

ITEM 6.1 MONTHLY REPORTING PACKAGE - APRIL 2020 - A20048519 (Cont.)

**#1 Monthly Reporting Package - April 2020**

**Moreton Bay Regional Council**

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**Monthly Financial Report**

**Year to date result as at: 30 April 2020**

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## Moreton Bay Regional Council STATEMENT OF COMPREHENSIVE INCOME For the period ended 30 April 2020

83% 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	321,274	102.59%
Fees and charges	37,272	37,288	28,942	77.62%
Grants, subsidies and contributions	20,149	35,757	10,922	30.55%
Interest revenue	45,426	45,898	33,909	73.88%
Other revenue	39,452	39,588	32,951	83.23%
Share of profit of associate	72,000	72,000	60,000	83.33%
<b>Total Operating Revenue</b>	<b>527,449</b>	<b>543,682</b>	<b>487,998</b>	<b>89.76%</b>
<b>Expenses</b>				
<b>Operating Expenses</b>				
Employee benefits	(140,406)	(141,030)	(118,052)	83.71%
Materials and services	(190,790)	(203,362)	(130,915)	64.38%
Depreciation and amortisation	(97,721)	(97,742)	(85,610)	87.59%
Finance costs	(22,409)	(22,409)	(18,520)	82.65%
<b>Total Operating Expenses</b>	<b>(451,326)</b>	<b>(464,543)</b>	<b>(353,096)</b>	<b>76.01%</b>
<b>Operating Result</b>	<b>76,122</b>	<b>79,139</b>	<b>134,901</b>	<b>170.46%</b>
<b>Capital Revenue</b>	96,868	121,750	126,245	103.69%
<b>Capital Expenses</b>	-	-	(16,662)	No Budget
<b>NET RESULT</b>	<b>172,991</b>	<b>200,889</b>	<b>244,484</b>	<b>121.70%</b>
<b>Other Comprehensive Income</b>				
<b>Items that will not be reclassified to net result</b>				
Increase/(decrease) in asset revaluation surplus	-	-	65,084	No Budget
Changes in the fair value of financial assets at fair value through other comprehensive income	-	-	(9,775)	No Budget
<b>Total other comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>55,309</b>	<b>No Budget</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>172,991</b>	<b>200,889</b>	<b>299,793</b>	<b>149.23%</b>

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## Moreton Bay Regional Council STATEMENT OF FINANCIAL POSITION As at 30 April 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	344,720
Trade and other receivables	50,570	73,220
Inventories	1,081	1,250
<b>Total Current Assets</b>	<b>409,608</b>	<b>419,189</b>
<b>Non-Current Assets</b>		
Trade and other receivables	677,576	677,581
Investments	1,357,637	1,373,229
Property, plant and equipment	4,838,555	5,063,015
<b>Total Non-Current Assets</b>	<b>6,873,768</b>	<b>7,113,824</b>
<b>Total Assets</b>	<b>7,283,375</b>	<b>7,533,014</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables	47,028	31,453
Borrowings	37,333	9,493
Provisions	12,888	14,859
Other	21,427	2,655
<b>Total Current Liabilities</b>	<b>118,676</b>	<b>58,460</b>
<b>Non-Current Liabilities</b>		
Borrowings	332,801	344,307
Provisions	43,841	59,891
<b>Total Non-Current Liabilities</b>	<b>376,642</b>	<b>404,198</b>
<b>Total Liabilities</b>	<b>495,318</b>	<b>462,657</b>
<b>NET COMMUNITY ASSETS</b>	<b>6,788,057</b>	<b>7,070,357</b>
<b>Community Equity</b>		
Retained surplus	5,917,516	6,068,516
Asset revaluation surplus	870,541	1,001,841
<b>TOTAL COMMUNITY EQUITY</b>	<b>6,788,057</b>	<b>7,070,357</b>

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## Moreton Bay Regional Council STATEMENT OF CASH FLOWS For the period ended 30 April 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	353,776
Payments to suppliers and employees	(352,056)	(312,105)
Interest received	45,898	39,663
Non capital grants and contributions	34,499	10,922
Borrowing costs	(20,379)	(16,958)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>121,777</b>	<b>75,298</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(228,247)	(154,927)
Payments for investment property	-	(76)
Proceeds from sale of property, plant and equipment	21,800	1,650
Net movement in loans to community organisations	-	(43)
Grants, subsidies and contributions	81,750	86,567
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(124,697)</b>	<b>(66,829)</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>(16,724)</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>344,720</b>

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### Moreton Bay Regional Council STATEMENT OF SOURCES AND APPLICATIONS OF CAPITAL FUNDING For the period ended 30 April 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	156,697
Capital Grants and Subsidies received	33,368	36,750	26,071
Contributed Assets and assets not previously recognised	40,000	40,000	59,728
Loans received	25,000	25,000	-
<b>Total Capital Funding Sources</b>	<b>301,380</b>	<b>302,174</b>	<b>242,497</b>
<b><u>Capital Funding Applications</u></b>			
Capital Expenditure	227,464	228,259	157,576
Contributed Assets and assets not previously recognised	40,000	40,000	59,728
Loan Redemption	33,916	33,916	25,193
<b>Total Capital Funding Applications</b>	<b>301,380</b>	<b>302,174</b>	<b>242,497</b>

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### Analysis of Results by Segment

For the period ended 30 April 2020	Operating Revenue \$'000	Operating Expenses \$'000	Operating Result \$'000	Capital Revenue \$'000	Capital Expenses \$'000	Net Result \$'000
Operational Plan						
Engineering, Construction & Maintenance	53,688	(127,029)	(73,342)	10,218	753	(62,372)
Community & Environmental Services	26,016	(52,006)	(25,990)	-	813	(25,178)
Office of CEO	192	(10,517)	(10,325)	-	-	(10,325)
Finance and Corporate Services	400,800	(152,245)	248,555	100,159	(18,227)	330,486
Planning	7,301	(11,298)	(3,996)	15,869	-	11,872
<b>Total Council</b>	<b>487,998</b>	<b>(353,096)</b>	<b>134,901</b>	<b>126,245</b>	<b>(16,662)</b>	<b>244,484</b>

### Analysis of Results by Entity

For the period ended 30 April 2020	Operating Revenue \$'000	Operating Expenses \$'000	Operating Result \$'000	Capital Revenue \$'000	Capital Expenses \$'000	Net Result \$'000
Entity						
General	437,675	(321,325)	116,349	126,061	(16,579)	225,831
Waste	50,323	(31,771)	18,552	184	(83)	18,653
<b>Total Council</b>	<b>487,998</b>	<b>(353,096)</b>	<b>134,901</b>	<b>126,245</b>	<b>(16,662)</b>	<b>244,484</b>

## **The Performance at a Glance** **as at 30 April 2020**

### **Synopsis**

- \* 83% of the financial year is complete.
- \* The operating result is \$134.9 million.
- \* The Coronavirus pandemic has seen Council's investment with the Queensland Investment Corporation (QIC) fall from \$112 million as at the end of January 2020 to just over \$100 million as at the end of April. Over the course of April the investment achieved a slight increase in value. This is a long term investment to be held over a number of years and would be expected to recover in due course.

### **Operating Revenue**

- \* Rates and Utility Charges are tracking well above budget following the fourth quarterly rates levy.
  - A change in accounting standard for 2019/20 expected to affect prepaid rate revenue had less impact than anticipated. This is contributing to the bulk of the favourable revenue variance.
  - Property growth is contributing to the favourable variance to budget.
- \* April saw fees and charges revenue impacted by the refund of food licencing fees of approximately \$730,000. Fees for a number of Council facilities such as Pools, Caravan Parks, Entertainment and Sport Centres have been impacted due to the closure of facilities. Development application fees and building and plumbing fees are trending slightly under their annual target. Waste fees are on track. It would appear in total that fees and charges revenue will continue to decline slightly over May and June, revenue expected to fall short by approximately \$2 million.
- \* 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 30 April 2020**

**Operating Expenditure**

- \* Employee Expenses and contract labour when combined are tracking right on budget at this time of year.
- \* Material and Services are tracking behind the budget. There is still some major expenditure to be incurred over the remaining months.
- \* 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 expected to reach the budget of \$45 million.
- \* 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 revaluations 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 \$157.58 million has been spent on capital works, (which represents 69.03% 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: 30 April 2020

83% of the year elapsed

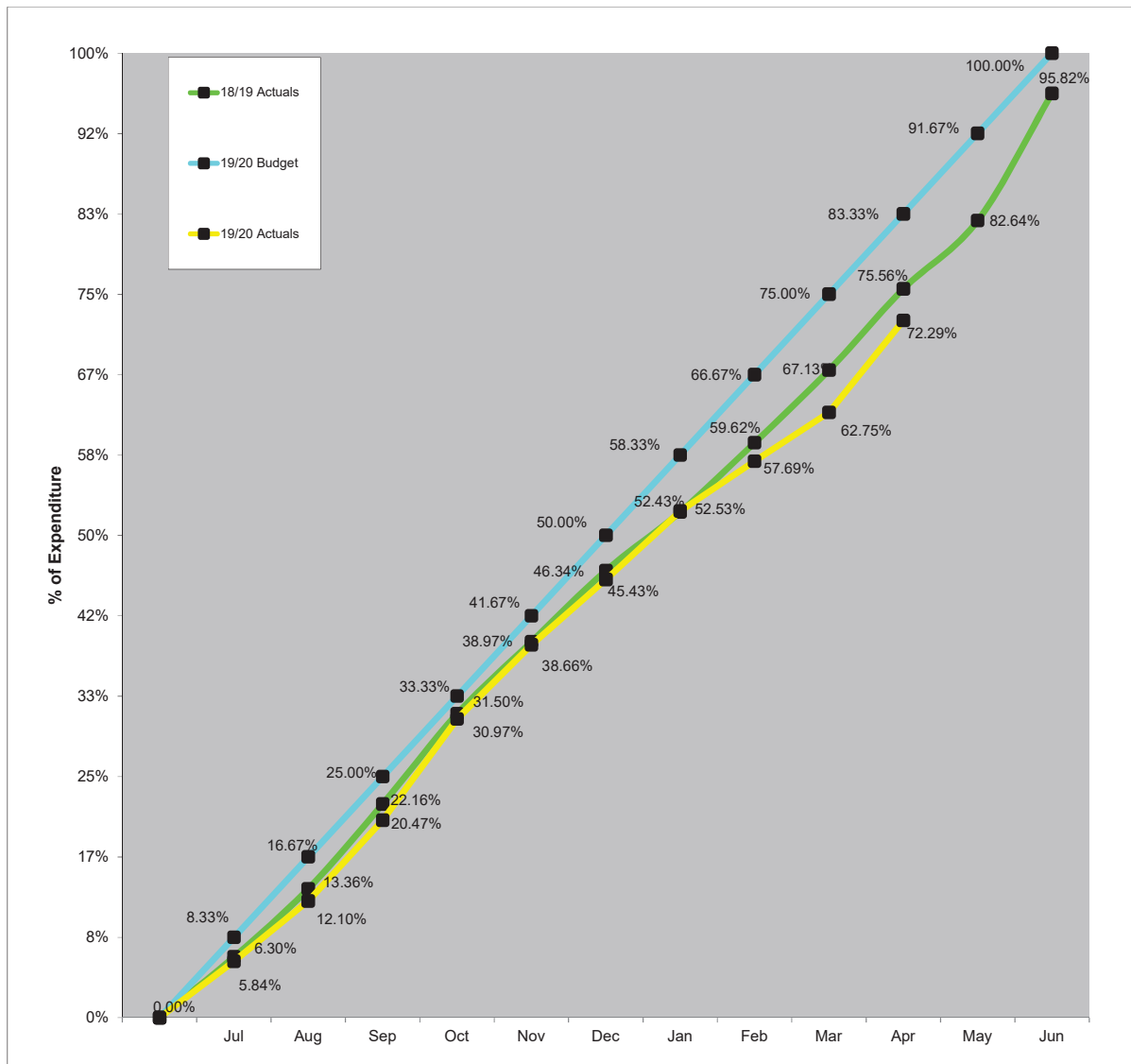
	Original Budget 2019/20 \$'000	YTD Actuals 2019/20 \$'000	Actuals to Original Budget 2019/20 %	Actuals to Original Budget 2018/19 %	Actuals to Original Budget 2017/18 %	Comments
<b>Operating Revenue</b>						
Rates & Utility Charges	313,151	321,274	103%	100%	100%	Revenue is above the budget after the fourth quarter rates levy.
User Fees & Charges	37,288	28,942	78%	87%	88%	Impacted by the refund of food licencing fees, closure of facilities and a general tapering off in revenues.
Interest Revenue	45,898	33,909	74%	78%	88%	The % for 2019/20 is tracking under the budget and is below previous years.
<b>Operating Expenses</b>						
Employee Expenses & Material and Services	344,392	248,966	72%	76%	73%	Expenditure is tracking below budget but is expected to rise as the year draws to a close.
External Loan Interest Expense	20,379	16,958	83%	85%	84%	Expenditure is tracking to budget and will be right on budget at the end of the year.
<b>Capital Revenues</b>						
Infrastructure Cash Contributions	45,000	40,445	90%	159%	141%	Infrastructure cash contributions is tracking slightly above the budget.
Contributed Assets	40,000	59,728	149%	185%	214%	All contributed assets have been recognised to date.
Grants & Subsidies	36,750	26,071	71%	96%	59%	The % of grants and subsidies received is tracking below budget however the remaining grants are expected to be received.
<b>Capital Expenditure</b>						
Total Capital Expenditure**	228,259	157,576	69%	55%	54%	Capital expenditure is behind budget but this will pick up in the last two months.
<p>* The data presented reflects the position of Council as at 30 April 2020 compared to the position of Council as at 30 April 2019 and 30 April 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.

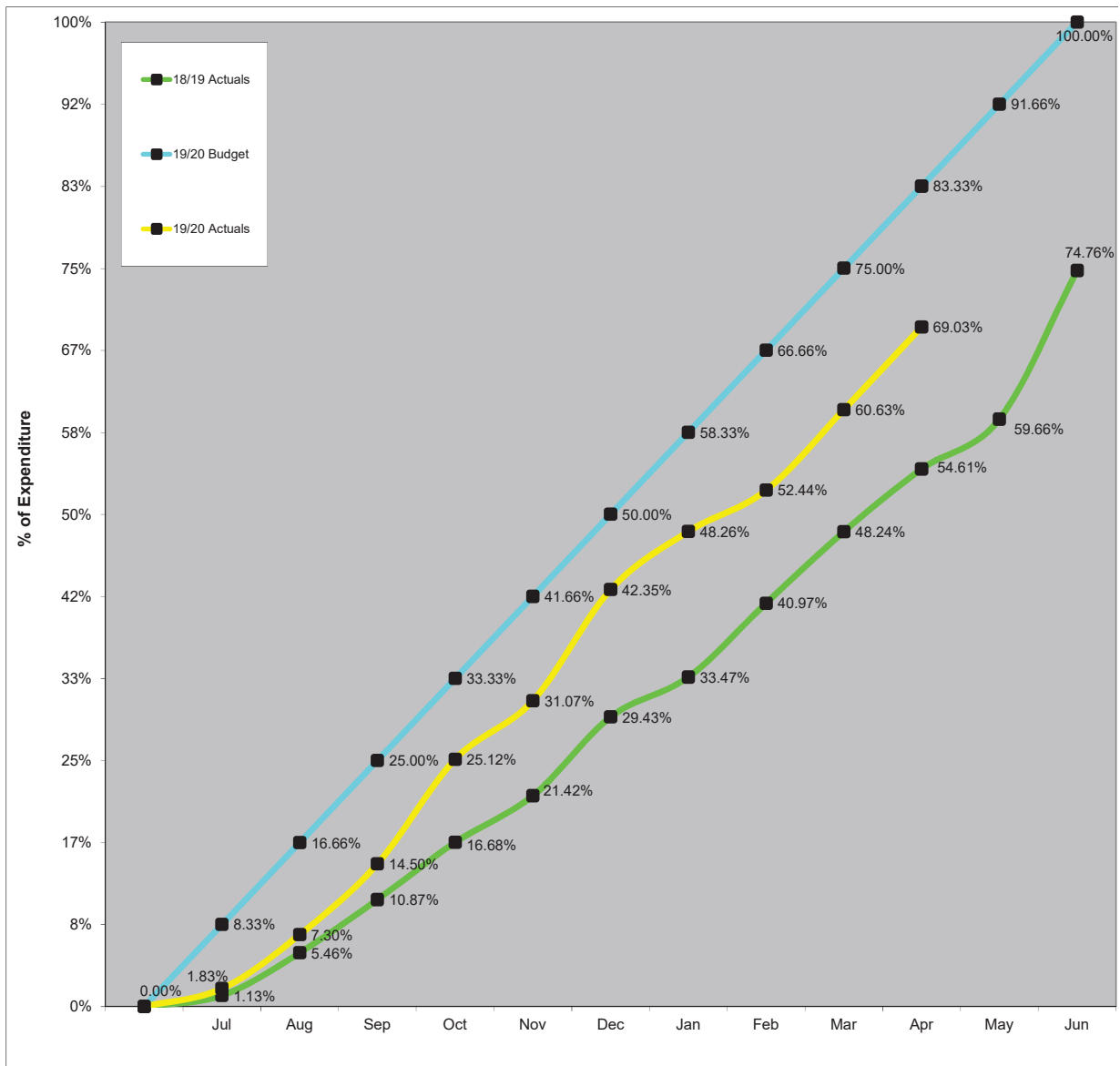


	Budget \$'000	Actuals to April \$'000	Actuals to Budget % spent
<b>2018/19</b>	297,031	224,438	75.56%
<b>2019/20</b>	344,392	248,966	72.29%

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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.



	Budget \$'000	Actuals to April \$'000	Actuals to Budget % spent
<b>2018/19</b>	256,270	139,940	54.61%
<b>2019/20</b>	228,259	157,576	69.03%

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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 30 April 2020 all of Council's investments are in accordance with the approved Investment Policy. As at this date Council held 68.50% 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 30 April 2020	Interest earned YTD	
A1+	Qld Treasury Corp*	1.3%	Short Term (45 days)	109,423,941	1,543,236	
A1+	ANZ	0.97%	At Call	12,683,359	125,444	
A1+	National Australia Bank	1%	At Call	42,612,489	755,201	
A1+	ANZ	1.49% to 1.6%	180 to 365 days	39,999,998	657,204	
A1+	Bankwest				65,342	
A1+	National Australia Bank	1.37% to 1.52%	91 to 181 days	50,000,000	536,951	
A1+	Westpac	1.5% to 1.6%	210 to 364 days	30,000,000	821,384	
A1	Suncorp	1.5%	125 days	20,000,000	62,055	
A2	Bank of Queensland	1.4% to 1.6%	181 to 182 days	30,000,000	483,781	
A2	IMB				83,199	
A2	AMP Bank	1.85% to 1.9%	181 to 185 days	10,000,000	187,089	
A2	Macquarie Bank				130,630	
	Petrie Paper Mill Site Funds				49,586	
	Trust Investments				135,605	
				<b>344,719,787</b>	<b>5,636,707</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 1.48% 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	100,267

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

83% of the year has elapsed

	Original Budget \$'000	Amended Budget \$'000	Actual YTD \$'000	Actual % Achieved	Comments
Interest Revenue on Investments	10,391	10,863	5,637	52%	Interest Rates are very low
Interest on Debt held in Unitywater	34,000	34,000	27,420	81%	Tracking close to Budget
<b>Total Investment Income</b>	<b>44,391</b>	<b>44,863</b>	<b>33,056</b>	<b>74%</b>	

#### Borrowings

Debt Position	\$ '000
Debt held as at 1 July 2019	378,992
Borrowings repaid	(25,193)
<b>Debt held as at 30 April 2020</b>	<b>353,800</b>

As at 30 April 2020 the weighted average interest rate of all Council debt is 5.55%