

**SPECIAL BUDGET MEETING**

25 JUNE 2018

**29****STATEMENT OF ESTIMATED FINANCIAL POSITION**

J Piercy | 17/49/9-06 | #5758238

**RECOMMENDATION:**

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

**EXECUTIVE SUMMARY:**

This report provides a comparison of Council's financial operations and financial position between the 2017/18 original budget and the 2017/18 forecast budget. 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 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 2017/18 original budget adopted in June 2017 and the 2017/18 forecast budget. The 2017/18 forecast budget is based upon Council's actual results for the period 1 July 2017 up to 30 March 2018 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:**

Consistent with the 2017/18 original budget, Council is forecasting a balanced operating position for 2017/18. 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  
Manger Finance



Lisa Whitton  
Chief Financial Officer

## BUDGETED FINANCIAL STATEMENTS

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

|  | 2017/18<br>Budget<br>\$'000 | 2017/18<br>Forecast<br>\$'000 | Variance<br>\$'000 | Variance<br>%  |
|--|-----------------------------|-------------------------------|--------------------|----------------|
| <b>Operating Revenue</b>                         |                             |                               |                    |                |
| Rates and utility charges                        | 256,414                     | 256,072                       | ( 342)             | (0.13%)        |
| Less: rebates                                    | ( 2,582)                    | ( 4,140)                      | ( 1,558)           | 37.63%         |
| <b>Net rates and utility charges</b>             | <b>253,832</b>              | <b>251,932</b>                | <b>( 1,900)</b>    | <b>(0.75%)</b> |
| Fees and charges                                 | 19,878                      | 20,343                        | 465                | 2.29%          |
| Interest revenue                                 | 2,474                       | 2,647                         | 173                | 6.54%          |
| Grants, subsidies and contributions              | 8,579                       | 8,905                         | 326                | 3.66%          |
| Other operating income                           | 9,356                       | 9,114                         | ( 242)             | (2.66%)        |
| <b>TOTAL OPERATING REVENUE</b>                   | <b>294,119</b>              | <b>292,941</b>                | <b>( 1,178)</b>    | <b>(0.40%)</b> |
| <b>Operating Expenses</b>                        |                             |                               |                    |                |
| Employee benefits                                | 99,939                      | 102,894                       | 2,955              | 2.87%          |
| Materials and services                           | 97,216                      | 95,754                        | ( 1,462)           | (1.53%)        |
| Depreciation                                     | 93,719                      | 91,535                        | ( 2,184)           | (2.39%)        |
| Finance costs                                    | 3,245                       | 2,758                         | ( 487)             | (17.66%)       |
| <b>TOTAL OPERATING EXPENSES</b>                  | <b>294,119</b>              | <b>292,941</b>                | <b>( 1,178)</b>    | <b>(0.40%)</b> |
| <b>Operating Surplus / (Deficit)</b>             | <b>-</b>                    | <b>-</b>                      | <b>-</b>           | <b>-</b>       |
| <b>Capital Income and Expenditure</b>            |                             |                               |                    |                |
| Capital grants and subsidies                     | 40,511                      | 40,205                        | ( 306)             | (0.76%)        |
| Contributions from developers                    | 4,595                       | 9,955                         | 5,360              | 53.85%         |
| Contributed assets                               | 17,813                      | 19,407                        | 1,594              | 8.21%          |
| Gain/(loss) on sale of non-current assets        | ( 9,135)                    | ( 10,421)                     | ( 1,286)           | 12.34%         |
| <b>TOTAL CAPITAL INCOME AND EXPENDITURE</b>      | <b>53,784</b>               | <b>59,146</b>                 | <b>5,362</b>       | <b>9.07%</b>   |
| <b>Net Result</b>                                | <b>53,784</b>               | <b>59,146</b>                 | <b>5,362</b>       | <b>9.07%</b>   |
| <b>Other Comprehensive Income</b>                |                             |                               |                    |                |
| Increase/(decrease) in asset revaluation surplus | 58,684                      | 188,455                       | 129,771            | 68.86%         |
| <b>TOTAL COMPREHENSIVE INCOME</b>                | <b>112,468</b>              | <b>247,601</b>                | <b>135,133</b>     | <b>54.58%</b>  |

## Cairns Regional Council - Budgeted Financial Position

|                                | 2017/18<br>Budget<br>\$'000 | 2017/18<br>Forecast<br>\$'000 | Variance<br>\$'000   | Variance<br>%       |
|--------------------------------|-----------------------------|-------------------------------|----------------------|---------------------|
| <b>Current Assets</b>          |                             |                               |                      |                     |
| Cash assets and equivalents    | 19,360                      | 25,993                        | 6,633                | 25.52%              |
| Receivables                    | 28,765                      | 36,570                        | 7,805                | 21.34%              |
| Inventories                    | 2,838                       | 2,652                         | ( 186)               | (7.01%)             |
|                                | <u>50,963</u>               | <u>65,215</u>                 | <u>14,252</u>        | <u>21.85%</u>       |
| <b>Non-Current Assets</b>      |                             |                               |                      |                     |
| Property, plant and equipment  | 4,002,627                   | 4,019,752                     | 17,125               | 0.43%               |
|                                | <u>4,002,627</u>            | <u>4,019,752</u>              | <u>17,125</u>        | <u>0.43%</u>        |
| <b>TOTAL ASSETS</b>            | <u>4,053,590</u>            | <u>4,084,967</u>              | <u>31,377</u>        | <u>0.77%</u>        |
| <b>Current Liabilities</b>     |                             |                               |                      |                     |
| Trade and other payables       | 40,522                      | 51,133                        | 10,611               | 20.75%              |
| Interest bearing liabilities   | 11,957                      | 11,957                        | -                    | 0.00%               |
| Provisions                     | 3,347                       | 3,424                         | 77                   | 2.25%               |
|                                | <u>55,826</u>               | <u>66,514</u>                 | <u>10,688</u>        | <u>16.07%</u>       |
| <b>Non-Current Liabilities</b> |                             |                               |                      |                     |
| Interest bearing liabilities   | 120,008                     | 113,722                       | ( 6,286)             | (5.53%)             |
| Provisions                     | 20,275                      | 19,236                        | ( 1,039)             | (5.40%)             |
|                                | <u>140,283</u>              | <u>132,958</u>                | <u>( 7,325)</u>      | <u>(5.51%)</u>      |
| <b>TOTAL LIABILITIES</b>       | <u>196,108</u>              | <u>199,472</u>                | <u>3,363</u>         | <u>1.69%</u>        |
| <b>NET COMMUNITY ASSETS</b>    | <u><b>3,857,482</b></u>     | <u><b>3,885,495</b></u>       | <u><b>28,013</b></u> | <u><b>0.72%</b></u> |
| <b>Community Equity</b>        |                             |                               |                      |                     |
| Asset revaluation surplus      | 1,139,680                   | 1,310,990                     | 171,310              | 13.07%              |
| Retained surplus / (deficit)   | 2,717,802                   | 2,574,505                     | ( 143,297)           | (5.57%)             |
| <b>TOTAL COMMUNITY EQUITY</b>  | <u><b>3,857,482</b></u>     | <u><b>3,885,495</b></u>       | <u><b>28,013</b></u> | <u><b>0.72%</b></u> |

## Cairns Regional Council - Budgeted Statement of Cash Flows

|  | 2017/18<br>Budget<br>\$'000 | 2017/18<br>Forecast<br>\$'000 | Variance<br>\$'000     | Variance<br>%          |
|--|-----------------------------|-------------------------------|------------------------|------------------------|
| <b>Cash flows from operating activities</b>                  |                             |                               |                        |                        |
| Receipts   |                             |                               |                        |                        |
| Receipts from customers                                      | 283,895                     | 283,098                       | ( 797)                 | (0.28%)                |
| Interest revenue   | 2,474                       | 2,763                         | 289                    | 10.46%                 |
| Operating grants and contributions                           | 9,687                       | 8,905                         | ( 782)                 | (8.78%)                |
|  | <u>296,056</u>              | <u>294,766</u>                | <u>( 1,290)</u>        | <u>(0.44%)</u>         |
| Payments   |                             |                               |                        |                        |
| Payments to suppliers and employees                          | ( 195,693)                  | ( 205,183)                    | ( 9,490)               | 4.63%                  |
| Finance costs  | ( 2,821)                    | ( 1,623)                      | 1,198                  | (73.80%)               |
|  | <u>( 198,513)</u>           | <u>( 206,806)</u>             | <u>( 8,293)</u>        | <u>4.01%</u>           |
| <b>Cash provided by / (used in) operational activities</b>   | <b><u>97,543</u></b>        | <b><u>87,960</u></b>          | <b><u>( 9,583)</u></b> | <b><u>(10.89%)</u></b> |
| <b>Cash flows from investing activities</b>                  |                             |                               |                        |                        |
| Receipts   |                             |                               |                        |                        |
| Proceeds/ (loss) from the sale of non-current assets         | 900                         | 1,360                         | 460                    | 33.82%                 |
| Proceeds from developers and government for capital projects | 40,511                      | 50,783                        | 10,272                 | 20.23%                 |
|  | <u>41,411</u>               | <u>52,143</u>                 | <u>10,732</u>          | <u>20.58%</u>          |
| Payments   |                             |                               |                        |                        |
| Payments for property, plant and equipment                   | ( 177,339)                  | ( 164,701)                    | 12,638                 | (7.67%)                |
|  | <u>( 177,339)</u>           | <u>( 164,701)</u>             | <u>12,638</u>          | <u>(7.67%)</u>         |
| <b>Cash provided by / (used in) investing activities</b>     | <b><u>( 135,928)</u></b>    | <b><u>( 112,558)</u></b>      | <b><u>23,370</u></b>   | <b><u>(20.76%)</u></b> |
| <b>Cash flows provided from financing activities</b>         |                             |                               |                        |                        |
| Receipts   |                             |                               |                        |                        |
| Proceeds from borrowings                                     | 44,250                      | 47,000                        | 2,750                  | 5.85%                  |
| Payments   |                             |                               |                        |                        |
| Repayment of borrowings                                      | ( 9,757)                    | ( 9,329)                      | 428                    | (4.59%)                |
| <b>Cash provided by / (used in) financing activities</b>     | <b><u>34,493</u></b>        | <b><u>37,671</u></b>          | <b><u>3,178</u></b>    | <b><u>8.44%</u></b>    |
| <b>Net increase / (decrease) in cash held</b>                | <b><u>( 3,892)</u></b>      | <b><u>13,073</u></b>          | <b><u>16,965</u></b>   | <b><u>129.77%</u></b>  |
| Cash at beginning of reporting period                        | 23,252                      | 12,920                        | ( 10,332)              | (79.97%)               |
| <b>Cash at end of reporting period</b>                       | <b><u>19,360</u></b>        | <b><u>25,993</u></b>          | <b><u>6,633</u></b>    | <b><u>25.52%</u></b>   |