

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 formal 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.

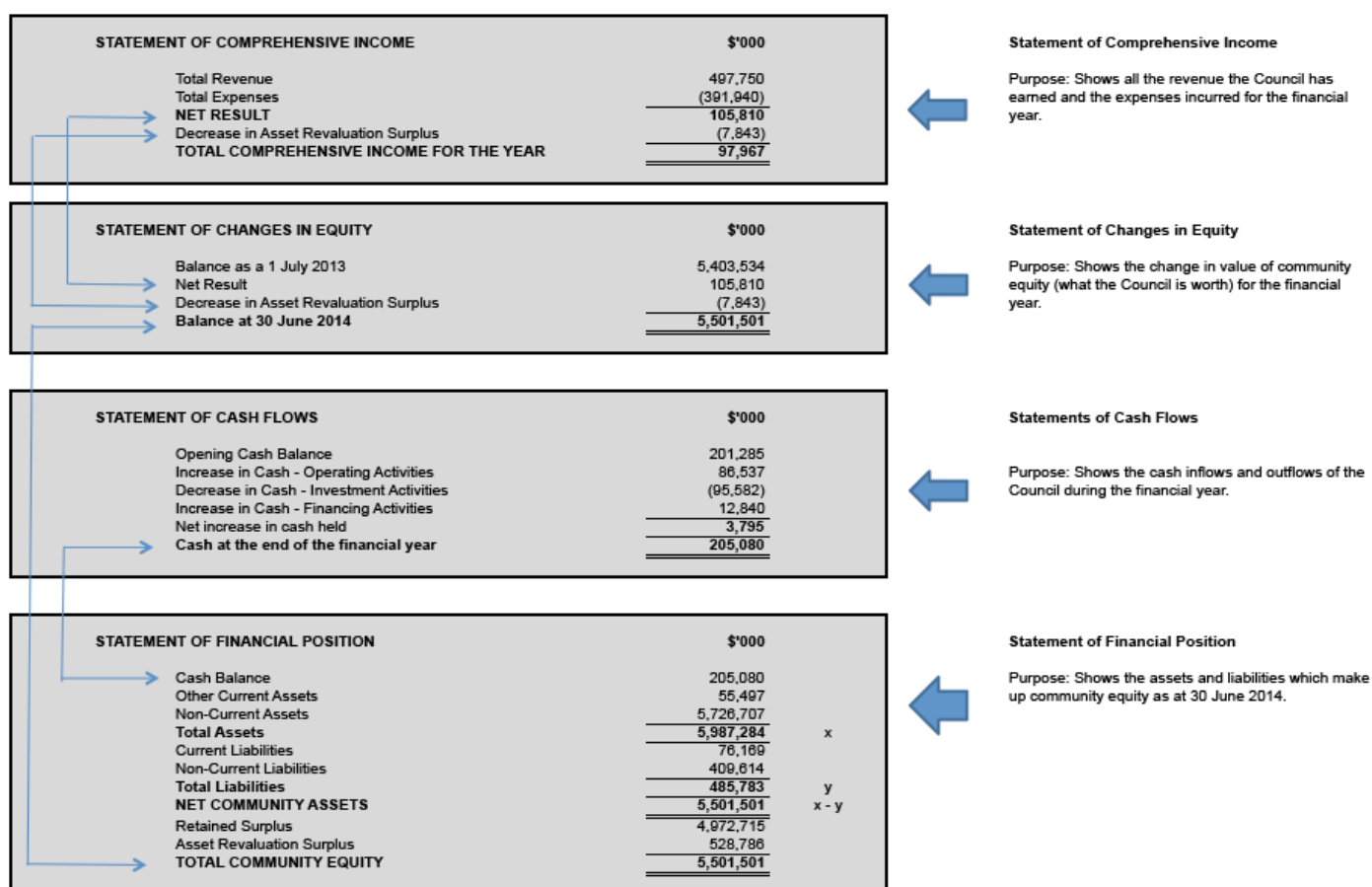
The Community Financial Report uses plain language and pictorial aids such as graphs and tables to give readers an easy to follow summary of the financial statements for the past financial year. In addition, this report includes key financial statistics and ratios that can also be useful indicators of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

Financial Statements

The financial statements of council are formal 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".

- 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.

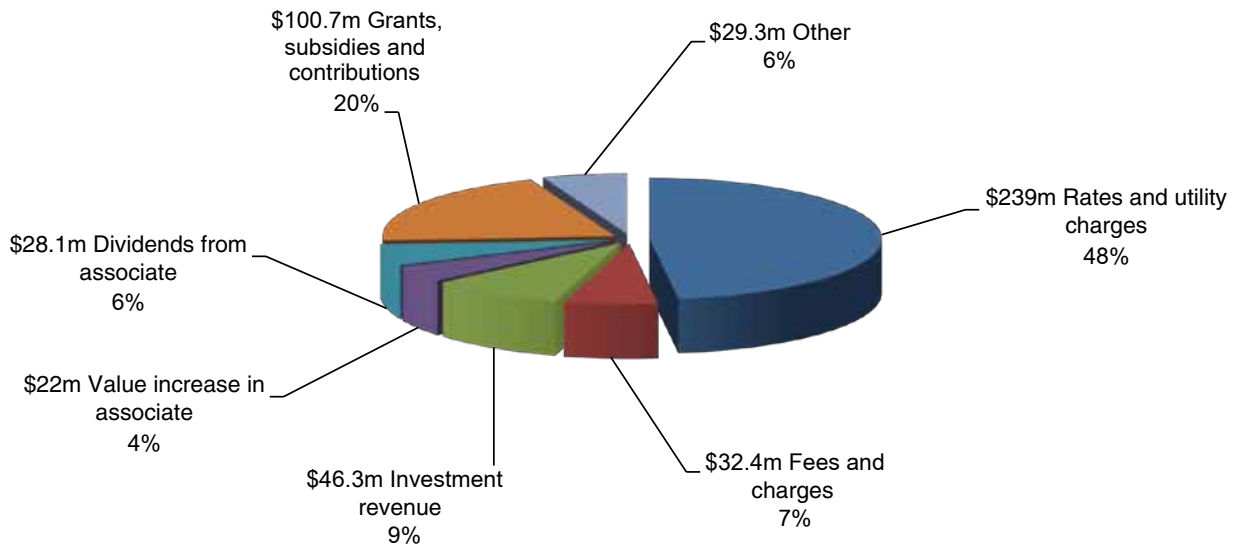


SOURCING OUR REVENUE: Where our money comes from

Statement of Comprehensive Income

The revenue council earns comes from a number of different sources and the graph below shows the breakdown for 2013/14.

Source of revenue – \$497.8 million

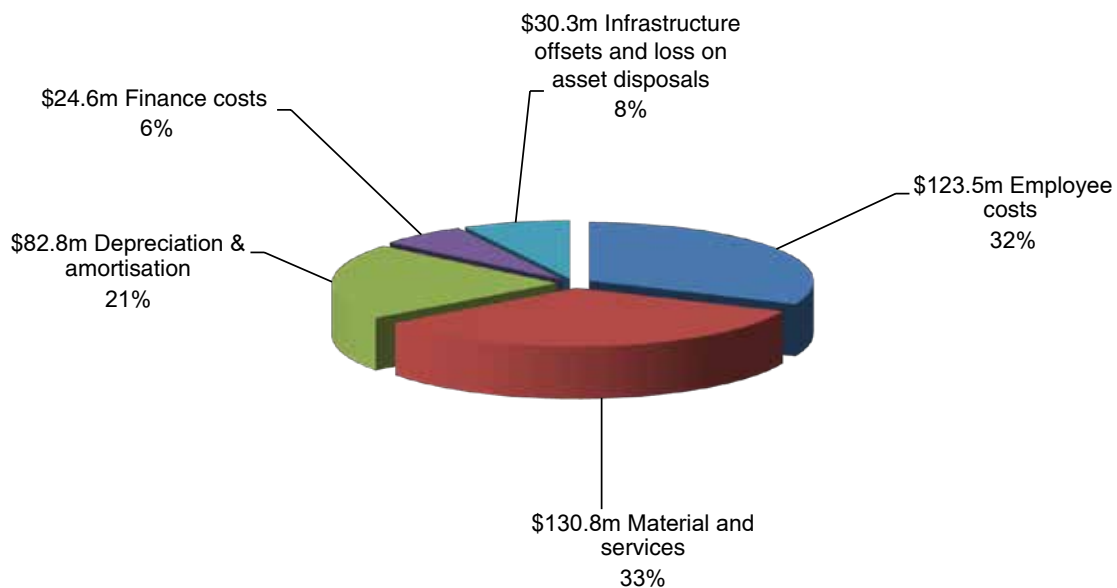


IDENTIFYING OUR EXPENSES: Where our money goes

Statement of Comprehensive Income

Council incurs operational expenditure on a day-to-day basis. The expenditure by type graph shows the various classifications of council's expenditure incurred during 2013/2014.

Expenditure by type – \$392 million

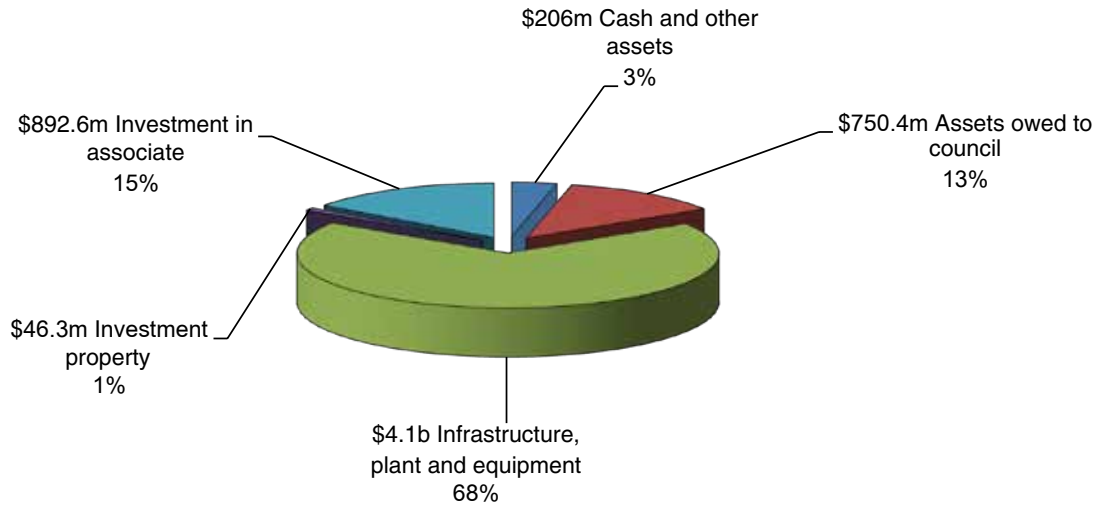


ASSETS: What The Community Owns

Statement of Financial Position

The value of all assets council owns totals \$6 billion as at 30 June 2014. The major classes of assets are shown in the graph below:

What the community owns – \$6 billion

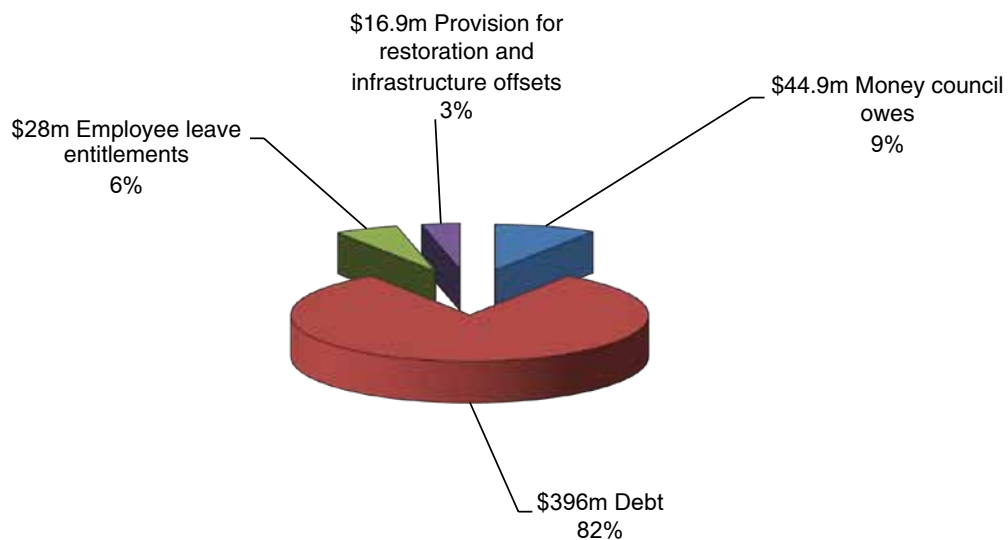


LIABILITIES: What The Community Owes

Statement of Financial Position

Council's liabilities totalled \$485.8 million as at 30 June 2014. The major classes of liabilities are shown in the graph below:

What the community owes – \$485.8 million



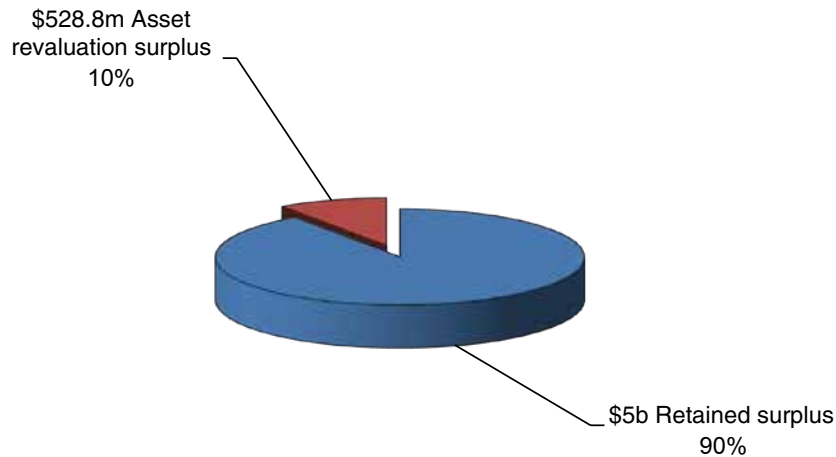
COMMUNITY EQUITY

Statement of Changes in 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 2014 is \$5.5 billion. Community equity consists of an asset revaluation surplus and retained surplus.

The following graph highlights the breakdown of community equity.

Breakdown of community equity – \$5.5 billion



CASH: What Were The Major Inflows And Outflows Of Cash?

Statement of Cash Flows

Council ended the 2013/14 financial year with \$205.1 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 2013/14 financial year.

Cash Holdings – For the year ended 30 June 2014		\$'000
Cash at beginning of the financial year		201,285
Plus increased cash from operations		86,537
Plus increased cash from external loans		31,000
Plus increased cash from the sale of assets		4,234
Plus increased cash from capital grants, subsidies, contributions and donations		42,453
Plus increased cash from dividends received		30,344
Plus net movement in loans to community organisations		(13)
Plus net movement in loans to Unitywater		4,396
Less cash spent on the repayment of external loans		(18160)
Less payments for infrastructure, plant and equipment		(176,996)
Cash at end of the financial year		205,080

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.

Measures of Financial Sustainability

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.

	2013/2014 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.	69.1%	greater than 90%	For the year ended 30 June 2014, council's asset sustainability ratio was below the recommended target. Council believes that its 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.	54.2%	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.
Operating surplus ratio Demonstrates the extent to which operating revenues cover operating expenses only or are available for capital purposes.	13%	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.

	2012/2013	2013/2014
Net rate revenue	226.6m	239m
Fees and charges revenue	27.2m	32.4m
Total operating revenue	405.2m	415.9m
Total capital revenue	82.3m	81.9m
Operating expenses	383.5m	361.6m
Borrowing costs	22.2m	23.2m
Net result	64.9m	105.8m
Operating result	21.6m	54.3m
Capital project expenditure	178.6m	178.3m
Net cash generated by operating activities	71.3m	86.5m
Total assets	5.9b	6b
Total liabilities	463.4m	485.9m
Total equity	5.4b	5.5b

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