

THE COMMUNITY FINANCIAL REPORT

The aim of the Community Financial Report is to provide members of the community with a better understanding of council's financial performance and position over the last 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.

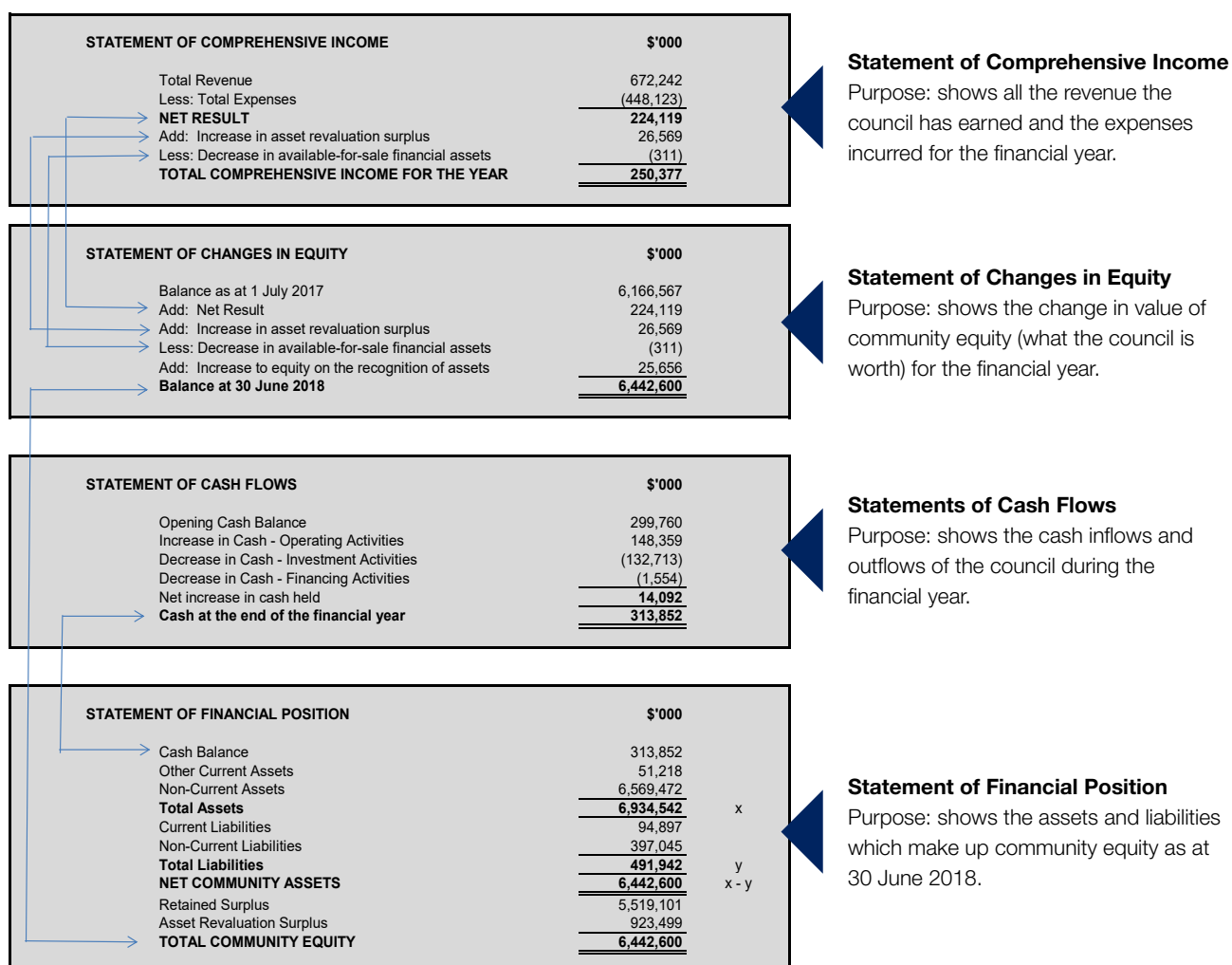
FINANCIAL STATEMENTS

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;

1. Statement of Comprehensive Income
2. Statement of Financial Position
3. Statement of Changes in Equity
4. Statement of Cash Flows.

The purpose and relationship between the four key statements is set out in the diagrams below.

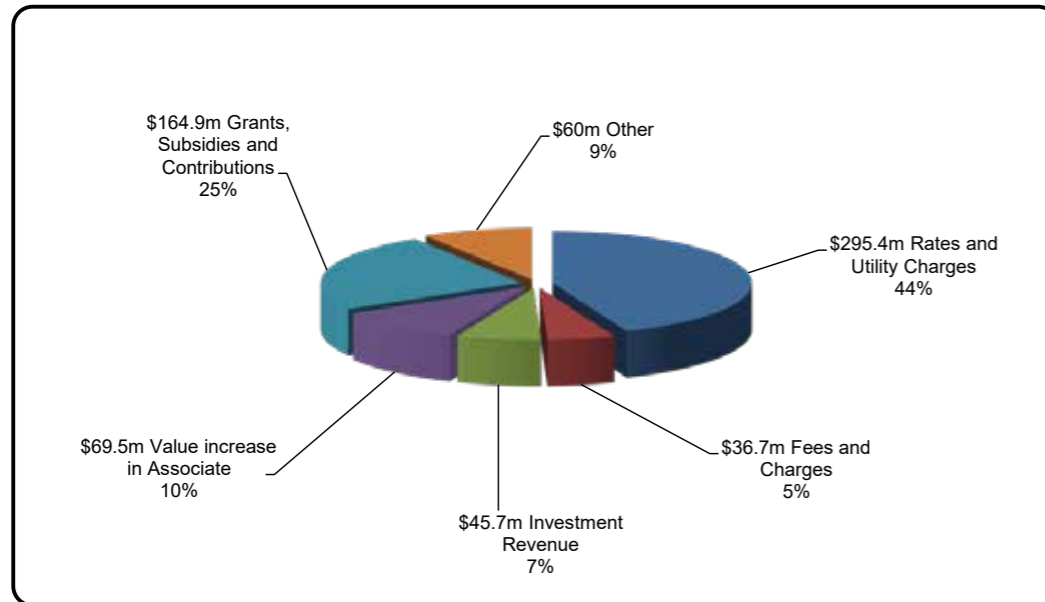


STATEMENT OF COMPREHENSIVE INCOME

SOURCING OUR REVENUE: WHAT IT COMPRISES

The revenue council earns comes from a number of different sources and the graph below shows the breakdown for 2017/18:

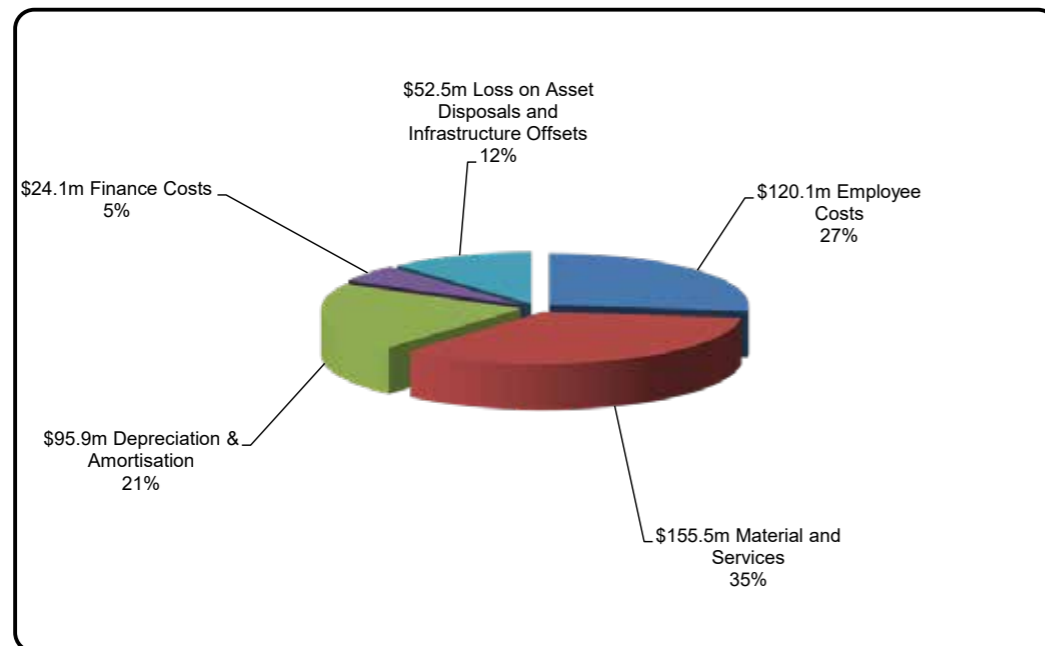
Sources of revenue - \$672.2 million



IDENTIFYING OUR EXPENSES: WHAT IT COMPRISES

Council incurs expenditure on a day-to-day basis. The expenditure by type graph shows the various classifications of council's expenditure incurred during 2017/18:

Expenditure by type - \$448.1 million

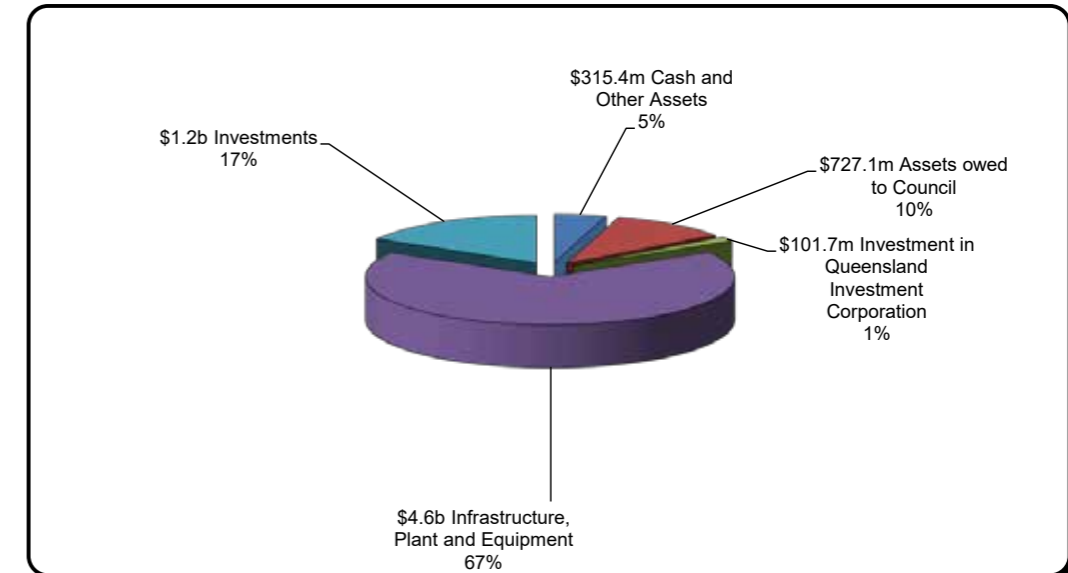


STATEMENT OF FINANCIAL POSITION

ASSETS: WHAT THE COMMUNITY OWNS

The value of all assets council owns totals \$6.9 billion as at 30 June 2018. The major classes of assets are shown in the graph below:

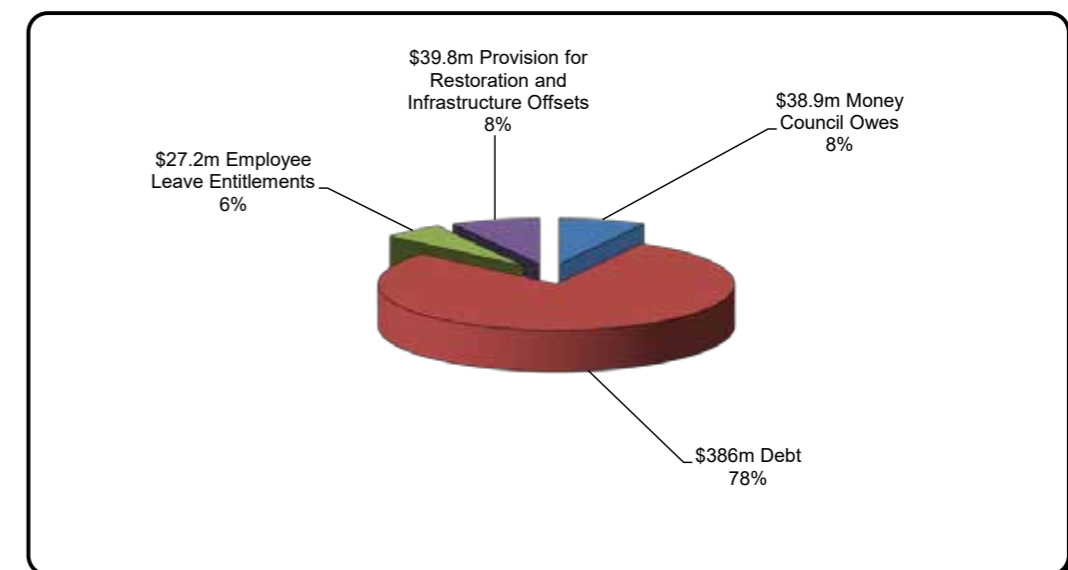
What the community owns - \$6.9 billion



LIABILITIES: WHAT THE COMMUNITY OWES

Council's liabilities totalled \$491.9 million as at 30 June 2018. The major classes of liabilities are shown in the graph below:

What the community owes - \$491.9 million

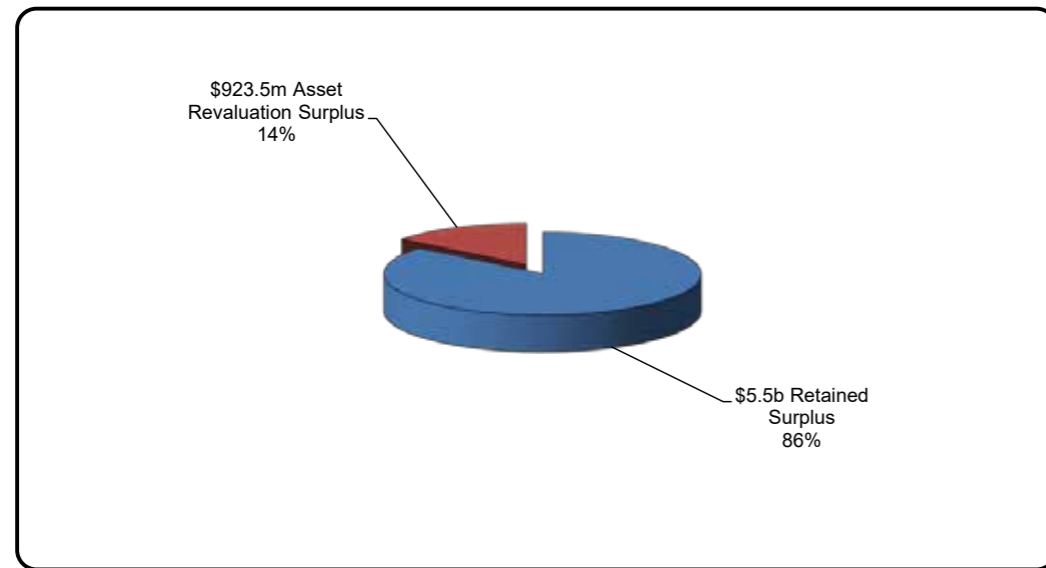


STATEMENT OF CHANGES IN EQUITY

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 2018 is \$6.4 billion. Community equity consists of an asset revaluation surplus and retained surplus. The graph below shows the breakdown of community equity:

Breakdown of community equity - \$6.4 billion



STATEMENT OF CASH FLOWS

CASH: WHAT WERE THE MAJOR INFLOWS AND OUTFLOWS OF CASH?

Council ended the year with \$313.9 million in cash. This is a very strong cash position. Council holds a large portion of cash with various banks where it earns income through interest gained on term deposit. The table below outlines the main sources of cash coming into council and what cash is going out:

Cash Holdings	\$'000
For the year ended 30 June 2018	
Cash at beginning of the financial year	299,760
Plus increased cash from operations	148,359
Plus increased cash from loans	26,000
Plus increased cash from the sale of assets	48,960
Plus increased cash from capital grants, subsidies, contributions and donations	62,318
Plus increased cash from dividends received	13,096
Plus net movement in loans to community organisations	6
Less cash invested in Queensland Investment Corporation	(100,000)
Less cash spent on the repayment of loans	(27,554)
Less payments for infrastructure, plant and equipment	(157,093)
Cash at end of the financial year	\$313,852

RESPONSIBLE FINANCIAL MANAGEMENT

Responsible financial management is crucial for council to provide key services and strike the balance between meeting the needs of our growing community today, and providing a solid financial future for the Moreton Bay Region.

MEASURES OF FINANCIAL SUSTAINABILITY

This Community Financial Report contains 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.

	2017/2018 Actual	Target	Analysis
Asset sustainability ratio Demonstrates whether council is renewing infrastructure assets at the same rate that it is wearing out its overall stock of assets.	62.5%	greater than 90%	While this result is below the recommended target, council believes its assets are generally renewed within appropriate timeframes, and is working to improve this ratio through the implementation of robust condition-based asset renewal programs.
Net financial liabilities ratio Demonstrates the extent to which the net financial liabilities of council can be serviced by its operating revenues.	24%	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.
Operating surplus ratio Demonstrates the extent to which operating revenues cover operating expenses only or are available for capital purposes.	25.1%	between 0% and 10%	This positive ratio indicates council has achieved an operating surplus with recurring operating revenue exceeding recurring operating expenses. This facilitates utilising operating surpluses to help fund capital expenditure thus placing less reliance on borrowings. The flow on effects of reduced borrowings is reduced levels of associated interest expense. Council is committed to achieving strong operating surplus ratios into the future to ensure long-term financial sustainability.

The targets indicated are recommended by the Department of Local Government, Racing and Multicultural Affairs in accordance with the 'Financial management (sustainability) guideline 2013'. The guideline is available from the department's website www.dlgrma.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:

	2017/18 \$	2016/17 \$
Net rate revenue	295.4 million	277.5 million
Fees and charges revenue	36.7 million	38.6 million
Total operating revenue	528.2 million	503.6 million
Total capital revenue	144.1 million	113.8 million
Operating expenses	395.6 million	373 million
Borrowing costs	22.4 million	23.2 million
Net Result	224.1 million	228.3 million
Operating result	132.6 million	130.6 million
Capital project expenditure	160 million	146.7 million
Net cash generated by operating activities	148.4 million	132.1 million
Total assets	6.9 billion	6.6 billion
Total liabilities	491.9 million	482 million
Total equity	6.4 billion	6.2 billion

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 mbr@moretonbay.qld.gov.au

FINANCIAL STATEMENTS FOR THE YEAR

Audited financial statements for 2017/18.