ORDINARY MEETING 30 SEPTEMBER 2026	**5.3**

FINANCIAL PERFORMANCE REPORT FOR THE PERIOD ENDED 28 AUGUST 2026

F&BS | 63/17/2-01 | #7937850

RECOMMENDATION:

That Council notes the financial performance report for the period ended 28 August 2026.

INTERESTED PARTIES:

Not applicable

EXECUTIVE SUMMARY:

This report contains the financial performance report for the period ended 28 August 2026.

AUGUST FINANCIALS AT A GLANCE				
Comprehensive Income	**YTD Actual $000**	**YTD Budget $000**	**YTD Variance $000**	**Full Year Budget $000**
Total operating revenue	82,003	80,976	1,027	484,952
Total operating expenses	(73,292)	(72,692)	(600)	(463,613)
Net Operating Result	**8,711**	**8,284**	**427**	**21,339**
Capital revenue	33,411	20,479	12,932	124,262
Net Result	**42,122**	**28,763**	**13,359**	**145,601**
Capital Expenditure				
Capital Works Program	46,155	70,696	24,541	289,649

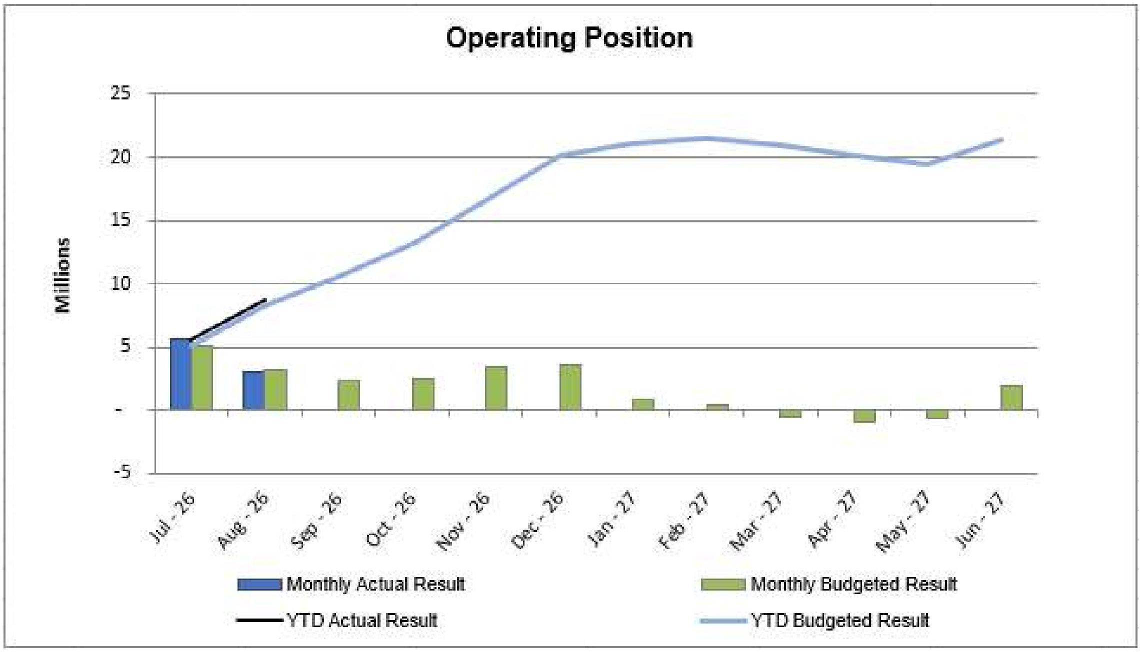
The operating result is favourable to budget by $427K driven mainly by favourable variances in fees and charges ($466K), finance costs ($370K), miscellaneous revenue ($286K), interest received ($276K) and operating grants & subsidies ($256K). This has been partially offset higher than anticipated materials and services ($752K) and depreciation expense ($392K).

Capital expenditure is $46.2M resulting in a favourable $24.5M timing variance to budget.

COMMENT:

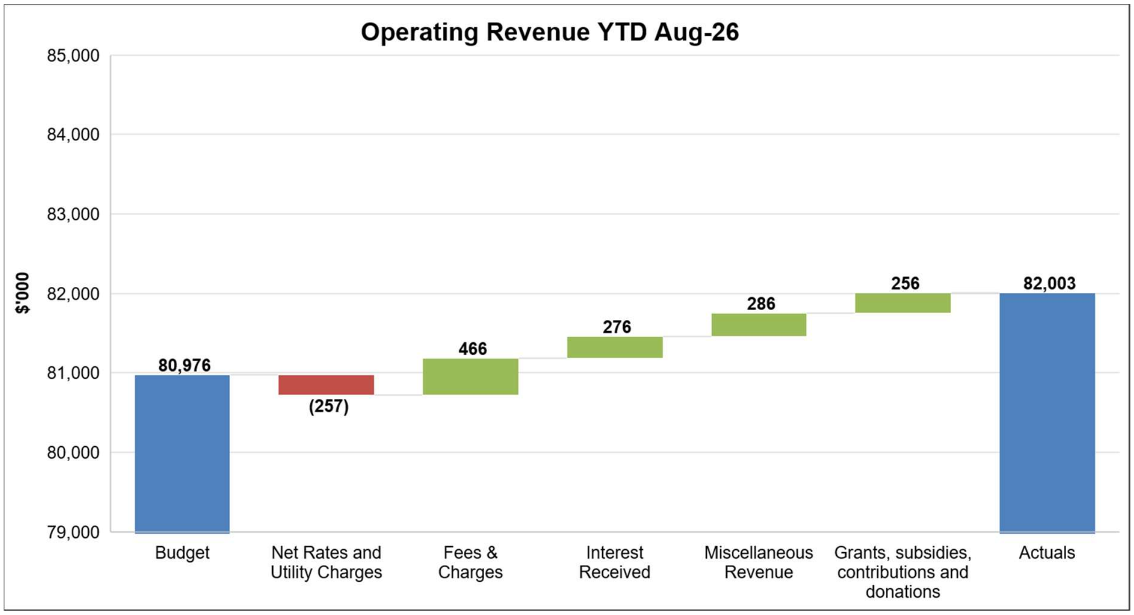
Each month, year to date financial statements are prepared in order to monitor actual performance against budget. Attached are the financial statements for the period ended 28 August 2026. Actual amounts are compared against year to date Budget 2026/27 figures. See Appendix one for detailed financial statements and Appendix two for statements of comprehensive income by directorate.

OPERATING POSITION



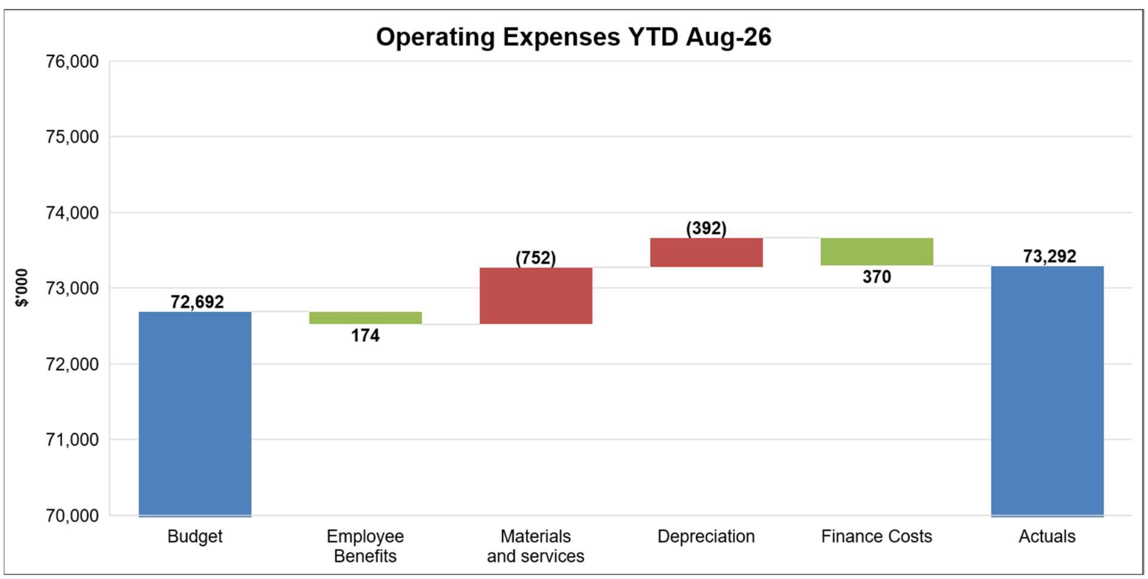
Council's operating position at the end of August was a surplus of $8.7M, compared to a budget of $8.3M. The operating result is favourable to budget by $427K driven mainly by favourable variances in fees and charges ($466K), finance costs ($370K), miscellaneous revenue ($286K), interest received ($276K) and operating grants & subsidies ($256K). This has been partially offset higher than anticipated materials and services ($752K) and depreciation expense ($392K).

OPERATING REVENUE



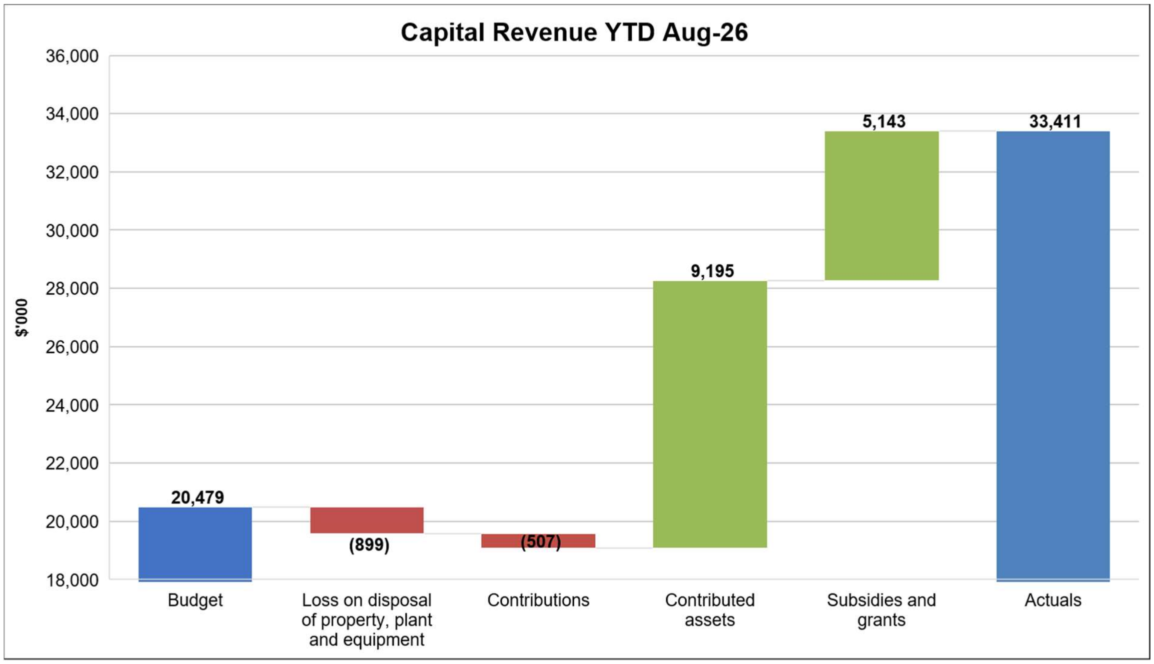
Operating revenue is favourable to budget by $1.0M driven by external works income and the timing of grant receipts and event income.

OPERATING EXPENDITURE



Operating expenditure is $600K unfavourable to budget, largely driven by the timing of operational spend in materials and services expenditure.

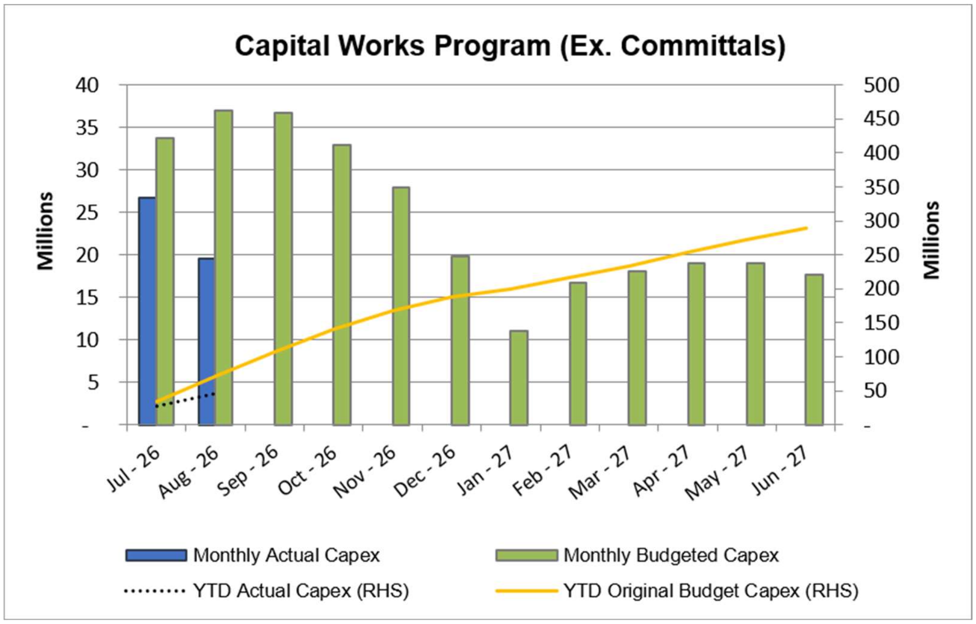
CAPITAL REVENUE



Capital revenue is $12.9M 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 ($9.2M). 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 ($5.1M).

This has been partially offset by higher than anticipated loss on disposal of property, plant and equipment due to the timing of processing asset disposals and capitalisations ($899K). In addition, contributions are lower than anticipated ($507K) as receipt timing can vary depending on development activity.

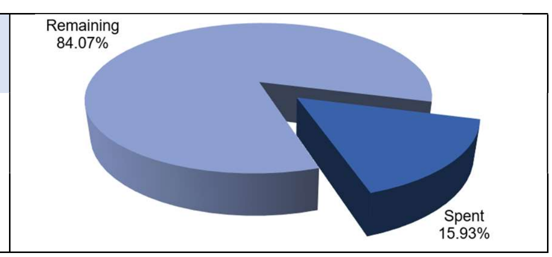
CAPITAL EXPENDITURE



Actual capital works expenditure year to date is $46.2M, compared to a budget of $70.7M. The following table illustrates year to date 2026/27 capital works program against the full year budget.

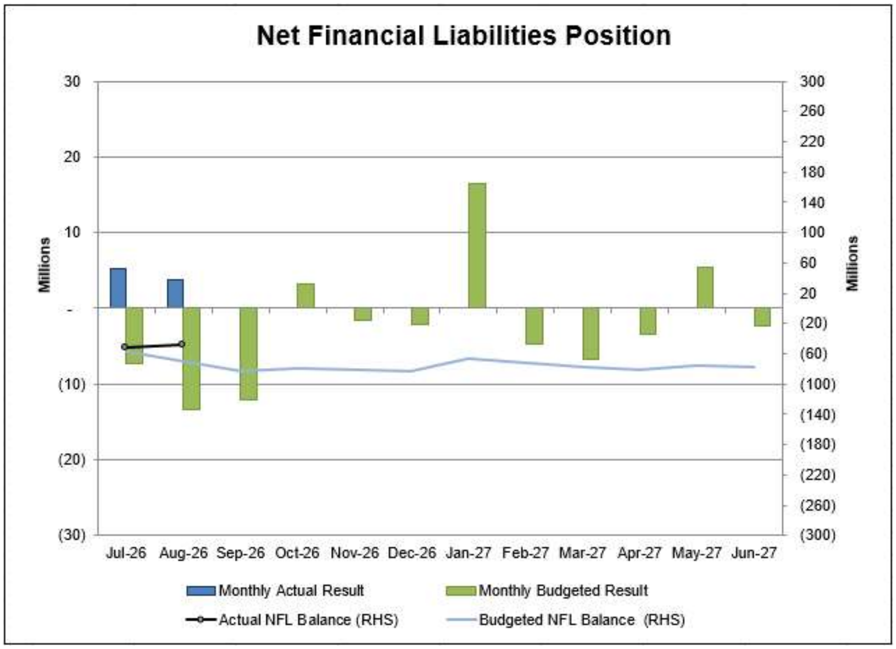
Portfolio	Year to Date Actual $000	Year to Date Budget $000	Year to Date Variance $000	Full Year Budget $000
Buildings & Fleet	605	1,883	1,278	14,228
Community Life	417	451	34	1,498
Community Spaces	2,857	5,676	2,819	30,307
Creative Life	289	899	610	2,045
Drainage	685	498	(187)	3,663
Finance & Business Services	15	465	450	3,300
Resource Recovery	927	235	(692)	2,795
Transport	4,817	9,378	4,561	34,468
Wastewater	2,476	4,592	2,116	32,992
Water	2,645	4,955	2,310	25,862
Major Projects	25,259	33,818	8,559	118,708
Councillor Discretionary Funds	163	100	(63)	1,000
Disaster Recovery	5,000	7,746	2,746	18,783
CAPITAL WORKS TOTAL	**46,155**	**70,696**	**24,541**	**289,649**
Capitalised Interest	218	-	(218)	-
CAPITAL EXPENDITURE	**46,373**	**70,696**	**24,323**	**289,649**

YTD actual expenditure	$46,155
Unspent capital expenditure	$243,494
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 August, Council's NFL is $22.0M favourable to budget. This is driven by an unfavourable $7.7M carry forward position from the previous financial year combined with a $29.7M 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	82,003	80,976	1,027	484,953
Operating Expenses (ex Dep)	(53,577)	(53,369)	(208)	(341,456)
Capital Revenue - Infra Charges	1,790	2,297	(507)	17,239
Capital Revenue - Grants & Other	25,131	20,085	5,046	100,523
Net Capital Funding	**55,347**	**49,989**	**5,358**	**261,259**
Capital Expenditure	(46,373)	(70,696)	24,323	(289,649)
Net Funding Surplus/(Deficit)	**8,974**	**(20,707)**	**29,681**	**(28,390)**

Year to date net capital funding totals $55.3M which is $5.4M favourable to budget, mainly due to the favourable variance in grants capital revenue of $5.0M.

Capital expenditure at the end of August is $24.3M favourable to budget. Combined with a favourable net capital funding variance of $5.4M, this results in a favourable $29.7M net funding surplus variance year to date.

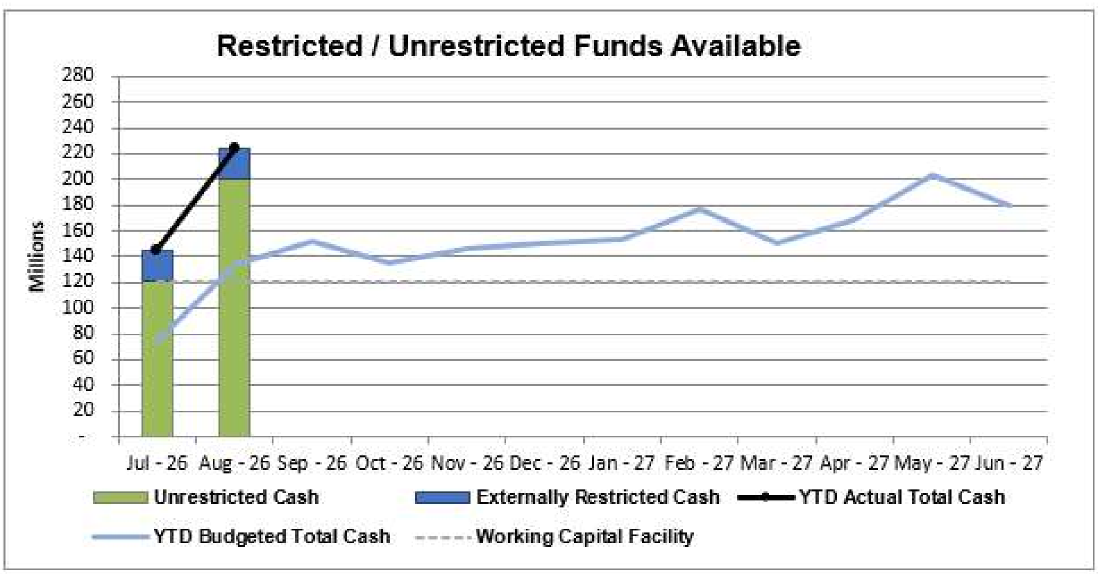
LIQUIDITY

	Actual $000	Budget $000	Variance $000
Cash and cash equivalents	103,732	14,129	89,603
Working capital facility	-	-	-
Long term loans	(70,204)	(73,136)	2,932
NET DEBT POSITION	**33,528**	**(59,007)**	**92,535**

Council's net debt position is $92.5M favourable driven mainly by the favourable year to date net funding surplus ($29.7M) and a higher than anticipated balance in trade and other payables ($23.6M). Also contributing is a lower than anticipated rates receivables balance due to timing of cash receipts ($22.6M) and a higher than anticipated balance in other liabilities ($19.6M) for Disaster Recovery Funding Arrangements and State Waste Levy refunds.

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 $223.7M. Excluding funds subject to external restrictions of $23.0M, the unconstrained funds available to meet ongoing operational expenses is $200.7M.

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	**10.6%**	**> 0%**	☑	**4.4%**
	Operating Cash Ratio	Cash operating performance (less depreciation and other non-cash items)	**35.2%**	**> 0%**	☑	**29.9%**
Liquidity	Unrestricted Cash Expense Cover Ratio	Unconstrained liquidity available to Council	**7.1**	**> 2 months**	☑	**4.2**
Debt Servicing Capacity	Leverage Ratio	Ability to repay existing debt	**2.4**	**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	**68.4%**	**> 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 28 August 2026.

Option 2:

That Council does not note the financial performance report for the period ended 28 August 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 28 August 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 28 August 2026

	Actual $000	Original Budget $000	Variance $000
Income			
Revenue			
Operating Revenue			
Net rates and utility charges	67,750	68,007	(257)
Fees and charges	8,616	8,150	466
Interest received	892	616	276
Miscellaneous Revenue	3,913	3,627	286
Grants, subsidies, contributions and donations	832	576	256
Total Operating revenue	**82,003**	**80,976**	**1,027**
Expenses			
Operating Expenses			
Employee benefits	25,607	25,781	174
Materials and services	27,532	26,780	(752)
Depreciation	19,715	19,323	(392)
Finance costs	438	808	370
Total Operating Expenses	**73,292**	**72,692**	**(600)**
Capital Revenue			
Loss on disposal of property, plant and equipment	(2,552)	(1,653)	(899)
Contributions	1,790	2,297	(507)
Contributed assets	9,195	-	9,195
Subsidies and grants	24,978	19,835	5,143
Net Capital Revenue	**33,411**	**20,479**	**12,932**
Net result attributable to Council in period	**42,122**	**28,763**	**13,359**

Council's net result for August 2026 is a surplus of $42.1M, $13.4M higher than budgeted.

Operating revenue is $1.0M favourable to budget driven by greater than anticipated fees and charges ($466K), miscellaneous revenue ($286K) and interest received ($276K). This has been partially offset by unfavourable variances in net rates and utility charges ($257K).

Operating expenses are $600K unfavourable to budget due to higher than anticipated materials and services ($752K) and depreciation ($392K). This has been partially offset by favourable variances in finance costs ($370K) and employee benefits ($174K).

Capital revenue is $12.9M favourable to budget mainly due to higher than anticipated contributed assets ($9.2M) and subsidies and grants ($5.1M), offset by the unfavourable variance in loss on disposal of property, plant and equipment ($899K) and contributions ($507K).

Statement of Financial Position
For the Period Ended 28 August 2026

	Note	Actual	Original Budget	Variance
		$000	$000	$000
Assets				
Current Assets				
Cash and cash equivalents	1	103,732	14,129	89,603
Trade and other receivables	2	194,021	221,334	(27,313)
Inventories		4,299	4,215	84
		302,052	**239,678**	**62,374**
Non-Current Assets				
Property, plant and equipment	3	5,929,330	5,919,193	10,137
		5,929,330	**5,919,193**	**10,137**
Total Assets		**6,231,382**	**6,158,871**	**72,511**
Liabilities				
Current Liabilities				
Trade and other payables	4	83,421	59,807	(23,614)
Borrowings		17,816	19,124	1,308
Provisions		32,003	32,131	128
Other liabilities	5	135,548	126,009	(9,539)
		268,788	**237,071**	**(31,717)**
Non-Current Liabilities				
Borrowings		52,388	54,012	1,624
Provisions		16,234	15,872	(362)
Other liabilities	6	13,223	3,263	(9,960)
		81,845	**73,147**	**(8,698)**
Total Liabilities		**350,633**	**310,218**	**(40,415)**
NET COMMUNITY ASSETS		**5,880,749**	**5,848,653**	**32,096**
Community Equity				
Retained surplus/deficit		3,328,484	3,346,645	(18,161)
Asset revaluation surplus		2,552,265	2,502,008	50,257
TOTAL COMMUNITY EQUITY		**5,880,749**	**5,848,653**	**32,096**

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 Trade and other receivables are unfavourable to budget mainly due to a lower than anticipated rates receivables balance ($22.6M) driven by timing of cash receipts.

3 Property, plant and equipment is favourable to budget due to the higher than anticipated result of annual asset valuations in 2025/26 ($50.3M) and higher than anticipated contributed assets ($9.2M). This has been offset by delays in delivering the 2025/26 and current year capital works programs ($60.2M)

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 28 August 2026

	Note	Actual	Original Budget	Variance
		$000	$000	$000
Cash Flows from Operating Activities:				
Receipts from customers	1	153,214	137,585	15,629
Payments to suppliers and employees	2	(60,954)	(77,172)	16,218
Interest received		892	622	270
Borrowing costs		(254)	(254)	-
Net cash inflow (outflow) from operating activities		**92,898**	**60,781**	**32,117**
Cash Flows from Investing Activities				
Grants, subsidies and contributions for capital acquisitions	3	7,300	23,024	(15,724)
Proceeds from disposal of property, plant and equipment		153	250	(97)
Payments for property, plant and equipment	4	(48,391)	(64,126)	15,735
Net cash inflow (outflow) from investing activities		**(40,938)**	**(40,852)**	**(86)**
Cash Flows from Financing Activities:				
Repayment of borrowings		(2,934)	(3,125)	191
Proceeds from working capital facility	5	-	46,484	(46,484)
Repayment of working capital facility	5	-	(52,159)	52,159
Net cash inflow (outflow) from financing activities		**(2,934)**	**(5,800)**	**2,866**
NET INCREASE/(DECREASE) IN CASH HELD		**49,026**	**14,129**	**34,897**
Cash at beginning of year		54,706	-	54,706
CASH AT END OF PERIOD		**103,732**	**14,129**	**89,603**

1 Receipts from customers are higher than anticipated due to the timing of rates receipts.

2 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.

3 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 ($20M).

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

5 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 28 August 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 28 August 2026

Office of the CEO

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Other income	176	185	(9)	(5)%
Total Operating Revenue	**92**	**99**	**(7)**	**(7)%**
Operating Expenditure				
Employee Benefits	631	636	5	1 %
Materials and services	90	132	42	32 %
Total Expenses	**721**	**768**	**47**	**6 %**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**(545)**	**(583)**	**38**	**7 %**

Office of the CEO is $38K favourable to budget YTD, across various materials & services.

Appendix B – Finance & Business Services

Operating Statement
For the Period Ended 28 August 2026

Finance & Business Services

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Net rates and utility charges	27,683	27,686	(3)	(0)%
Fees & charges	181	196	(15)	(8)%
Interest revenue	626	302	324	107 %
Other income	88	57	31	54 %
Grants, Subsidies and Contributions	279	272	7	3 %
Total Operating Revenue	**28,857**	**28,513**	**344**	**1 %**
Operating Expenditure				
Employee Benefits	3,006	3,041	35	1 %
Materials and services	(212)	(319)	(107)	(34)%
Depreciation and Amortisation	431	459	28	6 %
Finance Costs	114	523	409	78 %
Total Expenses	**3,339**	**3,704**	**365**	**10 %**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**25,518**	**24,809**	**709**	**3 %**

The Finance & Business Services directorate is $709K favourable to budget YTD, largely due to favourable interest revenue & expense, offsetting the timing of material purchases.

Appendix C – People & Organisational Performance

Operating Statement
For the Period Ended 28 August 2026

People & Organisational Performance

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Fees & charges	2	1	1	100 %
Other income	34	-	34	100 %
Grants, Subsidies and Contributions	345	113	232	205 %
Total Operating Revenue	**381**	**114**	**267**	**234 %**
Operating Expenditure				
Employee Benefits	2,229	2,339	110	5 %
Materials and services	1,223	1,399	176	13 %
Depreciation and Amortisation	53	56	3	5 %
Total Expenses	**3,505**	**3,794**	**289**	**8 %**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**(3,124)**	**(3,680)**	**556**	**15 %**

The People & Organisational Performance directorate is $556K favourable to budget largely due to timing of grant revenue received & various materials and services expenses.

Appendix D – Planning, Growth & Sustainability

Operating Statement
For the Period Ended 28 August 2026

Planning, Growth & Sustainability

	YTD Actual	YTD Budget	Variance	Variance
	$000	$000	$000	%
Operating Revenue				
Fees & charges	1,654	1,555	99	6 %
Other income	269	375	(106)	(28)%
Grants, Subsidies and Contributions	88	82	6	7 %
Total Operating Revenue	**2,011**	**2,012**	**(1)**	**(0)%**
Operating Expenditure				
Employee Benefits	2,029	1,815	(214)	(12)%
Materials and services	418	516	98	19 %
Finance Costs	-	8	8	100 %
Total Expenses	**2,447**	**2,339**	**(108)**	**(5)%**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**(436)**	**(327)**	**(109)**	**33 %**

Planning, Growth and Sustainability is $109K unfavourable to budget due to higher than anticipated employee benefits.

Appendix E – Lifestyle & Community

Operating Statement
For the Period Ended 28 August 2026

Lifestyle & Community

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Fees & charges	4,266	4,054	212	5 %
Other income	1,193	1,046	147	14 %
Grants, Subsidies and Contributions	120	22	98	445 %
Total Operating Revenue	**5,579**	**5,122**	**457**	**9 %**
Operating Expenditure				
Employee Benefits	6,946	6,841	(105)	(2)%
Materials and services	8,547	7,960	(587)	(7)%
Depreciation and Amortisation	3,021	2,813	(208)	(7)%
Finance Costs	324	277	(47)	(17)%
Total Expenses	**18,838**	**17,891**	**(947)**	**(5)%**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**(13,259)**	**(12,769)**	**(490)**	**(4)%**

Lifestyle & Community is $490K unfavourable to budget. Materials & Services are due to the timing of external services. This is offset by Fees & Charges (venues & cemeteries) and Other Income 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 28 August 2026

Cairns Infrastructure and Assets - Engineering Services

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Fees & charges	9	11	(2)	(18)%
Other income	1	-	1	100 %
Grants, Subsidies and Contributions	-	16	(16)	(100)%
Total Operating Revenue	**10**	**27**	**(17)**	**(63)%**
Operating Expenditure				
Employee Benefits	1,735	2,004	269	13 %
Materials and services	544	877	333	38 %
Depreciation and Amortisation	6,865	6,626	(239)	(4)%
Total Expenses	**9,144**	**9,507**	**363**	**4 %**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**(9,134)**	**(9,480)**	**346**	**4 %**

Engineering Services is $346K favourable to budget due to timing of external services.

Appendix G – Cairns Infrastructure and Assets – Service Delivery

Operating Statement
For the Period Ended 28 August 2026

Cairns Infrastructure and Assets - Service Delivery

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Net rates and utility charges	40,067	40,321	(254)	(1)%
Fees & charges	2,505	2,335	170	7 %
Interest revenue	265	313	(48)	(15)%
Other income	2,151	1,963	188	10 %
Grants, Subsidies and Contributions	-	70	(70)	(100)%
Total Operating Revenue	**44,988**	**45,002**	**(14)**	**(0)%**
Operating Expenditure				
Employee Benefits	8,691	8,804	113	1 %
Materials and services	16,216	15,146	(1,070)	(7)%
Depreciation and Amortisation	9,347	9,368	21	0 %
Total Expenses	**34,254**	**33,318**	**(936)**	**(3)%**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**10,734**	**11,684**	**(950)**	**(8)%**

Service Delivery is $950K 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 28 August 2026

Economic Development & Advocacy

	YTD Actual $000	YTD Budget $000	Variance $000	Variance %
Operating Revenue				
Other income	-	-	-	0 %
Total Operating Revenue	**-**	**-**	**-**	**0 %**
Operating Expenditure				
Employee Benefits	340	300	(40)	(13)%
Materials and services	705	1,068	363	34 %
Total Expenses	**1,045**	**1,368**	**323**	**24 %**
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	**(1,045)**	**(1,368)**	**323**	**24 %**

The Economic Development & Advocacy directorate is $323K 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.
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.