

MORETON BAY REGIONAL COUNCIL FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 June 2013

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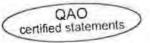
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STATEMENT OF COMPREHENSIVE INCOME For the year ended 30 June 2013

	Note	2013 \$'000	Restated 2012 \$'000
Income	-		
Revenue			
Operating Revenue			
Rates and utility charges	3	226,641	207,808
Fees and charges	4	27,213	28,073
Rental income	5	6,796	6,052
Grants, subsidies and contributions	6(a)	29,408	41,549
Interest revenue	7	59,520	62,816
Sales revenue	8	4,192	4,520
Other revenue	9	11,828	12,524
Share of profit of associate	21	39,571	37,071
		405,169	400,413
Capital Revenue			
Grants, subsidies and contributions	6(b)	47,509	128,812
Total Revenue		452,678	529,225
Capital Income	10	13	645
Total Income		452,691	529,870
Expenses			
Operating Expenses			
Employee benefits	11	(121,829)	(116,649)
Materials and services	12	(154,770)	(162,018)
Depreciation and amortisation	13	(82,576)	(74,310)
Finance costs	14	(23,224)	(23,175)
		(382,399)	(376,152)
Capital Expenses	15	(39,002)	(25,190)
Total Expenses		(421,401)	(401,342)
NET RESULT		31,290	128,528
Other Comprehensive Income			
Items that will not be reclassified to net result			
Decrease in asset revaluation surplus	29	(199,722)	79,940
Total other comprehensive income for the year	0.00	(199,722)	79,940
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(168,432)	208,468

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies. Comparative figures have been restated. Refer to Note 36 for details.



STATEMENT OF FINANCIAL POSITION As at 30 June 2013

		2013	Restated 2012	Restated 2011
	Note	\$'000	\$'000	\$'000
Assets	Note	\$ 000	\$000	ΨΟΟΟ
Comment Comment				
Current Assets Cash and cash equivalents	16	201,285	205,349	205,693
Trade and other receivables	17	56,075	55,715	55,494
Inventories	18	948	1,009	1,008
Total Current Assets	10	258,308	262,073	262,195
40.4				
Non-Current Assets	144	200.000	227 222	204.050
Trade and other receivables	17	683,369	687,686	691,856
Investments	19	15	15	15
Investment property	20	45,721	47,320	040.004
Investment in associate	21	870,659	858,779	849,361
Property, plant and equipment	22	3,803,832	3,941,977	3,771,282
Intangible assets	23	3,139	3,815	4,714
Total Non-Current Assets		5,406,735	5,539,592	5,317,228
Total Assets		5,665,043	5,801,665	5,579,423
Liabilities				
Current Liabilities				
Trade and other payables	24	46,525	44,992	45,237
Borrowings	25	18,221	15,282	13,461
Provisions	26	3,112	2,025	2,061
Other	27	3,099	477	918
Total Current Liabilities		70,957	62,776	61,677
Non-Current Liabilities				
Trade and other payables	24	4,417	4,265	3,947
Borrowings	25	364,908	341,112	328,828
Provisions	26	23,122	23,441	23,368
Total Non-Current Liabilities	-	392,447	368,818	356,143
Total Liabilities		463,404	431,594	417,820
NET COMMUNITY ASSETS		5,201,639	5,370,071	5,161,603
Community Equity				
Retained surplus	28	4,665,010	4,633,720	4,505,192
Asset revaluation surplus	29	536,629	736,351	656,411
TOTAL COMMUNITY EQUITY		5,201,639	5,370,071	5,161,603
TO THE OWN WHITE ENGINE		9/201/000	0,010,011	0,101,000

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies. Comparative figures have been restated. Refer to Note 36 for details.



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STATEMENT OF CHANGES IN EQUITY For the year ended 30 June 2013

		Retained Surplus	Asset Revaluation Surplus	Total Community Equity
	Note	28	29	
		\$'000	\$'000	\$'000
Balance as at 1 July 2012	14	4,633,720	736,351	5,370,071
Net result Other comprehensive income for the year		31,290		31,290
Decrease in asset revaluation surplus Total comprehensive income for the year	18	31,290	(199,722) (199,722)	(199,722) (168,432)
Balance at 30 June 2013		4,665,010	536,629	5,201,639
Baiance as at 1 July 2011 (Restated)		4,505,192	656,411	5,161,603
Net result Other comprehensive income for the year		128,528		128,528
Increase in asset revaluation surplus otal comprehensive income for the year	-	128,528	79,940 79,940	79,940 208,468
our comproments module for the year		120,020	10,040	200,400
Balance at 30 June 2012	_	4,633,720	736,351	5,370,071

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies, Comparative figures have been restated. Refer to Note 36 for details.

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STATEMENT OF CASH FLOWS

For the year ended 30 June 2013

Note	2013 \$'000	2012 \$'000
	293,033	275,150
	(301,243)	(304,517)
	59,520	62,816
	6,796	6,052
	29,408	41,549
	6,109	4,608
	(22,307)	(21,912)
35	71,316	63,746
	(174,159)	(140,451)
	(226)	(95)
	(58)	(4,795)
	3,821	2,178
	(73)	81
	4,111	3,844
	26,902	27,715
	1	
	37,566	33,328
	(102,115)	(78,195)
	42,000	27,500
	(15,265)	(13,395)
	26,735	14,105
	(4,064)	(344)
-	205,349	205,693
16	201,285	205,349
	35	Note \$'000 293,033 (301,243) 59,520 6,796 29,408 6,109 (22,307) 35 71,316 (174,159) (226) (58) 3,821 (73) 4,111 26,902 1 37,566 (102,115) 42,000 (15,265) 26,735 (4,064) 205,349

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies.

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

1 Significant accounting policies

1.A Basis of preparation

These general purpose financial statements for the period 1 July 2012 to 30 June 2013 have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board. They also comply with the requirements of the Local Government Act 2009 and the Local Government Regulation 2012.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain non-current assets.

1.B Statement of compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. Because Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS.

The main impacts are:

- the offsetting of revaluation and impairment gains and losses within a class of assets
- the timing of the recognition of non-reciprocal grant revenue

1.C Constitution

Council is constituted under the Queensland Local Government Act 2009 and is domiciled in Australia.

1.D Date of authorisation

The financial statements were authorised for issue on the date they were submitted to the Auditor-General for final signature. This is the date the management certificate is signed.

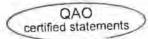
1.E Currency

Council uses the Australian dollar as its functional currency and its presentation currency.

1.F Adoption of new and revised Accounting Standards

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.



NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

	Effective for annual report periods beginning on or after:
AASB 9 Financial Instruments (December 2009)	1 January 2015
AASB 10 Consolidated Financial Statements	1 January 2013
AASB 11 Joint Arrangements	1 January 2013
AASB 12 Disclosure of Interests in Other Entities	1 January 2013
AASB 13 Fair Value Measurement	1 January 2013
AASB 119 Employee Benefits (completely replaces existing standard)	1 January 2013
AASB 127 Separate Financial Statements (replaces the exiting standard together with AASB 10)	1 January 2013
AASB 128 Investments in Associates and Joint Ventures (replaces the exiting standard)	1 January 2013
AASB 1053 Application of Tiers of Australian Accounting Standards	1 July 2013
AASB 1055 Budgetary Reporting	1 July 2014
2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009)	1 January 2015
2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	1 July 2013
2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	1 January 2015
2010-10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters	1 January 2013
2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirement	1 July 2013
2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	1 July 2013
2011-6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements	1 July 2013
2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	1 January 2013
2011-8 Amendments to Australian Accounting Standards arising from AASB 13	1 January 2013

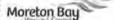
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NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)	1 January 2013	
2011-11 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) arising from Reduced Disclosure Requirements	1 July 2013	
2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20 (AASB 1)	1 January 2013	
2012-1 Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements (AASB 3, AASB 7, AASB 13, AASB 140, & AASB 141)	1 July 2013	
2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013	
2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities (AASB 132)	1 January 2014	
2012-4 Amendments to Australian Accounting Standards - Governments Loans (AASB 1)	1 January 2013	
2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (AASB 1,AASB 101,AASB 116, AASB 132 & AASB 134 and Interpretation 2)	1 January 2013	
2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures (AASB 9,AASB 2009-11,AASB 2010-7, AASB 2011-7 & AASB 2011-8)	1 January 2013	
2012-7 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (AASB 7,AASB 12,AASB 101 & AASB 127)	1 July 2013	
2012-9 Amendments to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	1 January 2013	
2012-10 Amendments to Australian Accounting Standards - Transition Guidance and other Amendments (AASB 1,5,7,8,10,11,12,13,101,102,108,112,118,119,127,128,132,133,1 34,137,1023,1038,1039,1049,& 2011-7 and Interpretation 12)	1 January 2013	
2012-11 Amendments to Australian Accounting Standards - Reduced Disclosure Requirements and Other Amendments (AASB 1, AASB 2, AASB 8, AASB 10, AASB 107, AASB 128, AASB 133, AASB 134 & AASB 2011-4)	1 July 2013	
2013-1 Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements	1 July 2014	
2013-2 Amendments to AASB 1038 - Regulatory Capital	31 March 2013	
2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014	
Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013	
Interpretation 21 Levies	1 January 2014	

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AASB 9 Financial instruments (effective from 1 January 2013)

AASB 9, which replaces AASB 139 Financial Instruments: Recognition and Measurement, is effective for reporting periods beginning on or after 1 January 2015 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost, and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

Management have yet to assess the impact that AASB 9 Financial Instruments and 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 is likely to have on the financial statements of Council as it is anticipated that further amendments will occur. Council does not expect to implement the amendments prior to the adoption date of 1 January 2015.

Consolidation Standards

The AASB issued a suite of six related accounting standards which are effective for annual reporting periods beginning on or after 1 January 2014. The following standards aim to improve the accounting requirements for consolidated financial statements, joint arrangements and off balance sheet vehicles.

AASB 10 Consolidated Financial Statements

AASB 11 Joint Arrangements

AASB 12 Disclosure of Interests in Other Entities

AASB 127 Separate Financial Statements

AASB 128 Investments in Associates and Joint Ventures

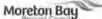
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidated and Joint Arrangements Standards

The AASB is planning to amend AASB 10. The amendments are expected to clarify how the IASB's principles about control of entities should be applied by not-for-profit entities in an Australian context. Hence, Council is not yet in a position to reliably determine the future implications of these new and revised standards for the Council's financial statements.

AASB 10 redefines and clarifies the concept of control of another entity, and is the basis for determining which entities should be consolidated into another entity's financial statements. Once the AASB finalises its not-for-profit amendments to AASB 10, Council will reassess the nature of its relationships with other entities, including entities that aren't currently consolidated.

AASB 11 deals with the concept of joint control and sets out new principles for determining the type of joint arrangements that exits, which in turn dictates the accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement. Subject to any not-for-profit amendments to be made to AASB 11, Council will need to assess the nature of any arrangements with other entities to determine whether a joint arrangement exists in terms of AASB 11.





NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

AASB 13 Fair Value Measurement (AASB 13)

AASB 13 applies to reporting periods beginning on or after 1 January 2013 and will therefore be applied by Council in the 2013-14 reporting period. This standard is not required to be applied retrospectively, therefore there is no impact from the application of AASB 13 to values or other disclosures in the 2012-13 financial statements.

The standard sets out a new definition of "fair value", as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of the Council's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The key changes will relate to the level of disclosures required.

Council has commenced reviewing its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to determine whether those methodologies comply with AASB 13. To the extent that the methodologies don't comply, the necessary changes will be implemented. While the Council is yet to complete this review, no significant changes are anticipated, based on the fair value methodologies presently used. Therefore, and at this stage, no consequential material impacts are expected for Council's property, plant and equipment as from 2013-14.

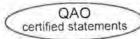
AASB 13 will require an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. The recognised fair values will be classified according to the following fair value hierarchy that reflects the significance of the inputs used in making these measurements:

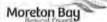
Level 1 - Fair values that reflect the unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair values that are based on inputs other than quoted prices that are directly or indirectly observable for the asset or liability.

Level 3 - Fair values that are derived from data not observable in a market.

To the extent that any fair value measurement for an asset or liability uses data that is not "observable" outside the Council, the amount of information to be disclosed will be relatively greater.





Amendments to AASB 119 Employee Benefits

A revised version of AASB 119 Employee Benefits applies from reporting periods beginning on or after 1 January 2013. The revised AASB 119 is generally to be applied retrospectively.

The revised standard includes changed criteria for accounting for employee benefits as "short-term employee benefits". Had Council applied the revised standard this year annual leave currently classified as a "short-term benefit" would have been reclassified as a "long-term benefit". However, no reported amounts would have been amended as the Council already discounts the annual leave liability to present value in respect of amounts not expected to be settled within 12 months (refer Note 1.V).

The concept of "termination benefits" is clarified and the recognition criteria for liabilities for terminations benefits will be different. If termination benefits meet the timeframe criterion for "short-term employee benefits", they will be measured according to the AASB 119 requirements for "short-term employee benefits". Otherwise, termination benefits will need to be measured according to the AASB 119 requirements for "other long-term employee benefits". Under the revised standard, the recognition and measurement of employer obligations for "other long-term employee benefits" will need to be accounted for according to most of the requirements for defined benefit plans.

The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. Council contributes to the Local Government Superannuation Scheme (Qld) as disclosed in Note 32. The revised standard will require Council to make additional disclosures regarding the Defined Benefits Fund element of the scheme. Additional disclosures will only be possible where Local Government Superannuation Scheme (Qld) can segregate Councils defined benefits fund scheme assets and liabilities from other Councils and other accumulation schemes.

The reported results and position of the Council will not change on adoption of the other pronouncements as they do not result in any changes to the Council's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The Council does not intend to adopt any of these pronouncements before their effective dates.

1.G Critical accounting judgements and key sources of estimation uncertainty

In the application of Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

The estimates and assumptions that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined in the following financial statement notes:

Investment Property - Note 1.O and Note 20
Valuation and depreciation of property, plant and equipment - Note 1.P and Note 22
Impairment of non-current assets - Note 1.S
Liabilities - Note 1.V
Provisions - Note 1.X and Note 26
Contingencies - Note 31

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

1.H Rates, grants and other revenue

Rates, grants and other revenue are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.

Rates

Where rate monies are received prior to the commencement of the rating period, the amount is recognised as revenue in the period in which they are received, otherwise rates are recognised at the commencement of the rating period.

Grants and subsidies

Grants and subsidies are recognised as revenue upon receipt. Where Council is obligated to repay grant and subsidy income an expense is recognised once that obligation is known.

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding arrangement are fulfilled.

Non-cash contributions

Non-cash contributions with a value in excess of the recognition thresholds are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

Physical assets contributed to Council by developers in the form of infrastructure are recognised as revenue when the development becomes "on maintenance" (i.e. Council obtains control of the assets) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution on the date of acquisition.

Infrastructure cash contributions

AASB Interpretation 18 *Transfers of Assets from Customers* has been applied prospectively from 1 July 2009. Infrastructure cash contributions are recorded as income upon receipt unless those contributions relate to the provision of specific infrastructure that is required to be constructed by a certain time in which case those contributions would be recorded as a liability in the Statement of Financial Position. The contributions would then be recognised as income upon the successful construction of the specific infrastructure.

Rental income

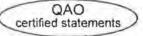
Rental revenue from investment and other property is recognised as income on a periodic straight line basis over the lease term.

Interest

Interest received is accrued over the term of the investment.

Share of profit

As a party to the participation agreement with Unitywater, Council receives a proportional share of net profits as a participation return. Returns are calculated on the post-tax operating profits of Unitywater. Revenue is recognised on an accruals basis.



10

1



Sales revenue

Sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer, generally when the customer has taken undisputed delivery of the goods. Council generates revenues from a number of services including waste operations and community facilities operations.

Fees and charges

Fees and charges are recognised upon unconditional entitlement to the funds. Generally this is upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided.

Income tax equivalent

Unitywater operates under an income tax equivalent regime; with all tax paid being distributed to the participating Councils on a pro-rata basis to their participation rights. Council recognises revenue quarterly based on a percentage of the Unitywater gross revenue.

1.1 Financial assets and financial liabilities

Council recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, Council becomes a party to the contractual provisions of the instrument.

Council has categorised and measured the financial assets and financial liabilities held at reporting date as follows:

Financial assets

Cash and cash equivalents - Note 1.J

Receivables - Note 1.K

Financial liabilities

Payables - Note 1.U

Borrowings - Note 25

Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied.

The fair value of financial instruments is determined as follows:

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts and are not disclosed separately.

The fair value of borrowings, as disclosed in Note 25 to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if the Council repaid it in full at reporting date. As it is the intention of the Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.

The fair value of trade receivables approximates the amortised cost less any impairment. The fair value of payables approximates the amortised cost.

The fair value of other financial assets is represented by cost.

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 37.

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

1.J Cash and cash equivalents

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of twelve months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

1.K Receivables

Trade receivables are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price / contract price and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs.

All known bad debts were written-off at year end. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

Because Council is empowered under the provisions of the Local Government Act 2009 to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables.

Loans and advances are made to community organisations, and are recognised in the same way as other receivables. Security is not normally obtained.

1.L Inventories

Stores, raw materials and inventories held for distribution are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.

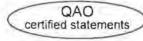
Inventories held for distribution are:

- goods to be supplied at no or nominal charge; and
- goods to be used for the provision of services at no or nominal charge.
- These goods are valued at cost, adjusted, when applicable, for any loss of service potential.

1.M Investments

Financial institution deposits at call and term deposits with a short maturity of twelve months or less are treated as cash equivalents. Interest and dividend revenues are recognised on an accrual basis.

Council holds shares in Redcliffe Peninsula Financial Services Ltd. The shares are valued at cost because they are not quoted in an active market and their fair value cannot be reliably measured. Council's investments are disclosed in Note 19.





1.N Investment in associate

(i) Equity accounting treatment

As at 1 July 2010 a water distribution and retail business called Unitywater was established in accordance with the South-East Queensland Water (Distribution and Retail Restructuring) Act 2009 to deliver water and waste water services to customers within the local government areas of Moreton Bay Regional Council and Sunshine Coast Regional Council.

Under the Act, governance arrangements for Unitywater were established in a Participation Agreement, which commenced from 1 July 2010. The Agreement provides for participation rights to be held by the participating Councils.

The participation rights effectively represent an investment in an associate by Moreton Bay Regional Council and are disclosed in Note 21.

Associates are entities over which Moreton Bay Regional Council exerts significant influence. Significant influence is the power to participate in the financial and operating policy decisions but is not control or joint control. Council has determined that Unitywater is an associate for accounting purposes.

Investments in associates are accounted for in the financial statements using the equity method and are carried at the lower of cost and recoverable amount. Under this method, the entity's share of post-acquisition profits or losses of associates is recognised in the Statement of Comprehensive Income and the interest in the equity of the associate is recognised in the Statement of Financial Position. The cumulative post-acquisition movements, being the share of profits less dividends received and accrued, are adjusted against the cost of the investment.

(ii) Other transactions with associates

Dividends

Dividends declared and paid are treated in accordance with the equity basis of accounting set out above.

Tax equivalents

Unitywater operates under an income tax equivalent regime; with all tax paid being distributed to the participating Councils on a pro-rata basis to their participation rights. Tax is payable quarterly based on a percentage of the Unitywater gross revenue. Tax equivalent payments are not eliminated as part of the equity accounting in associates.

Shareholder loans

Shareholder loans provide for a fixed interest rate with monthly interest only payments. Interest payments are not eliminated as part of the equity accounting in associates.

Shareholder loans are carried at amortised cost. The non-current receivables (senior and subordinated debt) owed to Council by Unitywater represent shareholder loans established when Unitywater commenced operations on 1 July 2010. The loans were initially for a three year period ending on 30 June 2013. During June 2013 a new shareholder loan agreement was entered into and executed with a commencement date of 1 July 2013 and to conclude on 30 June 2033. The amount of the shareholder loan remains unchanged.

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Moreton Bay

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

1.0 Investment property

Investment property is property held for the primary purpose of earning rentals and/or capital appreciation. This includes land held by Council for a currently undetermined future use.

Investment property is measured using the fair value model. This means all investment property is initially recognised at cost (including transaction costs) and then subsequently revalued annually at the reporting date. Where investment property is acquired at no or nominal cost it is recognised at fair value.

Property that is being constructed or developed for future use as investment property is classified as investment property. Investment property under construction is measured at fair value, unless fair value cannot be reliably determined for an individual property (in which case the property concerned is measured at cost until fair value can be reliably determined).

Gains or losses arising from changes in the fair value of investment property are recognised as incomes or expenses respectively for the period in which they arise. Investment property is not depreciated and is not tested for impairment.

1.P Property, plant and equipment

Asset classes

The classes of property, plant and equipment recognised by the Council are:

Land Land Improvements Buildings Park Equipment Plant and Equipment Transport Infrastructure
Stormwater Infrastructure
Waterways and Canals Infrastructure
Cultural and Heritage

There will be occasions where assets are adjusted between various classes due to refinements in the above definitions or misclassification of a particular asset. These movements will have a nil effect on the total assets value for Council.

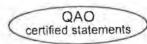
Non-current asset thresholds

Items of property, plant and equipment with a total value of less than \$5,000 except for land and network assets are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

Acquisition of assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including detailed design costs and all other establishment costs.

Non-monetary assets, including property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation when the criteria for asset recognition per AASB 1004 Contributions are met and where that value exceeds the recognition thresholds for the respective asset class. Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Capital and operating expenditure

Wage and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. Indirect costs may also be included as capital expenditure, where such costs can be reasonably associated with capital construction projects.

Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity of the non-current assets are expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

Valuation

Land, buildings, infrastructure assets and cultural and heritage assets are measured on the revaluation basis, at fair value, in accordance with AASB116 Property, Plant and Equipment. All other non-current assets, principally plant and equipment and intangible assets are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of assets does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every three to five years. This process involves the valuer physically sighting all Council assets where practical and making an independent assessment of the condition of the assets at the date of inspection.

In the intervening years, Council uses a suitable index to perform a desktop valuation. A desktop revaluation involves the application of suitable indexes undertaken at the reporting date when there has been a material movement in value for an asset class subsequent to the last comprehensive revaluation.

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the asset revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus for that asset class.

Details of valuers and methods of valuations are disclosed in Note 22.

Capital work in progress

Capital work in progress contains all assets purchased and/or constructed that are not yet available for use. The cost of property, plant and equipment under construction includes the cost of materials and direct labour. Indirect costs may also be included where such costs can be reasonably associated with capital construction projects.

Investment property under construction is classified as investment property. Refer to Note 1.0 for further information.

Moreton Bay

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

Depreciation

Land and cultural and heritage assets are not depreciated as they have an unlimited useful life. Depreciation on other property, plant and equipment is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Council.

Major spares purchased specifically for particular assets that are above the asset recognition threshold are capitalised and depreciated on the same basis as the asset to which they relate.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to the Council or the unexpired period of the lease, whichever is the shorter.

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. Details of the range of estimated useful lives for each class of asset are shown in Note 22.

Land under roads

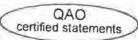
Council does not control any land under roads. All land under the road network within the Council area that has been dedicated and opened for public use under the Land Act 1994 or the Land Title Act 1994 is not controlled by Council but is controlled by the State pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

Assets not previously recognised

The initial recognition of non-current assets relates to items of property, plant and equipment that should have been included in previous years financial accounts, but has only been identified and placed into the fixed asset register during the current reporting period and not deemed material for the purposes of a prior period correction under the provisions of AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

These assets do not form part of the current years capital acquisitions and have been recognised directly to the Statement of Comprehensive Income as capital revenue as shown in Note 6(b). These assets were identified due to the introduction of improved information capture processes. All immaterial identified assets have been initially recognised within the accounts at their written down fair value as at the reporting date detailed.

During the current financial reporting period, a large value of transport infrastructure was identified as not having been previously recorded. As a result of the value of the assets identified, a prior period correction has been recorded in Note 36. This correction has been retrospectively applied under the provisions of AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.







1.Q Intangible assets

Intangible assets are assets that do not have a physical substance but are expected to provide future benefits to Council. Intangible assets derive their value from the rights that possession and use confer on Council. Council recognises identifiable intangible assets, such as software.

It has been determined that there is not an active market for any of Council's intangible assets. As such, these assets are recognised and carried at cost, less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over a life of between five and ten years.

Intangible assets with a cost or other value exceeding \$5,000 are recognised as intangible assets in the financial statements, items with a lesser value being expensed.

Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate. Details of the estimated useful lives assigned to each class of intangible assets are shown in Note 23.

1.R Biological assets

The Council operates a nursery to produce bedding plants and trees for its own use. In view of the immaterial nature of this operation the accounting procedures related to biological assets have not been applied. The costs incurred in this operation are included in Council's general operations as they are incurred.

1.S Impairment of non-current assets

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation surplus increase.

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Moreton Bay

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

1.T Leases

Leases of plant and equipment under which Council as lessee assumes substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

Operating leases

Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

1.U Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

1.V Liabilities - employee benefits

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. Where it is expected that the leave will be paid in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 24 as a payable.

Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months (the current portion) are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months (the non-current portion) are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 24 as a payable.

Sick leave

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation. This liability represents an accrued expense and is reported in Note 24 as a non-current payable.

Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 32.



Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in Council's employment or other associated employment which would result in Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. This liability is reported in Note 26 as a provision.

1.W Borrowings and borrowing costs

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost.

In accordance with the Local Government Regulation 2012 Council adopts an annual debt policy that sets out Council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

Borrowing costs, which includes interest calculated using the effective interest method and administration fees, are expensed in the period in which they arise. Costs that are not settled in the period in which they arise are added to the carrying amount of the borrowing. Borrowing costs are treated as an expense, as assets constructed by Council are generally completed within one year and therefore are not considered to be qualifying assets.

1.X Restoration provision

The provision is made for the cost of restoration in respect of refuse landfill sites and bio-solids composting sites where it is probable Council will be liable, or required, to incur such a cost on the cessation of use of these facilities. The provision is measured at the expected cost of the work required discounted to current day values using an appropriate rate. Further details of Council's provision for the cost of restoration of refuse landfill sites and bio-solids composting sites can be found in Note 26.

The provision represents the present value of the anticipated future costs associated with the closure of these sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for these sites are reviewed at least annually and updated on the facts and circumstances available at the time.

The provision is measured at the expected cost of the work required discounted to present value. Changes in the provision not arising from the passing of time are treated as an adjustment to the provision and associated asset. Once the related asset has reached the end of its useful life, all subsequent changes in the liability are recognised in profit and loss.

Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

Moreton Bay

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

1.Y Asset revaluation surplus

The asset revaluation surplus comprises adjustments relating to changes in the value of property, plant and equipment that do not result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the asset revaluation surplus.

Increases and decreases on revaluation are offset within a class of assets. Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation surplus in respect of that class. Any excess is treated as an expense. When an asset is disposed of, the amount in the surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

1.Z Retained surplus

This represents Council's accumulated surplus.

1.AA National competition policy

Council has reviewed its activities to identify its business activities. Details of these activities are disclosed in Note 38.

1.AB Rounding and comparatives

Amounts included in the financial statements have been rounded to the nearest \$1,000.

Comparative information has been reclassified where necessary to be consistent with disclosures in the current reporting period. The resulting reclassifications have had no effect on the current year or prior year net community assets.

1.AC Trust funds held for outside parties

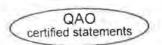
Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies paid into the trust account by Council. Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

The monies are disclosed in the notes to the financial statements for information purposes only in Note 34.

1.AD Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the Australian Taxation Office (ATO) or payable to the ATO is shown as an asset or liability respectively.

Council has a participating interest in the Northern SEQ Distributor-Retailer Authority (trading as Unitywater) governed by a Participation Agreement. The Authority is subject to the Local Government Tax Equivalents Regime (LGTER). Under the LGTER the Authority is required to make income tax equivalent payments to Council in accordance with the requirements of the Participation Agreement. Income tax equivalent payments from the Authority are recognised as revenue when the significant risks and rewards related to the corresponding assets have been transferred to Council.



NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

1.AE Carbon pricing mechanism

In 2011 the Australian Government introduced a Clean Energy Legislation package. One aspect of this package, which has, and will continue to, impact Council directly and indirectly is the introduction of a pricing mechanism for greenhouse gas emissions in the Australian economy.

The pricing mechanism commenced on 1 July 2012 and set a fixed price path for the first three years (\$23 per tonne of carbon dioxide equivalent (CO₂-e) emissions adjusted in real terms by 2.5% per annum) before moving to a flexible price mechanism from 1 July 2015. It provides a framework for setting a cap on greenhouse gas emissions by capping the number of carbon units available once the flexible price period commences, which can be adjusted over time to ensure that the government's reduction targets are met.

It is likely that the way this mechanism is priced and/or applies will change, depending upon the outcome of the Australian Federal election on 7 September 2013.

Council has two landfills that produce emissions that exceed the relevant liability threshold. A third landfill is not expected to exceed the emissions threshold. Council projections indicate that each of these two facilities will continue to exceed the relevant emissions thresholds into the foreseeable future.

Council recognises a liability under the carbon pricing mechanism as the emissions from these facilities occur. Organic material within waste deposited at landfills takes time to begin decomposing. Waste deposited in 2012/13 will only begin to break down and generate emissions at the start of 2013/14; therefore Council has not recognised a liability for the purchase of carbon permits for these facilities at 30 June 2013. Although the waste deposited in landfills takes over twelve months to begin emitting carbon dioxide, it also continues to generate emissions for the following 40 years.

Council estimates that the liability under the carbon pricing scheme for emissions during the 2013/14 financial year will be \$539,644. This estimate is based on the quantity and types of refuse received, estimated future CO₂-e type gas emissions (using the latest national Greenhouse Accounts Factors), estimates of likely timing of such emissions and the potential offsets by collection of emitted gases and other methods. The calculation has been based on the fixed price per tonne CO₂-e currently set for the 2013/14 financial year.

The liability that has been estimated is unlikely to be the same as council's actual liability for 2013/14 due to the nature of estimates and, in particular, the likelihood that the pricing mechanism will change following the federal election.

Council has been, and will continue to be indirectly impacted through increased costs arising from the carbon pricing mechanism. The most significant increase will occur in electricity. Commonwealth Treasury modelling published in July 2011 in the documents "Strong growth, low pollution modelling a carbon price" indicates that the carbon pricing is expected to increase electricity prices by 10% within 5 years from 1 July 2012 and increase other costs by 0.7% on inflation.

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

2 Analysis of Results by Function

(a) Components of Council Functions

The activities relating to Council's components reported in Note 2(b) below are as follows:

Engineering, Construction & Maintenance

Engineering, Construction and Maintenance is responsible for the maintenance of Council buildings and public facilities, as well as identifying, planning and delivering infrastructure to support the community and ensure a high standard of infrastructure within the Moreton Bay Region.

Community & Environmental Services

Community and Environmental Services is responsible for providing well managed and maintained community facilities, ensuring compliance with the local laws of Council, monitoring, reporting and engaging with the community to advance the protection and management of the natural environment.

Governance

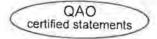
The role of the Governance section is to ensure open and accountable governance of the region and comprises the Councillors, Chief Executive Officer, Internal Audit, legal, financial management, organisational and people development, corporate project management, information technology support, communications and other related support functions.

Strategic Planning & Development

Strategic Planning and Development is responsible for maintaining a strategic plan of Council's longer term functions and responsibilities, across a range of activities such as land use planning, planning scheme development and development engineering.

Economic Development & Commercial Services

The role of Economic Development and Commercial Services is to support increased levels of employment within the region, foster a dynamic and prosperous business environment, manage Council's property portfolio, acquire and dispose of strategic land holdings, stimulate economic activity and provide sustainable and cost-effective solid waste management services to the community.



Moreton Bay NOTES TO THE FINANCIAL STATEMENTS For the year ended 38 June 2013

Year ended 30 June 2013		Gross program income	im income				Gross program expenses	n expenses				
	Operating	ting	Capital	tat	Elimination of Inter-function	Total Income			inter-function	Total expenses	Net result	Assets
Function	Grants	Other	Grants	Other	transactions		Operating	Capital	transactions			
	\$,000	\$,000	\$,000	\$.000	2,000	\$,000	\$.000	\$.000	\$,000	\$,000	2,000	\$,000
Engineering, Construction & Maintenance	5,704	18,625	17,767	115	(13,298)	26,913	(108,897)	2,416	12,665	(93,816)	(66,903)	3,819,962
Community & Environmental Services	7,890	18,858	•	•	(131)	26,617	(52,002)	23	492	(54,487)	(27,870)	479
Governance	13,268	299,411	•	29,590	2,465	344,734	(172,636)	(42,199)	(2,299)	(217.134)	127,600	1,809,229
Strategic Planning & Development		6,302	•		(11)	6,291	(12,331)	2 1013 11	2	(12,329)	(6,038)	
Economic Development & Commercial Services	•	50,003	•	20	(1,917)	48,136	(46,425)	758	2,032	(43,635)	4,501	35,373
Total	26.862	391.199	17.757	29.755	(12.892)	452,691	(395,291)	(39,002)	12,892	(421,401)	31.290	5,665,043

Year ended 30 June 2012 (Restated)		Gross program income	ım income				Gross program expenses	m expenses				
	Operating	ing	Capital	tal	inter-function	Total income			Inter-function	Total expenses	Net result	Assets
Function	Grants	Other	Grants	Other	transactions		Operating	Capital	transactions			
	\$,000	2,000	\$2000	\$.000	\$,000	2,000	\$2000	\$,000	\$,000	\$.000	\$,000	2,000
Francearing Construction & Maintenance	6.477	14.148	11,486	518	(11,554)	21,075	(102,080)	1,769	11,290	(89,021)	(67,946)	3,949,334
Community & Frydronnental Services	8.012	17.567	16		(162)	25,508	(52,140)		471	(51,669)	(26,161)	525
Governance	16.826	284,997	62	116,695	1,054	419,634	(169,529)	(27,347)	(888)	(197,764)	221,870	1,805,436
Strateoic Planning & Development	8.441	7,256	•		(4)	15,693	(19,133)		4	(19,129)	(3,436)	
Economic Development & Commercial Services	1	49,620	40	999	(2,265)	47,960	(46,201)	388	2,054	(43,759)	4,201	46,370
Total	39.756	373,588	11.679	117,778	(12,931)	529,870	(389,083)	(25,190)	12,931	(401.342)	128,528	5,801,665

* Comparative information has been restated to be consistent with disclosures in the current reporting per



NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

		Note	2013 \$'000	Restated 2012 \$'000
3	Rates and utility charges			
	General rates		184,820	174,413
	Cleansing charges		34,928	34,081
	Other special levies, rates and charges		10,578	2,495
			230,326	210,989
	Less: Pensioner and other rebates		(3,685)	(3,181)
	The control of the co	-	226,641	207,808
4	Fees and charges			
	Administration		5,674	6,467
	Community facilities		4,999	4,191
	Development services		10,471	11,299
	Waste management		3,121	3,344
	Animal control		2,672	2,312
	Other fees		276	460
			27,213	28,073
5	Rental income			
	Investment property rental		4,704	4,187
	Other rental income	4	2,092	1,865
		-	6,796	6,052
6	Grants, subsidies and contributions			
(a)	Operating			
	Government grants and subsidies		26,101	39,077
	Other grants, subsidies, contributions and donations	-	3,307	2,472
		-	29,408	41,549
(b)	Capital		12.53	10 EAZ.
	Government grants and subsidies		17,767	11,680
	Infrastructure cash contributions		19,634	21,130
	Contributed assets		3,832	81,753
	Assets not previously recognised		6,111	13,731
	Other capital income	-	47,509	518 128,812
			47,509	125,612

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

		Note	2013 \$'000	Restated 2012 \$'000
	Conditions over contributions			
	Contributions and grants which were recognised as revenues during the reporting period, and which were obtained on the condition that they be expended in a manner specified by the contributor, but had not been expended at the reporting date:			
	Grants	12	3,540	2,956
) =	3,540	2,956
	Contributions and grants which were recognised as revenues in a previous reporting period, and were expended during the current reporting period in accordance with Council's obligations:			
	Grants		2,956	1,167
		-	2,956	1,167
7	Interest revenue			
	Interest from financial institutions		9,897	12,679
	Interest from Unitywater		48,508	49,079
	Interest from overdue rates and utility charges		1,115 59,520	1,058 62,816
8	Sales revenue			
	Waste operations		3,343	3,770
	Other		849	750
		-	4,192	4,520
9	Other revenue			
	Recoverable works		68	104
	Dividend		1	2.5
	Tax equivalent Other income		5,126	6,844
	Other income		6,633 11,828	5,576 12,524
10	Capital income			
	Refuse landfill sites restoration			
	Estimation adjustment to refuse landfill sites			463
	Discount rate adjustment to refuse landfill sites	-		101 564
	Bio-solids composting site rehabilitation	-		304
	Discount rate adjustment to Bio-solids composting site		4.1	81
	Unused amount reversal to Bio-solids composting site	26	13	
	And the control of th		13	.81
	Total capital income	(-	13	645
	And the state of t	-		

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Moreton Bay

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

		Note	2013 \$'000	Restated 2012 \$'000
11	Employee benefits			
	Total staff wages and salaries		100,133	97,033
	Annual, sick, long service leave and other entitlements		11,900	13,681
	Superannuation	32	12,260	11,828
	The Million County of Parish and a		124,293	122,542
	Other employee related expenses		5,423	6,348
	Green & Carrier Indian and the Landscore		129,716	128,890
	Less: Capitalised employee expenses		(7,887)	(12,241)
		13	121,829	116,649
			2013	2012
		- 1	No.	No.
	Total full time equivalent employees		1,567	1,548
			1,567	1,548
			2013	2012
			\$'000	\$'000
12	Materials and services			
	Consultants		930	1,679
	Contractors		68,981	67,525
	Councillors' remuneration		1,627	1,613
	Entertainment and hospitality		222	252
	Marketing and promotions		1,050	1,426
	Utilities		12,098	10,930
	Donations, grants and contributions		2,105	1,946
	Expensed capital		4,133	6,285
	Fuel		3,602	3,686
	Information technology hardware/software		4,248	3,323
	Insurance premiums		2,770	2,487
	Printing, postage and stationery		1,625	1,609
	Plant hire		2,189	3,047
	Chemicals		162	166
	Legal costs		2,592	1,813
	Security		828	826
	Equipment maintenance		1,183	1,342
	Commissions and contributions		23,762	31,708
	Cleaning Audit of annual financial statements by the Auditor-General of		1,164	1,552
	Queensland		235	260
	Other audit assurance services performed		5	7
	Investment property expenses (property generating income)		190	212
	Other materials and services		19,069	18,324
		1 2	154,770	162,018

Councillor remuneration represents regular payments and other allowances paid in respect of carrying out their duties.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

		Note	2013 \$'000	Restated 2012 \$'000
13	Depreciation and amortisation			
	Depreciation of non-current assets			
	Land Improvements		3,975	3,928
	Buildings		11,370	4,601
	Park equipment		3,467	3,256
	Plant and equipment		7,939	7.986
	Transport infrastructure		43,932	41,305
	Stormwater infrastructure		10,799	12,065
	Waterways and canals		192	176
	vvaterways and canais	22	81,674	73,317
	Amortisation of intangible assets			
	Software	23	902	993
	Total depreciation and amortisation		82,576	74,310
14	Finance costs			
	Finance cost on loans		22,232	21,828
	Impairment of bad debts		21	21
	Bank charges		623	661
	Landfill restoration		273	581
	Other interest charges		75	84
	Otto interest dialges	1	23,224	23,175
15	Capital expenses			
	Loss on disposal of non-current assets			
	Proceeds from the sale of property, plant and equipment		3,821	2,178
	Less: Book value of property, plant and equipment disposed of		(40,891)	(26,008)
			37,070	23,830
	Refuse landfill sites restoration		2000	
	Estimation adjustment to refuse landfill sites		245	
	Discount rate adjustment to refuse landfill sites		26	-
	Dis satisfa assessables attaunts buildedis		271	-
	Bio-solids composting site rehabilitation			
	Discount rate adjustment to Bio-solids composting site		4	
	Revaluations			
	Revaluation down of investment property	20	1,657	1,360
	and the rate of the control of the revent and the r		1,657	1,360
	Total capital expenses		39,002	25,190

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Moreton Bay

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

		Note	2013 \$'000	Restated 2012 \$'000
16	Cash and cash equivalents			
	Cash at bank and on hand		3,906	3,794
	Deposits at call		86,979	61,155
	Term deposits		110,400	140,400
	Balance per Statement of Cash Flows		201,285	205,349
	Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
	Unspent government grants and subsidies		3,540	2,956
	*Internally imposed expenditure restrictions at the reporting date:			
	Unspent infrastructure contributions		80,181	83,327
	Total unspent restricted cash		83,721	86,283
	* These restrictions were previously allocated as reserves.			
17	Trade and other receivables			
	Current			
	Rates and utility charges		8,273	8,970
	Loans to community organisations		8	15
	Loans to Unitywater		4,397	4,111
	Accrued interest receivable from Unitywater		12,101	12,170
	Accrued dividend receivable from Unitywater		14,616	13,827
	Other debtors		6,982	9,217
	GST recoverable		4,877	3,225
	Prepayments	1.2	4,830	4,192
			56,084	55,727
	Less: Allowance for impaired debts		(9)	(12)
			56,075	55,715
	Non-current			
	Loans to community organisations		414	334
	Loans to Unitywater		5,930	10,327
	Senior debt receivable from Unitywater		376,125	376,125
	Subordinated debt receivable from Unitywater		300,900	300,900
			683,369	687,686

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

Loans have been made to Unitywater for working capital purposes. Interest is charged at a fixed rate of 6.7864% per annum. The credit risk on these loans is considered low.

The senior and subordinated debt receivable from Unitywater is set at fixed interest rates of 6.6723% and 7.5125% respectively. The credit risk on these loans is considered low.



		Note	2013 \$'000	Restated 2012 \$'000
	Movement in accumulated impairment losses (other debtors) is as follows:			
	Opening balance at beginning of financial year Impairment debts written off during the year Additional impairments recognised during the year Impairments recovered during the year Closing balance at end of financial year		12 (16) 18 (5) 9	23 (27) 20 (4) 12
18	Inventories			
	Inventories held for distribution	-	948 948	1,009 1,009
19	Investments			
	Shares in Redcliffe Peninsula Financial Services Ltd	15-	15 15	15 15
20	Investment property			
	Fair value at beginning of financial year Additions from acquisitions Additions from subsequent expenditure recognised Net gain or (losses) from fair value adjustments	15	47,320 58 (1,657)	43,885 4,289 506 (1,360)
	Fair value at end of financial year		45,721	47,320

Investment property comprises:

- commercial property which is rented out
- land which is held for future development or an undetermined future use.

Investment property does not include residential properties, swimming pools, aerodrome hangers and caravan parks.

All investment property was valued at fair value by AssetVal, an independent professionally qualified valuation firm, as at 30 June 2013. Fair value was determined by reference to market based evidence including observable historical sales data in the relevant market for properties of similar nature and specification.

Income from investment property is shown in Note 5. Expenses in respect of investment property are shown in Note 12.



Moreton Bay

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

21 Investment in associate

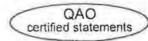
Details of the associate is as follow.

Name of the associate	Principal activity	Proportion of ownership interest
Unitywater	Water and sewerage services	58.2382

Summarised financial information in respect of the associate is set out below.

	2013 \$'000	2012 \$'000
Total assets	3,159,073	3,030,036
Total liabilities	(1,677,117)	(1,568,480)
Net assets	1,481,956	1,461,556
Share of net assets of associate	863,063	851,183
Total revenue	516,946	488,170
Total profit for the year	67,946	63,655
Share of profit of associate	39,571	37,071
Council investment in the associate comprises of:		
Participation rights	870,659	858,779
Details of movements in participation rights:		
Opening Balance	858,779	849,361
Share of profit of associate	39,571	37,071
Less share of dividends received and accrued	(27,691)	(27,653)
Closing balance at end of year	870,659	858,779
Reconciliation of the participation rights to the share of net assets:		
Closing value of participation rights	870,659	858,779
Less share of net assets	(863,063)	(851,183)
Share of loss of associate for the year ended 2009/10	7,596	7,596
Share of loss of associate comprises:		
Total loss for the year ended 2009/10		13,043
Proportion of ownership interest	1.0	58.2382%
Share of loss of associate for the year ended 2009/10	100	7,596

The variation between the value of participation rights and the share of net assets occurred because Unitywater incurred losses during 2009/10 prior to the commencement of the Council's participation in Unitywater which began on 1 July 2010.





22 Property, plant and equipment

30 June 2013	Note	Land	Land Improvements	Buildings	Park Equipment	Plant and Equipment	Transport Infrastructure
Basis of measurement		Revaluation	Cost	Revaluation	Cost	Cost	Revaluation
Asset Values		\$'000	\$'000	\$'000	\$,000	\$'000	\$,000
Opening gross value as at 1 July 2012 Additions		658.209	95,993	387,001	72,913	97,548	2.540,054
Transfers between asset classes		(484)	(2,115)	222	(392)	(10)	2,409
Contributed assets				4	24	-	1,805
Disposals		(1,044)	(115)	(1,976)	(1,269)	(16,470)	(42,344)
Assets not previously recognised					*		6,111
Revaluation adjustment to asset revaluation surplus	29	(199,722)					
Transfers from work in progress		22,710	9,454	11,510	8.115	17,082	97,807
Closing gross value as at 30 June 2013		479,869	103,217	396,757	79,391	98,150	2,605,842
Accumulated depreciation and Impairment							
Opening balance as at 1 July 2012			28,433	142,520	26,309	45,477	613,394
Depreciation provided in period	13		3,975	11,370	3,467	7,939	43,932
Transfers between asset classes			(455)	(85)	(83)	(1)	624
Depreciation on disposals		4	(35)	(721)	(1,005)	(10,936)	(18.039)
Accumulated depreciation as at 30 June 2013			31,918	153,084	28,688	42,479	639,911
Total written down value as at 30 June 2013		479,669	71,299	243,673	50,703	55,671	1,965,931
Range of estimated useful life in years			3 - 150	5 - 108	5-110	2 - 110	2 - 150

30 June 2013	Note	Stormwater Infrastructure	Waterways and Canals	Cultural and Heritage	Work In Progress	Total
Basis of measurement		Revaluation	Revaluation	Revaluation	Cost	
Assat Values		\$'000	\$'000	\$'000	\$'000	\$*000
Opening gross value as at 1 July 2012 Additions		989,004	80,865	2,438	75,284 178,576	4,999,309 178,576
Transfers between asset classes		370			+	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Contributed assets		2,003				3,832
Disposals		(10,692)	(50)			(73,980)
Assets not previously recognised				- 1		6,111
Revaluation adjustment to asset revaluation surplus	29				- 4	(199,722)
Transfers from work in progress		17,430	3,322	-	(191,807)	(4,377)
Closing gross value as at 30 June 2013		998,115	84,137	2,438	62,053	4,909,769
Accumulated depreciation and impairment						
Opening balance as at 1 July 2012		196,484	4.715	- 4		1,057,332
Depreciation provided in period	13	10.799	192		4	81,674
Transfers between asset classes				-	-	
Depreciation on disposals		(2,316)	(17)		-	(33,069)
Accumulated depreciation as at 30 June 2013		204,967	4,890			1,105,937
Total written down value as at 30 June 2013		793,148	79,247	2,438	62,053	3,803,832
Range of estimated useful life in years		20 - 100	30 - 127	-	-	

Additions comprises:

Renewals Other additions Total additions

Г	\$
	57,194,744
	121,380,846
Г	178,575,590





NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

30 June 2012 (Restated)	Note	Land	Land Improvements	Buildings	Park Equipment	Plant and Equipment	Sewerage Infrastructure
Basis of measurement		Revaluation	Cost	Revaluation	Cost	Cost	Revaluation
Asset Values		3'000	\$'000	\$'000	\$'000	\$'000	5'000
Opening gross value as at 1 July 2011 Additions		668.966	82,955	343,279	61,016	91,745	4,907
Transfers between asset classes			303		92	6,027	(4,907
Transfers to investment property		(11,973)		(31,912)			100
Contributed assets		199			24	+	
Disposals		(8,273)	(6)	(5,338)	(855)	(9,587)	
Assets not previously recognised				968	-		
Revaluation adjustment to asset revaluation surplus	29	(4,700)		22,704	-	-	
Transfers from work in progress		13,990	12,272	58,443	12.636	9,363	
Closing gross value as at 30 June 2012		658,209	95,993	387,001	72,913	97,548	
Accumulated depreciation and Impairment							
Opening balance as at 1 July 2011			24,295	85,641	23,317	41,428	3,631
Depreciation provided in period	13	-	3,928	4,601	3,256	7,986	1
Transfers between asset classes		- Y	213	(556)	-	4,009	(3,631)
Depreciation on disposels		- 4	(3)		(284)	(7,946)	
Revaluation adjustment to asset revaluation surplus				54,310	7		_
Accumulated depreciation as at 30 June 2012		-	28,433	142.520	26,309	45,477	
Total written down value as at 30 June 2012		658.209	87,560	244,481	46,604	52,071	
		aleaps was	01,200	200,000	- 10,004		
30 June 2012 (Restated)	Note	Transport Infrastructure	Stormwater Infrastructure	Waterways and Canals	Cultural and Heritage	Work in Progress	Total
Basis of measurement		Revaluation	Revaluation	Revaluation	Revaluation	Cost	
Asset Values		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening gross value as at 1 July 2011		2,282,508	995,577	79,596	1,611	161,627	4,773,787
Additions		(4.000)	COA	3		151,625	151,626

(1,058)

54,689 (10,682) 11,877 98,176 104,532

29

13

209 (39,403) 12,309

Transfers between asset classes

Transfers to investment property Contributed assets

Disposals
Assets not previously recognised
Revaluation adjustment to asset revaluation surplus
Transfers from work in progress

Depreciation on disposals
Revaluation adjustment to asset revaluation surplus

Accumulated depreciation as at 30 June 2012

Total written down value as at 30 June 2012

Closing gross value as at 30 June 2012

Accumulated depreciation and impairment
Opening balance as at 1 July 2011
Depreciation provided in period
Transfers between asset classes

1,002,504	G 4	4,539	243,627	576,026
73,317	×	176	12,065	41,305
	10		30	(65)
(15,467			(1,564)	(4,214)
(3,022	9	-	(57,674)	342
1.057,332	1	4,715	196,484	613,394

1,926,660 792,520 76,150 2,438 75,284 3,941,977

1,269

(43.885 81,75 [41,475 13,73 76,916 (13,145

(237,968)



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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Valuation

Asset Class	Basis of measurement	Valuation Date	Independent Valuer	Reference
Land	Revaluation	30 June 2013	AssetVal Pty Ltd	(i)
Buildings	Revaluation	30 June 2012	AssetVal Pty Ltd	(ii)
Transport Infrastructure	Revaluation	30 June 2012	AssetVal Pty Ltd	(iii)
Stormwater Infrastructure	Revaluation	30 June 2012	AssetVal Pty Ltd	(iii)
Waterways and Canals	Revaluation	31 December 2008	AssetVal Pty Ltd	(iv)
Cultural and Heritage	Revaluation	31 December 2011	Ross Searle Associates	- 2

(i) Land was revalued to fair value by AssetVal Pty Ltd as at 30 June 2013. Where a market price in an active liquid market was available for an asset, that market price represented the best evidence of the assets fair value. The fair value of these land assets has been determined by reference to the highest and best use, that is, the use of the asset that is physically possible, legally permissible, financially feasible, and which results in the highest value.

The land revaluation undertaken during 2012/13 resulted in asset values decreasing by approximately \$200 million. The decrease in value can be attributed to the following factors;

- a) More complete and up to date information regarding land that is subject to flooding and erosion became available following the completion of storm and flood maps for events occurring since 2010. Land parcels subject to flooding and erosion are discounted in value.
- b) Reassessment of parcels of land that serve community purposes such as open space and recreation areas which Council has no intention to use or convert for another purpose eg development. Council has no past history or future plans to convert and/or sell these identified open space and recreation areas for development or other purposes therefore the fair value assigned to those land parcels is constructively restricted given the current use and intended future use and is discounted on that basis.
- c) Some land parcels are designated access prevention strips which are discounted to a nominal value as they have no market realisable value and possess limited or negligible service potential.
- (ii) Buildings were comprehensively revalued by AssetVal Pty Ltd as at 30 June 2012. Where a market was identified, the price reasonably obtainable in the market at the date of valuation was deemed fair value, being the difference between the market value of the asset (as a whole) less the market value of the land component. Where there was no depth of market, each building component was individually assessed and depreciated. The total fair value is the accumulation of the individually depreciated building components.

At the end of 2012/13 Council undertook a desktop exercise to review fair value. The process calculates price movements from the last external valuation (2011/12) using suitable price indexes tracked over the course of 2012/13. The results of the price indexation review found that there was no material change (+0.99% movement) in the fair value of the building assets over 2012/13.

(iii) Transport and Stormwater infrastructure were comprehensively revalued by AssetVal Pty Ltd as at 30 June 2012. Fair value was determined as the estimated cost of replacing an asset with a similar asset in new condition with a similar function, useful output or service potential. Replacement cost includes an allowance for Council's oncosts.

At the end of 2012/13 Council undertook a desktop exercise to review fair value. The process calculates price movements from the last external valuation (2011/12) using suitable price indexes tracked over the course of 2012/13. The results of the price indexation review found that there was no material change (+0.99% movement) in the fair value of the transport and stormwater infrastructure assets over 2012/13.

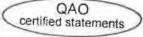
(iv) Waterways and Canals infrastructure were comprehensively revalued by AssetVal Pty Ltd as at 31 December 2008. Fair value was determined as the estimated cost of replacing an asset with a similar asset in new condition with a similar function, useful output or service potential. Replacement cost includes an allowance for Council's oncosts.

At the end of 2012/13 Council undertook a desktop exercise to review fair value. The process calculates price movements from the last external valuation (2008/09) using suitable price indexes tracked over the course of 2012/13. The results of the price indexation review found that there was no material change (-1.55% movement) in fair value of the waterways and canal infrastructure over 2012/13. Council intends to externally revalue waterways and canal assets during 2013/14.



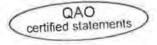
Moreton Bay

		Note	2013 \$'000	Restated 2012 \$'000
23	Intensible assets			
23	Intangible assets			
	Software			
	Opening gross carrying value		13,532	15,021
	Additions through acquisitions		226	95
	Disposals			(1,584)
	Closing gross carrying value		13,758	13,532
	Accumulated amortisation			
	Opening balance		9,717	10,307
	Amortisation in the period	13	902	993
	Depreciation on disposals			(1,583)
	Closing balance		10,619	9,717
	Net carrying value at end of financial year		3,139	3,815
	The software has a finite life estimated at 10 years.			
	Straight line amortisation has been used with no residual value.			
	Total intangible assets		3,139	3,815
24	Trade and other payables			
	Current			
	Trade creditors and accruals		38,902	36,851
	Annual leave		7,088	7,599
	Other entitlements		535	542
			46,525	44,992
	Non-Current			
	Trade creditors and accruals		953	1,113
	Annual leave		2,800	2,503
	Sick leave		664	649
			4,417	4,265



NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

		Note	2013 \$'000	Restated 2012 \$'000
25	Borrowings			
	Current			
	Loans - Queensland Treasury Corporation	_	18,221 18,221	15,282 15,282
	Non-current			
	Loans - Queensland Treasury Corporation	=	364,908 364,908	341,112 341,112
	Loans - Queensland Treasury Corporation			
	Opening balance at beginning of financial year Loans raised Principal repayment Book value at end of financial year	-	356,394 42,000 (15,265) 383,129	342,289 27,500 (13,395) 356,394
	The QTC loan market value at the reporting date was \$418,363,897.67. This represents the value of the debt if Council repaid it as at 30 June 2013.			
26	Provisions			
	Current			
	Long service leave Bio-solids composting site rehabilitation Refuse restoration		2,203 25 884	2,001 24
		-	3,112	2,025
	Non-current			
	Long service leave Bio-solids composting site rehabilitation Refuse restoration		14,811 494 7,817 23,122	14,590 500 8,351 23,441
	Details of movements in provisions:			
	Long service leave			
	Balance at beginning of financial year Long service leave entitlement arising Long service leave entitlement extinguished Long service leave entitlement paid Balance at end of financial year		16,592 2,784 (1,128) (1,234) 17,014	



Moreton Bay

		Note	2013 \$'000	Restated 2012 \$'000
Balance Amount Increase Increase Unused	ds composting site rehabilitation at beginning of financial year incurred and charged against the provision in provision due to unwinding of discount in provision due to change in discount rate amounts reversed at end of financial year	15 10	524 (11) 15 4 (13) 519	
monitori	vision is the present value of the estimated post closing cost of the bio-solids compositing site. The project 24,000 for every year and expected to be completed	eted		
Balance Amount Increase Increase Increase	landfill sites restoration at beginning of financial year incurred and charged against the provision in provision due to unwinding of discount in provision due to change in estimate in provision due to change in discount rate at end of financial year	_	8,351 (219) 258 245 66 8,701	
operate a	holds an Environmental Protection Agency licence to a number of landfills. Council estimates and discoun future costs to restore landfill cells to present value factor based on Commonwealth bond yields rates.	ts		

Landfill site	Expected site closure year	Post closure monitoring cost completion year
Bunya landfill site	2039	2054
Dakabin landfill site	2025	2040
Caboolture landfill site	2025	2040
Ningi landfill site	closed	2027
Woodford landfill site	closed	2027

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

		Note	2013 \$'000	Restated 2012 \$'000
27	Other liabilities			
	Current			
	Revenue received in advance		3,099	477
		-	3,099	477
28	Retained surplus			
	Movements in the retained surplus were as follows: Retained surplus at beginning of financial year Net result attributable to Council Retained surplus at end of financial year		4,633,720 31,290 4,665,010	4,505,192 128,528 4,633,720
	At the end of 2011/12 Council had \$192.1 million identified and accounted for as Reserves. At the commencement of 2012/13 in accordance with sectorial best practice the disclosure of Reserves was discontinued and accordingly the amount of \$192.1 million is included in Retained surplus. The 2011/12 comparatives figures have been restated to be consistent with disclosures in the current reporting period and Australian Accounting Standard requirements.			
29	Asset revaluation surplus			
	Movements in the asset revaluation surplus were as follows:			
	Balance at beginning of financial year		736,351	656,411
	Net adjustment to non-current assets at end of period to reflect change in current fair value:			
	Land		(199,722)	(4,700)
	Buildings			(31,606)
	Cultural and heritage			141
	Transport infrastructure			97,834
	Stormwater infrastructure			18,271
		22	(199,722)	79,940
	Balance at end of financial year	-	536,629	736,351
		_		

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Moreton Bay

		Note	2013 \$'000	Restated 2012 \$'000
	Asset revaluation surplus analysis			
	The closing balance of the asset revaluation surplus comprises the following asset categories:			
	Land Buildings Cultural and heritage		56,977 47,218 141	256,699 47,218 141
	Transport infrastructure Stormwater infrastructure Waterways and canals		227,549 165,207 39,537 536,629	227,549 165,207 39,537 736,351
30	Commitments for expenditure			
	Operating leases			
	Minimum lease payments in relation to non-cancellable operating leases are as follows:			
	Within one year One to five years		649 626 1,275	530 203 733
	Contractual commitments			
	Commitments for capital expenditure Contractual commitments at end of financial year but not recognised in the financial statements are as follows:			
	Property, plant and equipment	=	42,856 42,856	46,641 46,641
	These expenditures are due for payment:			
	Not later than one year One to five years	_	41,501 1,355 42,856	46,616 25 46,641
	Commitments for operating expenditure Contractual commitments at end of financial year but not recognised in the financial statements are as follows:			
	Waste removal and recycling services Outsourced management of facilities of other services		67,144 7,857	70,555 4,013
	IT equipment and software licences Grounds and equipment maintenance Total contractual commitments at reporting date	_	2,629 12,742 90,372	943 3,320 78,831
	These expenditures are due for payment: Not later than one year One to five years More than five years		24,613 54,502 11,257	13,522 45,279 20,030
	More than the years		90,372	78,831

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

31 Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

Legal claims

Council is subject to a number of compensation claims with regards to the compulsory acquisition of land. Information in respect of individual claims has not been disclosed in accordance with AASB137 "Provisions, Contingent Liabilities and Contingent Assets" on the basis that Council considers such disclosures would seriously prejudice the outcome of the claims. In total the claims amount to approximately \$22 million.

Local Government Mutual

Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

As at 30 June 2012 the financial statements of LGM Queensland reported a members' equity balance of \$14,173,836.

Local Government Workcare

Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. Council's maximum exposure to the bank guarantee is \$4,770,051.

QAO certified statements

Moreton Bay

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

32 Superannuation

Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multiemployer Plan as defined in the AASB119 *Employee Benefits*. The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.

The scheme has three elements referred to as:

The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and

The Accumulation Benefits Fund (ABF)

The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the Local Government Act 2009.

The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs.

Any amount by which either fund is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.

The audited general purpose financial report of the scheme as at 30 June 2012 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits.

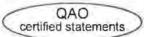
The most recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."

Following the previous actuarial assessment in 2009, councils were advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

Under the Local Government Act 2009 the trustee of the scheme has the power to levy additional contributions on councils which have employees in the DBF when the actuary advises such additional contributions are payable – normally when the assets of the DBF are insufficient to meet members' benefits.

The next actuarial investigation will be made as at 1 July 2015.

		Restated
	2013	2012
Note	\$'000	\$'000
11	12,260	11,828
	92.17	Note \$'000



40

4

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

		Note	2013 \$'000	Restated 2012 \$'000
33	Operating lease income			
	The minimum lease receipts are as follows:			
	Not later than one year		4,740	5,259
	One to five years		14,082	13,638
	Later than five years	100	16,109	13,741
		-	34,931	32,638
34	Trust funds			
	Trust funds held for outside parties			
	Monies collected or held on behalf of other entitles yet to be paid			
	out to or on behalf of those entities		5,975	6,123
		-	5,975	6,123
		=		
	Council performs only a custodial role in respect of these monies. As these funds cannot be used by Council, they are not brought to account in these financial statements.			
35	Reconciliation of net result for the year to net cash inflow from operating activities			
	Net result	-	31,290	128,528
	Non-cash items:			
	Depreciation and amortisation		82,576	74,310
	Revaluation adjustments		1,657	1,360
	Change in future rehabilitation and restoration costs		535	(64)
	Share of profit of associate		(39,571)	(37,071)
		-	45,197	38,535
	Investing and development activities:			
	Net loss/(profit) on disposal of non-current assets		37,070	23,830
	Other dividends received		(1)	-
	Capital grants and contributions		(47,509)	(128,811)
	THE RESIDENCE OF THE SECOND CONTRACTOR	12	(10,440)	(104,981)
	Changes in appraising assets and lightiffices			
	Changes in operating assets and liabilities: Decrease in receivables		1,346	402
	(Increase) in other operating assets		(576)	(442)
	Increase/(decrease) in payables		4,308	(368)
	Increase in provisions		191	2,072
	Market Carrier		5,269	1,664
	AND THE PROPERTY OF THE PARTY O	2	74.040	88 777
	Net cash inflow from operating activities	=	71,316	63,746



Moreton Bay

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

36 Correction of prior period errors

Assets not previously recognised

During 2012/13 Council completed an exercise to ensure the transport asset class was appropriately recorded and valued within the Financial Asset Register. That process identified assets not previously recognised in prior year financial statements and also identified assets that were required to be removed from the Financial Asset Register. Due to the substantial dollar value of assets to be recognised and the associated de-recognition of existing assets, it is appropriate to disclose the accounting adjustments as prior period errors in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. Consequently the assets have been recognised retrospectively and certain comparative figures have been restated, as disclosed in this note.

To date, \$106,065,732 of previously unidentified assets have been identified as a result of Council's review. Of this, \$105,423,411 relates to transport infrastructure, \$233,498 relates to building and \$408,823 relates to land.

Contributed assets

Under AASB 116 Property, Plant and Equipment and the Framework for the Preparation and Presentation of Financial Statements (the Framework) the following criteria must be met in order to recognise an asset:

- the object or right must produce future economic benefits
- the Council must have the capacity to benefit from the object or right in pursuit of its objectives and to deny or regulate the access of others to that benefit
- the transaction or event giving control must have occurred
- it must be probable that the future economic benefits will eventuate
- there must be a cost or value that can be reliably measured
- the estimated value of the item or group must exceed Council's asset recognition threshold.

During 2012/13 Council identified a significant dollar value of contributed assets that had commission dates prior to 2012/13. In order to correctly account for the contributed assets in the financial years to which they relate it was necessary to restate prior reporting periods as disclosed in this note.

In total \$42,688,000 of contributed assets has been identified as relating to prior reporting periods. Of these contributed assets \$4,412,000 relates to the 2011/12 with the remaining \$38,276,000 relating to periods prior to 2011/12.

In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, material errors not discovered until a subsequent period are to be corrected retrospectively by restating the comparative amounts for the prior period presented in which the error occurred. Where the error occurred before the earliest prior period presented, the opening balances for the earliest period presented must be restated.

The below section shows the restatement of each line item affected by the error.

30 June 2012 Comparative year

Financial statement line item / balance affected	Note	Actual 2012 \$'000	Correction of Error Adj \$'000	Restated Actual 2012 \$'000
Statement of Comprehensive Income (Extract)				
Capital Revenue				
Grants, subsidies and contributions	6(b)	114,744	14,068	128,812
Total Revenue		515,157	14,068	529,225
Total Income	- 1	515,802	14,068	529,870
Operating Expenses				
Depreciation and amortisation	13	(72,343)	(1,967)	(74,310)
Total Expenses	=	(399,375)	(1,967)	(401,342)
NET RESULT	-	116,427	12,101	128,528
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1	196,367	12,101	208,468

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

	Note	Actual 2012 \$'000	Correction of Error Adj \$'000	Restated Actual 2012 \$'000
Note 6 Grants, subsidies and contributions				
(b) Capital				
Contributed assets Assets not previously recognised		77,341 4,075	4,412 9,656	81,753 13,731
	1	114,744	14,068	128,812
Note 13 Depreciation and amortisation				
Depreciation of non-current assets				
Land Improvements		3,925	3	3,928
Buildings		4,596	5	4,601
Park equipment Transport infrastructure		3,241	15	3,256
Stormwater Infrastructure		39,466 11,960	1,839 105	41,305 12,065
Total depreciation and amortisation	-	72,343	1,967	74,310
Statement of Financial Position (Extract)				
Non-Current Assets				
Property, plant and equipment	22	3,807,355	134,622	3,941,977
Total Non-Current Assets		5,404,970	134,622	5,539,592
Total Assets	_	5,667,043	134,622	5,801,665
NET COMMUNITY ASSETS		5,235,449	134,622	5,370,071
Community Equity				
Retained surplus	28	4,499,098	134,622	4,633,720
TOTAL COMMUNITY EQUITY	-	5,235,449	134,622	5,370,071
Note 22 Property, plant and equipment				
Land				
Asset Values				
Opening gross value as at 1 July 2011		668,558	408	668,966
Closing gross value as at 30 June 2012	-	657,801	408	658,209
Total written down value as at 30 June 2012		657,801	408	658,209

QAO certified statements

Moreton Bay

	Note	Actual 2012 \$'000	Correction of Error Adj \$'000	Restated Actual 2012 \$'000
Land Improvements				
Asset Values				
Opening gross value as at 1 July 2011 Contributed assets		82,868 442	87 27	82,955 469
Closing gross value as at 30 June 2012		95,879	114	95,993
Accumulated depreciation and Impairment				
Opening gross value as at 1 July 2011 Depreciation provided in period		24,287 3,925	8	24,295 3,928
Accumulated depreciation as at 30 June 2012	_	28,422	11	28,433
Total written down value as at 30 June 2012	=	67,457	103	67,560
Bulldings				
Asset Values				
Opening gross value as at 1 July 2011		343,046	233	343,279
Closing gross value as at 30 June 2012	-	386,768	233	387,001
Accumulated depreciation and impairment				
Opening gross value as at 1 July 2011 Depreciation provided in period		85,627 4,596	14 5	85,641 4,601
Accumulated depreciation as at 30 June 2012		142,501	19	142,520
Total written down value as at 30 June 2012	=	244,267	214	244,481
rk Equipment				
Asset Values				
Opening gross value as at 1 July 2011 Contributed assets		60,715 24	301	61,016 24
Closing gross value as at 30 June 2012		72,612	301	72,913
Accumulated depreciation and impairment				
Opening gross value as at 1 July 2011 Depreciation provided in period		23,301 3,241	16 15	23,317 3,256
Accumulated depreciation as at 30 June 2012	=	26,278	31	26,309



	Note	Actual 2012 \$'000	Correction of Error Adj \$'000	Restated Actual 2012 \$'000
Transport Infrastructure				
Asset Values				
Opening gross value as at 1 July 2011 Contributed assets Assets not previously recognised		2,164,241 51,524 2,221	118,267 3,165 9,656	2,282,508 54,689 11,877
Closing gross value as at 30 June 2012		2,408,966	131,088	2,540,054
Accumulated depreciation and impairment				
Opening gross value as at 1 July 2011 Depreciation provided in period		570,126 39,466	5,900 1,839	576,026 41,305
Accumulated depreciation as at 30 June 2012	_	605,655	7,739	613,394
Total written down value as at 30 June 2012	=	1,803,311	123,349	1,926,660
Stormwater Infrastructure				
Asset Values				
Opening gross value as at 1 July 2011 Contributed assets		986,299 25,152	9,278 1,220	995,577 26,372
Closing gross value as at 30 June 2012	=	978,506	10,498	989,004
Accumulated depreciation and impairment				
Opening gross value as at 1 July 2011 Depreciation provided in period		243,512 11,960	115 105	243,627 12,065
Accumulated depreciation as at 30 June 2012		196,264	220	196,484
Total written down value as at 30 June 2012	=	782,242	10,278	792,520
Statement of Changes In Equity (Extract)				
Balance as at 1 July 2011		5,039,082	122,521	5,161,603
Net result		116,427	12,101	128,528
Total comprehensive income for the year	=	196,367	12,101	208,468
Balance at 30 June 2012		5,235,449	134,622	5,370,071

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Moreton Bay

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

37 Financial instruments

Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note provides information (both qualitative and quantitative) to assist statement users evaluate the significance of financial instruments on the Council's financial position and financial performance, including the nature and extent of risks and how the Council manages these exposures.

Financial risk management

Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies.

Council's risk management approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

The Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

Council does not enter into derivatives.

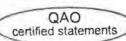
Credit risk exposure

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's investments and receivables from customers.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or financial institutions in Australia, in line with the requirements of the Statutory Bodies Financial Arrangements Act 1982.

No collateral is held as security relating to the financial assets held by Council.





The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

Financial assets	Note	2013 \$'000	2012 \$'000
Cash and cash equivalents	16	201,285	205,349
Receivables - rates	17	8,273	8,970
Receivables - other		726,350	730,251
		935,908	944,570

Cash and cash equivalents

The Council may be exposed to credit risk through its investments in the QTC Cash Fund and QTC Working Capital Facility. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.

Trade and other receivables

In the case of rate receivables, the Council has the power to sell the property to recover any defaulted amounts. In effect this power protects the Council against credit risk in the case of defaults.

In other cases, the Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

By the nature of the Council's operations, there is a geographical concentration of risk in the Council's area. However, the region has a wide variety of industries, reducing the geographical risk.

The following represents an analysis of the age of Council's financial assets that are either fully performing, past due or impaired:

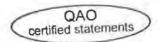
30-June-2013

	Fully performing		Past due		Total
		Less than 30 days	30-60 days	More than 60 days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables Less Impairment	53,782	2,193	855	768 (9)	57,598 (9)
Net Receivables	53,782	2,193	855	759	57,589

30-June-2012

	Fully performing		Past due		Total
		Less than 30 days	30-60 days	More than 60 days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables Less Impairment	58,913	2,555	143	585 (12)	62,196 (12)
Net Receivables	58,913	2,555	143	573	62,184

The above analysis does not include the non-current receivable of \$677,025 million (2012: \$677,025 million), which represents a fixed rate loan to the Unitywater. Refer to Note 17 for further information.





NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

Liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Council is exposed to liquidity risk through its normal course of business and through it's borrowings with QTC.

Council manages its exposure to liquidity risk by maintaining sufficient undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 25.

The following table sets out the liquidity risk in relation to financial liabilities held by the Council. It represents the remaining contractual cash flows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

	0 to 1 year \$'000	1 to 5 years \$'000	Over 5 years	Total contractual cash flows \$'000	Carrying Amount \$'000
2013 Trade and other payables Loans - QTC	38,953 41,357	1,131 160,158	391,194	40,084 592,709	39,855 383,129
	80,310	161,289	391,194	632,793	422,984
2012 Trade and other payables Loans - QTC	36,956 37,496	1,131 147,638	226 381,552	38,313 566,686	37,964 356,394
	74,452	148,769	381,778	604,999	394,358

The outflows in the above table are not expected to occur significantly earlier and are not expected to be for significantly different amounts than indicated in the table.

Council does not have access to a fixed overdraft facility.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Council's income or the value of its holdings of financial instruments.

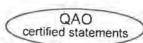
Interest rate risk

Council is exposed to interest rate risk through investments and borrowings with QTC and other financial institutions,

The Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.

Sensitivity

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date.





NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

	Net carrying	Prof	fit/loss	E	quity
	amount \$'000	1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
2013 QTC cash fund Other investments	-	490 239	(490) (239)	490 239	(490) (239)
Net total	-	729	(729)	729	(729)
2012 QTC cash fund	1	419	(419)	419	(419)
Other investments	-	138	(138)	138	(138)
Net total	-	557	(557)	557	(557)

In relation to the QTC loans held by the Council, the following has been applied:

QTC Generic Debt Pool - the generic debt pool products approximate a fixed rate loan. There is a negligible impact on interest sensitivity from changes in interest rates for generic debt pool borrowings.

Fair value

The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is disclosed in Note 25.

QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method.



NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2013

38 National competition policy

Business activities to which the code of competitive conduct is applied

Council applies the competitive code of conduct to the following activities:

Waste Function Birralee Child Care Family Day Care Bongaree Caravan Park

This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity.

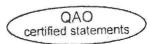
The following activity statements are for activities subject to the competitive code of conduct:

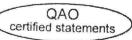
	Type 2	Type 3	Type 3	Type 3
	Waste	Birralee	Family	Bongaree
	Function	Child Care	Day Care	Caravan Park
	2013	2013	2013	2013
Revenue	\$'000	\$'000	\$'000	\$'000
Revenue for services provided to Council	2,018	1 1 1 1 1	_	1 1
Revenue for services provided to external clients	41,518	1,191	533	1,645
Community service obligations	970	-	-	1,010
_	44,506	1,191	533	1.645
Expenditure	36,987	1,143	552	1,144
Surplus/(deficiency)	7,519	48	(19)	501

Community Service Obligations:

The CSO value is determined by Council and represents an activity's cost(s) which would not be incurred if the activities primary objective were to make a profit. Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be CSO's by Council.

Activities and CSO Description	2013 \$'000
Waste	\$ 000
Pensioner Discounts	597
Litter Management	348
Clean Up Australia	25







MANAGEMENT CERTIFICATE For the year ended 30 June 2013

These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

In accordance with section 212(5) of the Regulation we certify that:

- the prescribed requirements of the Local Government Act 2009 and Local Government Regulation 2012 for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 51, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.

Cr Allan Sutherland

Mayor

Mr Daryl Hitzman Chief Executive Officer

Date: 17 / 10 / 2013

Date: 17,10, 2013

QAO certified statements

To the Mayor of Moreton Bay Regional Council

Report on the Financial Report

I have audited the accompanying financial report of Moreton Bay Regional Council, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Financial Report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The Auditor-General Act 2009 promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the Auditor-General Act 2009 -

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Moreton Bay Regional Council for the financial year 1 July 2012 to 30 June 2013 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

P FLEMMING CPA

(as Delegate of the Auditor-General of Queensland)

18 OCT 2013

AUDIT OFFICE

Queensland Audit Office Brisbane Moreton Bay

CURRENT-YEAR FINANCIAL SUSTAINABILITY STATEMENT For the year ended 30 June 2013

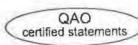
Measures of Financial Sustainability

Council's performance at 30 June 2013 against key financial ratios and targets:

	How the measure is calculated	Actual	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	5.6%	between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	70.0%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	50.6%	not greater than 60%

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2013.



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CERTIFICATE OF ACCURACY For the year ended 30 June 2013

This current-year financial sustainability statement has been prepared pursuant to Section 178 of the Local Government Regulation 2012 (the regulation).

In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.

Cr Allan Sutherland Mayor

Date: 17 / 10 / 2013

Mr Daryl Hitzman Chief Executive Officer

Date: 17/10/2013



INDEPENDENT AUDITOR'S REPORT

To the Mayor of Moreton Bay Regional Council,

Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Moreton Bay Regional Council for the year ended 30 June 2013, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Current-Year Financial Sustainability Statement

The Council is responsible for the preparation and fair presentation of the current-year financial sustainability statement in accordance with the *Local Government Regulation 2012*. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation and fair presentation of the statement and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the current-year financial sustainability statement based on the audit. The audit was conducted in accordance with the Auditor-General of Queensland Auditing Standards, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the Council's future sustainability.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The Auditor-General Act 2009 promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Moreton Bay Regional Council, for the year ended 30 June 2013, has been accurately calculated.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, attention is drawn to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the *Financial Management (Sustainability) Guideline 2013* for the purpose of fulfilling the Council's reporting responsibilities under the *Local Government Regulation 2012*. As a result, the statement may not be suitable for another purpose.

Other Matters - Electronic Presentation of the Audited Statement

Those viewing an electronic presentation of this special purpose financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

P FLEMMING CPA

(as Delegate of the Auditor-General of Queensland)

18 OCT 2013

AUDIT OFFICE

Queensland Audit Office Brisbane

Moreton Bay LONG-TERM FINANCIAL SUSTAINABILITY STATEMENT Prepared as at 30 June 2013

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	Measure	Target	30 June 2013 30 June	30 June 2014	2014 30 June 2015 30 June 2016	30 June 2016	30 June 2017	30 June 2017 30 June 2018	30 June 2019 30 June 2020 30 June 2021 30 June 2022	30 June 2020	30 June 2021	30 June 2022
Operating surplus ratio	Net result divided by total operating revenue	between 0% and 10%	5.6%	1.6%	1,0%	1.0%	1.9%	1.7%	0.2%	0.3%	%6'0	%2.0
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	70.0%	%1'.29	67.1%	57.1%	73.5%	70.0%	75.9%	75.5%	75.7%	75.0%
Net financial liabilities ratio	Net financial liabilities ratio Total liabilities less current not greater assets divided by total than 60% operating revenue	not greater than 60%	20.6%	67.1%	81.0%	86.3%	81.9%	85.3%	85,4%	86.7%	84.9%	83.0%

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nent (Sustain ncial forecast in accordance w al years. One of the key outcor vernment, Community Recove



CERTIFICATE OF ACCURACY For the year ended 30 June 2013

This long-term financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).

In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.

Cr Allan Sutherland

Mayor

Date: 17 / 10 / 2013

Mr Daryl Hitzman Chief Executive Officer

Date: 17 110 1 2013