

PRELIMINARY FINANCIAL PERFORMANCE REPORT FOR THE PERIOD ENDED 30 JUNE 2024

63/17/2-01 | #7453371

RECOMMENDATION:

That Council notes the preliminary financial performance report for the period ended 30 June 2024.

INTERESTED PARTIES:

Not applicable

EXECUTIVE SUMMARY:

This report contains the preliminary financial performance report for the period ended 30 June 2024.

PRELIMINARY JUNE 2024 FINANCIALS AT A GLANCE			
Comprehensive Income	Actual \$000	Budget \$000	Variance \$000
Total operating revenue	388,197	377,915	10,282
Total operating expenses	(397,795)	(377,666)	(20,129)
Net Operating Result	(9,598)	249	(9,847)
Capital revenue	47,058	42,319	4,739
Net Result	37,460	42,568	(5,108)
Treasury Performance	Actual \$000	Budget \$000	Variance \$000
Operating result - (ex depreciation)	98,363	106,239	(7,876)
Infrastructure charges revenue	13,776	15,200	(1,424)
Grants & other capital revenue	16,320	20,536	(4,216)
Net Capital Funding	128,459	141,975	(13,516)
Capital expenditure	(137,788)	(166,209)	28,421
Net Funding Surplus/(Deficit)	(9,329)	(24,234)	14,905

This report contains the preliminary financial statements for the period ended 30 June 2024 compared to the 2023/24 Budget. Council's annual financial statements are in the process of being drafted and are subject to Audit. A final set of financial statements for 2023/24 will be presented to Council in September and are not expected to vary materially from results in this report.

The year to date operating result is unfavourable to budget by \$9.8M. This largest contributors to this unfavourable variance are the timing and amount of the annual Financial Assistance Grant payment (\$5.7M) and the net cost of TC Jasper recovery works (\$3.6M). In addition, miscellaneous revenue (\$3.0M) and interest revenue (\$1.5M) are greater than anticipated which has been slightly offset by lower than anticipated net rates and utility charges (\$2.5M) and higher depreciation (\$2.0M).

The timing and amount of the Financial Assistance Grant payment varies from year to year, Council is only made aware of the payment amount and timing in late June each year. This makes it very difficult to accurately budget and can have a material impact on Council's operating position each year. The 2023/24 Budget assumed the same timing and amount as 2022/23 i.e 100% advance payment of the next financial years payment made in June. Instead, there was no payment in June and only 85% was paid in July. The anticipated payment is also \$0.88M less than expected. This has resulted in a negative budget variance for 2023/24 of \$5.7M.

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 Essential 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 \$16.6M of recovery related expenditure has been recognised in Council's operating expenses, \$13.0M of which is expected to be recoverable through external funding streams.

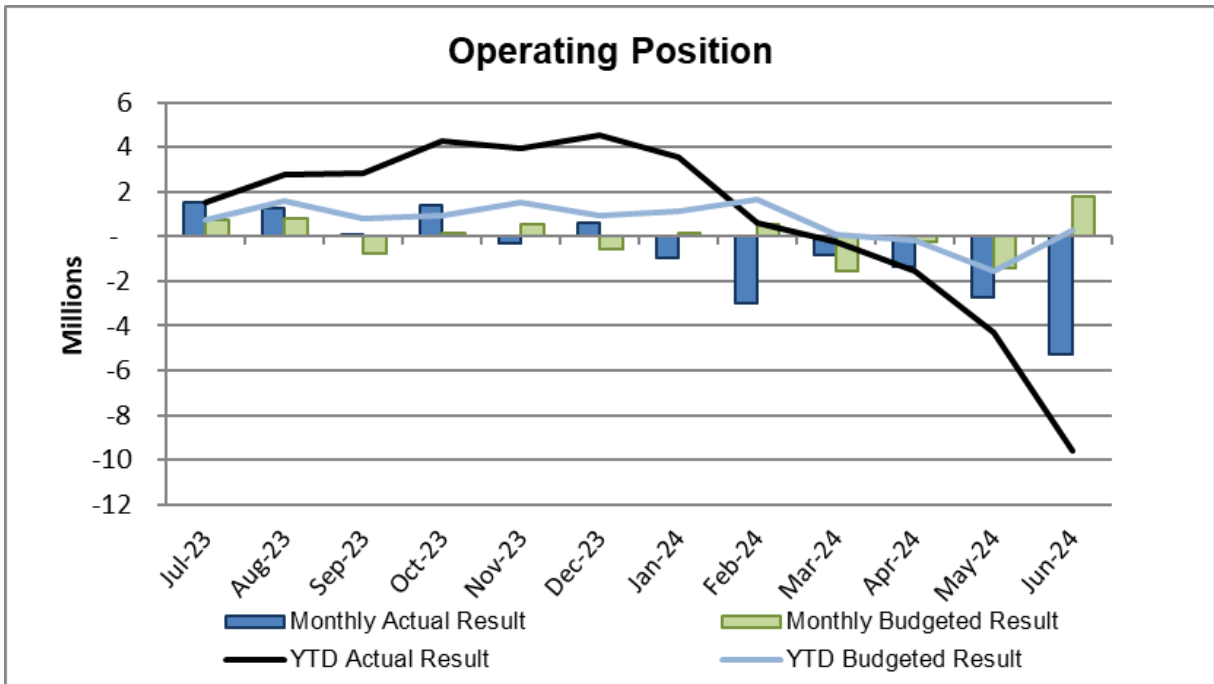
The net capital funding available is \$128.5M which is \$13.5M unfavourable to budget. This is due to a combination of unfavourable operating results (\$7.9M), grants and other capital revenue (\$4.2M), and infrastructure charges revenue (\$1.4M).

Expenditure on capital works is \$137.1M resulting in a \$27.6M timing variance to budget.

COMMENT:

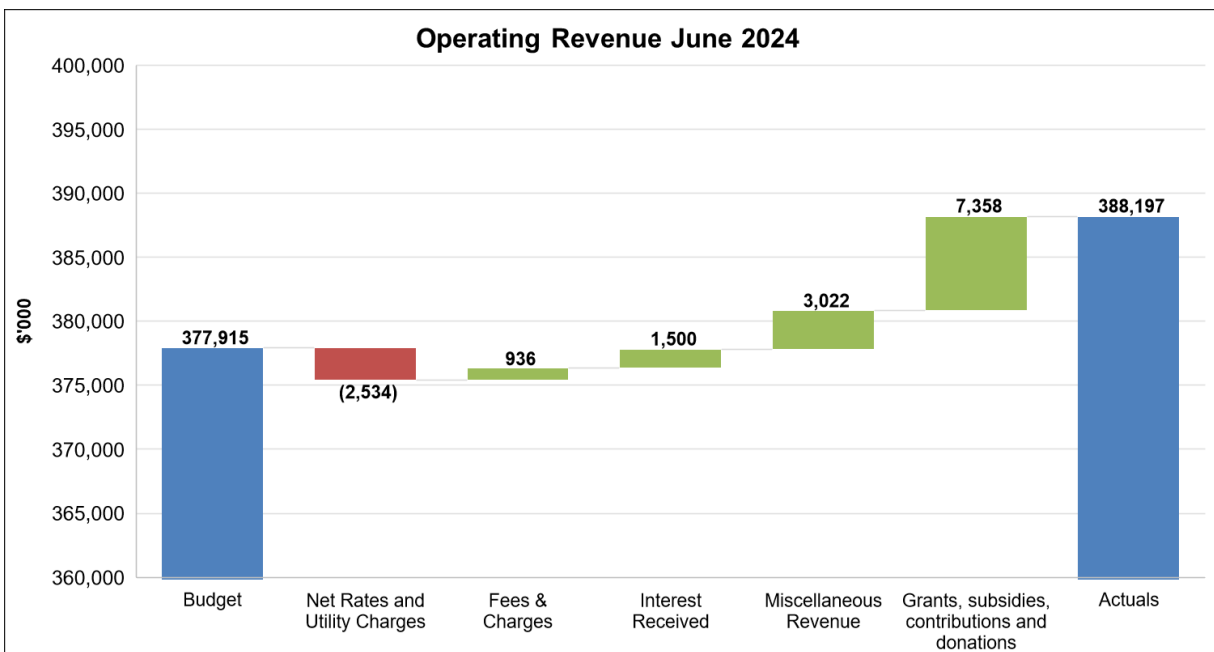
Each month, year to date financial statements are prepared in order to monitor actual performance against budget. Attached are the financial statements for the period ended 30 June 2024. Actual amounts are compared against year to date Budget 2023/24 figures. See Appendix one for detailed financial statements and Appendix two for statements of comprehensive income by directorate.

PRELIMINARY OPERATING POSITION



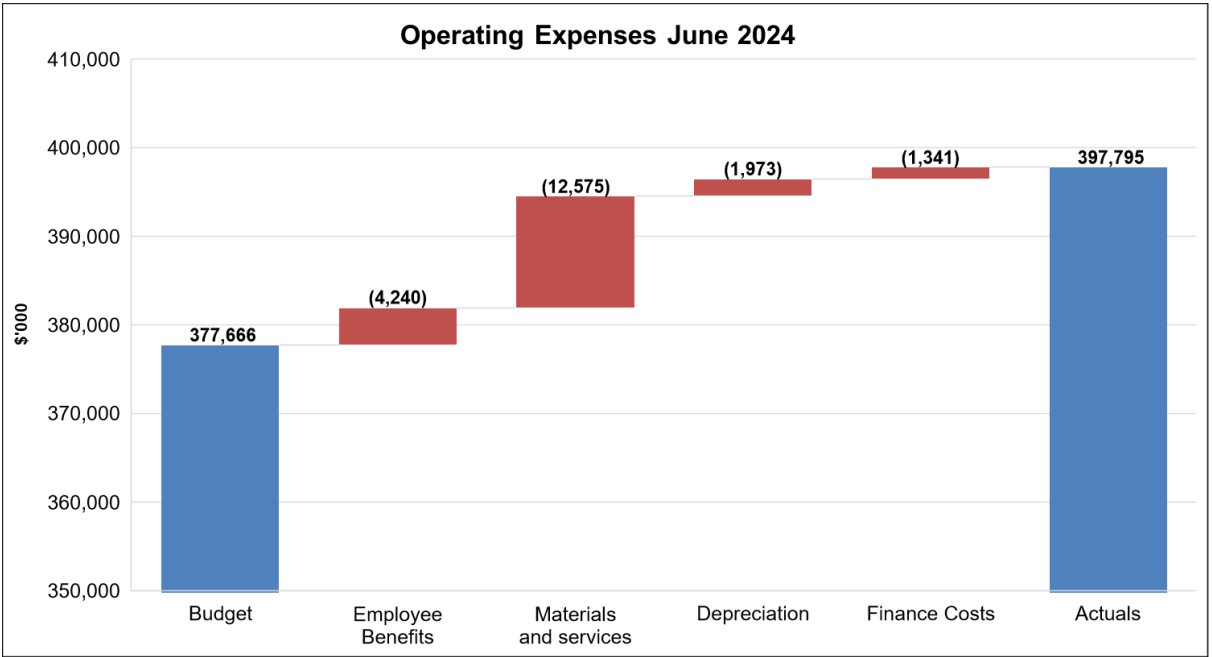
Council's operating position at the end of June was a deficit of \$9.6M, \$9.8M unfavourable to budget. This result is mainly due to unfavourable variances in materials and services and employee benefits due to unbudgeted expenditure relating to the Cyclone Jasper Flood Emergency (\$16.6M) and due to the timing of the Financial Assistance Grant payment (\$5.7M). Also contributing to the variance is lower than anticipated net rates and utility charges (\$2.5M) and higher than anticipated depreciation (\$2.0M). Offsetting the unfavourable variances is the unbudgeted grant funds for the Cyclone Jasper Flood Emergency (\$13.0M) as well as higher than anticipated miscellaneous revenue (\$3.0M) and interest revenue (\$1.5M).

PRELIMINARY OPERATING REVENUE



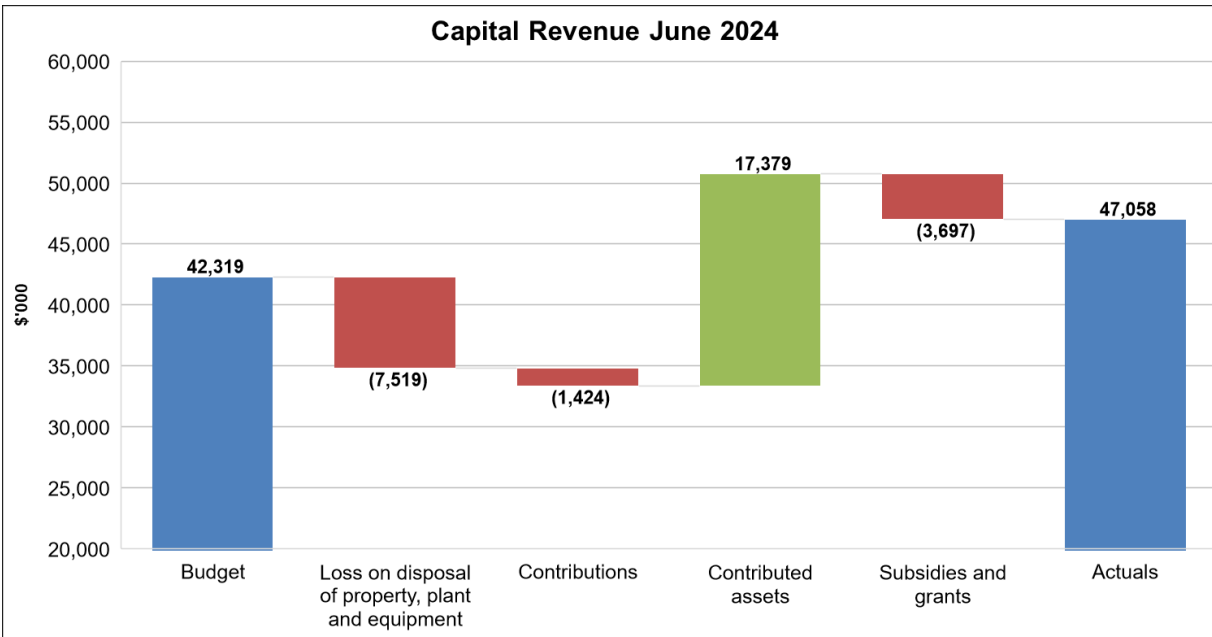
Operating revenue is favourable to budget by \$10.3M driven by greater than anticipated grants, subsidies, contributions and donations (\$7.4M) due to the unbudgeted receipt of funding for the Cyclone Jasper Flood Emergency of (\$13.0M) which is partially offset by the timing of the Financial Assistance Grant payment (\$5.7M). Other favourable variances include higher miscellaneous revenue (\$3.0M) and interest received (\$1.5M) which has been offset by less than anticipated net rates and utility charges (\$2.5M).

PRELIMINARY OPERATING EXPENDITURE



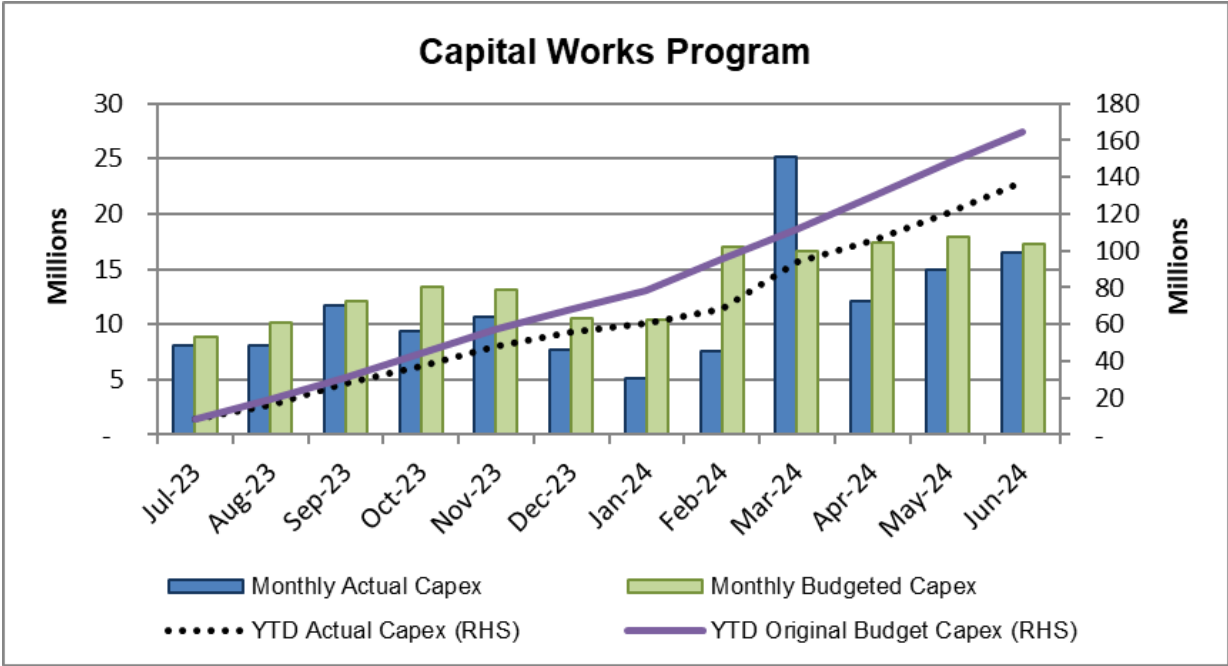
Operating expenditure is \$20.1M unfavourable to budget. This is largely driven by greater than anticipated materials and services (\$12.6M) and employee benefits (\$4.2M) mainly due to unbudgeted expenditure relating to the Cyclone Jasper Flood Emergency, as well as higher depreciation (\$2.0M).

PRELIMINARY CAPITAL REVENUE



Capital revenue is \$4.7M favourable to budget mainly due to greater than anticipated contributed assets (\$17.4M). Recognition of contributed assets is dependent upon the timing of development activity, which is outside of Council’s control. This has been slightly offset by greater than anticipated loss on disposal of property, plant and equipment (\$7.5M) and less than anticipated subsidies and grants (\$3.7M). The unfavourable variance in capital grants is due largely to the timing of delivery of the relevant capital works projects, as revenue is recognised in line with expenditure.

PRELIMINARY CAPITAL EXPENDITURE



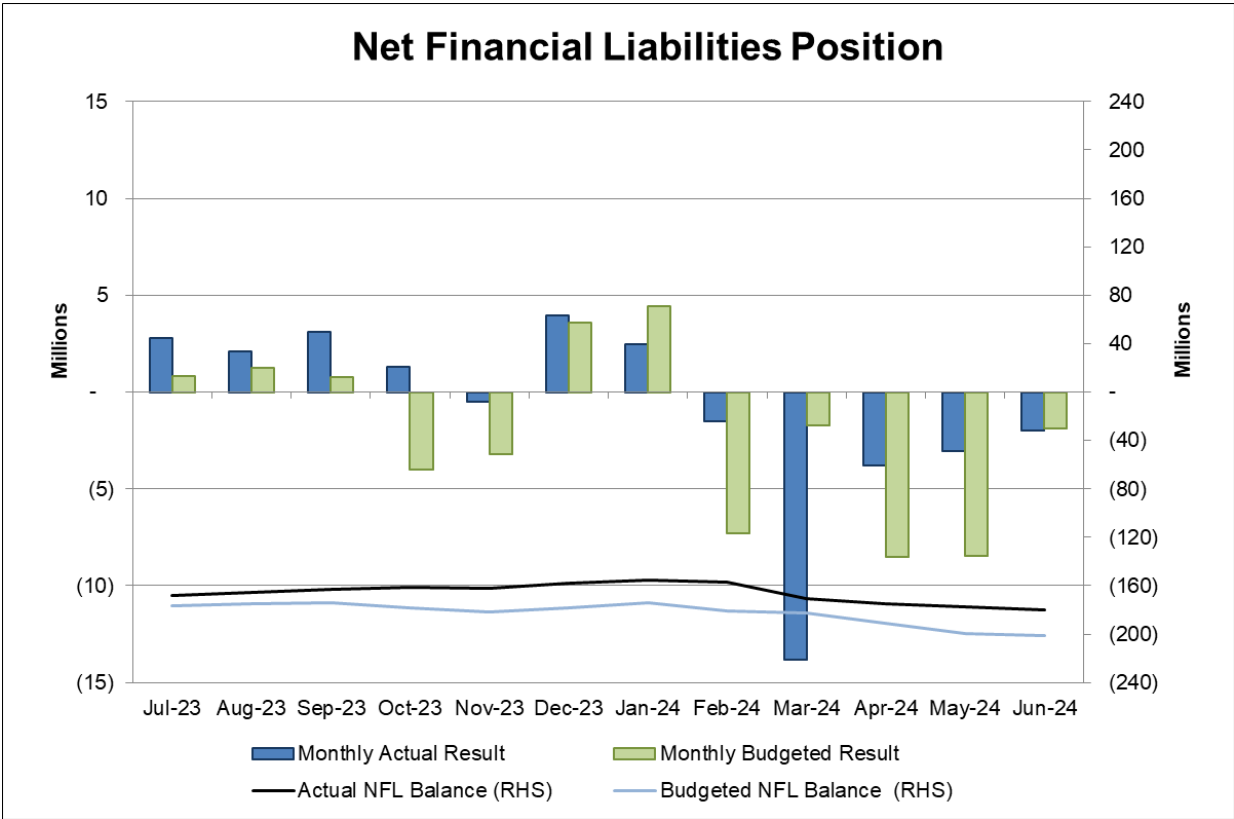
Actual capital works expenditure year to date is \$137.1M, compared to a budget of \$164.8M. The following table illustrates year to date 2023/24 capital works program against the full year budget.

Directorate	Full Year Actual \$000	Full Year Budget \$000	Full Year Variance \$000
Finance & Business Services	723	2,950	2,227
Lifestyle & Community	30,159	38,867	8,708
CIA – Engineering Services	28,990	27,898	(1,092)
CIA – Service Delivery	77,272	95,077	17,805
CAPITAL WORKS TOTAL	137,144	164,792	27,648
Capitalised Interest	644	1,417	773
CAPITAL EXPENDITURE	137,788	166,209	28,421

Full year actual expenditure	\$ 137,144	
Unspent capital expenditure	\$ 27,648	
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 June, Council's NFL is \$21.5M favourable to budget. This is driven by a favourable \$6.6M carry forward position from the previous financial year combined with a \$14.9M favourable net funding year to date variance.

Net Funding Result – Year to Date

Financial Items	Actuals YTD \$'000	Budget YTD \$'000	Variance YTD \$'000
Operating Revenue	388,197	377,916	10,281
Operating Expenses (ex Dep)	(289,834)	(271,677)	(18,157)
Capital Revenue - Infra Charges	13,776	15,200	(1,424)
Capital Revenue - Grants & Other	16,320	20,536	(4,216)
Net Capital Funding	128,459	141,975	(13,516)
Capital Expenditure	(137,788)	(166,209)	28,421
Net Funding Surplus/(Deficit)	(9,329)	(24,234)	14,905

Year to date net capital funding totals \$128.5M which is \$13.5M unfavourable to budget, mainly due to the timing of the Financial Assistance Grant payment (\$5.7M) and an unbudgeted net cost of \$3.6M related to TC Jasper recovery works (\$16.6M in expenses offset by \$13.0M in funding). In addition, there is an unfavourable variance in capital grants (\$4.2M) due largely to the timing of delivery of the relevant capital works projects, as revenue is recognised in line with expenditure.

Capital expenditure at the end of June is \$28.4M favourable to budget. Combined with an unfavourable net capital funding variance (\$13.5M), this results in a favourable \$14.9M net funding surplus variance year to date.

Whilst the net funding variance is favourable, unspent capital expenditure from 2023/24 will be incurred in future years and does not represent a permanent cash saving.

LIQUIDITY

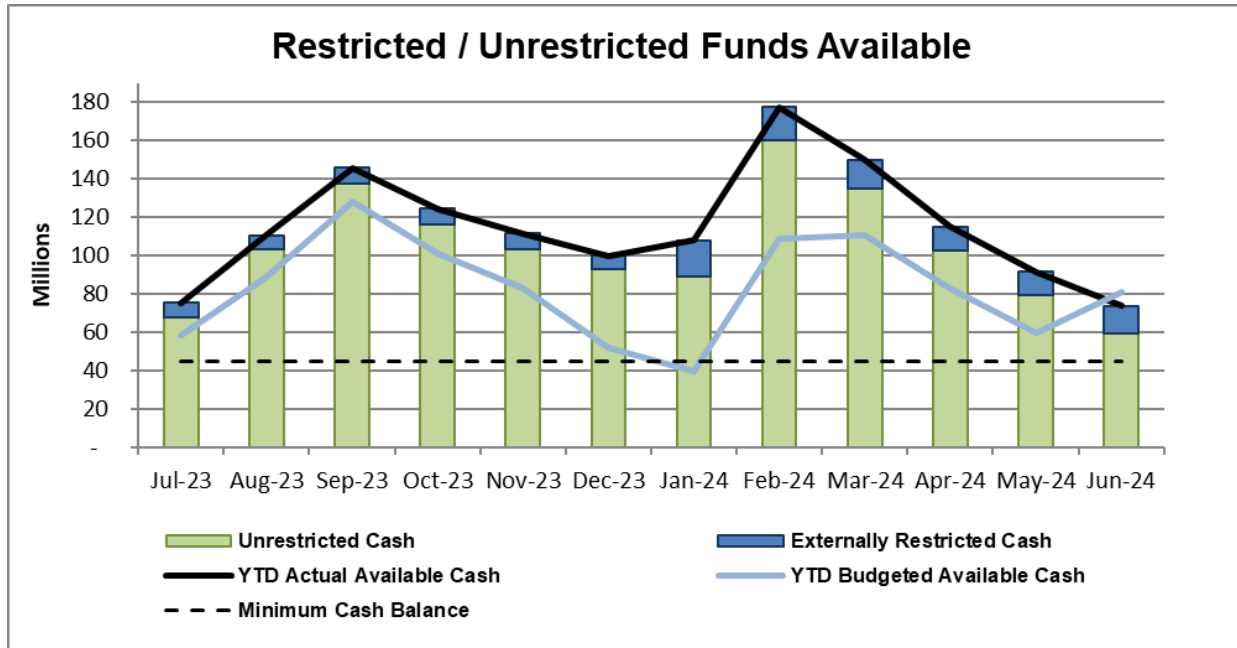
	Actual \$000	Budget \$000	Variance \$000
Cash and cash equivalents	13,448	20,906	(7,458)
Working capital facility	-	-	-
Long term loans	(129,222)	(174,111)	44,889
NET DEBT POSITION	(115,774)	(153,205)	37,431

Council's net debt position is \$37.4M 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 \$14.9M, due largely to the progress on the capital works program.

Also contributing is 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 (\$10.6M).

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 \$73.4M. Excluding funds subject to external restrictions of \$14.5M, the unconstrained funds available to meet ongoing operational expenses is \$58.9M.

Whilst the restricted funds available are less than budgeted as at the end of June, this is the result of Council's decision to defer budgeted long-term borrowings due to an improved underlying net debt position.

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	(2.5%)	> 0%	<input checked="" type="checkbox"/>	0.4%
	Operating Cash Ratio	Cash operating performance (less depreciation and other non-cash items)	26.5%	> 0%	<input checked="" type="checkbox"/>	29.4%
Liquidity	Unrestricted Cash Expense Cover Ratio	Unconstrained liquidity available to Council	2.6	> 2 months	<input checked="" type="checkbox"/>	4.7
Debt Servicing Capacity	Leverage Ratio	Ability to repay existing debt	1.3	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	69.5%	> 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

A handwritten signature in black ink, appearing to read "J. Ritchie".

Jason Ritchie
Executive Manager Finance

A handwritten signature in black ink, appearing to read "L. Whitton".

Lisa Whitton
Chief Financial Officer

Attachment 1: Financial Statements

Attached are the financial statements for the period ended 30 June 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 30 June 2024			
	Actual	Original Budget	Variance
	\$000	\$000	\$000
Income			
Revenue			
Operating Revenue			
Net rates and utility charges	316,157	318,691	(2,534)
Fees and charges	29,124	28,188	936
Interest received	6,111	4,611	1,500
Miscellaneous Revenue	21,419	18,397	3,022
Grants, subsidies, contributions and donations	15,386	8,028	7,358
Total Operating revenue	388,197	377,915	10,282
Expenses			
Operating Expenses			
Employee benefits	133,173	128,933	(4,240)
Materials and services	152,340	139,765	(12,575)
Depreciation	107,962	105,989	(1,973)
Finance costs	4,320	2,979	(1,341)
Total Operating Expenses	397,795	377,666	(20,129)
Capital Revenue			
Loss on disposal of property, plant and equipment	(21,519)	(14,000)	(7,519)
Contributions	13,776	15,200	(1,424)
Contributed assets	39,462	22,083	17,379
Subsidies and grants	15,339	19,036	(3,697)
Net Capital Revenue	47,058	42,319	4,739
Net result attributable to Council in period	37,460	42,568	(5,108)
Council's net result for June 2024 is a surplus of \$37.5M, \$5.1M less than budgeted.			
Operating revenue is \$10.3M favourable to budget driven mainly by greater than anticipated grants, subsidies, contributions and donations (\$7.4M) due to the unbudgeted receipt of funding for the Cyclone Jasper Flood Emergency (\$13.0M) which is partially offset by the delayed timing of the Financial Assistance Grant payment (\$5.7M). Other favourable variances include higher miscellaneous revenue (\$3.0M) and interest received (\$1.5M) which has been slightly offset by less than anticipated net rates and utility charges (\$2.5M).			
Operating expenses are \$20.1M unfavourable to budget due to greater than anticipated materials and services (\$12.6M) and employee benefits (\$4.2M) mainly due to unbudgeted expenditure relating to the Cyclone Jasper Flood Emergency, as well as higher depreciation (\$2.0M).			
Capital revenue is \$4.7M favourable to budget mainly due to greater than anticipated contributed assets \$17.4M. This has been offset by greater than anticipated loss on disposal of property, plant and equipment (\$7.5M) and less than anticipated subsidies and grants (\$3.7M) as a result of timing.			

**Statement of Financial Position
For the Period Ended 30 June 2024**

	Note	Actual	Original Budget	Variance
		\$000	\$000	\$000
Assets				
Current Assets				
Cash and cash equivalents	1	13,448	20,906	(7,458)
Receivables	2	58,605	45,899	12,706
Inventories		4,899	3,612	1,287
		76,952	70,417	6,535
Non-Current Assets				
Property, plant and equipment	3	4,959,967	4,862,005	97,962
		4,959,967	4,862,005	97,962
Total Assets		5,036,919	4,932,422	104,497
Liabilities				
Current Liabilities				
Trade and other payables	4	58,549	50,061	(8,488)
Borrowings	1	27,826	30,088	2,262
Provisions		13,143	11,947	(1,196)
Other liabilities	5	36,353	21,099	(15,254)
		135,871	113,195	(22,676)
Non-Current Liabilities				
Borrowings	1	101,396	144,023	42,627
Provisions		13,676	13,919	243
Other liabilities		5,667	807	(4,860)
		120,739	158,749	38,010
Total Liabilities		256,610	271,944	15,334
NET COMMUNITY ASSETS		4,780,309	4,660,478	119,831
Community Equity				
Retained surplus/deficit		2,784,134	2,782,594	1,540
Asset revaluation surplus		1,996,175	1,877,884	118,291
TOTAL COMMUNITY EQUITY		4,780,309	4,660,478	119,831

- 1 The unfavourable variance in cash and cash equivalents is largely due to delays in delivery of the capital works program which resulted in the loan drawdown budgeted in June 2024 not being required. This has caused a corresponding favourable variance in borrowings. Also contributing to the variance is higher than anticipated operating expenditure and closing receivables balance.
- 2 Receivables are favourable to budget mainly due to higher than anticipated accrued operating and capital grants revenue (\$7.5M).
- 3 Property, plant and equipment is favourable to budget due to the higher than anticipated result from the annual asset revaluation, which has been offset by less than anticipated capital additions in 2023/24.
- 4 Trade and other payables are unfavourable to budget as a result of higher than anticipated accruals for capital expenditure.
- 5 Other liabilities are unfavourable to budget due to the unbudgeted prepayment from the QLD Reconstruction Authority for future grant applications associated with the Cyclone Jasper Flood Emergency, of which \$10.6M is unspent. In addition to this, \$5.4M of other grant funding received during the year remains unspent due to the timing of delivery of the relevant capital works projects, as revenue is recognised in line with expenditure.

Statement of Cash Flows				
For the Period Ended 30 June 2024				
	Note	Actual	Original Budget	Variance
		\$000	\$000	\$000
Cash Flows from Operating Activities:				
Receipts from customers		376,852	373,201	3,651
Payments to suppliers and employees	1	(279,831)	(265,729)	(14,102)
Interest received		6,111	2,506	3,605
Borrowing costs		(2,238)	(3,137)	899
Net cash inflow (outflow) from operating activities		100,894	106,841	(5,947)
Cash Flows from Investing Activities				
Grants, subsidies and contributions for capital acquisitions	2	33,926	26,785	7,141
Proceeds from disposal of property, plant and equipment		932	1,500	(568)
Payments for property, plant, equipment and CWIP	3	(130,947)	(160,633)	29,686
Net cash inflow (outflow) from investing activities		(96,089)	(132,348)	36,259
Cash Flows from Financing Activities:				
Proceeds from borrowings	4	-	45,000	(45,000)
Repayment of borrowings		(27,180)	(30,251)	3,071
Repayment of working capital facility		-	2,105	(2,105)
Net cash inflow (outflow) from financing activities		(27,180)	16,854	(44,034)
NET INCREASE/(DECREASE) IN CASH HELD		(22,375)	(8,653)	(13,722)
Cash at beginning of year		35,823	29,559	6,264
CASH AT END OF PERIOD		13,448	20,906	(7,458)
<p>1 The unfavourable variance in payments to suppliers and employees is mainly due to unbudgeted operating expenditure relating to the Cyclone Jasper Flood Emergency.</p> <p>2 Capital grants and contributions are favourable to budget due to the receipt of higher than anticipated capital contributions (\$3.6M) in addition to the unbudgeted receipt of grant funding for the Cyclone Jasper Flood Emergency (\$10.6M). This has been offset by lower than anticipated payments for other grants.</p> <p>3 The timing of delivery of the capital works program has caused lower than anticipated payments for property, plant and equipment.</p> <p>4 The favourable variance in proceeds from borrowings is due to a budgeted loan drawdown of \$45M which was not required.</p>				

Attachment 2: Directorate Reports

Directorate operating statements provide information on the performance of each directorate for the period ended 30 June 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 30 June 2024				
Office of the CEO				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Other income	815	777	38	5 %
Total Operating Revenue	815	777	38	5 %
Operating Expenditure				
Employee Benefits	3,121	3,166	45	1 %
Materials and services	543	658	115	17 %
Total Expenses	3,664	3,824	160	4 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(2,849)	(3,047)	198	6 %
Office of the CEO is \$198K favourable to budget largely across various materials and services expenses.				

Appendix B – Finance & Business Services

**Operating Statement
For the Period Ended 30 June 2024**

Finance & Business Services

	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Net rates and utility charges	135,536	135,968	(432)	(0) %
Fees and charges	574	660	(86)	(13) %
Interest	4,502	3,157	1,345	43 %
Other income	384	301	83	28 %
Grants, Subsidies and Contributions	274	5,946	(5,672)	(95) %
Total Operating Revenue	141,270	146,032	(4,762)	(3) %
Operating Expenditure				
Employee benefits	19,084	20,561	1,477	7 %
Materials and services	2,622	2,892	270	9 %
Depreciation and amortisation expenses	3,078	3,379	301	9 %
Finance Costs	3,002	2,316	(686)	(30) %
Total Expenses	27,786	29,148	1,362	5 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	113,484	116,884	(3,400)	(3) %

The Finance & Business Services directorate is \$3.4M unfavourable to budget largely due to the timing of the early bring forward of the Financial Assistance Grant payment for 2024/25. Favourable variances in employee benefits and interest revenue are partially offsetting this.

Appendix C – People & Organisational Performance

**Operating Statement
For the Period Ended 30 June 2024**

People & Organisational Performance

	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees and charges	2	4	(2)	(50) %
Other income	35	6	29	483 %
Grants, Subsidies and Contributions	372	504	(132)	(26) %
Total Operating Revenue	409	514	(105)	(20) %
Operating Expenditure				
Employee benefits	9,222	8,965	(257)	(3) %
Materials and services	7,257	7,884	627	8 %
Total Expenses	16,479	16,849	370	2 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(16,070)	(16,335)	265	2 %

The People & Organisational Performance directorate is \$265K favourable to budget largely across various materials and services expenses.

Appendix D – Planning, Growth & Sustainability

Operating Statement
For the Period Ended 30 June 2024

Planning, Growth & Sustainability

	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees and charges	4,145	4,481	(336)	(7) %
Other income	668	590	78	13 %
Grants, subsidies, contributions and donations	218	38	180	474 %
Total Operating Revenue	5,031	5,109	(78)	(2) %
Operating Expenditure				
Employee Benefits	8,551	8,966	415	5 %
Materials and services	3,186	4,223	1,037	25 %
Finance Costs	70	39	(31)	(79) %
Total Expenses	11,807	13,228	1,421	11 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(6,776)	(8,119)	1,343	17 %

Planning, Growth and Sustainability is \$1.3M favourable to budget due to lower than budgeted materials and services and employee vacancies.

Appendix E – Lifestyle & Community

Operating Statement
For the Period Ended 30 June 2024

Lifestyle & Community

	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees and charges	14,532	13,287	1,245	9 %
Other income	5,713	6,096	(383)	(6) %
Grants, subsidies, contributions and donations	3,521	1,396	2,125	152 %
Total Operating Revenue	23,766	20,779	2,987	14 %
Operating Expenditure				
Employee benefits	35,780	33,598	(2,182)	(6) %
Materials and services	42,980	41,117	(1,863)	(5) %
Depreciation and amortisation expenses	14,332	13,828	(504)	(4) %
Finance Costs	1,212	624	(588)	(94) %
Total Expenses	94,304	89,167	(5,137)	(6) %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(70,538)	(68,388)	(2,150)	(3) %

Lifestyle & Community is \$2.1M unfavourable to budget. Fees & charges revenue is favourable due to animal management, parking and CPAC venue hires all exceeding expectations - this is partially offset by an increase in finance costs and reduced other income. Grants revenue is favourable due to disaster funding which is offset by employee costs and material & services.

Appendix F – Cairns Infrastructure and Assets – Engineering Services

Operating Statement				
For the Period Ended 30 June 2024				
Cairns Infrastructure and Assets - Engineering Services				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees and charges	101	52	49	94 %
Other income	156	-	156	100 %
Grants, Subsidies and Contributions	21	20	1	5 %
Total Operating Revenue	278	72	206	286 %
Operating Expenditure				
Employee benefits	10,047	9,699	(348)	(4)%
Materials and services	2,588	4,118	1,530	37 %
Depreciation and amortisation expenses	38,928	38,704	(224)	(1)%
Total Expenses	51,563	52,521	958	2 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(51,285)	(52,449)	1,164	2 %
Engineering Services is \$1.2M favourable to budget due to lower than budgeted external services.				

Appendix G – Cairns Infrastructure and Assets – Service Delivery

Operating Statement				
For the Period Ended 30 June 2024				
Cairns Infrastructure and Assets - Service Delivery				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Net rates and utility charges	180,619	182,723	(2,104)	(1) %
Fees and charges	9,772	9,702	70	1 %
Interest revenue	1,609	1,454	155	11 %
Other income	13,648	10,627	3,021	28 %
Grants, Subsidies and Contributions	10,980	125	10,855	8,684 %
Total Operating Revenue	216,628	204,631	11,997	6 %
Operating Expenditure				
Employee benefits	46,286	42,771	(3,515)	(8)%
Materials and services	88,014	72,786	(15,228)	(21)%
Depreciation and amortisation expenses	51,624	50,077	(1,547)	(3)%
Finance costs	36	-	(36)	(100)%
Total Expenses	185,960	165,634	(20,326)	(12)%
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	30,668	38,997	(8,329)	(21)%
<p>Service Delivery is unfavourable to 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 stock adjustments.</p>				

Appendix H – Economic Development & Advocacy

Operating Statement
For the Period Ended 30 June 2024

Economic Development & Advocacy

	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Other income	-	-	-	0 %
Total Operating Revenue	-	-	-	0 %
Operating Expenditure				
Employee benefits	1,079	1,205	126	10 %
Materials and services	5,149	6,087	938	15 %
Total Expenses	6,228	7,292	1,064	15 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(6,228)	(7,292)	1,064	15 %

The Economic Development & Advocacy directorate is \$1.1M favourable to budget, largely in 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.