

ITEM 6.3 - MONTHLY REPORTING PACKAGE - MAY 2020 (Cont.)

#1 Monthly Financial Reporting Package - 31 May 2020

Moreton Bay Regional Council

Monthly Financial Report

Year to date result as at: 31 May 2020

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

92% 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
Revenue				
Operating Revenue				
Rates and utility charges	313,151	313,151	321,294	102.60%
Fees and charges	37,272	37,288	30,979	83.08%
Grants, subsidies and contributions	20,149	35,757	21,999	61.52%
Interest revenue	45,426	45,898	36,983	80.58%
Other revenue	39,452	39,588	35,064	88.57%
Share of profit of associate	72,000	72,000	66,000	91.67%
Total Operating Revenue	527,449	543,682	512,318	94.23%
Expenses				
Operating Expenses				
Employee benefits	(140,406)	(141,030)	(129,632)	91.92%
Materials and services	(190,790)	(203,362)	(146,609)	72.09%
Depreciation and amortisation	(97,721)	(97,742)	(94,688)	96.88%
Finance costs	(22,409)	(22,409)	(20,345)	90.79%
Total Operating Expenses	(451,326)	(464,543)	(391,273)	84.23%
Operating Result	76,122	79,139	121,046	152.95%
Capital Revenue	96,868	121,750	149,958	123.17%
Capital Expenses	-	-	(17,296)	No Budget
NET RESULT	172,991	200,889	253,707	126.29%
Other Comprehensive Income				
Items that will not be reclassified to net result				
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	-	-	(7,977)	No Budget
Total other comprehensive income for the year	-	-	57,106	No Budget
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	172,991	200,889	310,814	154.72%

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

	2019/20 Amended Budget as at 30 June 2020 \$'000	2019/20 YTD Actual \$'000
Assets		
Current Assets		
Cash and cash equivalents	357,957	377,113
Trade and other receivables	50,570	30,109
Inventories	1,081	1,257
	<u>409,608</u>	<u>408,478</u>
Total Current Assets	409,608	408,478
Non-Current Assets		
Trade and other receivables	677,576	677,597
Investments	1,357,637	1,380,982
Property, plant and equipment	4,838,555	5,086,605
	<u>6,873,768</u>	<u>7,145,185</u>
Total Assets	7,283,375	7,553,663
Liabilities		
Current Liabilities		
Trade and other payables	47,028	39,670
Borrowings	37,333	9,493
Provisions	12,888	14,876
Other	21,427	4,484
	<u>118,676</u>	<u>68,523</u>
Total Current Liabilities	118,676	68,523
Non-Current Liabilities		
Borrowings	332,801	344,307
Provisions	43,841	60,026
	<u>376,642</u>	<u>404,333</u>
Total Non-Current Liabilities	376,642	404,333
Total Liabilities	495,318	472,856
NET COMMUNITY ASSETS	6,788,057	7,080,807
Community Equity		
Retained surplus	5,917,516	6,078,966
Asset revaluation surplus	870,541	1,001,841
	<u>6,788,057</u>	<u>7,080,807</u>
TOTAL COMMUNITY EQUITY	6,788,057	7,080,807

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

	2019/20 Amended Budget as at 30 June 2020 \$'000	2019/20 YTD Actuals \$'000
Cash flows from operating activities		
Receipts from customers	413,815	408,312
Payments to suppliers and employees	(352,056)	(333,840)
Interest received	45,898	39,996
Non capital grants and contributions	34,499	21,999
Borrowing costs	(20,379)	(18,601)
Net cash inflow/(outflow) from operating activities	121,777	117,865
Cash flows from investing activities		
Payments for property, plant and equipment	(228,247)	(169,298)
Payments for investment property	-	(76)
Proceeds from sale of property, plant and equipment	21,800	1,855
Net movement in loans to community organisations	-	(58)
Grants, subsidies and contributions	81,750	90,573
Net cash inflow/(outflow) from investing activities	(124,697)	(77,004)
Cash flows from financing activities		
Proceeds from borrowings	25,000	-
Repayment of borrowings	(33,916)	(25,193)
Net cash inflow/(outflow) from financing activities	(8,916)	(25,193)
Net increase/(decrease) in cash held	(11,837)	15,669
Cash and cash equivalents at the beginning of the financial year	369,794	361,444
Cash and cash equivalents at the end of the period	357,958	377,113

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

	Original Budget 2019/20 \$'000	Amended Budget 2019/20 \$'000	YTD Actuals 2019/20 \$'000
<u>Capital Funding Sources</u>			
Cash Utilised	203,011	200,424	170,073
Capital Grants and Subsidies received	33,368	36,750	27,442
Contributed Assets and assets not previously recognised	40,000	40,000	79,435
Loans received	25,000	25,000	-
Total Capital Funding Sources	301,380	302,174	276,950
<u>Capital Funding Applications</u>			
Capital Expenditure	227,464	228,259	172,322
Contributed Assets and assets not previously recognised	40,000	40,000	79,435
Loan Redemption	33,916	33,916	25,193
Total Capital Funding Applications	301,380	302,174	276,950

Moreton Bay Regional Council

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24 June 2020

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Analysis of Results by Segment

For the period ended 31 May 2020	Operating Revenue \$'000	Operating Expenses \$'000	Operating Result \$'000	Capital Revenue \$'000	Capital Expenses \$'000	Net Result \$'000
Operational Plan						
Engineering, Construction & Maintenance	54,190	(140,911)	(86,721)	11,588	958	(74,175)
Community & Environmental Services	19,935	(57,860)	(37,925)	-	813	(37,112)
Office of CEO	193	(11,626)	(11,434)	-	-	(11,434)
Finance and Corporate Services	422,463	(166,679)	255,784	122,501	(19,067)	359,218
Planning	15,538	(14,196)	1,342	15,869	-	17,210
Total Council	512,318	(391,273)	121,046	149,958	(17,296)	253,707

Analysis of Results by Entity

For the period ended 31 May 2020	Operating Revenue \$'000	Operating Expenses \$'000	Operating Result \$'000	Capital Revenue \$'000	Capital Expenses \$'000	Net Result \$'000
Entity						
General	461,553	(355,792)	105,761	149,730	(17,214)	238,277
Waste	50,766	(35,481)	15,285	228	(83)	15,430
Total Council	512,318	(391,273)	121,046	149,958	(17,296)	253,707

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

Synopsis

- * 92% of the financial year is complete.
- * The operating result is \$121.05 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 \$102 million as at the end of May. Over the course of April and May, the investment achieved a \$2 million increase in value after falling below \$100 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.

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 also contributing to the favourable variance.
- * May 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 in June, revenue expected to fall short by approximately \$2 million to \$3 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 2020/21 Financial Assistance Grant (\$8.7 million) was received during the month.
- * 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.

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The Performance at a Glance
as at 31 May 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 month.
- * 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. The 2nd last grant claim for the University precinct was lodged in early June.

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 \$172.32 million has been spent on capital works, (which represents 75.49% 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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Moreton Bay Regional Council

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

Year to date result as at: 31 May 2020

92% 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
Operating Revenue						
Rates & Utility Charges	313,151	321,294	103%	100%	101%	Revenue has exceeded budget after fourth quarter rates levy.
User Fees & Charges	37,288	30,979	83%	92%	96%	Impacted by the refund of food licencing fees, closure of facilities and a general tapering off in revenues.
Interest Revenue	45,898	36,983	81%	87%	95%	The % for 2019/20 is tracking under the budget and is below previous years.
Operating Expenses						
Employee Expenses & Material and Services	344,392	276,240	80%	83%	80%	Expenditure is tracking below budget but is expected to rise as the year draws to a close.
External Loan Interest Expense	20,379	18,601	91%	93%	93%	Expenditure is tracking to budget and will be right on budget at the end of the year.
Capital Revenues						
Infrastructure Cash Contributions	45,000	43,081	96%	177%	150%	Infrastructure cash contributions is tracking slightly above the budget.
Contributed Assets	40,000	79,435	199%	202%	223%	All contributed assets have been recognised to date.
Grants & Subsidies	36,750	27,442	75%	90%	60%	The % of grants and subsidies received is tracking below budget however the remaining grants are expected to be received.
Capital Expenditure						
Total Capital Expenditure**	228,259	172,322	75%	60%	61%	Capital expenditure is behind budget but this will pick up in the last month.

* The data presented reflects the position of Council as at 31 May 2020 compared to the position of Council as at 31 May 2019 and 31 May 2018.

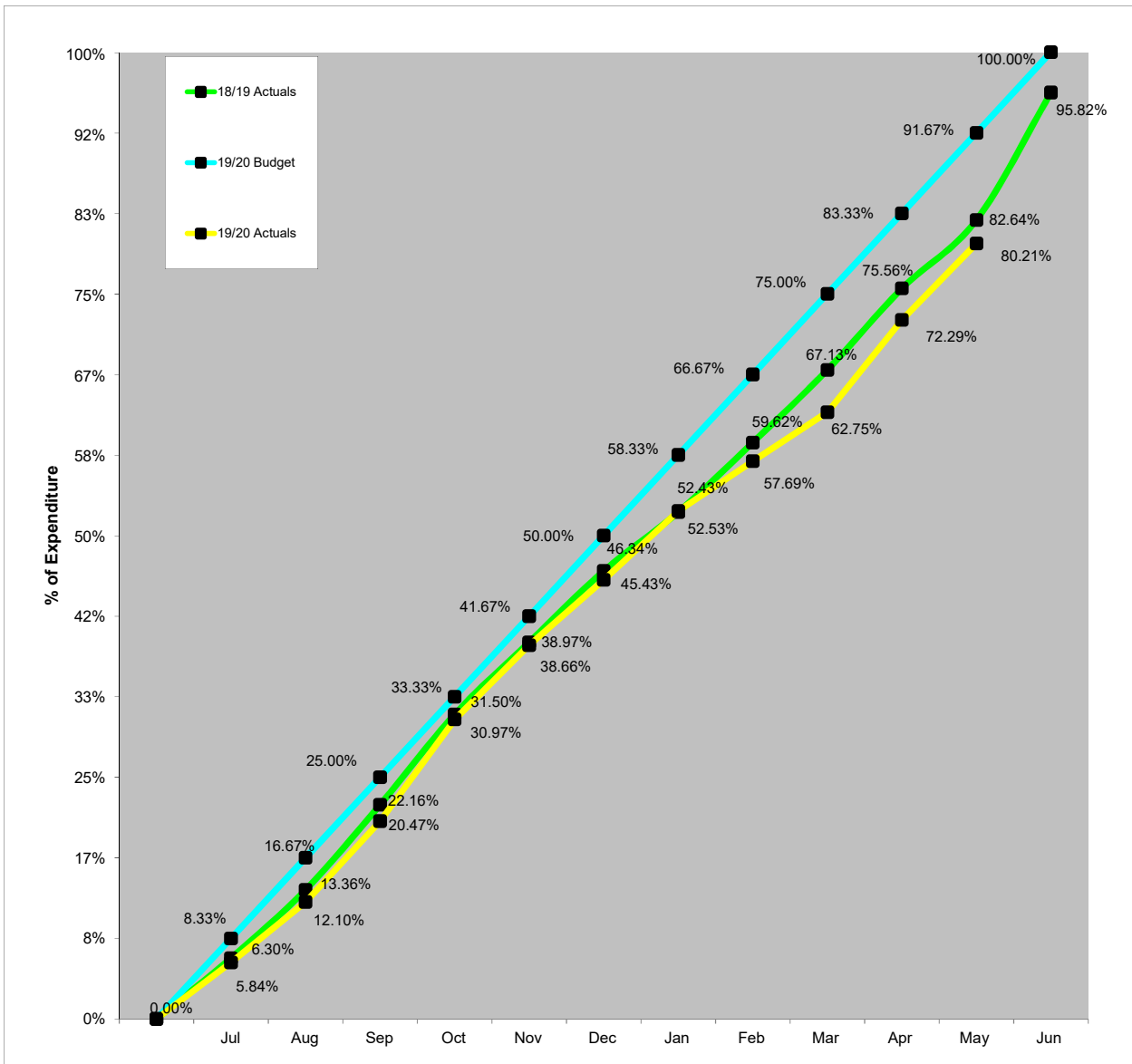
The table focuses on key items of revenue and expenses across the comparative period and is useful guide in understanding what may have changed with regard to revenue and expense streams across the three financial years.

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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.

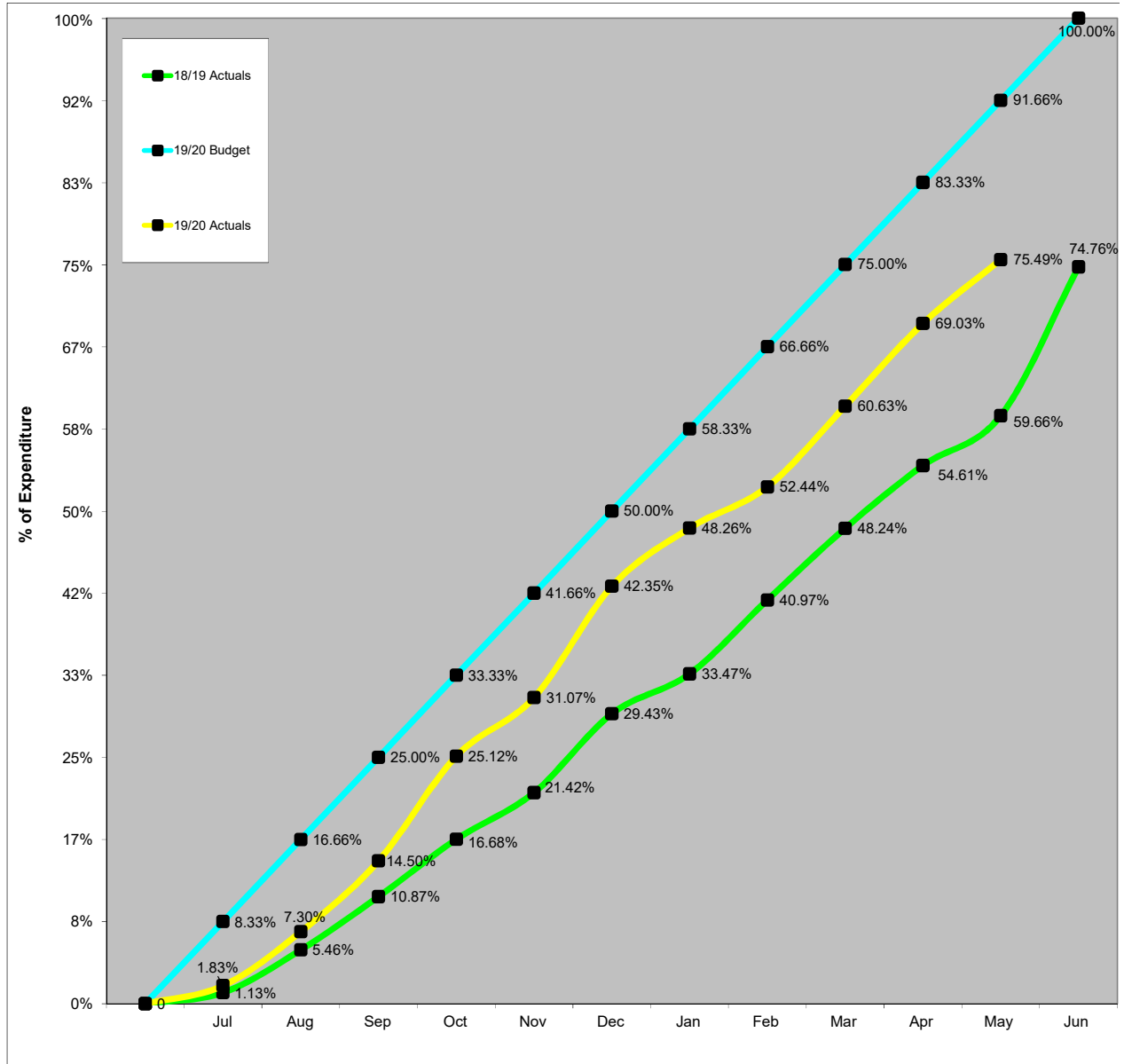


	Budget \$'000	Actuals to May \$'000	Actuals to Budget % spent
2018/19	301,469	249,124	82.64%
2019/20	344,392	276,240	80.21%

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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 May \$'000	Actuals to Budget % spent
2018/19	266,145	158,774	59.66%
2019/20	228,259	172,322	75.49%

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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 May 2020 all of Council's investments are in accordance with the approved Investment Policy. As at this date Council held 71.07% 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 May 2020	Interest earned YTD
A1+	Qld Treasury Corp*	0.72%	Short Term (45 days)	109,423,941	1,610,372
A1+	ANZ	1.97%	At Call	22,774,509	135,690
A1+	National Australia Bank	2%	At Call	49,914,320	801,397
A1+	ANZ	2.7% to 2.75%	364 to 365 days	30,000,000	700,147
A1+	Bankwest	2.65%	182 days	20,000,000	65,342
A1+	National Australia Bank	2.75% to 2.77%	357 to 363 days	30,000,000	598,611
A1+	Westpac	2.65% to 2.77%	364 to 365 days	60,000,000	855,630
A1	Suncorp	2.65%	154 days	10,000,000	87,534
A2	Bank of Queensland	2.7% to 2.75%	182 to 279 days	30,000,000	522,164
A2	IMB	2.65%	363 days	5,000,000	83,199
A2	AMP Bank	2.8%	183 to 272 days	10,000,000	203,329
A2	Macquarie Bank				130,630
	Petrie Paper Mill Site Funds				49,586
	Trust Investments				141,237
				377,112,769	5,984,868

* 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 2.09% 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	102,020

Performance to Budget - Year to Date (YTD) Summary

92% 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	5,985	55%	Interest Rates are very low
Interest on Debt held in Unitywater	34,000	34,000	30,161	89%	Tracking close to Budget
Total Investment Income	44,391	44,863	36,146	81%	

Borrowings

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

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