

**SPECIAL BUDGET MEETING****22 JUNE 2022****23****STATEMENT OF ESTIMATED FINANCIAL POSITION**

J Piercy | 63/17/2-01 | #6938080

**RECOMMENDATION:**

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

**EXECUTIVE SUMMARY:**

This report provides a comparison of Council's financial operations and financial position between the 2021/22 budget and the 2021/22 forecast. The report is comprised of a Budgeted Statement of Income and Expenditure, Budgeted Financial Position and Budgeted Statement of Cash Flows.

**BACKGROUND:**

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

This report provides a comparison of Council's financial operations and financial position between the 2021/22 budget adopted in June 2021 and the 2021/22 forecast. The 2021/22 forecast is based upon Council's actual results for the period 1 July 2021 up to 25 March 2022 and an estimated forecast for the remainder of the period.

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

**COMMENT:**

Council's 2021/22 Net Result is anticipated to be \$1.8M favourable to budget, driven largely by a \$4.2M favourable variance in revenues offset by \$2.3M of expenses in excess of budget. The favourable revenue variance was mainly due to higher than anticipated operating and capital grants, subsidies and contributions and other operating income due to earlier than budgeted receipt of the Financial Assistance Grant (\$2.1M). The unfavourable expense variance was mainly due to greater than expected losses on disposal of non-current assets, which has no cash impact, offset by lower than anticipated materials and services costs.

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

**CONSIDERATIONS:**

Statutory:

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

**ATTACHMENTS:**

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



Jason Ritchie  
Executive Manger Finance



Lisa Whitton  
Chief Financial Officer

## BUDGETED FINANCIAL STATEMENTS

### Cairns Regional Council - Budgeted Statement of Income and Expenditure

	2021/22 Budget \$'000	2021/22 Forecast \$'000	Variance \$'000	Variance %
<b>Operating Revenue</b>				
Rates and utility charges	289,397	289,055	( 342)	(0.12%)
Less: rebates	( 5,003)	( 4,955)	48	0.96%
<b>Net rates and utility charges</b>	<b>284,394</b>	<b>284,100</b>	<b>( 294)</b>	<b>(0.10%)</b>
Fees and charges	25,726	26,856	1,130	4.39%
Interest revenue	1,570	1,744	174	11.08%
Grants, subsidies and contributions	7,717	10,493	2,776	35.97%
Other operating income	16,388	17,779	1,391	8.49%
	<b>335,795</b>	<b>340,972</b>	<b>5,177</b>	<b>1.54%</b>
<b>Capital Revenue</b>				
Capital grants and subsidies	20,908	25,302	4,394	21.02%
Contributions from developers	11,900	11,900	-	0.00%
Contributed assets	19,436	14,020	( 5,416)	(27.87%)
	<b>52,244</b>	<b>51,222</b>	<b>( 1,022)</b>	<b>(1.96%)</b>
<b>TOTAL REVENUE</b>	<b>388,039</b>	<b>392,194</b>	<b>4,155</b>	<b>1.07%</b>
<b>Operating Expenses</b>				
Employee benefits	115,875	116,280	( 405)	(0.35%)
Materials and services	115,085	113,018	2,067	1.80%
Depreciation	99,653	98,133	1,520	1.53%
Finance costs	3,936	4,467	( 531)	(13.49%)
	<b>334,549</b>	<b>331,898</b>	<b>2,651</b>	<b>0.79%</b>
<b>Capital Expenses</b>				
Gain/(loss) on sale of non-current assets	15,000	20,000	( 5,000)	(33.33%)
<b>TOTAL EXPENSES</b>	<b>349,549</b>	<b>351,898</b>	<b>( 2,349)</b>	<b>(0.67%)</b>
<b>NET RESULT</b>	<b>38,490</b>	<b>40,296</b>	<b>1,806</b>	<b>4.69%</b>
<b>Other Comprehensive Income</b>				
Increase/(decrease) in asset revaluation surplus	81,552	94,941	13,389	16.42%
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>120,042</b>	<b>135,237</b>	<b>15,195</b>	<b>12.66%</b>

**Cairns Regional Council - Budgeted Financial Position**

	2021/22 Budget \$'000	2021/22 Forecast \$'000	Variance \$'000	Variance %
<b>Current Assets</b>				
Cash assets and equivalents	-	14,502	14,502	100.00%
Receivables	49,523	58,469	8,946	18.06%
Inventories	2,244	2,526	282	12.57%
	<u>51,767</u>	<u>75,497</u>	<u>23,730</u>	<u>45.84%</u>
<b>Non-Current Assets</b>				
Property, plant and equipment	4,296,507	4,284,404	( 12,103)	(0.28%)
	<u>4,296,507</u>	<u>4,284,404</u>	<u>( 12,103)</u>	<u>(0.28%)</u>
<b>TOTAL ASSETS</b>	<u>4,348,274</u>	<u>4,359,901</u>	<u>11,627</u>	<u>0.27%</u>
<b>Current Liabilities</b>				
Trade and other payables	51,049	48,852	2,197	4.30%
Working capital facility	317	-	317	100.00%
Interest bearing liabilities	25,570	25,570	-	0.00%
Other liabilities	16,233	22,585	( 6,352)	(39.13%)
Provisions	12,634	17,015	( 4,381)	(34.68%)
	<u>105,803</u>	<u>114,022</u>	<u>( 8,219)</u>	<u>(7.77%)</u>
<b>Non-Current Liabilities</b>				
Interest bearing liabilities	157,625	157,424	201	0.13%
Provisions	14,011	13,659	352	2.51%
	<u>171,636</u>	<u>171,083</u>	<u>553</u>	<u>0.32%</u>
<b>TOTAL LIABILITIES</b>	<u>277,439</u>	<u>285,105</u>	<u>( 7,666)</u>	<u>(2.76%)</u>
<b>NET COMMUNITY ASSETS</b>	<u>4,070,835</u>	<u>4,074,796</u>	<u>3,961</u>	<u>0.10%</u>
<b>Community Equity</b>				
Asset revaluation surplus	1,357,441	1,366,058	8,617	0.63%
Retained surplus / (deficit)	2,713,394	2,708,738	( 4,656)	(0.17%)
<b>TOTAL COMMUNITY EQUITY</b>	<u>4,070,835</u>	<u>4,074,796</u>	<u>3,961</u>	<u>0.10%</u>

## Cairns Regional Council - Budgeted Statement of Cash Flows

	2021/22 Budget \$'000	2021/22 Forecast \$'000	Variance \$'000	Variance %
<b>Cash flows from operating activities</b>				
Receipts				
Receipts from customers	333,178	322,254	( 10,924)	(3.28%)
Interest revenue	1,569	1,744	175	11.15%
Operating grants and contributions	9,209	10,493	1,284	13.94%
	<u>343,956</u>	<u>334,491</u>	<u>( 9,465)</u>	<u>(2.75%)</u>
Payments				
Payments to suppliers and employees	( 234,707)	( 232,943)	1,764	0.75%
Finance costs	( 3,329)	( 3,331)	( 2)	(0.06%)
	<u>( 238,036)</u>	<u>( 236,274)</u>	<u>1,762</u>	<u>0.74%</u>
<b>Cash provided by / (used in) operational activities</b>	<b><u>105,920</u></b>	<b><u>98,217</u></b>	<b><u>( 7,703)</u></b>	<b><u>(7.27%)</u></b>
<b>Cash flows from investing activities</b>				
Receipts				
Proceeds/ (loss) from the sale of non-current assets	1,500	1,500	-	0.00%
Proceeds from developers and government for capital projects	25,394	37,202	11,808	46.50%
	<u>26,894</u>	<u>38,702</u>	<u>11,808</u>	<u>43.91%</u>
Payments				
Payments for property, plant and equipment	( 124,961)	( 122,527)	2,434	1.95%
	<u>( 124,961)</u>	<u>( 122,527)</u>	<u>2,434</u>	<u>1.95%</u>
<b>Cash provided by / (used in) investing activities</b>	<b><u>( 98,067)</u></b>	<b><u>( 83,825)</u></b>	<b><u>14,242</u></b>	<b><u>14.52%</u></b>
<b>Cash flows provided from financing activities</b>				
Receipts				
Proceeds from borrowings	30,000	30,000	-	0.00%
Payments				
Repayment of borrowings	( 23,525)	( 23,751)	( 226)	(0.96%)
Net repayment of working capital facility	( 14,328)	( 15,382)	( 1,054)	(7.36%)
	<u>( 37,853)</u>	<u>( 39,133)</u>	<u>( 1,280)</u>	<u>(3.38%)</u>
<b>Cash provided by / (used in) financing activities</b>	<b><u>( 7,853)</u></b>	<b><u>( 9,133)</u></b>	<b><u>( 1,280)</u></b>	<b><u>16.30%</u></b>
<b>Net increase / (decrease) in cash held</b>	<b><u>-</u></b>	<b><u>5,259</u></b>	<b><u>5,259</u></b>	<b><u>100.00%</u></b>
Cash at beginning of reporting period	-	9,243	9,243	100.00%
<b>Cash at end of reporting period</b>	<b><u>-</u></b>	<b><u>14,502</u></b>	<b><u>14,502</u></b>	<b><u>100.00%</u></b>