

THE COMMUNITY FINANCIAL REPORT FOR 2022-23

The purpose of the Community Financial Report is to provide residents and interested parties with a better understanding of Council's financial performance and position over the previous financial year.

The financial information that is presented in the Community Financial Report is identical to Council's financial statements however it is presented in a simplified format so that members of the community are able to gain insights into how the Council's financial performance and position measure up at the end of the financial year.

The Community Financial Report uses plain language and pictorial aids such as graphs and tables to give readers an easy to follow summary of the financial statements for the past financial year. In addition, this report includes key financial statistics and ratios that can also be useful indicators of Council's performance and position.

FINANCIAL STATEMENTS

The financial statements of Council are audited records of financial performance and position for a financial year (12 months). There are four statements that comprise what is termed "the financial statements", the statements are:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flow

Statement of Comprehensive Income

A statement detailing the income and expenditure of Council. This statement shows what Council has earned (Revenue) and what costs Council has incurred (Expenses) throughout the year. This is presented on an 'accrual' basis, that is it records revenue when it is earned and expenses when they are incurred, regardless of the timing of the receipts or payment of cash.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023	\$'000
Operating Revenue	
Rates and utility charges	374,734
Fees and charges	40,359
Grants, subsidies and contributions	31,052
Interest revenue	38,256
Other revenue	45,607
Share of profit of associate	80,096
Total Operating Revenue	610,104

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023	\$'000
Operating Expenses	
Employee benefits	(196,598)
Materials and services	(219,808)
Depreciation and amortisation	(135,158)
Finance costs	(16,699)
Total Operating Revenue	(568,263)
Operating Result	
Capital Revenue and Expenses	
Grants, subsidies and contributions	144,720
Capital Income	22,930
Capital Expenses	(14,658)
Capital Result	152,992
NET RESULT	194,833
Other Comprehensive Income	634,111
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	828,944

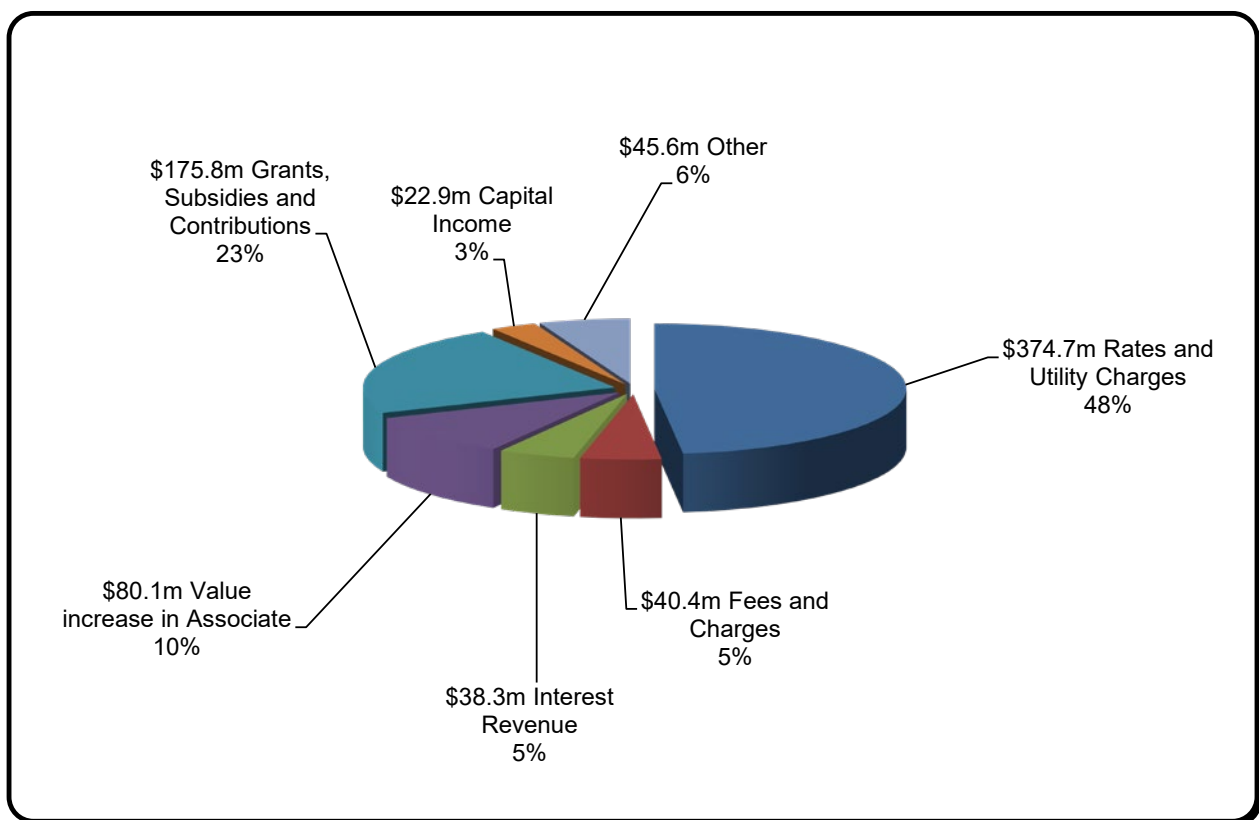
Sourcing our revenue: What it comprises

Key Council's revenue sources include:

- **Rates and Utility Charges** - these are the "taxes" levied on property owners within the region. Each year, as part of the budget process, Council decide the rates and utility charges to be levied in the financial year. The level of rates and utility charges that landowners must pay is at the sole discretion of Council.
- **Fees and Charges** - Council generates a level of income through the charging of fees for services and some goods. The fees can vary from admission to an aquatic facility through to the payment of a hall hire fee. A key function of Council is the administration of a range of regulatory functions. These can vary from administering the development application process through to animal registrations.
- **Grants, Subsidies and Contributions** - Council receives capital and operational grants and subsidies from federal and state governments which can be for general or specific purposes (grants to fund certain projects). Council also receives monetary and non-monetary contributions, typically from developers, in relation to the development activities occurring within the Council region. Non-monetary contributions are received in the form of gifted assets, such as roads, footpaths, drainage, and other community facilities handed over by developers after construction. Monetary contributions in the form of infrastructure contributions are paid to Council to assist in delivering essential infrastructure required for the future growth of the region.

- **Interest Revenue** - revenue earned by Council on term deposits held with banks and interest payments Unitywater pay to Council.
- **Other Revenue** - is predominately tax payments received from Unitywater and other miscellaneous forms of revenue.
- **Share of Profit of Associate** - is Councils portion of Unitywater's annual net operating profit. This is a non-cash revenue source.
- **Capital Income** - asset revaluations that must be recorded separate to other comprehensive income - This is a non-cash income source.
- **Other Comprehensive Income** - is predominately increases in the value of Council's infrastructure as a result of asset revaluations. This is a non-cash income source.

Sources of Revenue - \$777.8 million



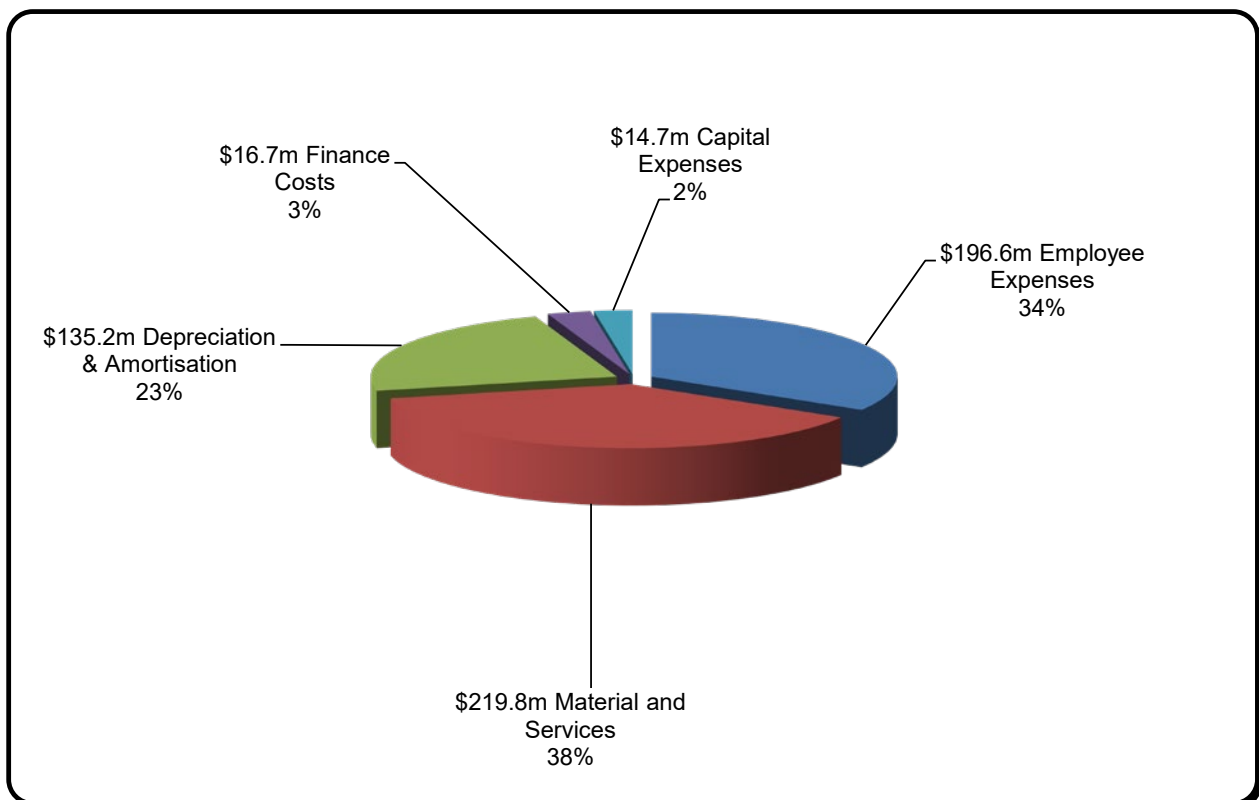
Graph shows the breakdown for 2022-23

Identifying our expenses: What it comprises

Key Council's revenue sources include:

- **Employee Expenses** - These represent the total cost of staff employed in the delivery of Council services. The costs are typically inclusive of items such as wages, superannuation, employee leave entitlements, training and other employee related expenses.
- **Materials and Services** - These are the operating costs incurred for the purchase of materials or other services necessary to deliver Council services.
- **Depreciation and Amortisation** - Is recognised as a cost to Council and is measured as an estimate in the consumption of Council's asset base. This is a non-cash expense.
- **Finance Costs** - These are the costs mainly associated with interest on borrowings and banking fees.
- **Capital Expenses** - These represent predominantly the value of assets replaced or disposed of throughout the year.

Expenditure by type - \$583 million



Graph shows the various classification of Council's expenditure incurred during 2022-23

Statement of Financial Position

A statement detailing the assets and liabilities of Council. The statement measures what Council owns (Assets) and what Council owes (Liabilities). The difference between these two components is the net wealth (Equity) of Council and our community.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023	\$'000
Assets	
Cash Balance	104,975
Other Current Assets	235,047
Non-Current Assets	9,196,426
Total Operating Revenue	9,536,448
Liabilities	
Current Liabilities	177,728
Non-Current Liabilities	329,130
Total Liabilities	506,858
NET COMMUNITY ASSETS	9,029,590
Community Equity	
Retained Surplus	6,716,257
Asset Revaluation Surplus	2,313,333
TOTAL COMMUNITY EQUITY	9,029,590

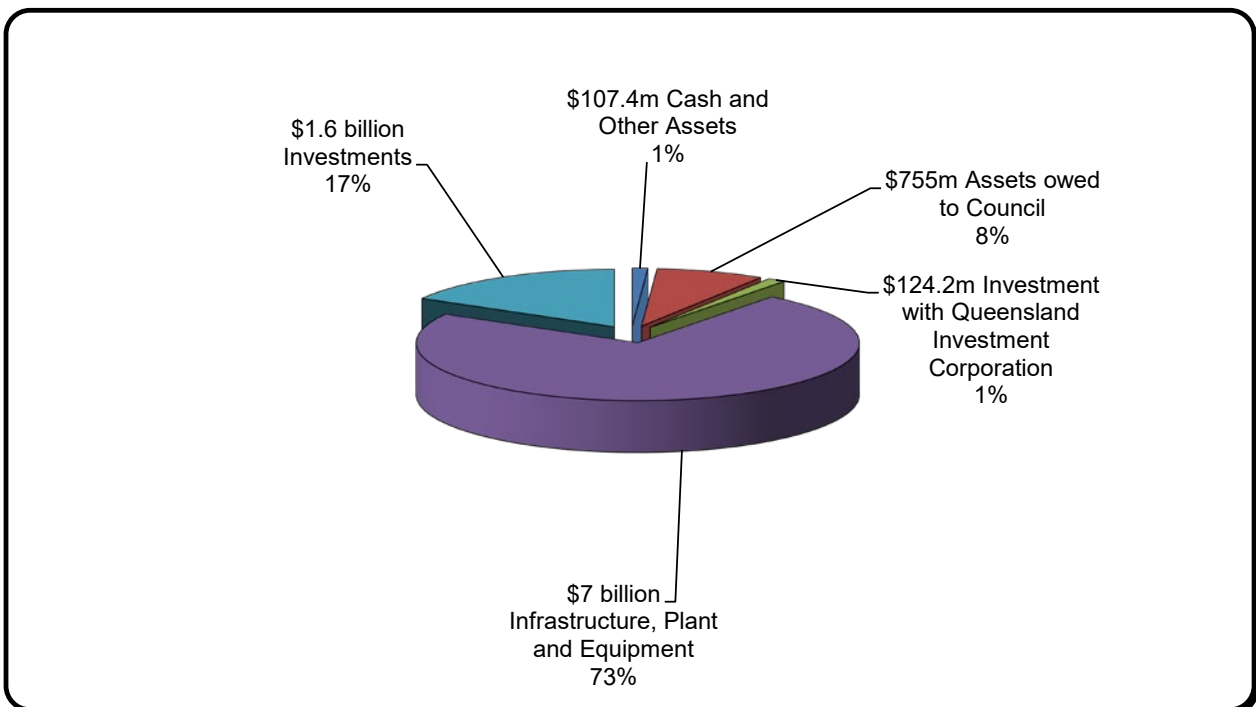


Assets: What the community owns

- **Assets** - Can be current or non-current. Current assets are those that are readily available to meet expenses and mainly include cash and amounts owed by customers. Non-current assets include property, plant and equipment, investment in associate (Unitywater) and financial investments.

The value of all assets Council owns totals \$9.5 billion as at 30 June 2023.

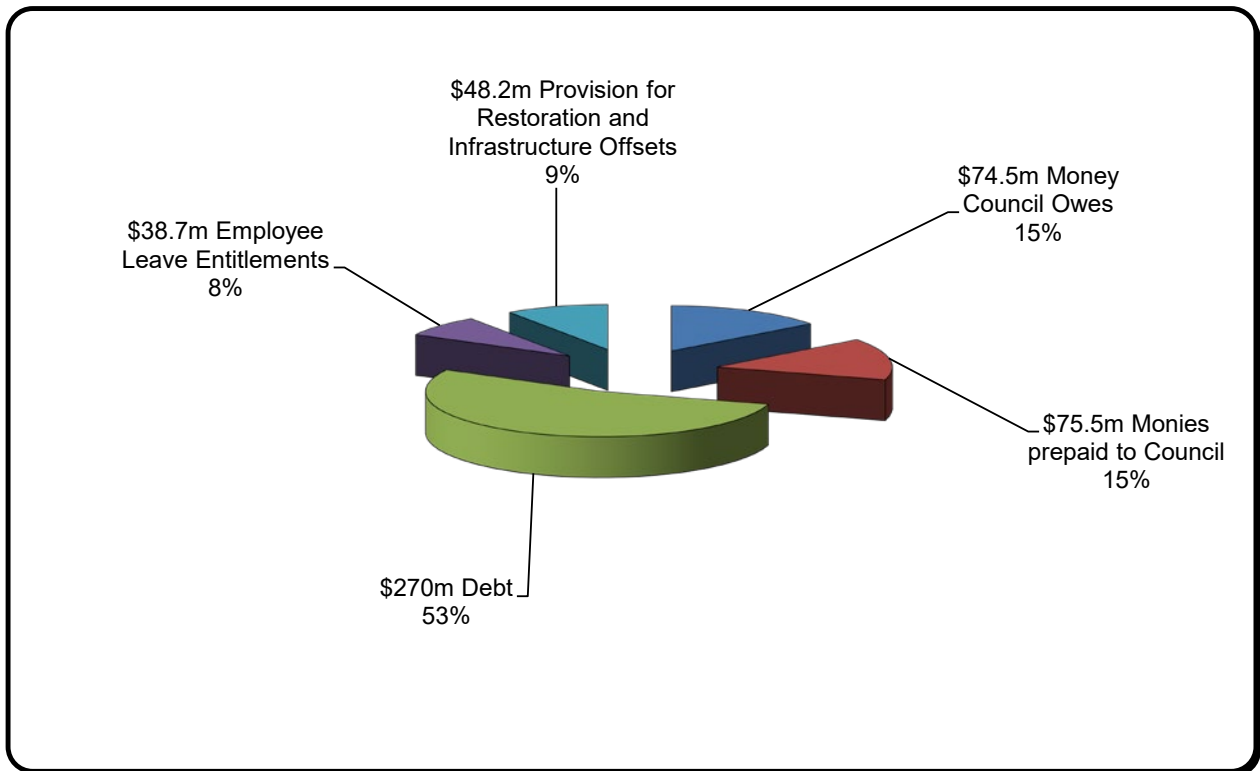
What the community owes - \$9.5 billion



Liabilities: What the community owes

- **Liabilities** - Can be current or non-current. Liabilities mainly consist of loans, amounts owing to suppliers, amounts owing to employees for leave entitlement and future estimates to rehabilitate landfill sites administered by Council. Current liabilities are those amounts that are payable by Council within the next twelve months, and non-current liabilities are payable beyond the twelve month horizon.

What the community owes - \$506.9 million



Graph shows the major classes of liabilities



Statement of Changes in Equity

A statement detailing the changes in equity of Council. This statement details the movement in the net assets (Equity) of Council and shows the overall change in Council's net wealth over the year.

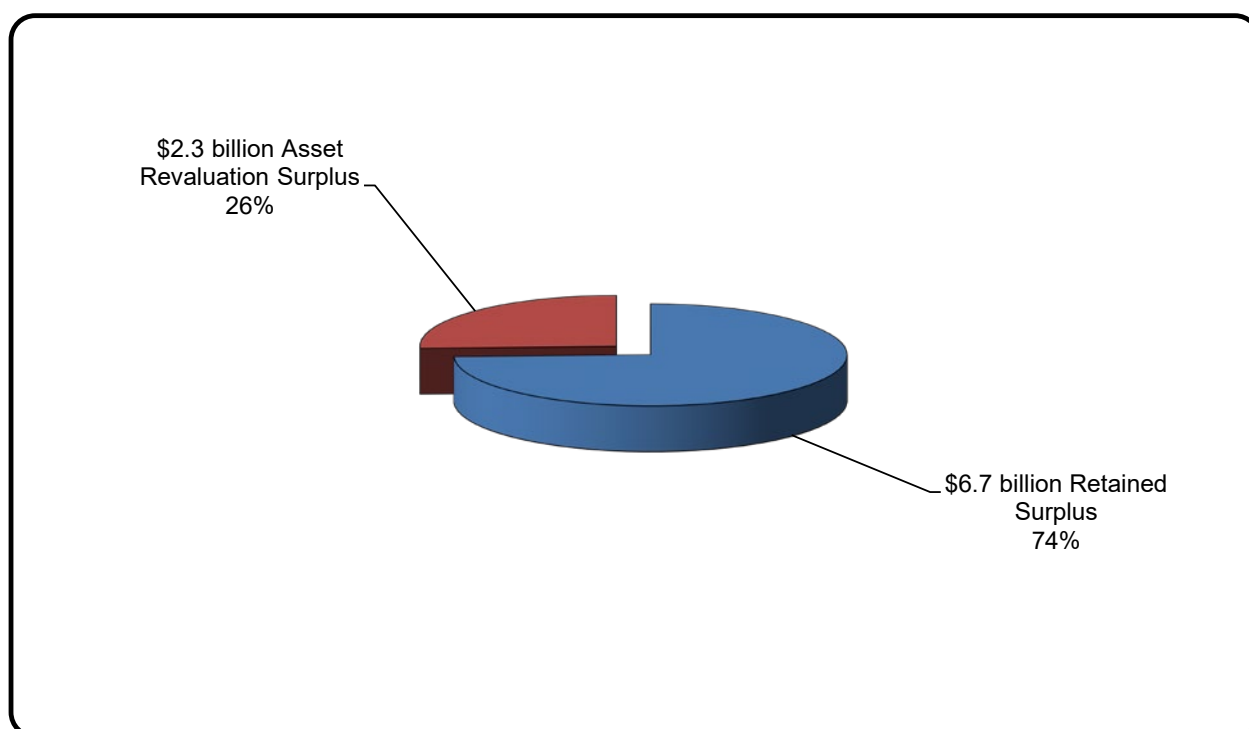
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023	\$'000
Balance as at 1 July 2022	8,198,008
Add: Net Result	194,833
Add: Other Comprehensive Income	634,111
Add: Increase to equity on the recognition of assets	2,638
BALANCE AT 30 JUNE 2023	9,029,590

Community equity

- **Community Equity** - Community equity (what the Council is worth) is measured as the net of Council's assets less liabilities.

Council's total community equity as at 30 June 2023 is \$9 billion. Community equity consists of an asset revaluation surplus and retained surplus.

Breakdown of community equity - \$9 billion



Statement of Cash Flow

The statement of cash flows provides information on the cash inflows and outflows of Council, classified by different types of cash flows activities.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2023	\$'000
Opening Cash Balance	192,374
Net cash flows from Operating Activities	193,013
Net cash flows from Investing Activities	(238,220)
Net cash flows from Financing Activities	(42,192)
Net decrease in cash held	(87,399)
Cash at the end of the financial year	104,975

Cash: what were the major inflows and outflows of cash?

There are three types of activities that have an impact on cash balances:

- **Cash flows from operating activities** includes cash coming into Council (inflows) and cash going out of Council (outflows) from the day-to-day operations of Council.
- **Cash flows from investing activities** include outflows of cash when investing in term deposits and inflows of cash when term deposits mature and return to Council as well as payments for infrastructure works and the purchase of assets such as land, buildings, vehicles and equipment. Cash inflows can occur from Council selling assets (for example, land, plant and equipment)
- **Cash flows from financing activities** cash inflows of money Council borrows (loans) and cash outflows when Council repays the loans.

Council ended the year with \$104.9m in cash. This is a stable cash position. Council holds a large portion of cash with various banks where it earns income through interest on term deposits.

The table below outlines the main sources of cash coming into Council and what cash is going out.

CASH HOLDINGS FOR THE YEAR ENDED 30 JUNE 2023		\$'000
Cash at beginning of the financial year		192,374
Cash Flows from Operating Activities		
Cash received from rates and utility charges		387,755
Cash received from fees and charges		68,509
Cash received from other revenue		13,967
Cash received from interest earned		38,409
Cash received from rent		4,499
Cash received from operational grants and contributions		31,052
Cash received from capital grants, subsidies, contributions		94,288
Cash received from tax equivalents		26,336
Cash used to pay employees and material and services		(457,475)
Cash used to pay interest on debt		(14,327)
Net Cash Provided by Operating Activities		193,013
Cash Flows from Investing Activities		
Cash used to pay for property, plant and equipment		(263,426)
Cash from the sale of assets		2,644
Cash received from dividends		27,706
Cash net movement in investments		(5,055)
Cash net movement in loans to community organisations		(89)
Net Cash Provided by Investing Activities		(238,220)
Cash Flows from Financing Activities		
Cash spent on the repayment of loans		(41,859)
Cash spent on the repayment of leases		(333)
Net Cash Provided by Financing Activities		(42,192)
Cash at end of the financial year		104,975



RESPONSIBLE FINANCIAL MANAGEMENT

In a period of continued growth and expansion, responsible financial management is crucial for Council to provide key services and strike the balance between meeting the needs of the community today and providing a solid financial future for Moreton Bay.

Measures of Financial Sustainability

This Community Financial Report includes three relevant measures of financial sustainability used to demonstrate that the Council is operating in a prudent financial manner and ensuring the Council's long-term financial sustainability and viability.

	2022-23 Actual	Target	Analysis
<p>Asset sustainability ratio</p> <p>Demonstrates whether Council is renewing infrastructure assets at the same rate that it is wearing out its overall stock of assets.</p>	61.5%	greater than 90%	While this result is below the recommended target, Council believes its assets are generally renewed within appropriate timeframes given the high levels of new/upgraded infrastructure that is required for the growing region.
<p>Net financial liabilities ratio</p> <p>Demonstrates the extent to which the net financial liabilities of Council can be serviced by its operating revenues.</p>	27.3%	not greater than 60%	This ratio indicates Council has the capacity to fund its financial liabilities and may have the capacity to increase its loan borrowings if required. Council's ratio is well under the 60% upper limit for this ratio.
<p>Operating surplus ratio</p> <p>Demonstrates the extent to which operating revenues cover operating expenses only or are available for capital purposes.</p>	6.9%	between 0% and 10%	This positive ratio indicates Council has achieved an operating surplus with recurring operating revenue exceeding recurring operating expenses. Council is committed to achieving ongoing positive operating surplus ratios to ensure long-term financial sustainability.

The targets indicated are recommended by the Department of State Development, Infrastructure, Local Government and Planning in accordance with the "Financial management (sustainability) guideline 2013". The guideline is available online at statedevelopment.qld.gov.au.



FINANCIAL SNAPSHOT

The financial snapshot table below compares key financial information at the end of the current reporting period with the previous reporting period.

	2022-23 \$	2021-22 \$
Net rate revenue	374.7m	349.9m
Fees and charges revenue	40.4m	45.1m
Total operating revenue	610.1m	582.1m
Operating expenses	568.3m	521.9m
Operating result	41.8m	60.2m
Net Result	194.8m	193.4m
Total Assets	9.5b	8.7b
Total Liabilities	506.9m	535.7m
Total Equity	9b	8.2b
Capital expenditure on assets	265.6m	250m
Cash on hand	105m	192.4m
Operating surplus ratio	6.9%	10.3%
Net financial liabilities ratio	27.3%	19.8%
Asset sustainability ratio	61.5%	70.1%

Further detailed information on Council's financial performance and position can be obtained from the financial statements.

FEEDBACK

If you have any feedback or wish to contact us in relation to any of the information contained in this report, please send an email to council@moretonbay.qld.gov.au