

**#1 Monthly Financial Report - year to date as at 31 March 2020**

**Moreton Bay Regional Council**

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**Monthly Financial Report**

**Year to date result as at: 31 March 2020**

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## Moreton Bay Regional Council STATEMENT OF COMPREHENSIVE INCOME For the period ended 31 March 2020

75% of the  
year elapsed

	2019/20 Original Budget \$'000	2019/20 Amended Budget \$'000	2019/20 YTD Actuals \$'000	Actuals to Amended Budget 2019/20
<b>Revenue</b>				
<b>Operating Revenue</b>				
Rates and utility charges	313,151	313,151	240,780	76.89%
Fees and charges	37,272	37,288	27,608	74.04%
Grants, subsidies and contributions	20,149	35,757	13,487	37.72%
Interest revenue	45,426	45,898	30,748	66.99%
Other revenue	39,452	39,588	29,660	74.92%
Share of profit of associate	72,000	72,000	54,000	75.00%
<b>Total Operating Revenue</b>	<b>527,449</b>	<b>543,682</b>	<b>396,283</b>	<b>72.89%</b>
<b>Expenses</b>				
<b>Operating Expenses</b>				
Employee benefits	(140,406)	(141,030)	(101,149)	71.72%
Materials and services	(190,790)	(203,362)	(114,948)	56.52%
Depreciation and amortisation	(97,721)	(97,742)	(77,295)	79.08%
Finance costs	(22,409)	(22,409)	(16,785)	74.90%
<b>Total Operating Expenses</b>	<b>(451,326)</b>	<b>(464,543)</b>	<b>(310,177)</b>	<b>66.77%</b>
<b>Operating Result</b>	<b>76,122</b>	<b>79,139</b>	<b>86,106</b>	<b>108.80%</b>
<b>Capital Revenue</b>	96,868	121,750	104,040	85.45%
<b>Capital Expenses</b>	-	-	(15,174)	No Budget
<b>NET RESULT</b>	<b>172,991</b>	<b>200,889</b>	<b>174,973</b>	<b>87.10%</b>
<b>Other Comprehensive Income</b>				
<b>Items that will not be reclassified to net result</b>				
Increase/(decrease) in asset revaluation surplus	-	-	48,348	No Budget
Changes in the fair value of financial assets at fair value through other comprehensive income	-	-	(14,428)	No Budget
<b>Total other comprehensive income for the year</b>	-	-	<b>33,920</b>	<b>No Budget</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>172,991</b>	<b>200,889</b>	<b>208,893</b>	<b>103.98%</b>

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## Moreton Bay Regional Council STATEMENT OF FINANCIAL POSITION As at 31 March 2020

	2019/20 Amended Budget as at 30 June 2020 \$'000	2019/20 YTD Actual \$'000
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	357,957	357,150
Trade and other receivables	50,570	26,071
Inventories	1,081	1,224
<b>Total Current Assets</b>	<b>409,608</b>	<b>384,444</b>
<b>Non-Current Assets</b>		
Trade and other receivables	677,576	677,581
Investments	1,357,637	1,362,621
Property, plant and equipment	4,838,555	5,018,874
<b>Total Non-Current Assets</b>	<b>6,873,768</b>	<b>7,059,075</b>
<b>Total Assets</b>	<b>7,283,375</b>	<b>7,443,519</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables	47,028	32,450
Borrowings	37,333	9,493
Provisions	12,888	14,599
Other	21,427	4,582
<b>Total Current Liabilities</b>	<b>118,676</b>	<b>61,123</b>
<b>Non-Current Liabilities</b>		
Borrowings	332,801	344,307
Provisions	43,841	59,707
<b>Total Non-Current Liabilities</b>	<b>376,642</b>	<b>404,014</b>
<b>Total Liabilities</b>	<b>495,318</b>	<b>465,137</b>
<b>NET COMMUNITY ASSETS</b>	<b>6,788,057</b>	<b>6,978,382</b>
<b>Community Equity</b>		
Retained surplus	5,917,516	5,993,276
Asset revaluation surplus	870,541	985,106
<b>TOTAL COMMUNITY EQUITY</b>	<b>6,788,057</b>	<b>6,978,382</b>

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## Moreton Bay Regional Council STATEMENT OF CASH FLOWS For the period ended 31 March 2020

	2019/20 Amended Budget as at 30 June 2020 \$'000	2019/20 YTD Actuals \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	413,815	320,191
Payments to suppliers and employees	(352,056)	(275,544)
Interest received	45,898	31,019
Non capital grants and contributions	34,499	13,487
Borrowing costs	(20,379)	(15,368)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>121,777</b>	<b>73,785</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(228,247)	(135,821)
Payments for investment property	-	(76)
Proceeds from sale of property, plant and equipment	21,800	1,562
Net movement in loans to community organisations	-	(43)
Grants, subsidies and contributions	81,750	81,493
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(124,697)</b>	<b>(52,886)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	25,000	-
Repayment of borrowings	(33,916)	(25,193)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(8,916)</b>	<b>(25,193)</b>
Net increase/(decrease) in cash held	<b>(11,837)</b>	<b>(4,294)</b>
Cash and cash equivalents at the beginning of the financial year	369,794	361,444
<b>Cash and cash equivalents at the end of the period</b>	<b>357,958</b>	<b>357,150</b>

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### Moreton Bay Regional Council STATEMENT OF SOURCES AND APPLICATIONS OF CAPITAL FUNDING For the period ended 31 March 2020

	Original Budget 2019/20 \$'000	Amended Budget 2019/20 \$'000	YTD Actuals 2019/20 \$'000
<b><u>Capital Funding Sources</u></b>			
Cash Utilised	203,011	200,424	137,614
Capital Grants and Subsidies received	33,368	36,750	25,976
Contributed Assets and assets not previously recognised	40,000	40,000	42,599
Loans received	25,000	25,000	-
<b>Total Capital Funding Sources</b>	<b>301,380</b>	<b>302,174</b>	<b>206,189</b>
<b><u>Capital Funding Applications</u></b>			
Capital Expenditure	227,464	228,259	138,398
Contributed Assets and assets not previously recognised	40,000	40,000	42,599
Loan Redemption	33,916	33,916	25,193
<b>Total Capital Funding Applications</b>	<b>301,380</b>	<b>302,174</b>	<b>206,189</b>

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### Analysis of Results by Segment

For the period ended 31 March 2020						
Operational Plan	Operating Revenue \$'000	Operating Expenses \$'000	Operating Result \$'000	Capital Revenue \$'000	Capital Expenses \$'000	Net Result \$'000
Engineering, Construction & Maintenance	44,108	(109,856)	(65,748)	10,123	665	(54,960)
Community & Environmental Services	25,261	(44,737)	(19,476)	-	813	(18,663)
Office of CEO	192	(9,936)	(9,743)	-	-	(9,743)
Finance and Corporate Services	320,024	(136,119)	183,904	78,049	(16,652)	245,302
Planning	6,698	(9,529)	(2,831)	15,869	-	13,038
<b>Total Council</b>	<b>396,283</b>	<b>(310,177)</b>	<b>86,106</b>	<b>104,040</b>	<b>(15,174)</b>	<b>174,973</b>

### Analysis of Results by Entity

For the period ended 31 March 2020						
Entity	Operating Revenue \$'000	Operating Expenses \$'000	Operating Result \$'000	Capital Revenue \$'000	Capital Expenses \$'000	Net Result \$'000
General	355,078	(281,157)	73,921	103,857	(15,091)	162,686
Waste	41,206	(29,020)	12,186	184	(83)	12,287
<b>Total Council</b>	<b>396,283</b>	<b>(310,177)</b>	<b>86,106</b>	<b>104,040</b>	<b>(15,174)</b>	<b>174,973</b>

## **The Performance at a Glance** **as at 31 March 2020**

### **Synopsis**

- \* 75% of the financial year is complete.
- \* The operating result is \$86.11 million.
- \* As a result of the Coronavirus pandemic Council has seen its investment with the Queensland Investment Corporation fall from \$112 million as at the end of January 2020 to just under \$96 million as at the end of March. This is a long term investment to be held over a number of years and would be expected to recover in due course. No other significant financial impacts have occurred as a result of the Coronavirus pandemic.

### **Operating Revenue**

- \* Rates and Utility Charges are tracking slightly above budget following the third quarterly rates levy;
  - Property growth is contributing to the favourable variance to budget.
- \* Councils main fees and charges sources from activities such as building applications, animal registrations and waste services are meeting or exceeding budgeted expectations. Development applications and plumbing fees have slowed in recent months and are tracking behind their respective budgets. From an overall perspective total fees and charges are expected to align close to budget.
- \* Operating Grants and Subsidies will track behind the budget this year;
  - The waste abatement revenue received from the State Gov't is now required to be offset against the waste levy expenses that Council incurs rather than recorded as revenue, overall financial impact is nil.
  - Half of the Financial Assistance Grant is historically paid in advance of each financial year, thus the 2020/21 grant is expected to be received in June 2020.
- \* Interest revenue is tracking below budget which is mainly due to;
  - The very low interest rate environment that exists in the economy.
  - Interest returns from Unitywater will fall short of the estimate however any shortfall in interest revenue is made up for in tax equivalent payments Unitywater makes to Council.

**The Performance at a Glance**  
**as at 31 March 2020**

**Operating Expenditure**

- \* Employee Expenses and contract labour when combined are tracking close to budget at this time of year and it is expected by the end of June will be right on budget or marginally under.
- \* Material and Services are tracking behind the budget as there is still considerable expenditure to be incurred over the remaining quarter.
- \* Finance Costs are tracking close to budget at this time of the year.
- \* Depreciation is slightly over budget and is expected to continue to exceed budget due to the revaluation effects of assets from the previous financial year.

**Capital Revenue**

- \* Infrastructure Cash Contributions are slightly above budget following the amendment made at the end of Quarter 2. These revenues continue to perform strongly.
- \* Contributed Assets received by Council and recognised to date exceed the budget. Further contributed assets will be recognised over the remaining quarter.
- \* Capital grants and subsidies are tracking below the budget at this time of year. There are a few significant grants yet to be received relating to projects not reaching their milestones however the revenue is expected by the end of the financial year.

**Capital Expenses**

- \* Capital expenses represents the disposal value of assets as they are decommissioned and renewed through capital works. These expenses are shown but have no cash impact on the budget.

**Other Comprehensive Income**

- \* The increase in revaluation surplus is due to asset revaluation recently completed. The revaluations undertaken this financial year related to the asset classes of Land and Buildings. As with capital expenses the impact of this has no cash impact on the budget.

**Capital Expenditure**

- \* To date \$138.40 million has been spent on capital works, (which represents 60.63% of the capital program). Generally the final quarter will see an increase in expenditure however some underspend is expected and projects will be carried over into 2020/21.



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### Comparative Table 2017/18 and 2018/19 to 2019/20\*

Year to date result as at: 31 March 2020

75% of the year elapsed

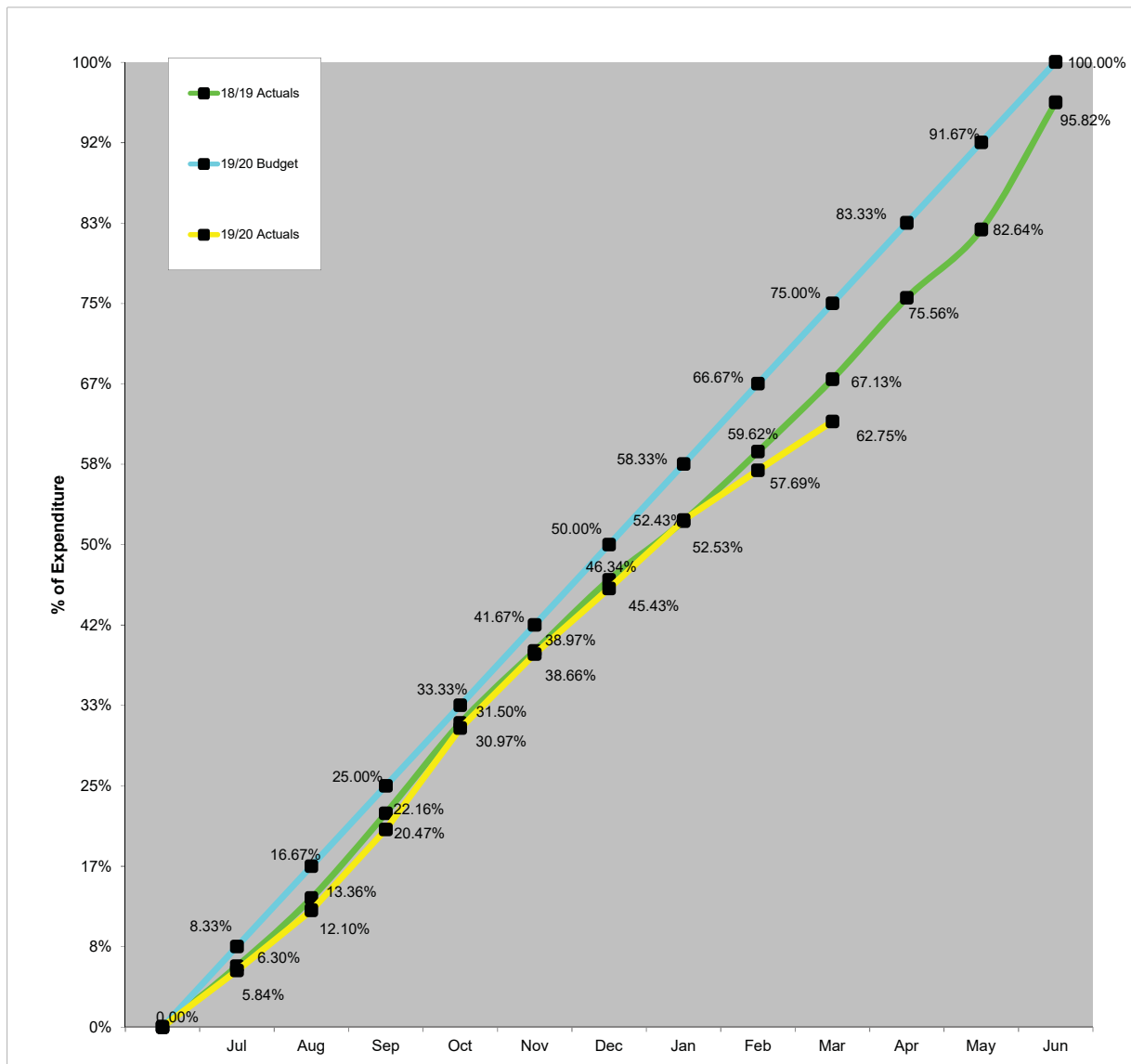
	Original Budget 2019/20 \$'000	YTD Actuals 2019/20 \$'000	Actuals to Original Budget 2019/20 %	Actuals to Original Budget 2018/19 %	Actuals to Original Budget 2017/18 %	Comments
<b>Operating Revenue</b>						
Rates & Utility Charges	313,151	240,780	77%	75%	76%	Revenue is slightly above the budget after the third quarter rates levy.
User Fees & Charges	37,288	27,608	74%	81%	81%	Revenue is tracking close to budget and is down compared to previous years.
Interest Revenue	45,898	30,748	67%	70%	79%	The % for 2019/20 is tracking under the budget and is consistent with previous years.
<b>Operating Expenses</b>						
Employee Expenses & Material and Services	344,392	216,097	63%	67%	64%	Expenditure is tracking below budget but is expected to rise as the year draws to a close.
External Loan Interest Expense	20,379	15,368	75%	77%	76%	Expenditure is tracking to budget and is comparable to previous years.
<b>Capital Revenues</b>						
Infrastructure Cash Contributions	45,000	35,465	79%	143%	132%	Infrastructure cash contributions is tracking slightly above the budget.
Contributed Assets	40,000	42,599	106%	159%	191%	All contributed assets have been recognised to date.
Grants & Subsidies	36,750	25,976	71%	55%	55%	The % of grants and subsidies received is tracking close to budget and the remaining grants are expected to be received.
<b>Capital Expenditure</b>						
Total Capital Expenditure	228,259	138,398	61%	48%	49%	Capital expenditure is behind budget.
<p>* The data presented reflects the position of Council as at 31 March 2020 compared to the position of Council as at 31 March 2019 and 31 March 2018.</p> <p>The table focuses on key items of revenue and expenses across the comparative period and is useful guide in understanding what may have changed with regard to revenue and expense streams across the three financial years.</p>						

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**Operating Expenditure**

This graph compares the major components of operating expenditure (being employee expenses plus materials and services) on a percentage expended basis for the 2019/20 and 2018/19 years. The graph includes continuing service delivery expenses and operating initiative expenses.

The budgeted expenditure trend is set at 8.33% for each month. The cumulative actual expenditure trend for each month is graphed alongside the budget expenditure.

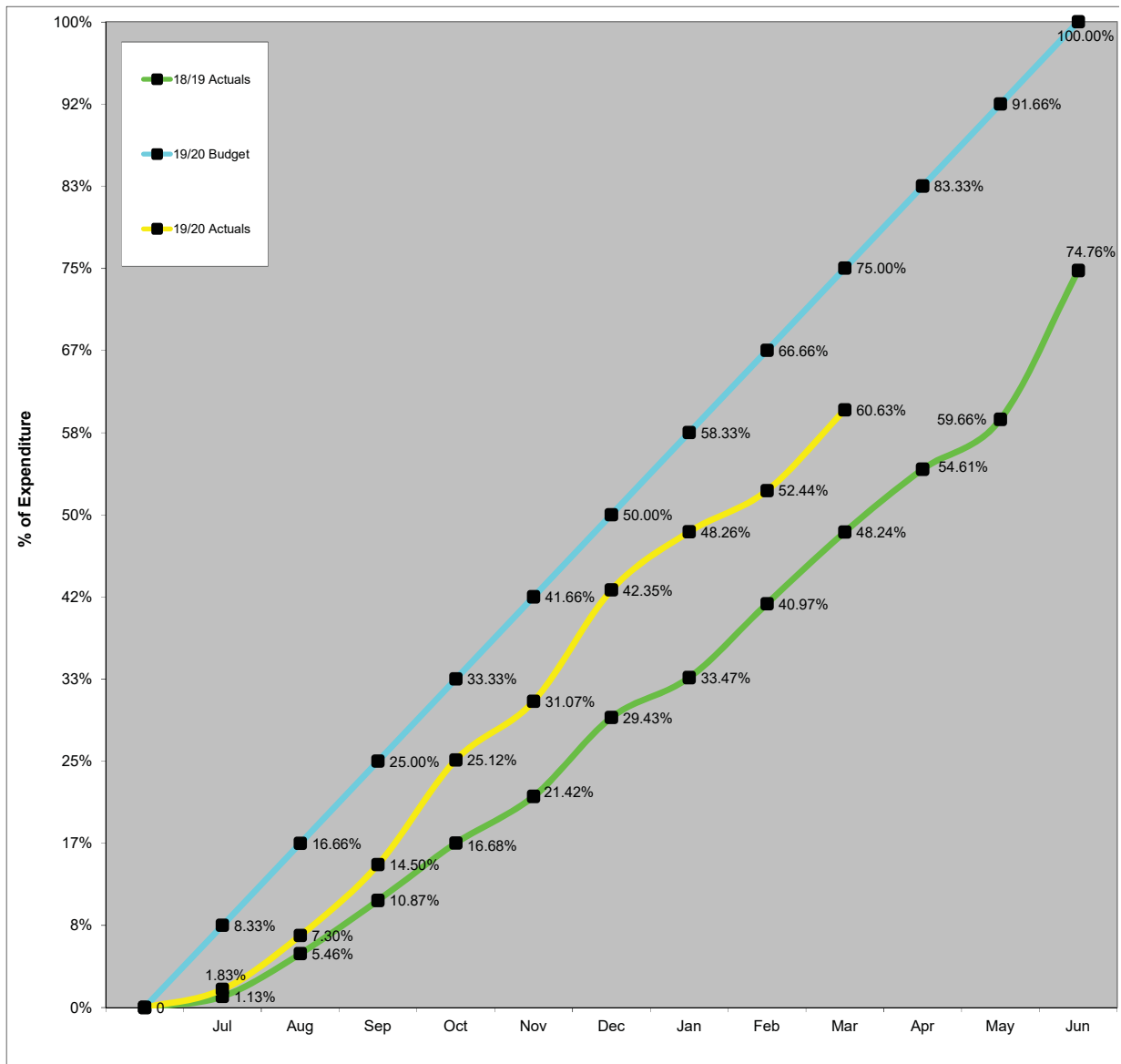


	Budget \$'000	Actuals to March \$'000	Actuals to Budget % spent
<b>2018/19</b>	297,113	199,461	67.13%
<b>2019/20</b>	344,392	216,097	62.75%

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**Capital Expenditure**

This graph compares the capital percentage expended for the 2019/20 and 2018/19 years. The budgeted expenditure trend is set at 8.33% for each month. The cumulative actual expenditure trend for each month is graphed alongside the budget expenditure. The graph excludes capital expenditure associated with the University Project.



	Budget \$'000	Actuals to March \$'000	Actuals to Budget % spent
<b>2018/19</b>	256,187	123,589	48.24%
<b>2019/20</b>	228,259	138,398	60.63%

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### TREASURY REPORT

The Treasury Report highlights key areas of performance and compliance relating to Council's cash, investments and borrowings.

#### Investments

At 31 March 2020 all of Council's investments are in accordance with the approved Investment Policy. As at this date Council held 71.72% of funds outside of the Queensland Treasury Corporation (QTC).

#### Investment Portfolio - Summary of Cash and Investments Held

Current Cash Investments					
Short Term Rating	Institution	Return	Term	Cash and Investment balance as at 31 March 2020	Interest earned YTD
A1+	Qld Treasury Corp*	1.73%	Short Term (45 days)	101,198,086	1,426,943
A1+	ANZ	0.97%	At Call	12,675,857	117,942
A1+	National Australia Bank	1%	At Call	38,275,660	736,305
A1+	ANZ	1.49% to 1.6%	180 to 365 days	39,999,998	606,738
A1+	Bankwest				65,342
A1+	National Australia Bank	1.37% to 1.52%	91 to 181 days	50,000,000	477,279
A1+	Westpac	1.5% to 1.6%	210 to 364 days	30,000,000	783,575
A1	Suncorp	1.5%	125 days	20,000,000	37,397
A2	Bank of Queensland	1.4% to 1.6%	181 to 182 days	30,000,000	445,973
A2	IMB	1.55%	90 days	5,000,000	77,041
A2	AMP Bank	1.85% to 1.9%	181 to 185 days	10,000,000	171,678
A2	Macquarie Bank	1.6%	149 days	20,000,000	111,342
	Petrie Paper Mill Site Funds				49,586
	Trust Investments				126,983
				<b>357,149,601</b>	<b>5,234,124</b>

\* The QTC rate presented is the annualised interest rate for the month as provided by the Queensland Treasury Corporation.

Council has achieved a weighted average interest rate on all cash held of 1.56% pa in 2019/20.

Non-Current Investments				
Institution	Product	Term	Invested Value \$'000	Realisable Value \$'000
Queensland Investment Corporation	QIC Growth Fund	Greater than 5 years	100,000	95,659

#### Performance to Budget - Year to Date (YTD) Summary

75% of the year has elapsed

	Original Budget \$'000	Amended Budget \$'000	Actual YTD \$'000	Actual % Achieved \$'000	Comments
Interest Revenue on Investments	10,391	10,863	5,234	48%	Interest Rates are very low
Interest on Debt held in Unitywater	34,000	34,000	24,678	73%	Tracking close to Budget
<b>Total Investment Income</b>	<b>44,391</b>	<b>44,863</b>	<b>29,912</b>	<b>67%</b>	

#### Borrowings

Debt Position	\$ '000
Debt held as at 1 July 2019	378,992
Borrowings repaid	(25,193)
<b>Debt held as at 31 March 2020</b>	<b>353,800</b>

As at 31 March 2020 the weighted average interest rate of all Council debt is 5.55%