

The Community Financial Report

The community financial report is prepared to provide residents, businesses and other stakeholders with an understanding of council's financial performance and position over the 2012/13 financial year.

It aims to give readers a summary of council's financial statements, along with key financial statistics and ratios for the reporting period.

Financial Statements

Financial statements are formal records of the financial performance and position of an organisation.

There are four financial statements that assist in providing a high level picture of council finances for the 2012/13 financial year. These include:

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

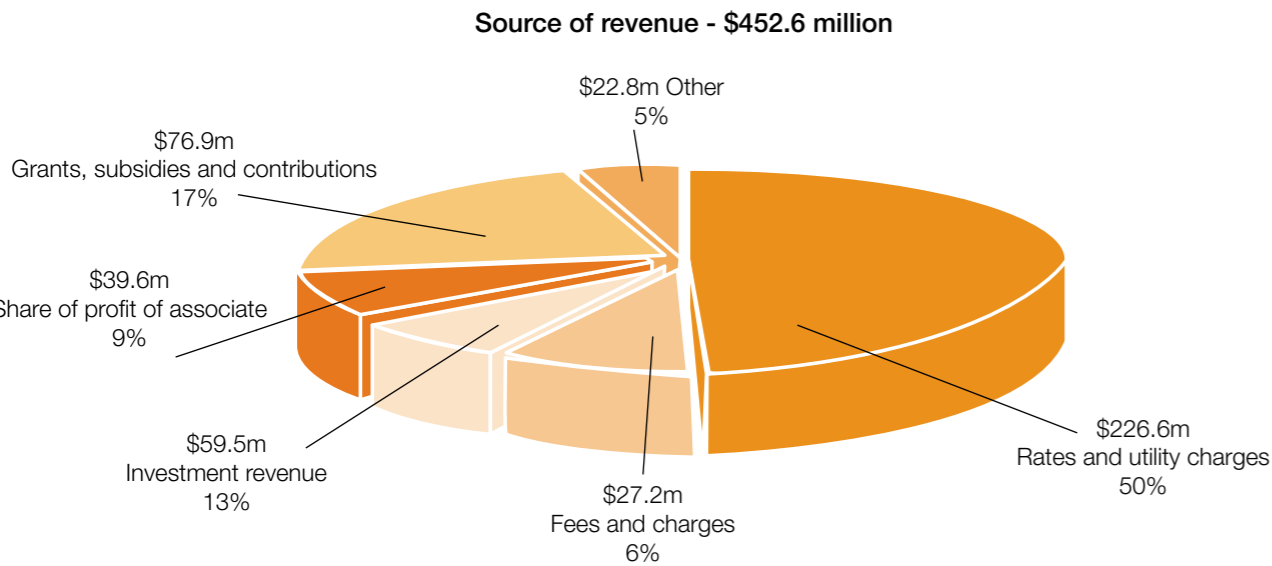
The purpose and relationship between the four key financial statements is set out in the diagrams below.

<table><tr><th colspan="2">STATEMENT OF COMPREHENSIVE INCOME</th><th>\$'000</th></tr><tr><td>Total Revenue</td><td>452,691</td><td></td></tr><tr><td>Total Expenses</td><td>(421,401)</td><td></td></tr><tr><td>NET RESULT</td><td>31,290</td><td></td></tr><tr><td>Decrease in Asset Revaluation Surplus</td><td>(199,722)</td><td></td></tr><tr><td>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</td><td>(168,432)</td><td></td></tr></table>	STATEMENT OF COMPREHENSIVE INCOME		\$'000	Total Revenue	452,691		Total Expenses	(421,401)		NET RESULT	31,290		Decrease in Asset Revaluation Surplus	(199,722)		TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(168,432)		<p>Statement of Comprehensive Income</p> <p>Purpose: Shows all the revenue the Council has earned and the expenses incurred for the financial year.</p>																		
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SOURCING OUR REVENUE: Where our money comes from

Statement of Comprehensive Income

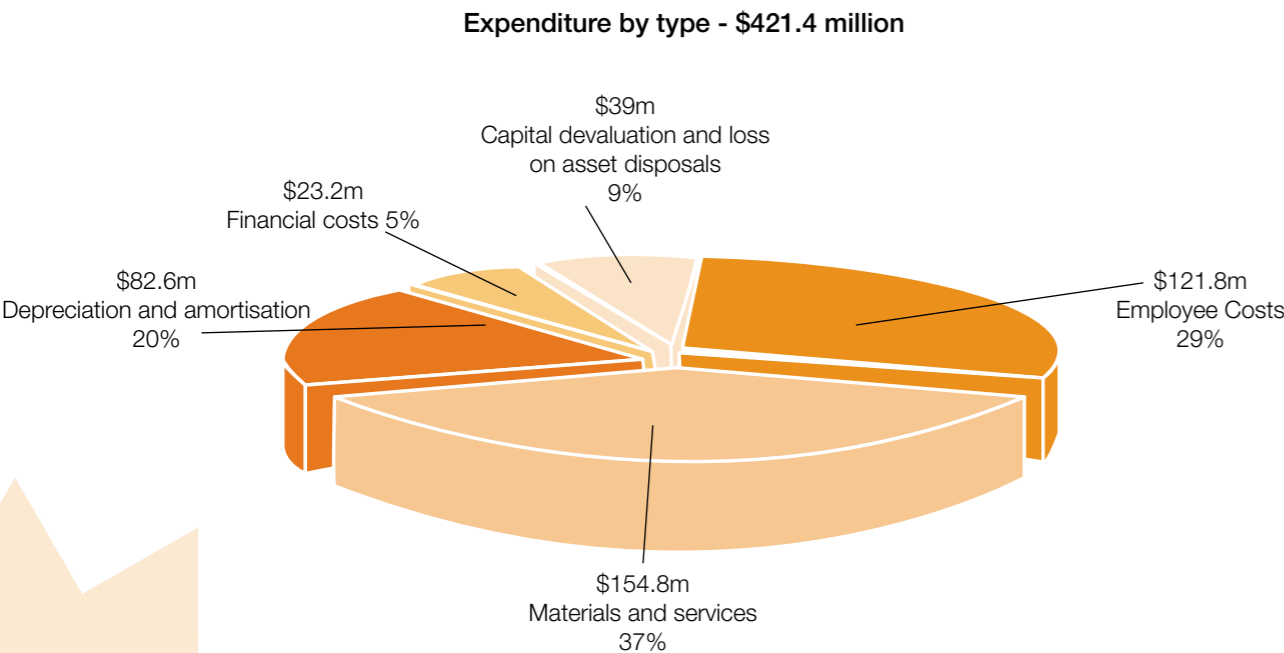
The following graph identifies where council's revenue came from for the 2012/13 financial year.



IDENTIFYING OUR EXPENSES: Where our money goes

Statement of Comprehensive Income

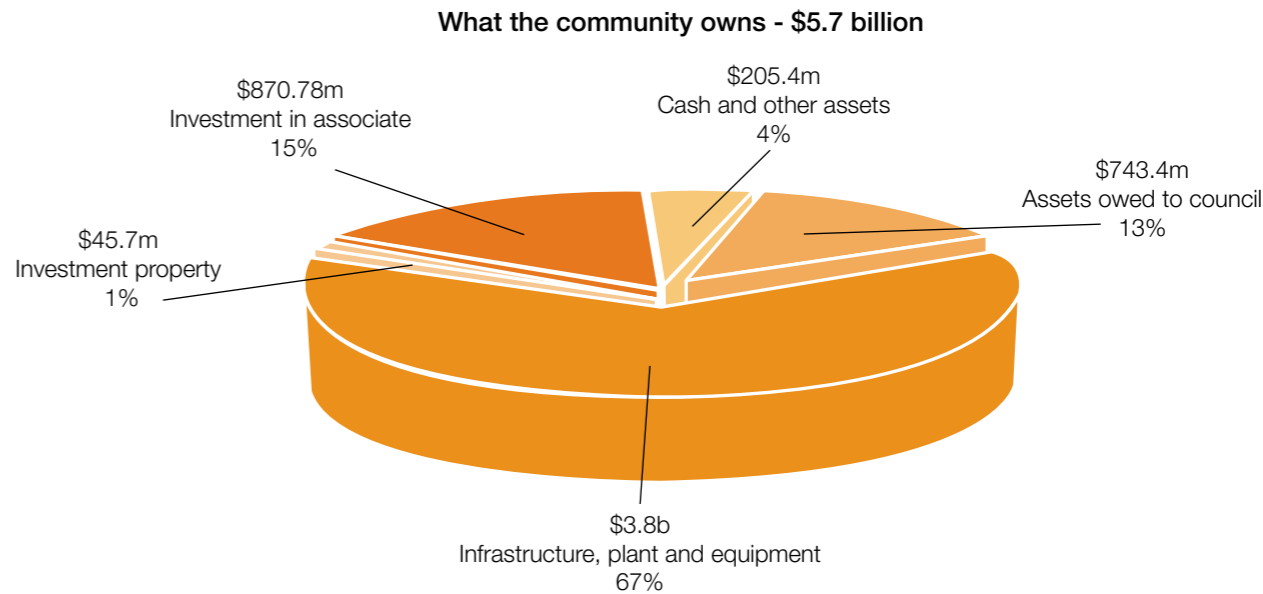
The following graph shows the expenses incurred during the 2012/13 financial year.



ASSETS: What The Community Owns

Statement of Financial Position

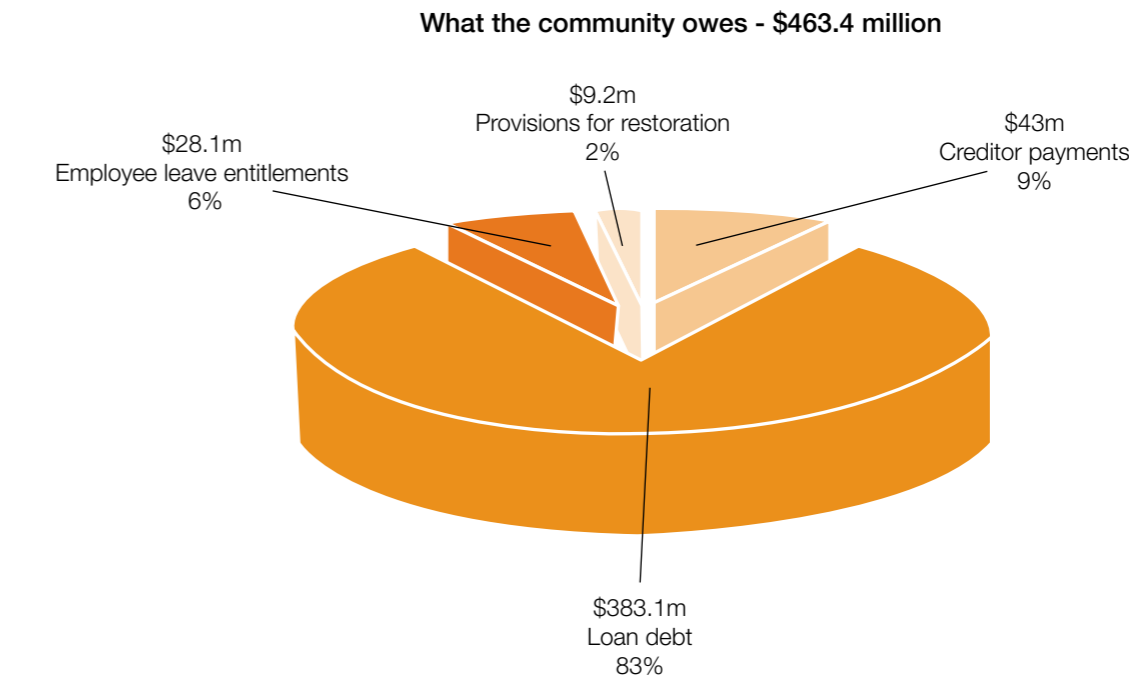
Council owned \$5.7 billion in assets as at 30 June, 2013. Major categories of assets owned by council include:



LIABILITIES: What The Community Owes

Statement of Financial Position

Council's liabilities totalled \$463.4 million as at 30 June, 2013. Major categories of liabilities include:

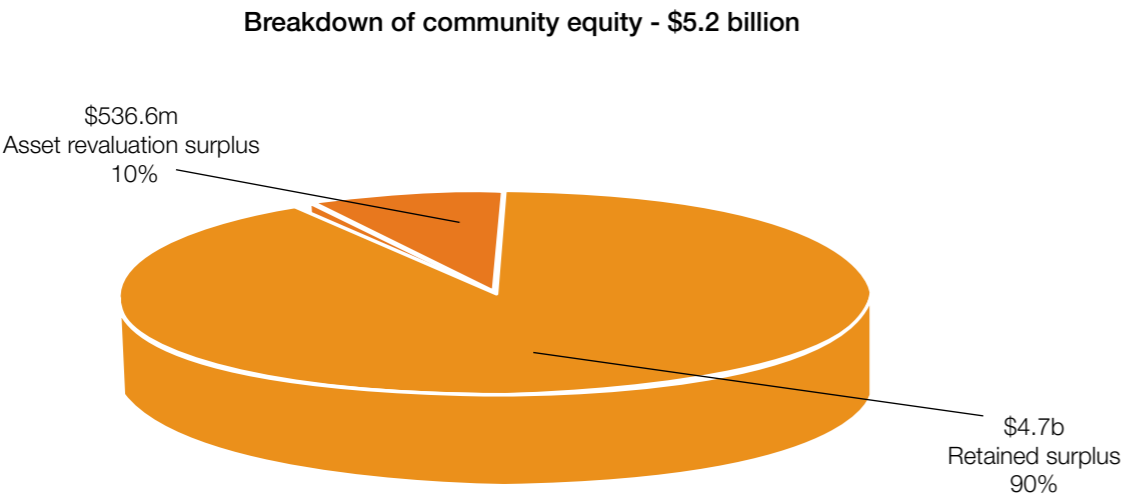


COMMUNITY EQUITY

Statement of Changes in Equity

Community equity (what council is worth) is measured as the net of council’s assets, less liabilities. Council’s total community equity as at 30 June, 2013 was \$5.2 billion.

The following graph highlights the breakdown of community equity:



CASH: How council received and spent cash

Statement of Cash Flows

Council ended the 2012/13 financial year with \$201.3 million in cash. This is a very strong cash position and council holds a large portion of cash with banks, earning income on interest gained on term deposits.

The following table highlights the movement of cash for the 2012/13 financial year.

Cash Holdings - For the year ended 30 June 2013	\$'000
Cash at beginning of the financial year	205,349
Plus increased cash from operations	71,316
Plus increased cash from external loans	42,000
Plus increased cash from the sale of assets	3,821
Plus increased cash from capital grants, subsidies, contributions and donations	37,566
Plus increased cash from dividends received	26,903
Plus net movement in loans to community organisations	(73)
Plus net movement in loans to Unitywater	4,111
Less cash spent on the repayment of external loans	(15,265)
Less payments for infrastructure, plant and equipment	(174,443)
Cash at end of the financial year	201,285

SUMMING IT UP: 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 the Moreton Bay Region.

Financial Sustainability Ratios

The community financial report contains three measures of financial sustainability used to demonstrate council is operating in a prudent financial manner and ensuring council’s long-term financial sustainability and viability.

	2011/2012 Result	2012/2013 Result	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.	85.6%	70%	greater than 90%	For the year ended 30 June 2013, council's asset sustainability ratio was 70%. Whilst this result is below the recommended target of 90%, council believes that its replacement assets are being renewed at an appropriate time.
Net financial liabilities ratio Demonstrates the extent to which the net financial liabilities of council can be serviced by its operating revenues.	42.3%	50.6%	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.
Net financial liabilities ratio (excluding water revenues and debt) Demonstrates the extent to which the net financial liabilities of Council can be serviced by its operating revenues. Water related revenues and debt are removed from the calculation.	-29.3%	-14.0%	not greater than 60%	The ratio indicates Council is well under the recommended target. As Council retained the water related debt when it's water business transferred to Unitywater the ratio calculated above is distorted. To give readers of the community financial report a better indication of Councils capacity to meets its net financial liabilities a recalculated ratio is provided.
Operating surplus ratio Demonstrates the extent to which operating revenues cover operating expenses only or are available for capital purposes.	6.1%	5.6%	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 and Planning in accordance with the “Financial management (sustainability) guideline 2013’. The guideline is available from the department’s website.

Financial Snapshot

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

	2011/2012	2012/2013
Net rate revenue	207.8m	226.6m
Fees and charges revenue	28.1m	27.2m
Total operating revenue	400.4m	405.2m
Total capital revenue	129.5m	47.5m
Operating expenses	376.2m	382.4m
Interest expense on loans	21.8m	22.2m
Total Debt	356.4m	383.1m
Net Result	128.5m	31.3m
Operating result	24.3m	22.8m
Capital project expenditure	151.6m	178.6m
Total cash	205.3m	201.3m
Total assets	5.8b	5.7b
Total liabilities	431.6m	463.4m
Total equity	5.4b	5.2b

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 mbrc@moretonbay.qld.gov.au.

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