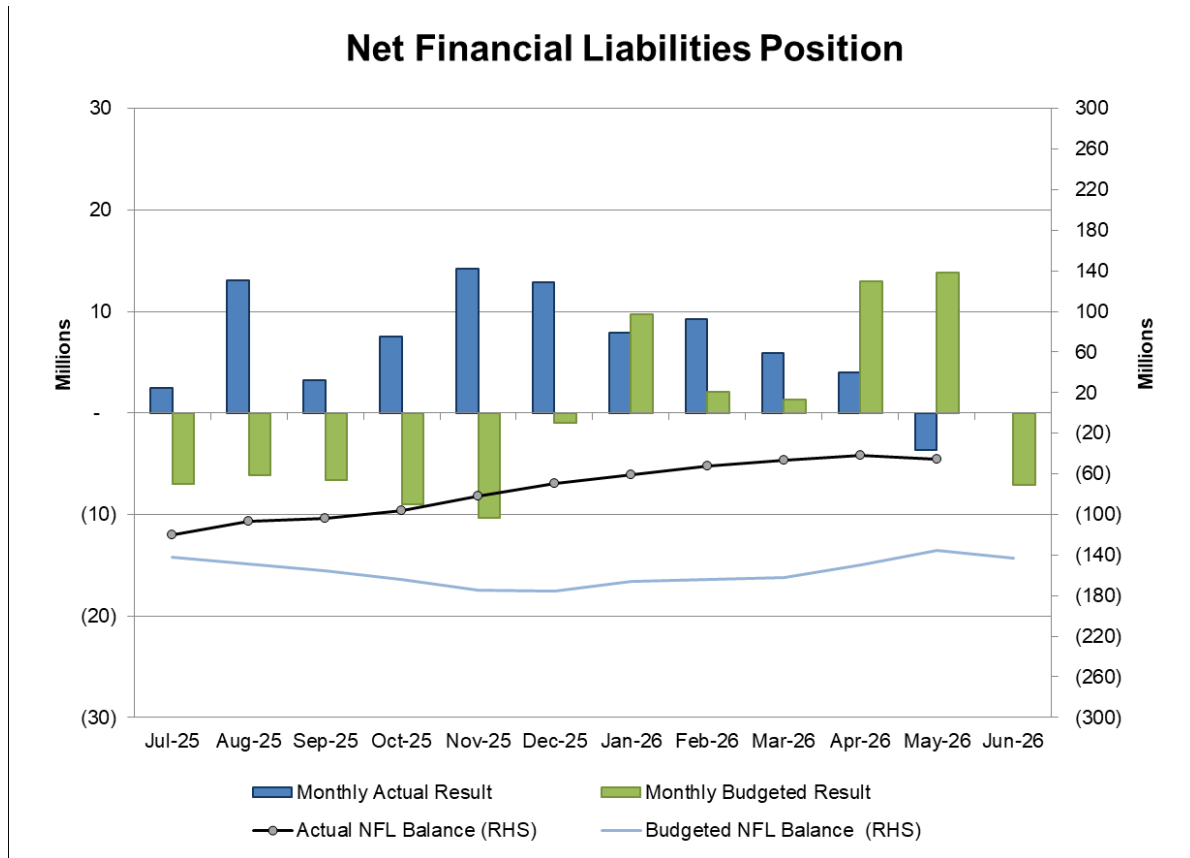
Actual capital works expenditure year to date is \$260.7M, compared to a budget of \$391.6M. The following table illustrates year to date 2025/26 capital works program against the full year budget.

Portfolio	Year to Date Actual \$000	Year to Date Budget \$000	Year to Date Variance \$000	Full Year Budget \$000
Buildings & Fleet	6,871	11,857	4,986	12,552
Community Life	926	744	(182)	850
Community Spaces	11,663	16,217	4,554	17,470
Creative Life	2,797	3,009	212	3,208
Drainage	4,316	5,512	1,196	5,787
Finance & Business Services	1,012	3,524	2,512	3,850
Resource Recovery	1,837	2,602	765	2,942
Transport	17,866	21,990	4,124	24,314
Wastewater	15,963	25,796	9,833	32,934
Water	18,321	18,523	202	28,019
Major Projects	156,751	253,890	97,139	260,059
Councillor Discretionary Funds	747	875	128	1,000
Disaster Recovery	21,611	27,111	5,500	28,863
CAPITAL WORKS TOTAL	260,681	391,650	130,969	421,848
Capitalised Interest	1,306	-	(1,306)	-
CAPITAL EXPENDITURE	261,987	391,650	129,663	421,848

YTD actual expenditure	\$260,681	
Unspent capital expenditure	\$161,167	
Full year budget capital expenditure	\$421,848	

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 May, Council's NFL is \$89.7M favourable to budget. This is driven by a favourable \$12.8M carry forward position from the previous financial year combined with a \$76.9M 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	409,726	400,230	9,496	438,976
Operating Expenses (ex Dep)	(271,036)	(274,585)	3,549	(309,901)
Capital Revenue - Infra Charges	11,918	16,200	(4,282)	18,673
Capital Revenue - Grants & Other	188,085	249,592	(61,507)	266,322
Net Capital Funding	338,693	391,437	(52,744)	414,070
Capital Expenditure	(261,987)	(391,650)	129,663	(421,848)
Net Funding Surplus/(Deficit)	76,706	(213)	76,919	(7,778)

Year to date net capital funding totals \$338.7M which is \$52.7M unfavourable to budget, mainly due to the unfavourable variance in grants capital revenue of \$61.5M which is partially offset by the favourable variances in operating revenue and expenses.

Capital expenditure at the end of May is \$129.7M favourable to budget. Combined with an unfavourable net capital funding variance (\$52.7M), this results in a favourable \$76.9M net funding surplus variance year to date.

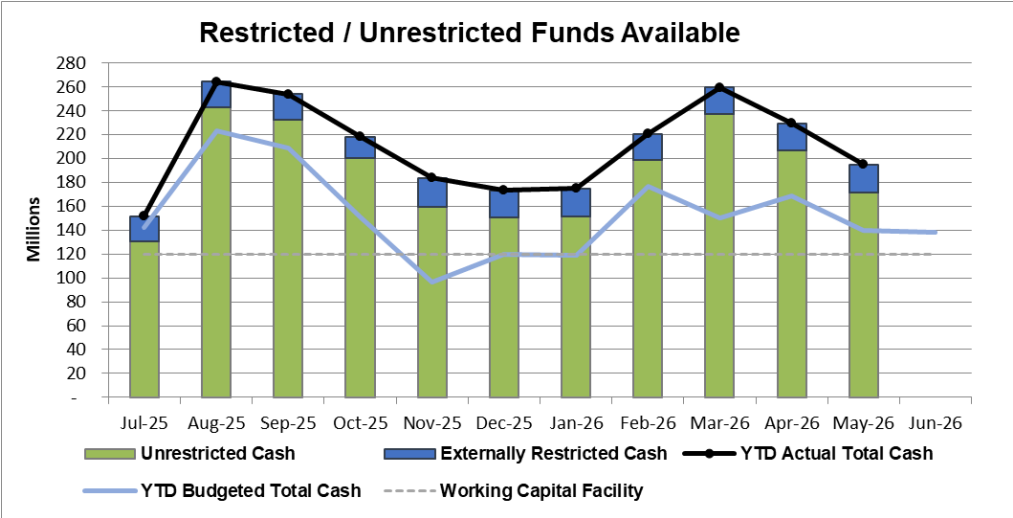
LIQUIDITY

	Actual \$000	Budget \$000	Variance \$000
Cash and cash equivalents	74,922	19,945	54,977
Working capital facility	-	-	-
Long term loans	(75,503)	(126,659)	51,156
NET DEBT POSITION	(581)	(106,714)	106,133

Council's net debt position is \$106.1M favourable due to the favourable year to date net funding surplus of \$76.9M and the \$12.8M net funding position from the previous financial year. Also contributing to the favourable position is a higher than anticipated balance in trade and other payables (\$15.1M) and other liabilities (\$13.4M), which is partially offset by a higher than anticipated trade and other receivables balance (\$10.8M).

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 \$194.9M. Excluding funds subject to external restrictions of \$23.3M, the unconstrained funds available to meet ongoing operational expenses is \$171.6M.

**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	8.9%	> 0%	<input checked="" type="checkbox"/>	4.1%
	Operating Cash Ratio	Cash operating performance (less depreciation and other non-cash items)	34.5%	> 0%	<input checked="" type="checkbox"/>	30.2%
Liquidity	Unrestricted Cash Expense Cover Ratio	Unconstrained liquidity available to Council	6.8	> 2 months	<input checked="" type="checkbox"/>	3.1
Debt Servicing Capacity	Leverage Ratio	Ability to repay existing debt	N/A	0 - 4 times	N/A	1.2
Asset Management	Asset Sustainability Ratio	Capital renewals program performance	N/A	> 60%	N/A	93.8%
	Asset Consumption Ratio	Extent to which assets are being consumed	67.7%	> 60%	<input checked="" type="checkbox"/>	69.7%
	Asset Renewal Funding Ratio	Asset replacement program performance	Contextual purposes only and not audited by QAO.			
Financial Capacity	Council Controlled Revenue	Capacity to generate revenue internally	Contextual purposes only and not audited by QAO.			
	Population Growth	Population growth/decline pressures on Council	Contextual purposes only and not audited by QAO.			

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 29 May 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 29 May 2026			
	Actual	Original Budget	Variance
	\$000	\$000	\$000
Income			
Revenue			
Operating Revenue			
Net rates and utility charges	342,260	342,285	(25)
Fees and charges	32,013	30,468	1,545
Interest received	6,961	4,253	2,708
Miscellaneous Revenue	20,052	17,704	2,348
Grants, subsidies, contributions and donations	8,440	5,520	2,920
Total Operating revenue	409,726	400,230	9,496
Expenses			
Operating Expenses			
Employee benefits	132,330	128,741	(3,589)
Materials and services	135,935	140,321	4,386
Depreciation	102,220	101,532	(688)
Finance costs	2,771	5,523	2,752
Total Operating Expenses	373,256	376,117	2,861
Capital Revenue			
Loss on disposal of property, plant and equipment	(5,565)	(8,800)	3,235
Contributions	11,918	16,200	(4,282)
Contributed assets	29,101	-	29,101
Subsidies and grants	186,972	248,675	(61,703)
Net Capital Revenue	222,426	256,075	(33,649)
Net result attributable to Council in period	258,896	280,188	(21,292)
Council's net result for May 2026 is a surplus of \$258.9M, \$21.3M lower than budgeted.			
Operating revenue is \$9.5M favourable to budget driven by greater than anticipated grants and subsidies (\$2.9M), interest received (\$2.7M), miscellaneous revenue (\$2.3M), and fees and charges (\$1.5M).			
Operating expenses are \$2.9M favourable to budget due to less than anticipated materials and services (\$4.4M) and finance costs (\$2.8M). This has been partially offset by an unfavourable variance in employee benefits (\$3.6M) and depreciation (\$688K).			
Capital revenue is \$33.6M unfavourable to budget mainly due to lower than anticipated subsidies and grants (\$61.7M) and contributions (\$4.3M). This has been partially offset by higher than anticipated contributed assets (\$29.1M) and lower than anticipated loss on disposal (\$3.2M).			

**Statement of Financial Position
For the Period Ended 29 May 2026**

	Note	Actual	Original Budget	Variance
		\$000	\$000	\$000
Assets				
Current Assets				
Cash and cash equivalents	1	74,922	19,945	54,977
Trade and other receivables	2	108,100	97,266	10,834
Inventories		4,472	5,081	(609)
		187,494	122,292	65,202
Non-Current Assets				
Property, plant and equipment	3	5,513,950	5,631,056	(117,106)
		5,513,950	5,631,056	(117,106)
Total Assets		5,701,444	5,753,348	(51,904)
Liabilities				
Current Liabilities				
Trade and other payables	4	69,060	54,006	(15,054)
Borrowings		28,417	28,046	(371)
Provisions		24,530	27,591	3,061
Other liabilities	5	44,299	30,912	(13,387)
		166,306	140,555	(25,751)
Non-Current Liabilities				
Borrowings	1	47,086	98,613	51,527
Provisions		15,480	15,121	(359)
Other liabilities		4,505	3,616	(889)
		67,071	117,350	50,279
Total Liabilities		233,377	257,905	24,528
NET COMMUNITY ASSETS		5,468,067	5,495,443	(27,376)
Community Equity				
Retained surplus/deficit		3,279,375	3,302,879	(23,504)
Asset revaluation surplus		2,188,692	2,192,564	(3,872)
TOTAL COMMUNITY EQUITY		5,468,067	5,495,443	(27,376)

- 1 The net variance in cash and non-current borrowings is favourable largely as a result of delays in delivering the capital works program.
- 2 Trade and other receivables are favourable to budget due mainly to higher than anticipated accrued revenue for the CWSS1 grant due to timing of cash payments.
- 3 Property, plant and equipment is unfavourable to budget due to delays in delivering the prior and current year capital works program.
- 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 cash payments.
- 5 The variance in other current liabilities is due to timing of recognition of capital grant payments versus associated capital expenditure related to the Tropical Cyclone Jasper grant (\$13.2M).

Statement of Cash Flows
For the Period Ended 29 May 2026

	Note	Actual	Original Budget	Variance
		\$000	\$000	\$000
Cash Flows from Operating Activities:				
Receipts from customers		423,127	422,693	434
Payments to suppliers and employees	1	(275,920)	(282,283)	6,363
Interest received		6,961	4,256	2,705
Borrowing costs		(1,726)	(3,463)	1,737
Net cash inflow (outflow) from operating activities		152,442	141,203	11,239
Cash Flows from Investing Activities				
Grants, subsidies and contributions for capital acquisitions	2	155,037	231,722	(76,685)
Proceeds from disposal of property, plant and equipment		1,191	917	274
Payments for property, plant and equipment	3	(276,165)	(388,774)	112,609
Net cash inflow (outflow) from investing activities		(119,937)	(156,135)	36,198
Cash Flows from Financing Activities:				
Proceeds from borrowings	4	-	14,000	(14,000)
Repayment of borrowings		(25,988)	(29,071)	3,083
Proceeds from working capital facility	4	-	24,895	(24,895)
Repayment of working capital facility	4	-	(24,895)	24,895
Net cash inflow (outflow) from financing activities		(25,988)	(15,071)	(10,917)
NET INCREASE/(DECREASE) IN CASH HELD		6,517	(30,003)	36,520
Cash at beginning of year		68,405	49,948	18,457
CASH AT END OF PERIOD		74,922	19,945	54,977

- 1 Payments to suppliers and employees is lower than anticipated due to timing of recognition of expenditure as well as favourable operating expenditure variances.
- 2 The unfavourable variance in capital grants, subsidies and contributions is largely due to timing differences in relation to cash receipts for the CWSS1 and Tropical Cyclone Jasper grant.
- 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 current year capital works program has resulted in higher than anticipated cash balances, leading to decreased utilisation of the working capital facility and long term borrowings.

Attachment 2: Directorate Reports

Directorate operating statements provide information on the performance of each directorate for the period ended 29 May 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 29 May 2026				
Office of the CEO				
	YTD Actual	YTD Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Other income	937	963	(26)	(3)%
Total Operating Revenue	937	963	(26)	(3)%
Operating Expenditure				
Employee Benefits	3,362	3,290	(72)	(2)%
Materials and services	444	730	286	39 %
Total Expenses	3,806	4,020	214	5 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(2,869)	(3,057)	188	6 %
Office of the CEO is \$188K favourable to budget, largely across various materials and services expenses.				

Appendix B – Finance & Business Services

Operating Statement				
For the Period Ended 29 May 2026				
Finance & Business Services				
	YTD Actual	YTD Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Net rates and utility charges	144,335	144,815	(480)	(0)%
Fees & charges	1,081	1,039	42	4 %
Interest revenue	5,270	2,684	2,586	96 %
Other income	188	311	(123)	(40)%
Grants, Subsidies and Contributions	2,600	2,628	(28)	(1)%
Total Operating Revenue	153,474	151,477	1,997	1 %
Operating Expenditure				
Employee Benefits	15,537	16,068	531	3 %
Materials and services	(1,814)	815	2,629	323 %
Depreciation and Amortisation	2,304	2,444	140	6 %
Finance Costs	1,217	4,394	3,177	72 %
Total Expenses	17,244	23,721	6,477	27 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	136,230	127,756	8,474	7 %
<p>The Finance & Business Services directorate is \$8.5M favourable to budget largely due to favourable interest revenue & expense, and various materials and services expenses.</p>				

Appendix C – People & Organisational Performance

Operating Statement For the Period Ended 29 May 2026				
People & Organisational Performance				
	YTD Actual	YTD Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees & charges	4	4	-	0 %
Other income	14	6	8	133 %
Grants, Subsidies and Contributions	1,383	836	547	65 %
Total Operating Revenue	1,401	846	555	66 %
Operating Expenditure				
Employee Benefits	11,536	11,737	201	2 %
Materials and services	7,123	7,435	312	4 %
Depreciation and Amortisation	281	319	38	12 %
Total Expenses	18,940	19,491	551	3 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(17,539)	(18,645)	1,106	6 %
<p>The People & Organisational Performance directorate is \$1.1M favourable to budget largely due to favourable grant revenue, materials and services & employee costs.</p>				

Appendix D – Planning, Growth & Sustainability

Operating Statement				
For the Period Ended 29 May 2026				
Planning, Growth & Sustainability				
	YTD Actual	YTD Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees & charges	4,357	3,821	536	14 %
Other income	660	631	29	5 %
Grants, Subsidies and Contributions	744	729	15	2 %
Total Operating Revenue	5,761	5,181	580	11 %
Operating Expenditure				
Employee Benefits	9,364	8,955	(409)	(5)%
Materials and services	2,888	2,824	(64)	(2)%
Finance Costs	52	43	(9)	(21)%
Total Expenses	12,304	11,822	(482)	(4)%
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(6,543)	(6,641)	98	1 %
Planning, Growth and Sustainability is \$98K favourable to budget due to higher fees and charges revenue, partially offset by higher than anticipated employee benefits costs.				

Appendix E – Lifestyle & Community

Operating Statement				
For the Period Ended 29 May 2026				
Lifestyle & Community				
	YTD Actual	YTD Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees & charges	16,345	15,658	687	4 %
Other income	5,667	5,558	109	2 %
Grants, Subsidies and Contributions	1,470	990	480	48 %
Total Operating Revenue	23,482	22,206	1,276	6 %
Operating Expenditure				
Employee Benefits	35,052	34,658	(394)	(1)%
Materials and services	40,388	41,585	1,197	3 %
Depreciation and Amortisation	14,938	14,731	(207)	(1)%
Finance Costs	1,500	1,084	(416)	(38)%
Total Expenses	91,878	92,058	180	0 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(68,396)	(69,852)	1,456	2 %

Lifestyle & Community is \$1.5M favourable to budget. Revenue is favourable due to higher than anticipated cemetery fees. The favourable variance in materials & services is due to the timing of operational events and services provided.

Appendix F – Cairns Infrastructure and Assets – Engineering Services

Operating Statement				
For the Period Ended 29 May 2026				
Cairns Infrastructure and Assets - Engineering Services				
	YTD Actual	YTD Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees & charges	53	53	-	0 %
Other income	37	-	37	100 %
Grants, Subsidies and Contributions	327	337	(10)	(3)%
Total Operating Revenue	417	390	27	7 %
Operating Expenditure				
Employee Benefits	10,013	9,706	(307)	(3)%
Materials and services	2,532	3,940	1,408	36 %
Depreciation and Amortisation	35,256	35,510	254	1 %
Total Expenses	47,801	49,156	1,355	3 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(47,384)	(48,766)	1,382	3 %
Engineering Services is \$1.4M favourable to budget due to less external services than anticipated.				

Appendix G – Cairns Infrastructure and Assets – Service Delivery

Operating Statement				
For the Period Ended 29 May 2026				
Cairns Infrastructure and Assets - Service Delivery				
	YTD Actual	YTD Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Net rates and utility charges	197,925	197,471	454	0 %
Fees & charges	10,172	9,892	280	3 %
Interest revenue	1,690	1,569	121	8 %
Other income	12,548	10,234	2,314	23 %
Grants, Subsidies and Contributions	1,916	-	1,916	100 %
Total Operating Revenue	224,251	219,166	5,085	2 %
Operating Expenditure				
Employee Benefits	45,886	42,875	(3,011)	(7)%
Materials and services	79,865	77,643	(2,222)	(3)%
Depreciation and Amortisation	49,439	48,527	(912)	(2)%
Finance Costs	1	2	1	50 %
Total Expenses	175,191	169,047	(6,144)	(4)%
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	49,060	50,119	(1,059)	(2)%
Service Delivery is \$1.1M unfavourable to budget. Major variances include reservoir maintenance and depreciation.				

Appendix H – Economic Development & Advocacy

Operating Statement For the Period Ended 29 May 2026				
Economic Development & Advocacy				
	YTD Actual	YTD Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Other income	-	-	-	0 %
Total Operating Revenue	-	-	-	0 %
Operating Expenditure				
Employee Benefits	1,581	1,452	(129)	(9)%
Materials and services	4,510	5,348	838	16 %
Total Expenses	6,091	6,800	709	10 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(6,091)	(6,800)	709	10 %
The Economic Development & Advocacy directorate is \$709K 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 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.