

# Community Financial Report

**\$67.4M**



**Capital Budget**

**BUDGET**

**2023**  
**2024**

**\$1,389M**

**Community Equity**



**\$93.05M**

**Operating  
Revenue Generated**



**\$93.2M**

**Operating  
Expenditure**



**\$149K**

**Operating Deficit**



The Community Financial Report presents Council's Budgeted financial performance for 2023-2024 financial year in an informative and simple way for members of our community. Through the use of charts and concise explanations, it allows readers to easily evaluate Council's Budgeted financial position for the upcoming financial year. In addition, this report includes key financial statistics and ratios that can also be useful indicators of Council's Budgeted performance. The following report summarises Council's Annual Budget for 2023-2024 covering:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Measures of Financial Sustainability

## Assumptions

Under the requirements of the Local Government Regulation 2012, Council's budget must be prepared on an accrual basis and must include financial statements for the financial year in which it was prepared and the next 2 financial years.

The results of this budget are linked to the Corporate Plan which provides the strategic direction for Council and the Operational Plan which outlines key objectives and deliverables for Council for the upcoming year. The budget forms the basis of Council's Long Term Financial Forecast and is aligned with Council's Asset Management Plans and Capital Works Program.

Council is committed to delivering realistic operating budgets and a capital works program that is deliverable and has a significant focus on renewals. Council aims to deliver on these long-term objectives with rate increases, whilst continuing to seek out other funding opportunities.

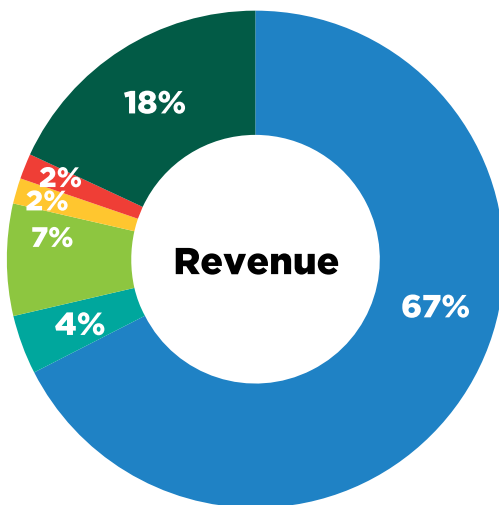
## Statement of Comprehensive Income

The Statement of Comprehensive Income is often referred to as the Profit and Loss Statement. This statement shows what Council is expected to earn (revenue) and what costs Council is expected to incur (expenditure) throughout the financial year. For the 2023-2024 financial year, Council is budgeting a Net Result of \$20.2M.

	\$'000's
<b>What we expect to earn (Revenue)</b>	
Operational Revenue	93,056
Capital Revenue	20,386
<b>Total Revenue</b>	<u>113,442</u>
<b>What we expect to spend (Expenditure)</b>	
Operational Expenditure	93,205
Capital Expenditure	-
<b>Total Expenditure</b>	<u>93,205</u>
<b>Net Result</b>	<u>20,237</u>

### What we expect to earn (Revenue)

There are two categories of revenue included in Council's financial performance: 1) Operational Revenue; 2) Capital Revenue.



Type of Revenue	\$'000's
Net Rates and Utilities	76,650
Fees and Charges	4,371
Grants, Contributions and Donations	8,269
Interest	1,903
Other Operational Revenue	1,863
Capital Revenue	20,386
<b>Total Revenue</b>	<b>113,442</b>

**Operational Revenue:** Council is forecast to receive \$93.05M in Operational Revenue in 2023-2024. Rates and utility charges continue to be the major source of income for Council at \$76.7M. This major income source comprises; general rates; sewerage; waste and water charges; environmental and transport infrastructure levies. This is offset by pensioner rebates and a general rates discount. The general rates increase for the 2023-2024 Financial Year is 4.75% with the 5% discount applying if rates are paid by the due date.

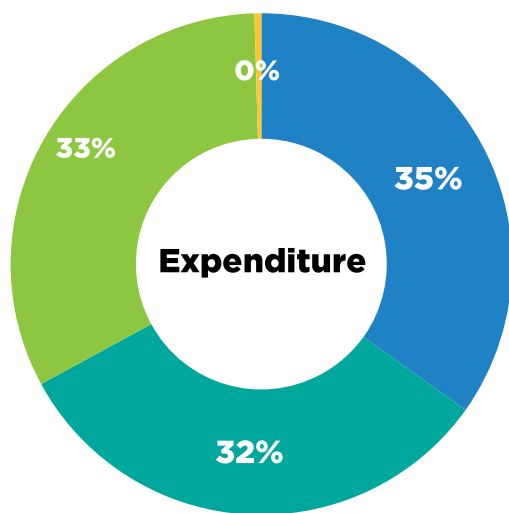
Fees & Charges revenue Budget is \$4.4M for 2023-2024. This revenue is made up of fees and charges for; a wide variety of regulatory fees; domestic dry and wet waste at Council's Waste

Transfer Stations; and revenue resulting from other commercial operations such as caravan parks. Operational Grants Budget is \$8.2M for 2023-2024. Council endeavours to maximise revenue from sources other than rates and fees & charges by actively pursuing grants and subsidies from State and Federal Government.

**Capital Revenue:** Council’s Budget capital revenue is \$20.4M in 2023-2024. Capital Revenue consists of grants such as; Works for Queensland Program; and Local Roads and Community Infrastructure Program; in addition to gains made in relation to asset disposals.

**What we expect to spend (Expenditure)**

Similarly to revenue, there are two categories of expenditure included in Council’s financial performance: 1) Operational Expenditure; 2) Capital Expenditure.



Type of Expenditure	\$'000's
Employee Expenses	32,502
Materials and Services	30,012
Depreciation	30,268
Finance Costs	422
<b>Total Expenditure</b>	<b>93,205</b>

**Operational Expenditure:** Operating expenses are the costs associated with the day to day running of Council’s services. The total Budget for Council’s operating costs is \$93.2M. This Budget process has involved a detailed review of each programs and departments current costs to ensure Council are providing the best value for money to the ratepayer. The performance against the budget is reviewed and analysed in quarterly budget reviews.

Materials and services together with employee expenses comprise 67% of Council’s Budgeted total operating expenditure. Council is one of the region’s largest employers and engages in business with a range of local suppliers and contractors both of which leads to increased spending in the local economy.

Depreciation is another major component of Council’s operating expense at \$30.3M. Depreciation is an accounting method used to allocate the cost of an asset over its useful life. It allows Council to earn from the assets they own by paying for them over a certain period of time. It can provide a guide as to what Council should spend on asset renewals and it is a component of the Asset Sustainability Ratio. As such, Council's ability to reduce this figure is limited, however Asset Management Plans are in place with asset rationalisation continuing to be an operational focus as Council moves into the new financial year.

## Operating Result

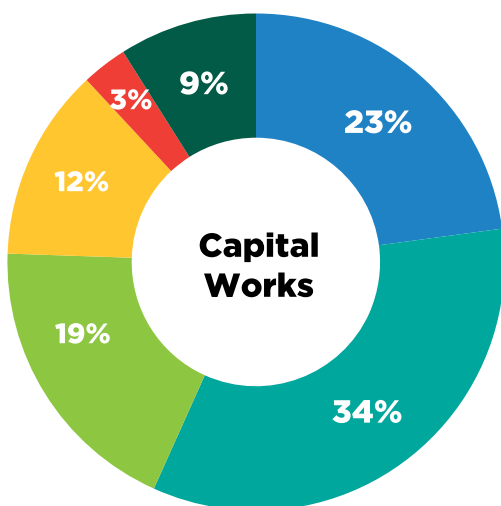
Council's operating position reflects the organisation's ability to meet its everyday running costs from operating revenue. The net operating position is calculated by taking total operating expenses from total operating revenue and does not include revenue or expenditure amounts for capital projects. In the 2023-2024 Budget, Council is Budgeting a \$149K deficit, which is an improvement of +\$816K vs. prior year Budget.



## Capital Works Program

Council manages a very diverse range of infrastructure assets with a total value in excess of \$1.37B. These assets cover land, buildings, plant and equipment and a network of road, bridge, marine, drainage, waste, water and sewerage assets. Council is responsible for the construction, upgrade and renewal of these assets through its capital works program.

Council's capital works program for 2023-2024 totals \$67.4M. Council will use a combination of Council-sourced funding, loans and capital grants to fund this program. The following chart provides a breakdown of the proposed capital works by program for the 2023-2024 financial year by asset class.



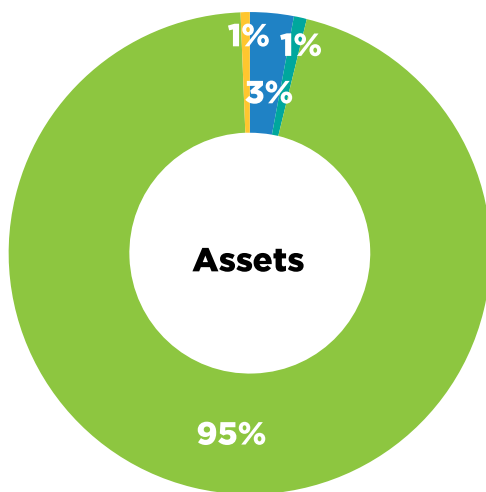
Type of Program	\$'000's
Water	15,406
Sewerage	22,836
Transport	12,683
CBD's	8,450
Drainage	1,994
Other Capital Works	6,039
<b>Total Capital Expenditure</b>	<b>67,408</b>

## Statement of Financial Position

The Statement of Financial Position shows what we own (assets) and what we owe (liabilities), with the net worth of Council being represented by the difference. The budgeted result is a \$1.39 billion value of net community assets that is managed by Council on behalf of the ratepayers and residents of the region.

	\$'000's
What we own (Assets)	1,434,190
What we owe (Liabilities)	<u>45,425</u>
<b>Equity</b>	<u>1,388,765</u>

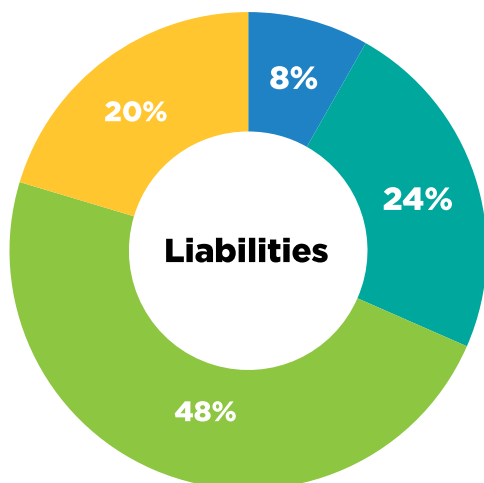
### What do we own? (Assets)



Type of Assets	\$'000's
■ Cash and Cash Equivalents	42,109
■ Receivables	12,453
■ Property, Plant & Equipment	1,370,986
■ Other Assets	8,642
<b>Total Assets</b>	<b>1,434,190</b>

Council assets as at 30 June 2024 are Budgeted to be \$1.4 billion. This is largely represented by Property, Plant & Equipment (PPE) which makes up \$1.37 billion (95%) of Council's total assets. PPE includes but is not limited to: Councils roads, water and sewerage assets, fleet and buildings. The remaining 5% of Council's total assets are made up of current assets (cash and other assets that are expected to be converted to cash within a year) or non-current assets (assets and property owned by a business that are not easily converted to cash within a year). This includes a cash and cash equivalents amount of \$42M.

## What do we owe? (Liabilities)



Type of Liabilities	\$'000's
Payables	3,724
Borrowings	10,609
Provisions	21,847
Other	9,245
<b>Total Liabilities</b>	<b>45,425</b>

Council liabilities as at 30 June 2024 are Budgeted to be \$45.4M. This is made up of payables 8% (amounts owed to suppliers); borrowings 24%; and provisions 48% (largely amounts owed to employees for leave entitlements). Council's liabilities are budgeted to increase from 2022-2023 to 2023-2024 largely as a result of increased borrowings budgeted to fund the Capital Works Programs.

## Statement of Changes in Equity

The statement of Changes in Equity explains the change in the net wealth of Council during the financial year. Equity includes retained earnings from previous years, and any movement in asset values arising from annual revaluations of asset classes. As at the 30 June 2024, Council will have an estimated retained surplus of \$697.4M (+3.0% vs. 2022-2023 Estimated Position) and an estimated Asset Revaluation surplus of \$691.4M (+4.6% vs. 2022-2023 Estimated Position).

	2022-2023 Estimated Position	2023-2024 Budget	% Change
	\$'000's	\$'000's	
Retained Surplus	677,119	697,357	3.0%
Asset Revaluation Reserve	660,898	691,408	4.6%
<b>Total Community Equity</b>	<b>1,338,017</b>	<b>1,388,765</b>	<b>3.8%</b>

## Statement of Cash Flows

The Statement of Cash Flows identifies where cash is received and how that cash is spent throughout the financial year. Council's cash flows can be from normal operating activities, investment in community infrastructure, or the receipt or payment of loans. The final balance shows the total cash at the end of the financial year budgeted in 2023-2024 to be \$42M. This is a reduction to the estimated final cash position for 2022-2023 by \$21.6M.

	\$'000's
Opening Cash Balance	63,689
Plus Cash Received	118,229
Less Cash Spent	(139,810)
<b>Closing Cash Balance at End of Year</b>	<u>42,108</u>

The total cash budgeted to be received in the 2023-2024 financial year is \$118.2M largely driven by net rates income; fees & charges; and grants & contributions. The total cash budgeted to be spent is \$139.8M which will be used to fund a portion of the capital works program and everyday expenses.

It should be noted that a large percentage of the cash balance is restricted for future capital investment into community infrastructure. Council invests surplus funds throughout the year in low risk, short term investments in accordance with Council's investment policy and regulatory guidelines.

## Measures of Financial Sustainability

During any period, responsible financial management is crucial for Council to ensure it is financially sustainable for the short, medium and long term. There are three measures of financial sustainability used to demonstrate that Council is operating in a prudent financial manner whilst maintaining its financial management objectives.

The target range for the financial ratio graphs are in accordance with the Department of Local Government, Community Recovery and Resilience Financial Management (Sustainability) Guidelines 2013. There are circumstances specific to Council where actual results may vary from target range.

Sustainability Ratio	Description	How is the measure calculated?	2023/2024 Budget	Target	On Target?
<b>Operating Surplus Ratio</b>	Indicates the extent to which operational revenues raised cover operational expenses	$\frac{\text{Net Operating Result}}{\text{Total Operating Revenue}}$	-0.16%	Between 0-10%	<span style="color: red;">■</span>
<b>Asset Sustainability Ratio</b>	Indicates the extent to which assets are being replaced as they reach the end of their useful lives	$\frac{\text{Annual Asset Renewal and Rehabilitation Expenditure}}{\text{Annual Depreciation Charge}}$	142.30%	Greater than 90%	<span style="color: green;">■</span>
<b>Net Financial Liabilities Ratio</b>	Indicates the extent to which a council's operating revenues (including grants and subsidies) can cover its net financial liabilities (usually loans and leases)	$\frac{\text{Net Financial Liabilities}}{\text{Total Operating Revenue}}$	-17.50%	Not greater than 60%	<span style="color: green;">■</span>