

FINANCIAL PERFORMANCE REPORT FOR THE PERIOD ENDED 26 JULY 2024

F&BS | 63/17/2-01 | #7471503

RECOMMENDATION:

That Council note the financial performance report for the period ended 26 July 2024.

INTERESTED PARTIES:

Not applicable

EXECUTIVE SUMMARY:

This report contains the financial performance report for the period ended 26 July 2024.

JULY FINANCIALS AT A GLANCE				
Comprehensive Income	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Full Year Budget \$000
Total operating revenue	39,457	40,204	(747)	406,288
Total operating expenses	(29,476)	(30,117)	641	(394,822)
Net Operating Result	9,981	10,087	(106)	11,466
Capital revenue	6,142	11,410	(5,268)	156,581
Net Result	16,123	21,497	(5,374)	168,047
Treasury Performance	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Full Year Budget \$000
Operating result - (ex depreciation)	17,581	17,855	(274)	120,298
Infrastructure charges revenue	149	826	(677)	16,042
Grants & other capital revenue	6,327	10,667	(4,340)	136,878
Net Capital Funding	24,057	29,348	(5,291)	273,218
Capital expenditure	(14,780)	(17,081)	2,301	(383,254)
Net Funding Surplus/(Deficit)	9,277	12,267	(2,990)	(110,036)

The operating result is unfavourable to budget by \$106K driven by an unfavourable variance in grants, subsidies and contributions (\$374K), employee benefits (\$350K) and rates, levies and charges (\$219K). This has been slightly offset by favourable variances in materials and services (\$636K), finance costs (\$187K) and depreciation (\$168K).

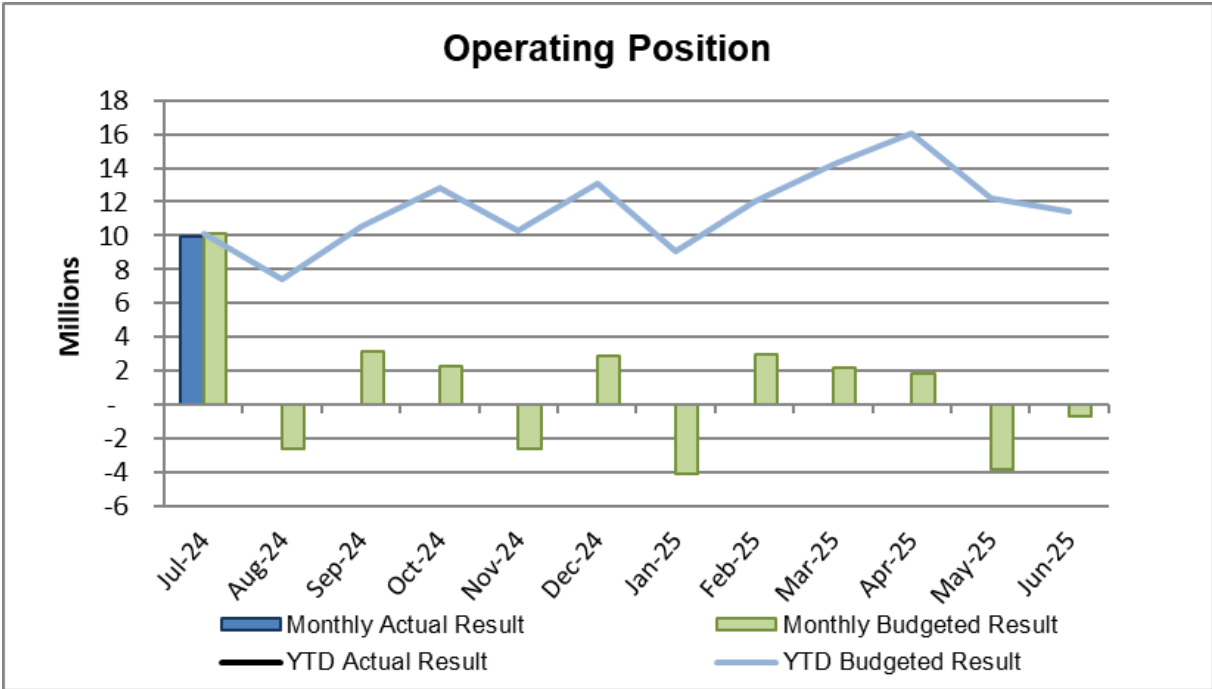
The net capital funding available is \$24.1M which is \$5.3M unfavourable to budget. This is due to a combination of unfavourable grants and other capital revenue (\$4.3M), and infrastructure charges revenue (\$677K).

Capital expenditure is \$14.4M resulting in a \$2.6M timing variance to budget.

COMMENT:

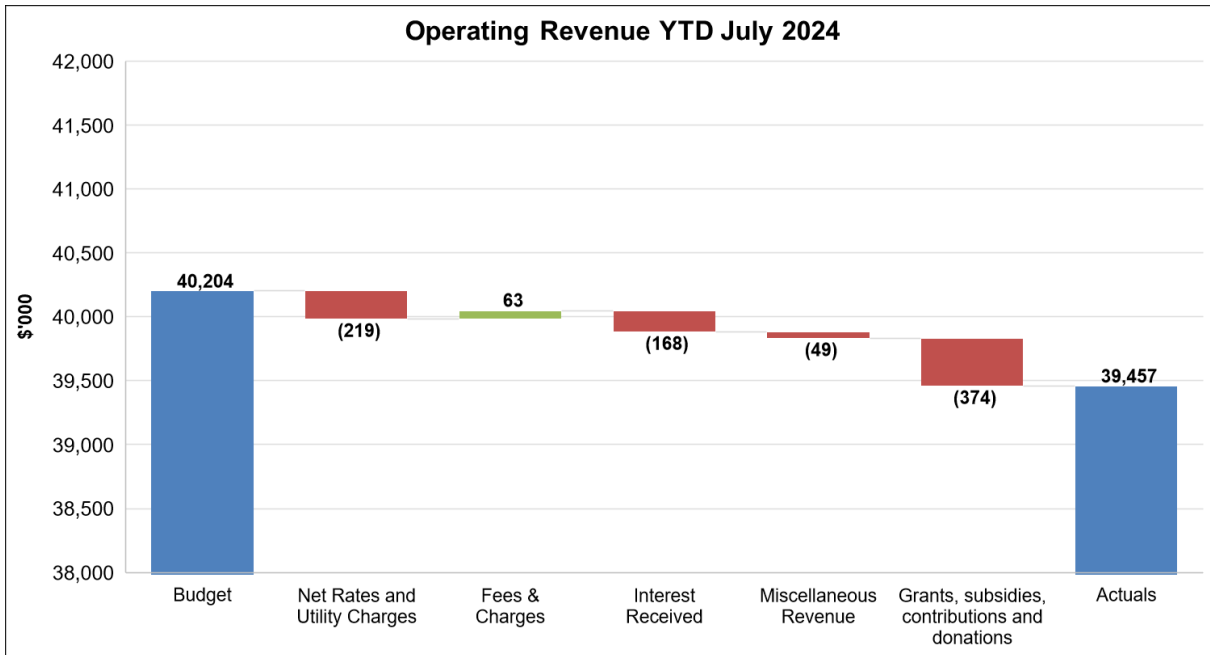
Each month, year to date financial statements are prepared in order to monitor actual performance against budget. Attached are the financial statements for the period ended 26 July 2024. Actual amounts are compared against year to date Budget 2024/25 figures. See Appendix one for detailed financial statements and Appendix two for statements of comprehensive income by directorate.

OPERATING POSITION



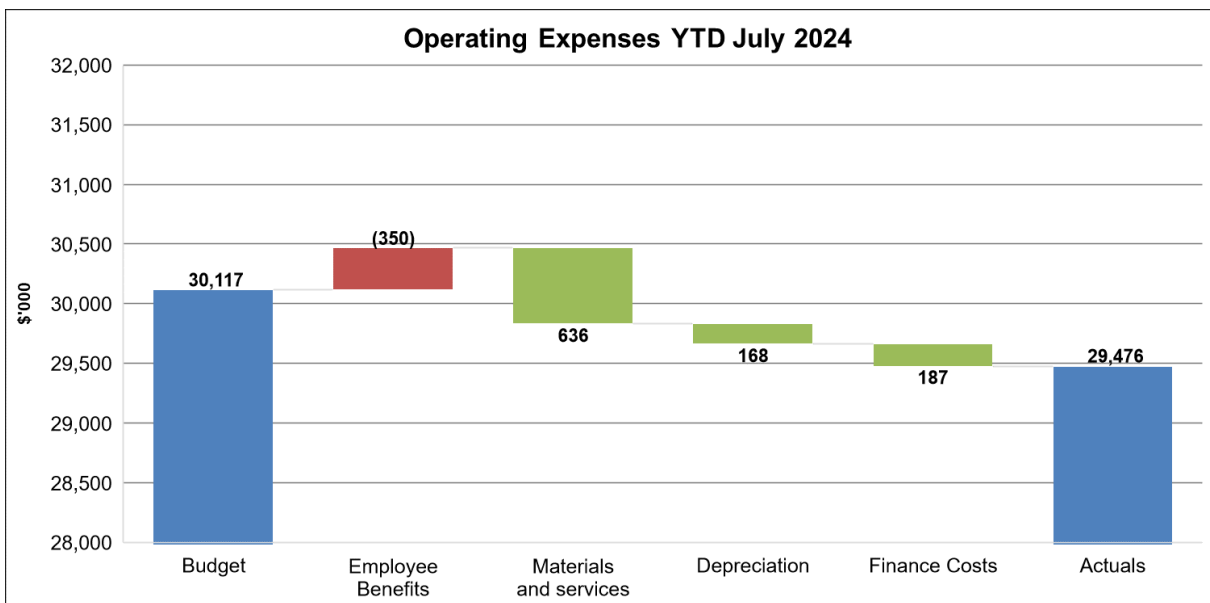
Council’s operating position at the end of July was a surplus of \$10.0M, \$106K unfavourable to budget. This result is mainly due to unfavourable variance in grants, subsidies and contributions (\$374K), employee benefits (\$350K) and rates, levies and charges (\$219K). This has been slightly offset by favourable variances in materials and services (\$636K), finance costs (\$187K) and depreciation (\$168K).

OPERATING REVENUE



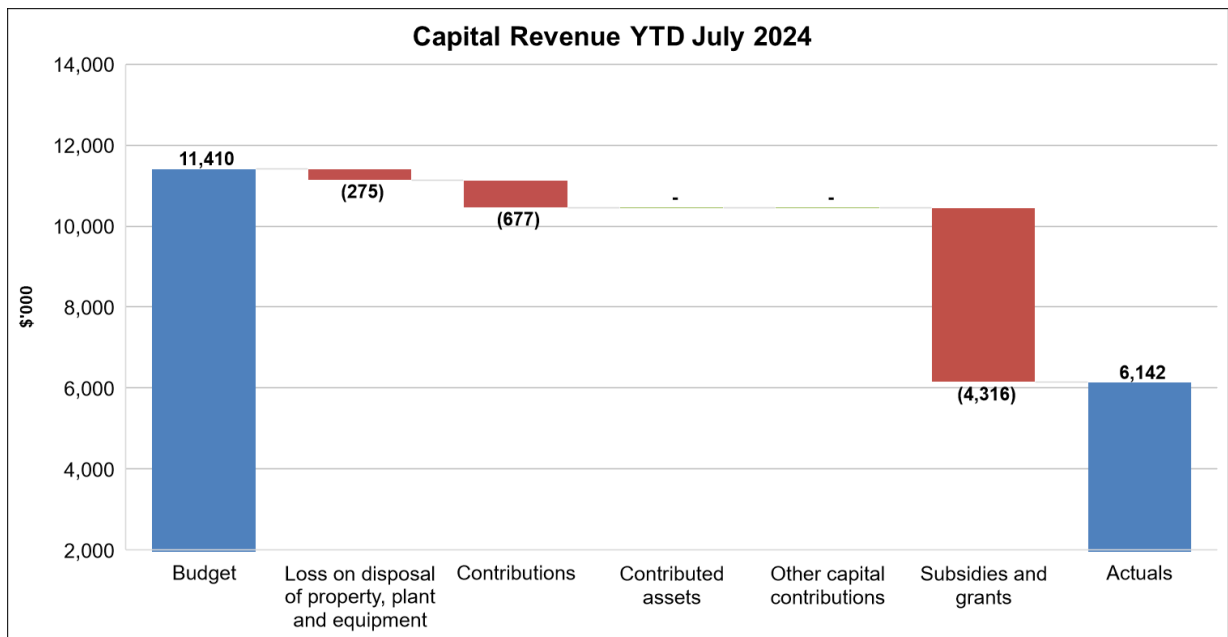
Operating revenue is unfavourable to budget by \$747K driven by less than anticipated grants, subsidies, contributions and donations (\$374K), as well as less than anticipated net rates and utility charges (\$219K) and interest received (\$168K).

OPERATING EXPENDITURE



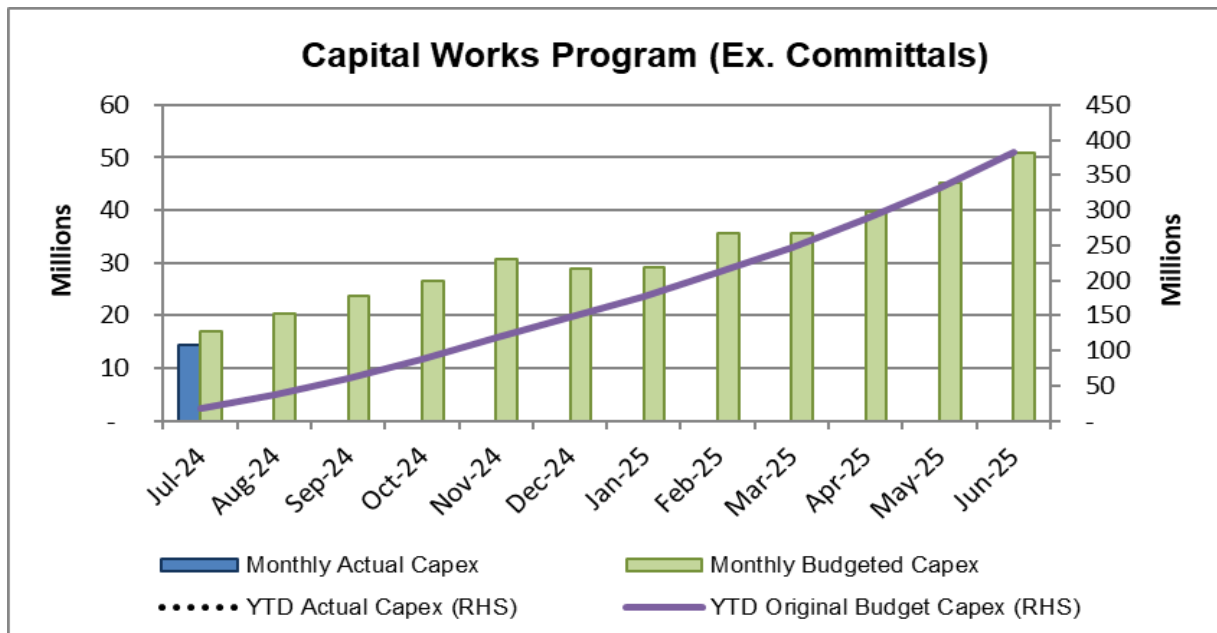
Operating expenditure is \$641K favourable to budget. This is largely driven by less than anticipated materials and services (\$636K), finance costs (\$187K) and depreciation (\$168K). This has been slightly offset by greater than anticipated employee benefits (\$350K).

CAPITAL REVENUE



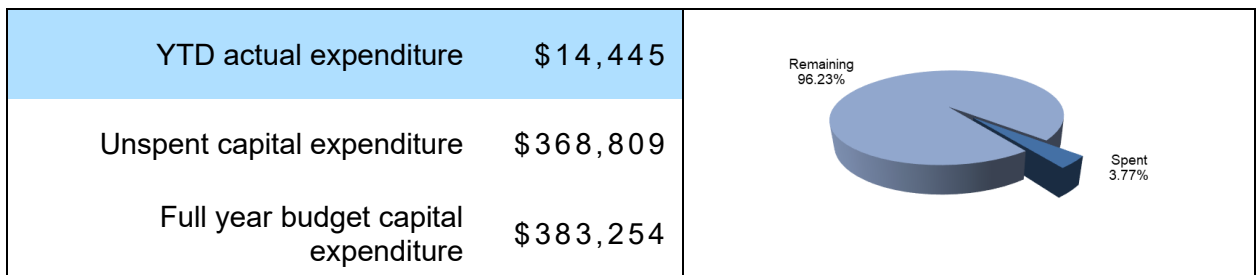
Capital revenue is \$5.3M unfavourable to budget mainly due to less than anticipated subsidies and grants (\$4.3M) and contributions (\$677K). The unfavourable variance in capital grants is due largely to the timing of delivery of the relevant capital works projects, mainly for the CWSS1 project, as revenue is recognised in line with expenditure.

CAPITAL EXPENDITURE



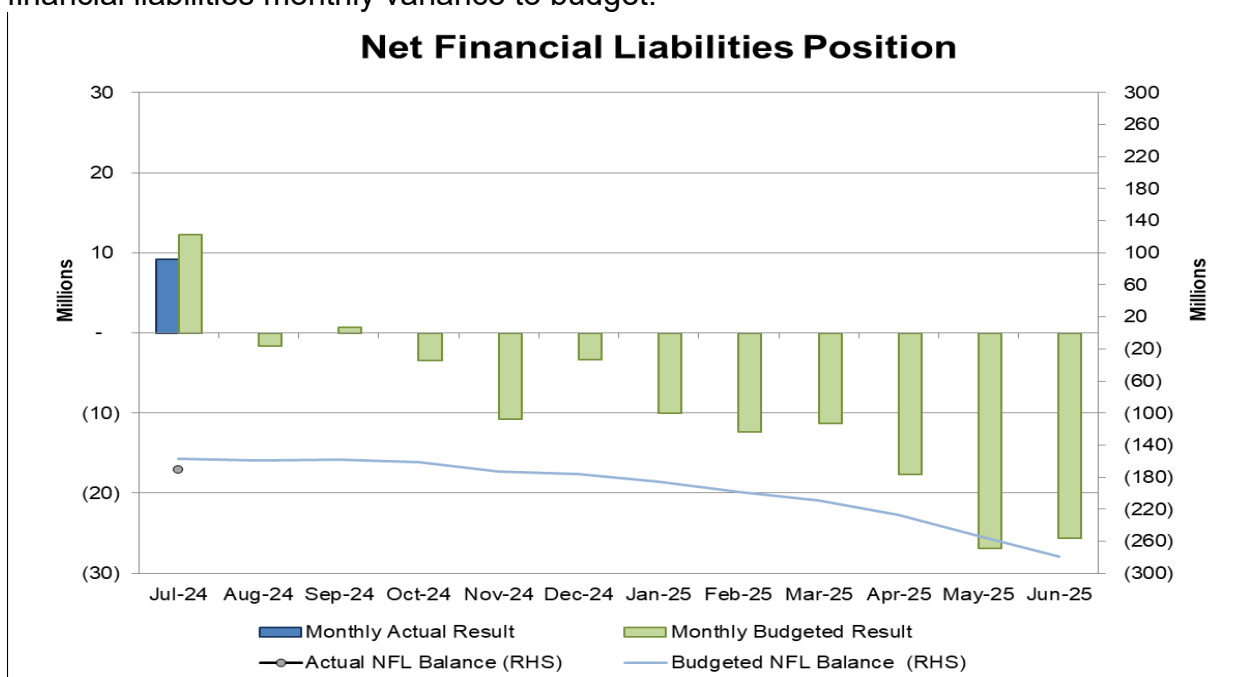
Actual capital works expenditure year to date is \$14.4M, compared to a budget of \$17.1M. The following table illustrates year to date 2024/25 capital works program against the full year budget.

Portfolio	Year to Date Actual \$000	Year to Date Budget \$000	Year to Date Variance \$000	Full Year Budget \$000
Buildings & Fleet	413	580	167	9,629
Community Life	63	10	(53)	1,019
Community Spaces	1,143	1,950	807	16,978
Creative Life	176	502	326	3,440
Drainage	203	459	256	8,525
Finance & Business Services	8	153	145	3,850
Resource Recovery	40	40	-	1,275
Transport	2,159	3,789	1,630	43,495
Wastewater	2,626	922	(1,704)	32,474
Water	1,557	3,256	1,699	43,832
Major Projects	6,057	5,410	(647)	217,737
Councillor	-	10	10	1,000
CAPITAL WORKS TOTAL	14,445	17,081	2,636	383,254
Capitalised Interest	335	-	(335)	-
CAPITAL EXPENDITURE	14,780	17,081	2,301	383,254



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 July, Council's NFL is \$13.1M unfavourable to budget. This is driven by an unfavourable \$10.1M carry forward position from the previous financial year combined with a \$3.0M unfavourable 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	39,457	40,204	(747)	406,288
Operating Expenses (ex Dep)	(21,876)	(22,349)	473	(285,990)
Capital Revenue - Infra Charges	149	826	(677)	16,042
Capital Revenue - Grants & Other	6,327	10,667	(4,340)	136,878
Net Capital Funding	24,057	29,348	(5,291)	273,218
Capital Expenditure	(14,780)	(17,081)	2,301	(383,254)
Net Funding Surplus/(Deficit)	9,277	12,267	(2,990)	(110,036)

Year to date net capital funding totals \$24.1M which is \$5.3M unfavourable to budget, mainly due to less than anticipated grants and other capital revenue (\$4.3M) and infrastructure charges revenue (\$677K).

Capital expenditure at the end of July is \$2.3M favourable to budget. Combined with an unfavourable net capital funding variance (\$5.3M), this results in an unfavourable \$3.0M net funding surplus variance year to date.

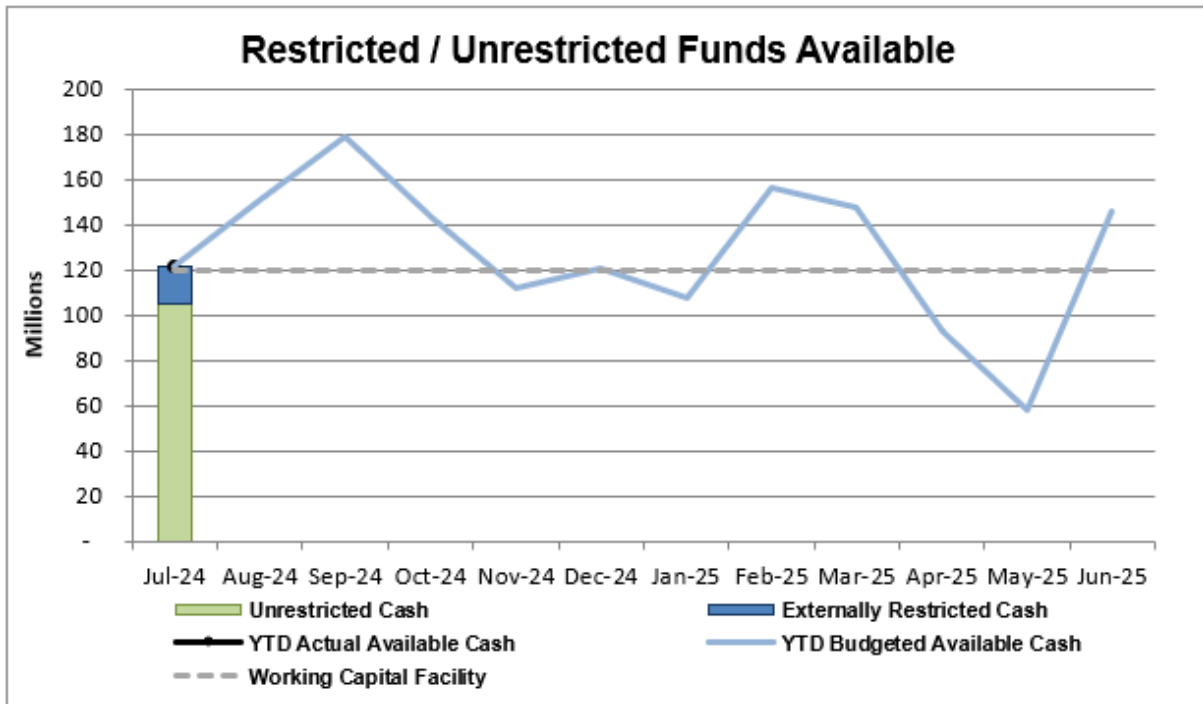
LIQUIDITY

	Actual \$000	Budget \$000	Variance \$000
Cash and cash equivalents	8,648	1,878	6,770
Working capital facility	(7,485)	-	(7,485)
Long term loans	(126,964)	(146,789)	19,825
NET DEBT POSITION	(125,801)	(144,911)	19,110

Council's net debt position is \$19.1M favourable to budget due to a lower than expected receivables balance (\$20.0M) resulting in higher cash receipts and a higher than expected trade and other payables balance (\$11.4M). This has been partially offset by the unfavourable \$10.1M position carried forward from the 2023/24 financial year and the unfavourable year to date net funding surplus position of \$3.0M.

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 \$121.2M. Excluding funds subject to external restrictions of \$16.5M, the unconstrained funds available to meet ongoing operational expenses is \$104.7M.

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	25.3%	> 0%	<input checked="" type="checkbox"/>	2.8%
	Operating Cash Ratio	Cash operating performance (less depreciation and other non-cash items)	45.2%	> 0%	<input checked="" type="checkbox"/>	30.5%
Liquidity	Unrestricted Cash Expense Cover Ratio	Unconstrained liquidity available to Council	4.8	> 2 months	<input checked="" type="checkbox"/>	3.6
Debt Servicing Capacity	Leverage Ratio	Ability to repay existing debt	N/A	0 - 4 times	N/A	2.0
Asset Management	Asset Sustainability Ratio	Capital renewals program performance	N/A	> 60%	N/A	94.5%
	Asset Consumption Ratio	Extent to which assets are being consumed	69.4%	> 60%	<input checked="" type="checkbox"/>	67.9%
	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



Jason Ritchie
Executive Manager Finance



Lisa Whitton
Chief Financial Officer

Attachment 1: Financial Statements

Attached are the financial statements for the period ended 26 July 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 26 July 2024			
	Actual	Original Budget	Variance
	\$000	\$000	\$000
Income			
Revenue			
Operating Revenue			
Net rates and utility charges	28,934	29,153	(219)
Fees and charges	3,956	3,893	63
Interest received	172	340	(168)
Miscellaneous Revenue	1,704	1,753	(49)
Grants, subsidies, contributions and donations	4,691	5,065	(374)
Total Operating revenue	39,457	40,204	(747)
Expenses			
Operating Expenses			
Employee benefits	11,297	10,947	(350)
Materials and services	10,326	10,962	636
Depreciation	7,600	7,768	168
Finance costs	253	440	187
Total Operating Expenses	29,476	30,117	641
Capital Revenue			
Loss on disposal of property, plant and equipment	(275)	-	(275)
Contributions	149	826	(677)
Contributed assets	-	-	-
Subsidies and grants	6,268	10,584	(4,316)
Net Capital Revenue	6,142	11,410	(5,268)
Net result attributable to Council in period	16,123	21,497	(5,374)
Council's net result for July 2024 is a surplus of \$16.1M, \$5.4M less than budgeted.			
Operating revenue is \$747K unfavourable to budget driven mainly by less than anticipated grants, subsidies, contributions and donations (\$374K), net rates and utility charges (\$219K) and miscellaneous revenue (\$168K).			
Operating expenses are \$641K favourable to budget due to less than anticipated materials and services (\$636K), finance costs (\$187K) and depreciation (\$168K). This has been slightly offset by greater than anticipated employee benefits (\$350K).			
Capital revenue is \$5.3M unfavourable to budget mainly due to less than anticipated subsidies and grants (\$4.3M) and contributions (\$677K).			

**Statement of Financial Position
For the Period Ended 26 July 2024**

	Note	Actual	Original Budget	Variance
		\$000	\$000	\$000
Assets				
Current Assets				
Cash and cash equivalents		8,648	1,878	6,770
Receivables	1	212,990	232,938	(19,948)
Inventories		4,780	4,779	1
		226,418	239,595	(13,177)
Non-Current Assets				
Property, plant and equipment	2	4,966,871	4,731,926	234,945
		4,966,871	4,731,926	234,945
Total Assets		5,193,289	4,971,521	221,768
Liabilities				
Current Liabilities				
Trade and other payables	3	77,634	66,199	(11,435)
Borrowings		27,830	29,549	1,719
Working capital facility	4	7,485	-	(7,485)
Provisions		27,270	27,798	528
Other liabilities		138,262	137,228	(1,034)
		278,481	260,774	(17,707)
Non-Current Liabilities				
Borrowings	4	99,134	117,240	18,106
Provisions		13,575	13,415	(160)
Other liabilities		5,667	5,437	(230)
		118,376	136,092	17,716
Total Liabilities		396,857	396,866	9
NET COMMUNITY ASSETS		4,796,432	4,574,655	221,777
Community Equity				
Retained surplus/deficit		2,800,257	2,792,097	8,160
Asset revaluation surplus		1,996,175	1,782,558	213,617
TOTAL COMMUNITY EQUITY		4,796,432	4,574,655	221,777

1 Receivables are unfavourable to budget due to higher than anticipated cash receipts year to date.

2 Property, plant and equipment is favourable to budget due to the higher than anticipated result of annual asset valuations in 2023/24.

3 Trade and other payables are unfavourable to budget due to a higher than anticipated opening balance as at 1 July.

4 The favourable variance in borrowings is due to the loan drawdown budgeted in June 2024 not being required as a result of delays in delivery of the capital works program in 2023/24. This has caused a corresponding variance in the working capital facility.

Statement of Cash Flows				
For the Period Ended 26 July 2024				
	Note	Actual	Original Budget	Variance
		\$000	\$000	\$000
Cash Flows from Operating Activities:				
Receipts from customers	1	28,509	11,537	16,972
Payments to suppliers and employees		(25,466)	(21,257)	(4,209)
Interest received		172	1,879	(1,707)
Borrowing costs		(146)	-	(146)
Net cash inflow (outflow) from operating activities		3,069	(7,841)	10,910
Cash Flows from Investing Activities				
Grants, subsidies and contributions for capital acquisitions		79	946	(867)
Proceeds from disposal of property, plant and equipment		59	83	(24)
Payments for property, plant, equipment and CWIP		(13,234)	(17,081)	3,847
Net cash inflow (outflow) from investing activities		(13,096)	(16,052)	2,956
Cash Flows from Financing Activities:				
Repayment of borrowings		(2,263)	(2,707)	444
Proceeds from working capital facility	2	12,855	-	12,855
Repayment of working capital facility	2	(5,370)	139	(5,509)
Net cash inflow (outflow) from financing activities		5,222	(2,568)	7,790
NET INCREASE/(DECREASE) IN CASH HELD		(4,805)	(26,461)	21,656
Cash at beginning of year		13,453	28,339	(14,886)
CASH AT END OF PERIOD		8,648	1,878	6,770
<p>1 Receipts from customers are higher than anticipated due to the timing of rates receipts, as well as the receipt of the Financial Assistance Grant in July which was budgeted to be received in June 2024.</p> <p>2 Timing of long term borrowing drawdowns as well as year to date cash receipts and payments has resulted in the unbudgeted utilisation of the working capital facility in July.</p>				

Attachment 2: Directorate Reports

Directorate operating statements provide information on the performance of each directorate for the period ended 26 July 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 26 July 2024				
Office of the CEO				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Other income	58	63	(5)	(8)%
Total Operating Revenue	58	63	(5)	(8)%
Operating Expenditure				
Employee Benefits	247	284	37	13 %
Materials and services	44	55	11	20 %
Total Expenses	291	339	48	14 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(233)	(276)	43	16 %
Office of the CEO is \$43K favourable to budget across employee benefits and various materials and services.				

Appendix B – Finance & Business Services

**Operating Statement
For the Period Ended 26 July 2024**

Finance & Business Services

	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Net rates and utility charges	11,813	11,868	(55)	(0) %
Fees and charges	49	46	3	7 %
Interest	102	225	(123)	(55) %
Other income	28	26	2	8 %
Grants, Subsidies and Contributions	4,248	4,996	(748)	(15) %
Total Operating Revenue	16,240	17,161	(921)	(5) %
Operating Expenditure				
Employee benefits	1,448	1,438	(10)	(1) %
Materials and services	314	285	(29)	(10) %
Depreciation and amortisation expenses	201	214	13	6 %
Finance Costs	180	357	177	50 %
Total Expenses	2,143	2,294	151	7 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	14,097	14,867	(770)	(5) %

The Finance & Business Services directorate is \$770K unfavourable to budget largely due to a lower than expected Financial Assistance Grant payment for 2024/25.

Appendix C – People & Organisational Performance

**Operating Statement
For the Period Ended 26 July 2024**

People & Organisational Performance

	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Other income	1	-	1	100 %
Grants, Subsidies and Contributions	8	41	(33)	(80) %
Total Operating Revenue	9	41	(32)	(78) %
Operating Expenditure				
Employee benefits	1,085	1,029	(56)	(5) %
Materials and services	520	639	119	19 %
Depreciation and Amortisation Expenses	27	29	2	7 %
Total Expenses	1,632	1,697	65	4 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(1,623)	(1,656)	33	2 %

The People & Organisational Performance directorate is \$33K favourable to budget largely across various materials and services expenses.

Appendix D – Planning, Growth & Sustainability

**Operating Statement
For the Period Ended 26 July 2024**

Planning, Growth & Sustainability

	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees and charges	1,291	1,217	74	6 %
Other income	321	312	9	3 %
Grants, subsidies, contributions and donations	5	23	(18)	(78) %
Total Operating Revenue	1,617	1,552	65	4 %
Operating Expenditure				
Employee Benefits	727	757	30	4 %
Materials and services	214	221	7	3 %
Finance Costs	-	4	4	100 %
Total Expenses	941	982	41	4 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	676	570	106	19 %

Planning, Growth and Sustainability is \$106K favourable to budget due to higher than budgeted fees and charges.

Appendix E – Lifestyle & Community

Operating Statement				
For the Period Ended 26 July 2024				
Lifestyle & Community				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees and charges	1,704	1,792	(88)	(5) %
Other income	326	478	(152)	(32) %
Grants, subsidies, contributions and donations	282	6	276	4,600 %
Total Operating Revenue	2,312	2,276	36	2 %
Operating Expenditure				
Employee benefits	3,020	2,911	(109)	(4) %
Materials and services	3,403	3,672	269	7 %
Depreciation and amortisation expenses	1,059	1,077	18	2 %
Finance Costs	73	78	5	6 %
Total Expenses	7,555	7,738	183	2 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(5,243)	(5,462)	219	4 %
<p>Lifestyle & Community is \$219K favourable to budget. Revenue in creative venues is down due to timing of events. Grant revenue is up due to timing of RADF Grant. Employee costs are up in Libraries and events based staff.</p>				

Appendix F – Cairns Infrastructure and Assets – Engineering Services

Operating Statement				
For the Period Ended 26 July 2024				
Cairns Infrastructure and Assets - Engineering Services				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees and charges	5	3	2	67 %
Total Operating Revenue	5	3	2	67 %
Operating Expenditure				
Employee benefits	1,064	817	(247)	(30)%
Materials and services	271	311	40	13 %
Depreciation and amortisation expenses	2,644	2,641	(3)	(0)%
Total Expenses	3,979	3,769	(210)	(6)%
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(3,974)	(3,766)	(208)	(6)%
Engineering Services is \$208K unfavourable to budget due to higher than budgeted operating employee costs.				

Appendix G – Cairns Infrastructure and Assets – Service Delivery

Operating Statement				
For the Period Ended 26 July 2024				
Cairns Infrastructure and Assets - Service Delivery				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Net rates and utility charges	17,120	17,284	(164)	(1) %
Fees and charges	908	833	75	9 %
Interest revenue	70	116	(46)	(40)%
Other income	970	874	96	11 %
Grants, Subsidies and Contributions	148	-	148	100 %
Total Operating Revenue	19,216	19,107	109	1 %
Operating Expenditure				
Employee benefits	3,638	3,610	(28)	(1)%
Materials and services	4,797	4,883	86	2 %
Depreciation and amortisation expenses	3,669	3,805	136	4 %
Total Expenses	12,104	12,298	194	2 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	7,112	6,809	303	4 %
<p>Service Delivery is within 4% of budget. Major variances include depreciation and below budget spend on materials and services. Disaster Recovery works are offset by grant funding.</p>				

Appendix H – Economic Development & Advocacy

**Operating Statement
For the Period Ended 26 July 2024**

Economic Development & Advocacy

	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Other income	-	-	-	0 %
Total Operating Revenue	-	-	-	0 %
Operating Expenditure				
Employee benefits	67	103	36	35 %
Materials and services	763	898	135	15 %
Total Expenses	830	1,001	171	17 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(830)	(1,001)	171	17 %

The Economic Development & Advocacy directorate is \$171K 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.