

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", these statements are;

- 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.

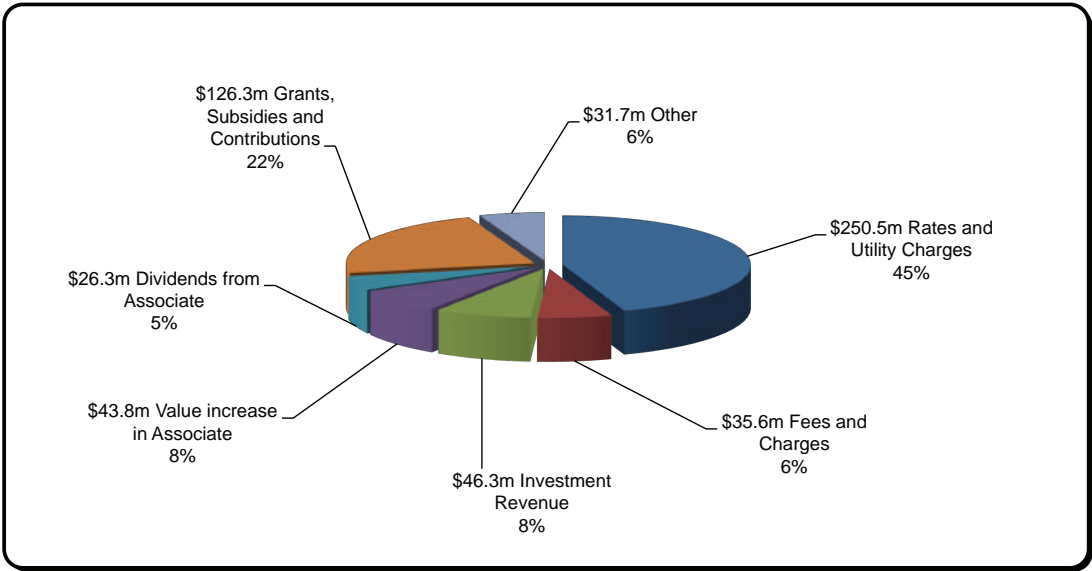
STATEMENT OF COMPREHENSIVE INCOME \$'000 Total Revenue 560,509 Total Expenses (729,274) NET RESULT <u>(168,765)</u> Decrease in Asset Revaluation Surplus (227,549) TOTAL COMPREHENSIVE (DEFICIT) FOR THE YEAR <u><u>(396,314)</u></u>	Statement of Comprehensive Income Purpose: Shows all the revenue the Council has earned and the expenses incurred for the financial year.
STATEMENT OF CHANGES IN EQUITY \$'000 Balance as a 1 July 2014 5,497,142 Net Result (168,765) Decrease in Asset Revaluation Surplus (227,549) Balance at 30 June 2015 <u><u>5,100,828</u></u>	Statement of Changes in Equity Purpose: Shows the change in value of community equity (what the Council is worth) for the financial year.
STATEMENT OF CASH FLOWS \$'000 Opening Cash Balance 205,080 Increase in Cash - Operating Activities 97,220 Decrease in Cash - Investment Activities (48,995) Decrease in Cash - Financing Activities (1,018) Net increase in cash held <u>47,207</u> Cash at the end of the financial year <u><u>252,287</u></u>	Statements of Cash Flows Purpose: Shows the cash inflows and outflows of the Council during the financial year.
STATEMENT OF FINANCIAL POSITION \$'000 Cash Balance 252,287 Other Current Assets 49,243 Non-Current Assets 5,277,807 Total Assets <u>5,579,337</u> x Current Liabilities 82,511 Non-Current Liabilities 395,998 Total Liabilities <u>478,509</u> y NET COMMUNITY ASSETS <u><u>5,100,828</u></u> x - y Retained Surplus 4,799,591 Asset Revaluation Surplus 301,237 TOTAL COMMUNITY EQUITY <u><u>5,100,828</u></u>	Statement of Financial Position Purpose: Shows the assets and liabilities which make up community equity as at 30 June 2015.

Statement of Comprehensive Income

SOURCING OUR REVENUE: Where our money comes from

The revenue council earns comes from a number of different sources and the graph below shows the breakdown for 2014/15.

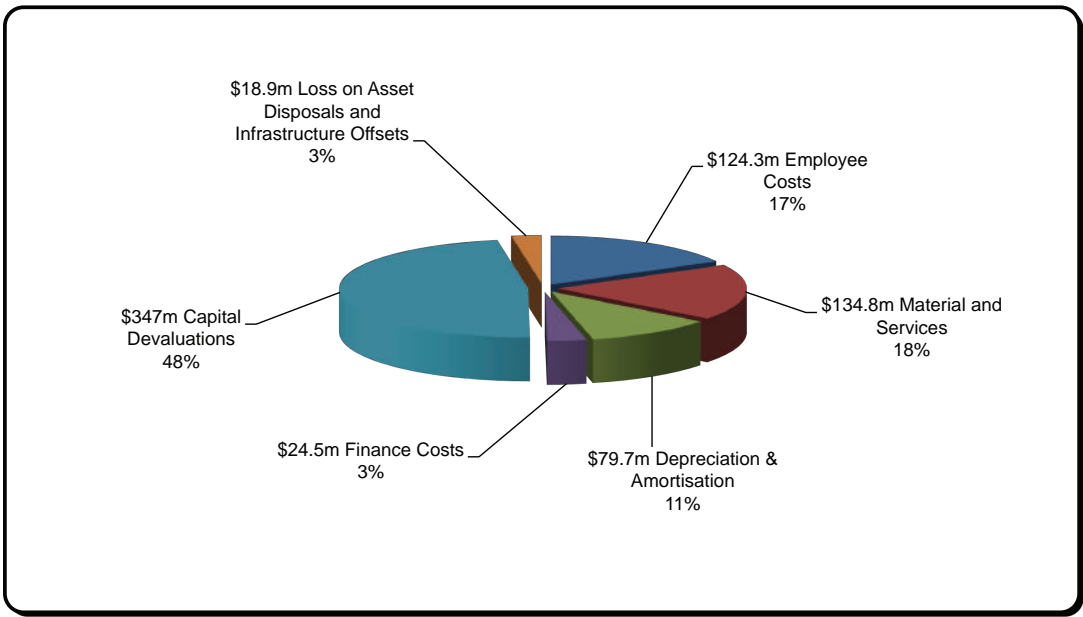
Source of revenue – \$560.5 million



IDENTIFYING OUR EXPENSES: Where our money goes

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 2014 /15.

Expenditure by type – \$729.2 million

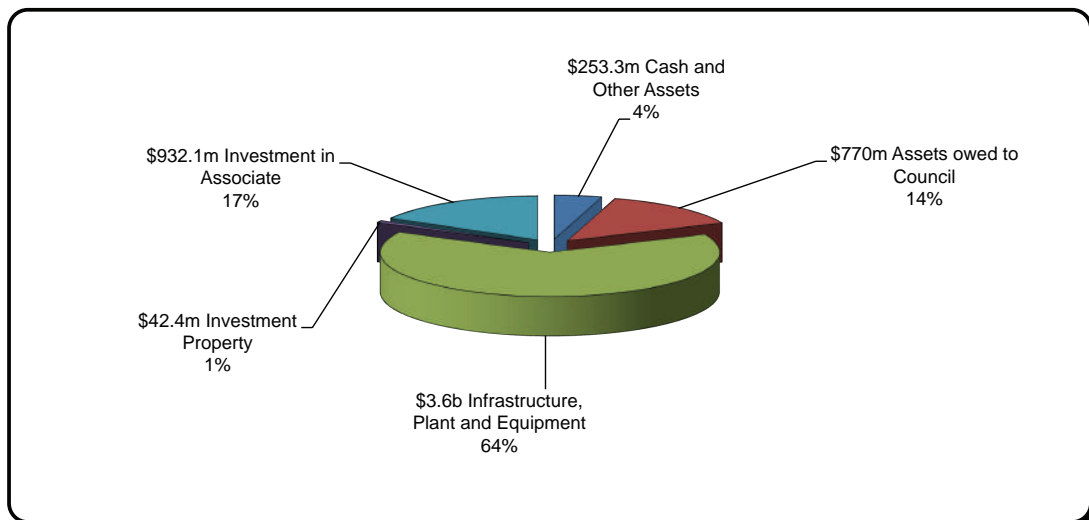


Statement of Financial Position

ASSETS: What the community owns

The value of all assets council owns totals \$5.6 billion as at 30 June 2015. The major classes of assets are shown in the graph below:

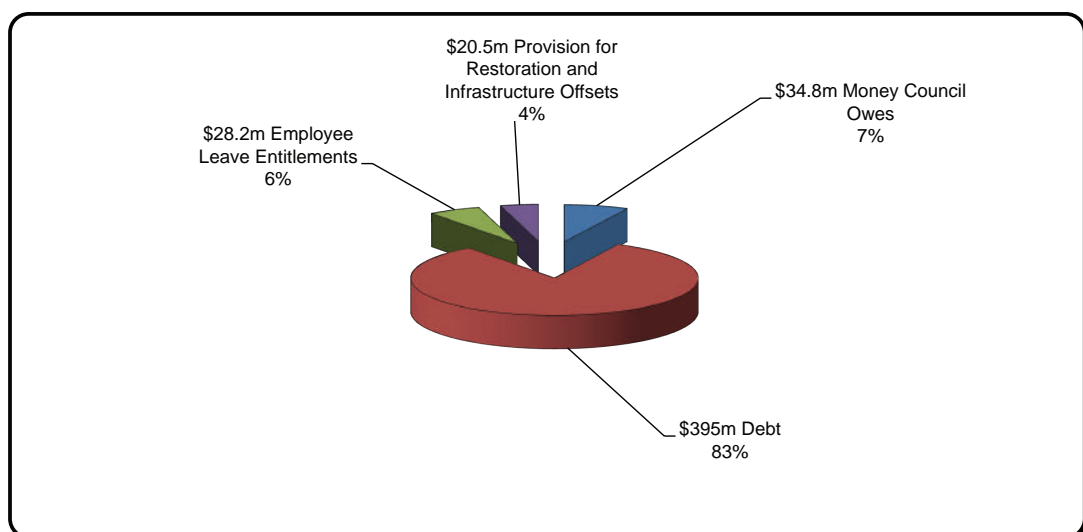
What the community owns – \$5.6 billion



LIABILITIES: What the community owes

Council's liabilities totalled \$478.5 million as at 30 June 2015. The major classes of liabilities are shown in the graph below:

What the community owes – \$478.5 million



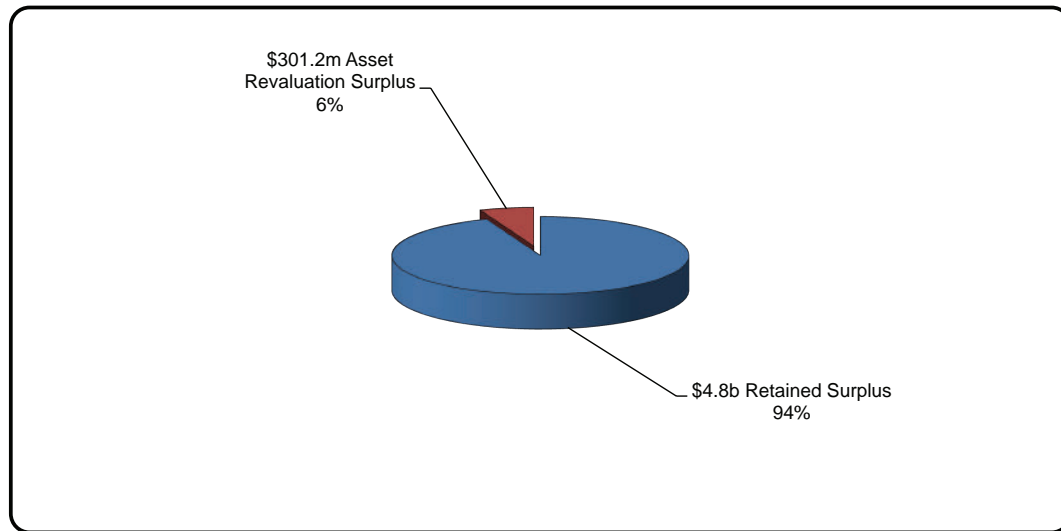
Statement of Changes in Equity

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 2015 is \$5.1 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 – \$5.1 billion



Statement of Cash Flows

CASH: What were the major inflows and outflows of cash?

Council ended the year with \$252.3 million in cash. This is a very strong cash position and council holds a large portion of cash with various banks where it earns income through interest on term deposits.

The balance of cash is held with Queensland Treasury Corporation.

The following table highlights the main sources of cash coming into council and what cash is going out for the 2014/15 financial year.

Cash Holdings – For the year ended 30 June 2015	\$'000
Cash at beginning of the financial year	205,080
Plus increased cash from operations	97,220
Plus increased cash from external loans	20,000
Plus increased cash from the sale of assets	24,712
Plus increased cash from capital grants, subsidies, contributions and donations	47,179
Plus increased cash from dividends received	24,999
Plus net movement in loans to community organisations	(115)
Plus net movement in loans to Unitywater	4,704
Less cash spent on the repayment of external loans	(21,018)
Less payments for infrastructure, plant and equipment	(150,474)
Cash at end of the financial year	252,287

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.

	2014/2015 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.	65.2%	greater than 90%	For the year ended 30 June 2015, Councils asset sustainability ratio was 65.2%. 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.	38.8%	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. Councils 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.	20.4%	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 Infrastructure, 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.

	2014/15	2013/2014
	\$	\$
Net rate revenue	250.5m	239m
Fees and charges revenue	35.6m	32.4m
Total operating revenue	456.4m	414.9m
Total capital revenue	104.1m	81.9m
Operating expenses	363.4m	361.6m
Borrowing costs	23.2m	23.2m
Net result	(168.8m)	104.9m
Operating result	93m	54.3m
Capital project expenditure	152.1m	178.3m
Net cash generated by operating activities	97.2m	86.5m
Total assets	5.6b	6b
Total liabilities	478.5m	485.9m
Total equity	5.1b	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

Financial Statement for the Year

Audited Financial statements for 2014/15 to be inserted here