

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 1 July 2016-30 June 2017. 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.

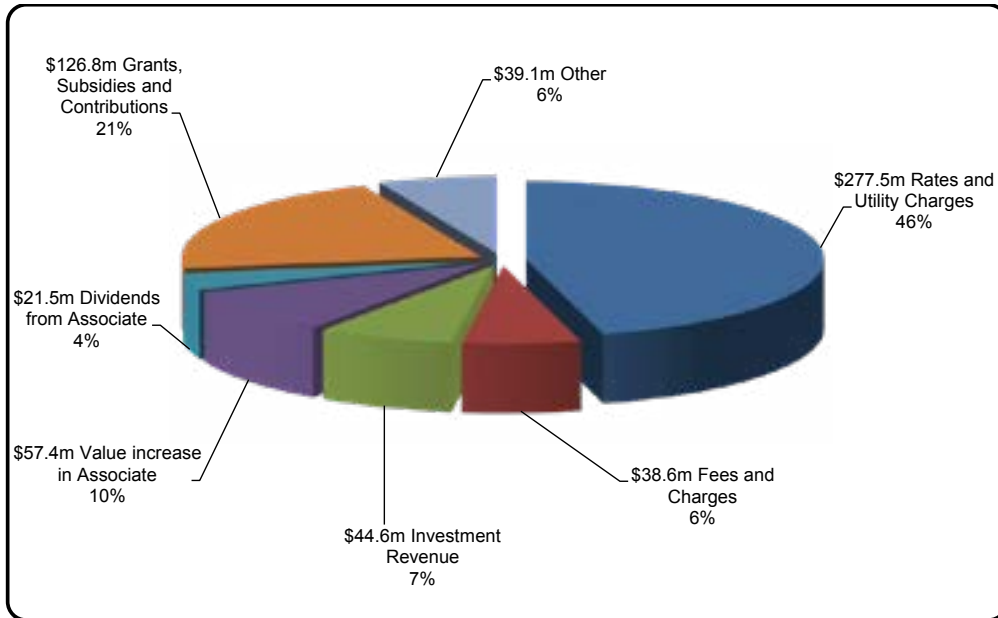
The purpose and relationship between the four key statements is set out in the diagrams below.

<table border="1"> <thead> <tr> <th colspan="2">STATEMENT OF COMPREHENSIVE INCOME</th> <th style="text-align: right;">\$'000</th> </tr> </thead> <tbody> <tr> <td>Total Revenue</td> <td style="text-align: right;">605,501</td> <td></td> </tr> <tr> <td>Total Expenses</td> <td style="text-align: right;">(388,906)</td> <td></td> </tr> <tr> <td>NET RESULT</td> <td style="text-align: right;">216,595</td> <td></td> </tr> <tr> <td>Increase in Asset Revaluation Surplus</td> <td style="text-align: right;">34,081</td> <td></td> </tr> <tr> <td>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</td> <td style="text-align: right;">250,676</td> <td></td> </tr> </tbody> </table>	STATEMENT OF COMPREHENSIVE INCOME		\$'000	Total Revenue	605,501		Total Expenses	(388,906)		NET RESULT	216,595		Increase in Asset Revaluation Surplus	34,081		TOTAL COMPREHENSIVE INCOME FOR THE YEAR	250,676			<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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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 2016/17:

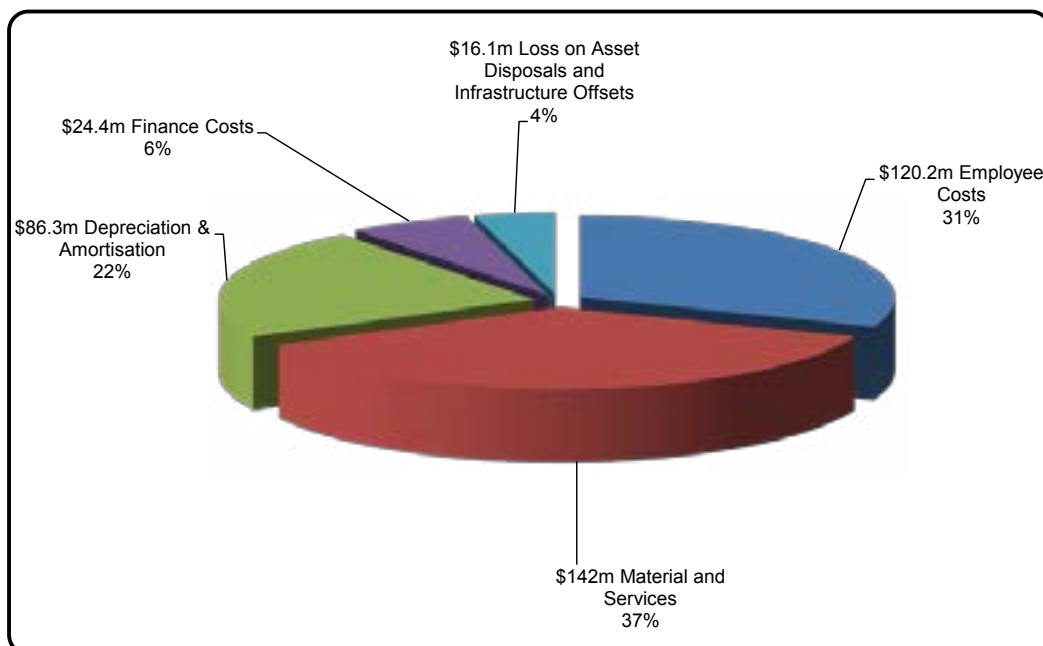
Sources of revenue - \$605.5 million



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 2016/2017:

Expenditure by type - \$389 million

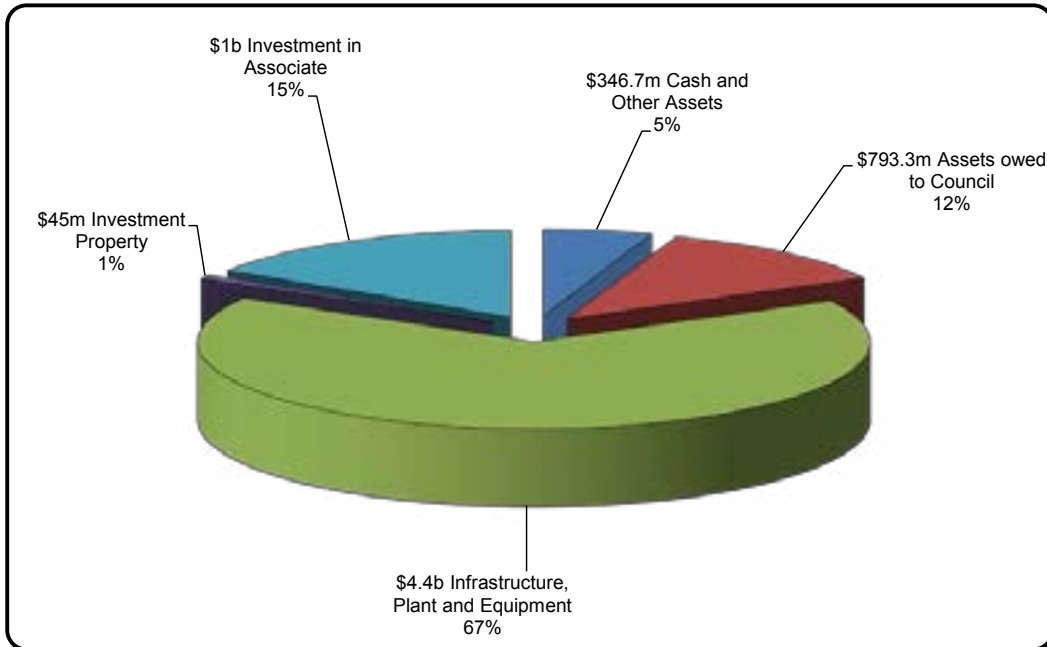


STATEMENT OF FINANCIAL POSITION

ASSETS: WHAT THE COMMUNITY OWNS

The value of all assets council owns totals \$6.6 billion as at 30 June 2017. The major classes of assets are shown in the graph below:

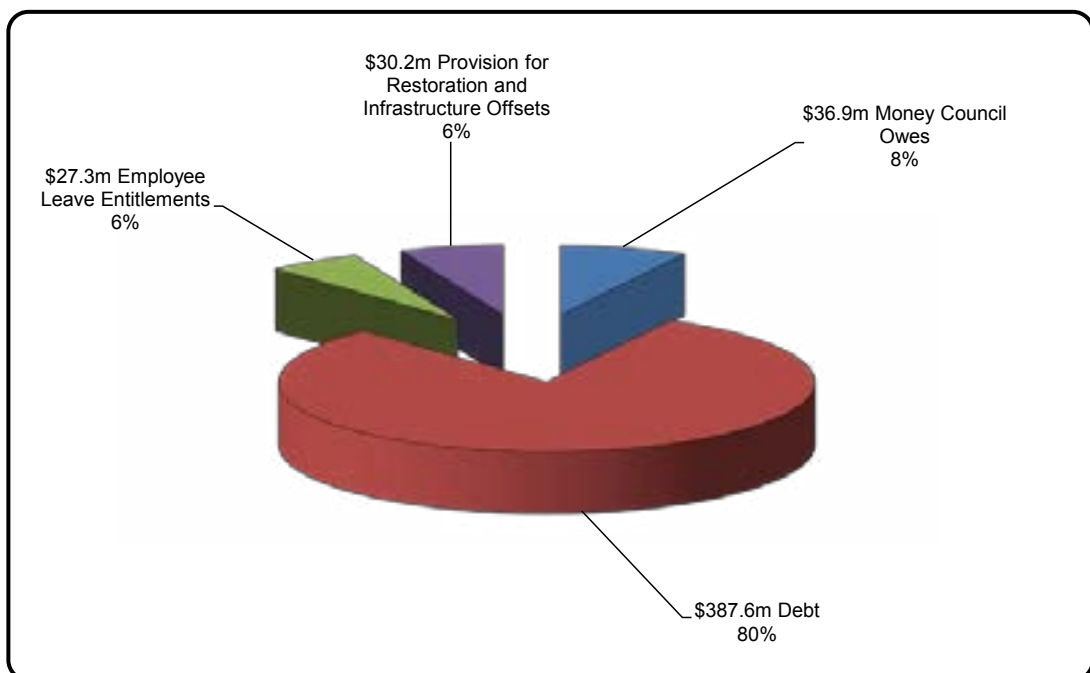
What the community owns - \$6.6 billion



LIABILITIES: WHAT THE COMMUNITY OWES

Council's liabilities totalled \$482 million as at 30 June 2017. The major classes of liabilities are shown in the graph below:

What the community owes - \$482 million



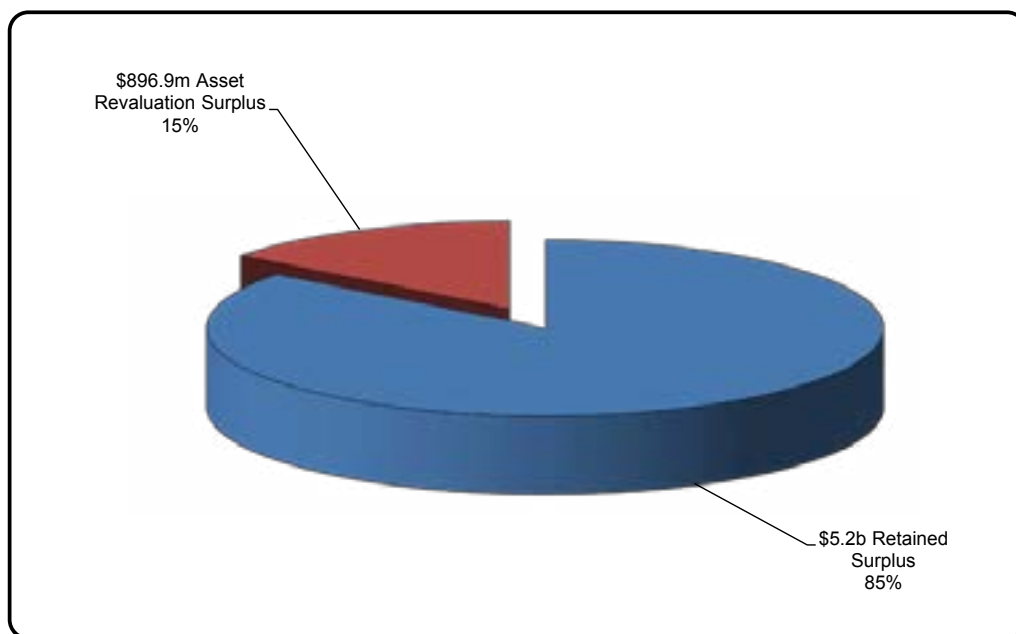
STATEMENT OF CHANGES IN EQUITY

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 2017 is \$6.1 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 - \$6.1 billion



STATEMENT OF CASH FLOWS

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

Council ended the year with \$299.76 million in cash. This is very strong cash position. Council holds a large portion of cash with various banks where it earns income through interest gained on term deposits.

The table below outlines the main sources of cash coming into council and what cash is going out:

Cash Holdings For the year ended 30 June 2016	\$'000
Cash at beginning of the financial year	218 311
Plus increased cash from operations	132 102
Plus increased cash from external loans	21 000
Plus increased cash from the sale of assets	16 714
Plus increased cash from capital grants, subsidies and contributions	58 506
Plus increased cash from dividends received	22 737
Plus net movement in loans to community organisations	(8)
Less cash spent on the repayment of external loans	(24 909)
Less payments for infrastructure, plant and equipment	(144 693)
Cash at end of the financial year	\$299 760

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

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.

	2016/2017 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.	59.9%	greater than 90%	For the year ended 30 June 2017, council's asset sustainability ratio was 59.9%. 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.	3.9%	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.	26%	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.

Please refer to Council's Long Term Financial Sustainability Statement at the end of the Financial Statements on page 179 which outlines Council's forecast ratios over the next nine financial years.

FINANCIAL SNAPSHOT

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

	2016/17 \$	2015/16 \$
Net rate revenue	277.5 million	261.1 million
Fees and charges revenue	38.6 million	39.6 million
Total operating revenue	503.6 million	482.5 million
Total capital revenue	101.9 million	123 million
Operating expenses	372.8 million	377 million
Borrowing costs	23.2 million	23.5 million
Net Result	216.6 million	214.6 million
Operating result	130.8 million	104.5 million
Capital project expenditure	146.7 million	227.5 million
Net cash generated by operating activities	132.1 million	111.4 million
Total assets	6.6 billion	6.4 billion
Total liabilities	482 million	474.1 million
Total equity	6.1 billion	5.9 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 info@moretonbay.qld.gov.au

FINANCIAL STATEMENTS FOR THE YEAR

Audited financial statements for 2016/17.