

# **FINANCIAL REPORT**

**Six months ended**

**31 December 2020**

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## 1. Income Statement

For the six months ending 31 December 2020

	YTD Forecast Budget \$'000	YTD Actual Results \$'000	YTD Forecast Variance \$'000	Annual Forecast \$'000	Adopted Budget \$'000
<b>Income</b>					
Rates & charges	95,610	95,600	(10)	96,058	96,240
Statutory fees & fines	1,836	1,635	(201)	4,431	5,145
User fees	3,798	3,778	(20)	14,353	20,162
Contributions - cash	6,489	6,576	87	8,047	4,528
Grants - operating (recurrent)	3,335	3,417	81	8,536	7,937
Grants - operating (non-recurrent)	967	932	(36)	16,323	447
Other income	215	207	(8)	586	1,134
Net gain (loss) on disposal of property, infrastructure, plant & equipment	13,419	12,530	(889)	13,745	12,075
<b>Total income</b>	<b>125,671</b>	<b>124,675</b>	<b>(995)</b>	<b>162,080</b>	<b>147,668</b>
<b>Expenses</b>					
Employee costs	26,392	26,119	273	55,830	56,574
Materials and services	13,470	12,651	819	25,444	26,250
Contractors	11,528	11,275	253	40,632	24,658
Depreciation and amortisation	12,215	12,215	-	24,428	24,441
Amortisation - right of use assets	-	-	-	516	516
Finance costs	430	437	(6)	861	861
Finance costs - leases	-	-	-	40	40
Other expenses	693	661	32	1,064	926
<b>Total expenses</b>	<b>64,729</b>	<b>63,358</b>	<b>1,371</b>	<b>148,815</b>	<b>134,265</b>
<b>Underlying surplus (deficit)</b>	<b>60,941</b>	<b>61,317</b>	<b>375</b>	<b>13,265</b>	<b>13,402</b>
Grants - capital (recurrent and non-recurrent)	6,517	6,445	(72)	32,637	26,755
<b>Comprehensive result</b>	<b>67,458</b>	<b>67,761</b>	<b>303</b>	<b>45,902</b>	<b>40,157</b>

## 2. Balance Sheet

As at 31 December 2020

	31/12/2020	31/12/2019	30/06/2020
	\$ '000	\$ '000	\$ '000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17,352	25,413	47,256
Trade and other receivables	70,051	69,069	21,441
Other financial assets	44,088	19,420	20,598
Inventories	405	450	404
Other assets	155	364	924
Non-current assets classified as held for sale	-	-	6,799
<b>Total current assets</b>	<b>132,051</b>	<b>114,715</b>	<b>97,422</b>
<b>Non-current assets</b>			
Trade and other receivables	277	155	277
Other financial assets	1,057	-	1,057
Investments in associates, joint arrangements and subsidiaries	3,639	3,446	3,578
Property, infrastructure, plant and equipment	1,817,494	1,844,943	1,788,458
Right-of-use assets	1,287	-	1,287
Intangible assets	784	782	784
<b>Total non-current assets</b>	<b>1,824,538</b>	<b>1,849,326</b>	<b>1,795,441</b>
<b>Total assets</b>	<b>1,956,589</b>	<b>1,964,041</b>	<b>1,892,863</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(17,168)	(15,764)	(8,963)
Trust funds and deposits	(4,659)	(5,081)	(5,576)
Unearned income - operating grants	(10,712)	-	(11,066)
Unearned income - capital grants	(27,424)	-	(19,810)
Provisions	(13,945)	(12,446)	(13,429)
Interest-bearing liabilities	(743)	(1,433)	(2,618)
Lease liabilities	(513)	-	(513)
<b>Total current liabilities</b>	<b>(75,164)</b>	<b>(34,723)</b>	<b>(61,975)</b>
<b>Non-current liabilities</b>			
Trust funds and deposits	(6)	(6)	(6)
Unearned income - capital grants	-	-	(10,780)
Provisions	(1,863)	(1,632)	(1,863)
Interest-bearing liabilities	(15,817)	(16,560)	(15,817)
Lease liabilities	(789)	-	(789)
<b>Total non-current liabilities</b>	<b>(18,475)</b>	<b>(18,198)</b>	<b>(29,255)</b>
<b>Total liabilities</b>	<b>(93,639)</b>	<b>(52,921)</b>	<b>(91,230)</b>
<b>Net assets</b>	<b>1,862,950</b>	<b>1,911,120</b>	<b>1,801,633</b>

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**Equity**

Accumulated surplus	793,386	820,938	793,386
Surplus (deficit) for period	61,317	49,647	-
Reserves	1,008,247	1,040,535	1,008,247
<b>Total equity</b>	<b>1,862,950</b>	<b>1,911,120</b>	<b>1,801,633</b>

### 3. Statement of Cash Flows

For the six months ended 31 December 2020

	31/12/2020	31/12/2019
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Rates and charges	31,990	30,128
Statutory fees and fines	1,635	2,200
User fees	18,683	19,189
Grants - operating	4,348	3,168
Grants - capital	6,445	1,545
Contributions - monetary	6,576	3,434
Interest received	302	663
Trust funds and deposits taken	5,117	13,444
Employee costs	(26,149)	(28,869)
Materials and services	(12,426)	(19,835)
Trust funds and deposits repaid	(5,086)	(12,679)
<b>Net cash provided by/(used in) operating activities</b>	<b>31,435</b>	<b>12,388</b>
<b>Cash flows from investing activities</b>		
Payments for property, infrastructure, plant and equipment	(74,337)	(21,285)
Proceeds from sales of property, infrastructure, plant and equipment	20,680	556
Payments for investments	(22,971)	(28,212)
Proceeds from sales of investments	17,601	47,066
<b>Net cash provided by/(used in) investing activities</b>	<b>(59,027)</b>	<b>(1,874)</b>
<b>Cash flows from financing activities</b>		
Finance costs	(437)	(459)
Proceeds from borrowings	(1,875)	(691)
Repayment of borrowings	-	-
<b>Net cash provided by/(used in) financing activities</b>	<b>(2,312)</b>	<b>(1,149)</b>
Net increase (decrease) in cash and cash equivalents	(29,904)	9,364
Cash and cash equivalents at the beginning of the period	47,256	16,049
<b>Cash and cash equivalents at the end of the financial period</b>	<b>17,352</b>	<b>25,413</b>

## 4. Statement of Capital Works

For the six months ending 31 December 2020

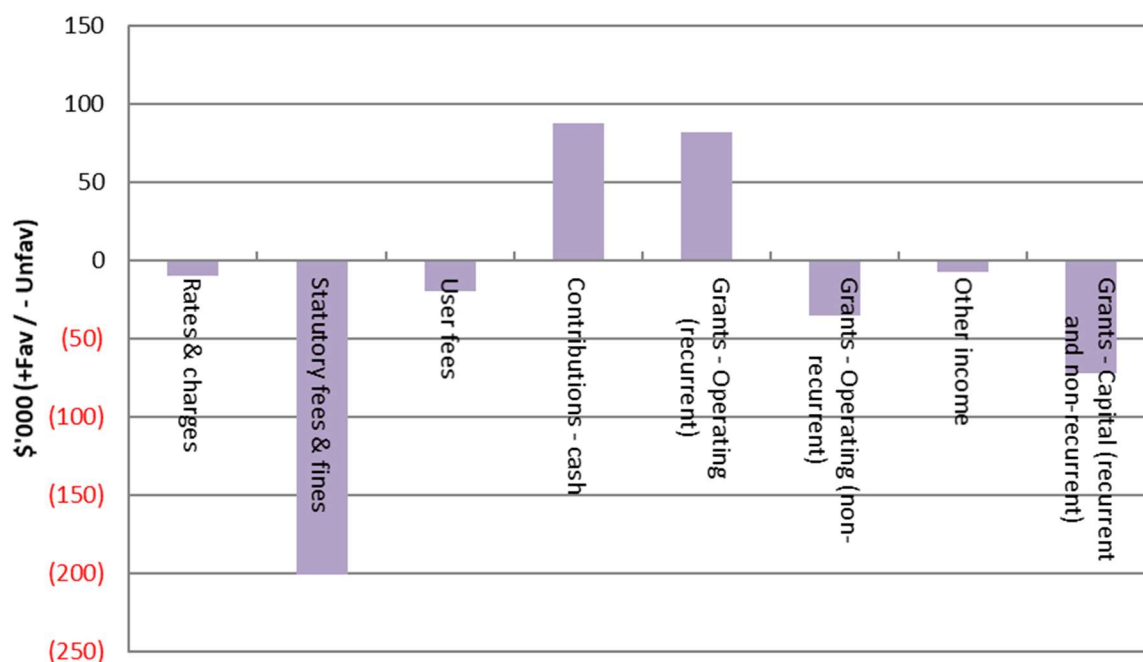
	YTD Forecast Budget \$'000	YTD Actual * \$'000	YTD Bud Var \$'000	Forecast Budget ** \$'000	Amount Carried Forward \$'000	Adopted Budget \$'000
<b>Classification</b>						
Buildings	23,789	25,643	(1,854)	39,079	1,306	36,524
Roads	3,149	3,302	(152)	5,405	575	2,890
Footpaths and cycleways	1,310	1,314	(4)	2,882	(45)	3,051
Carparks	4,927	5,009	(82)	30,655	385	30,000
Drainage	860	963	(103)	3,408	841	2,576
Waste management	20	20	-	57	57	-
Other capital roads and drainage	61	59	1	960	451	603
Recreational leisure and community facilities	1,604	1,831	(226)	3,689	(49)	4,212
Parks and open space	514	507	7	2,055	696	1,395
Commercial centres	20	20	-	325	-	-
Fixtures, fittings and furniture	15	22	(7)	126	61	65
Plant, machinery and equipment	1,186	930	256	2,324	372	1,952
Computers and telecommunications	131	112	19	2,185	1,461	678
Property sales	8,310	8,267	43	8,310	-	0
Building renewal	495	1,285	(791)	(1,066)	(3,599)	1,520
<b>Total capital works</b>	<b>46,389</b>	<b>49,282</b>	<b>(2,893)</b>	<b>100,396</b>	<b>2,512</b>	<b>85,466</b>

\* YTD Actual expenditure includes Carried Forwards

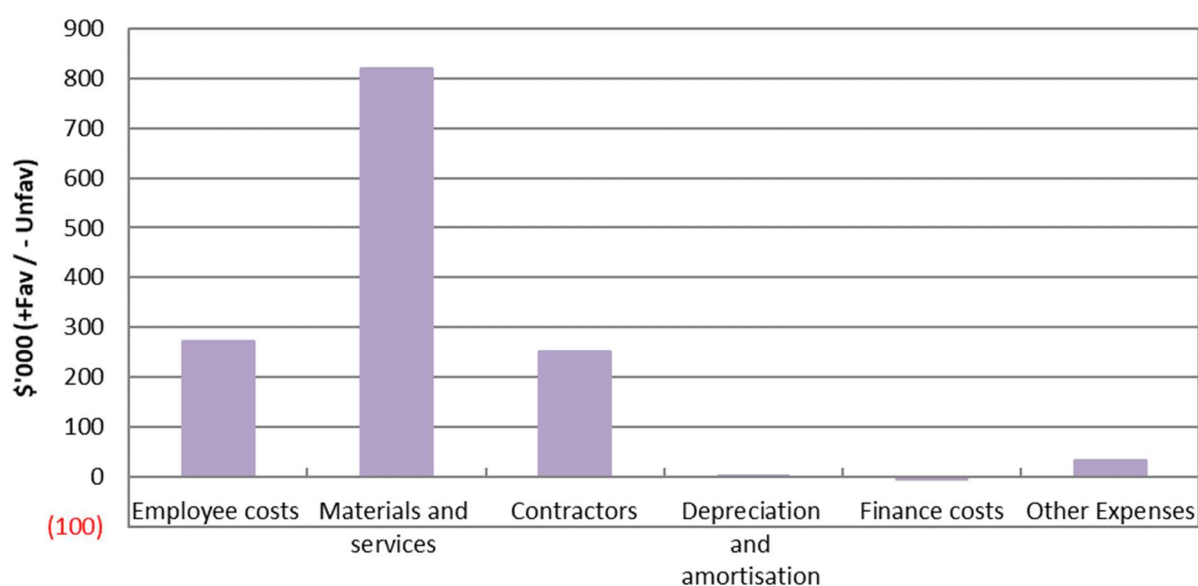
\*\* Forecast Budget expenditure includes Carried Forwards

## 5. Financial and Capital Analysis

### Income – YTD Forecast Budget variances

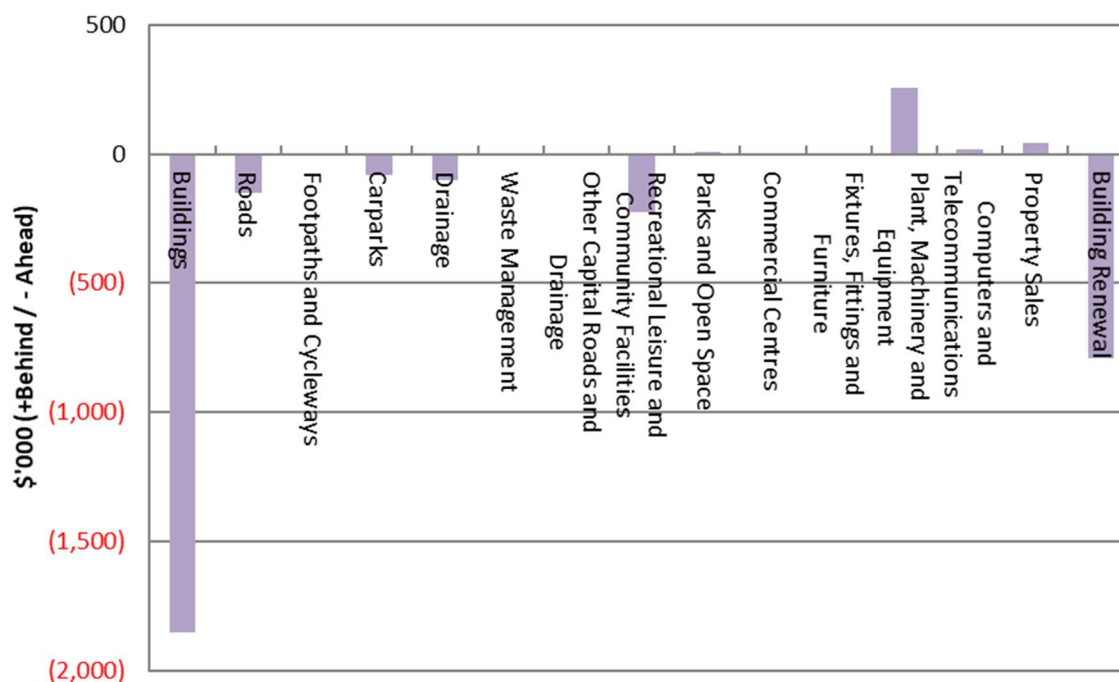


### Expenses – YTD Forecast Budget variances

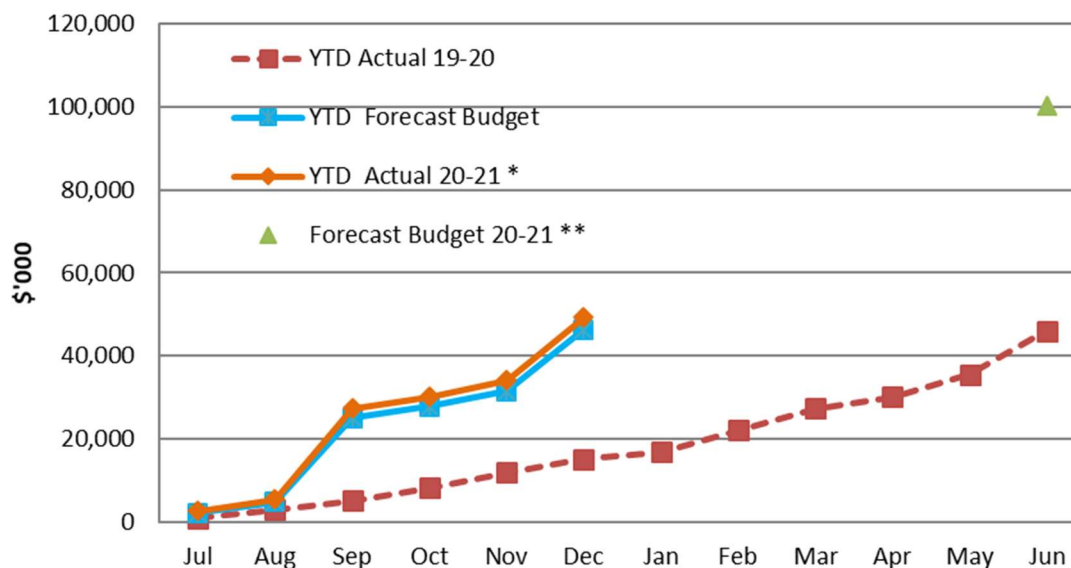




### Capital Works – YTD Forecast Budget variances by asset class



### Capital works YTD expenditure cumulative



\*YTD Actual expenditure includes Carried Forwards

\*\*Forecast Budget expenditure includes Carried Forwards and future years' projects brought forward

These graphs demonstrate that the capital program is on par with overall budget predictions.

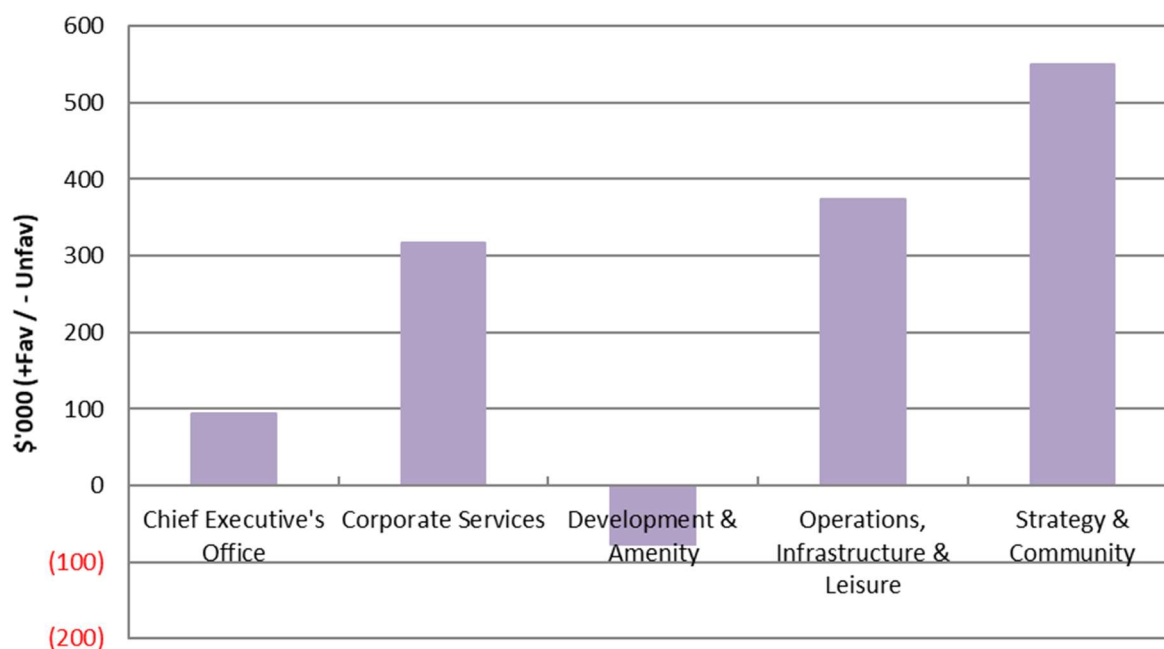
**Financial Report**  
**Six months ended 31 December 2020**

**Directorate Analysis**

	YTD Forecast Net \$'000	YTD Actual Net \$'000	YTD Bud Var Net \$'000	Annual Forecast Net \$'000
<b>Department</b>				
Chief Executive's Office	(1,129)	(1,034)	94	(2,700)
Corporate Services	(17,141)	(16,823)	318	(34,585)
Development & Amenity	2,706	2,629	(77)	887
Operations, Infrastructure & Leisure	(16,179)	(15,805)	374	(28,516)
Strategy & Community	(4,279)	(3,729)	550	(11,102)
	<b>(36,021)</b>	<b>(34,763)</b>	<b>1,258</b>	<b>(76,016)</b>
Capital Grants & Contributions	6,517	6,445	(72)	32,637
Net (Gain)/Loss on disposal of equipment	13,419	12,530	(889)	13,745
Other non-attributable *	83,543	83,549	7	75,536
<b>Net (surplus) deficit</b>	<b>67,458</b>	<b>67,761</b>	<b>303</b>	<b>45,902</b>

\* Other non-attributable includes rate & charges revenue, grants commission, depreciation, and insurance.

**Department net cost YTD Budget variances (depiction of the table above)**

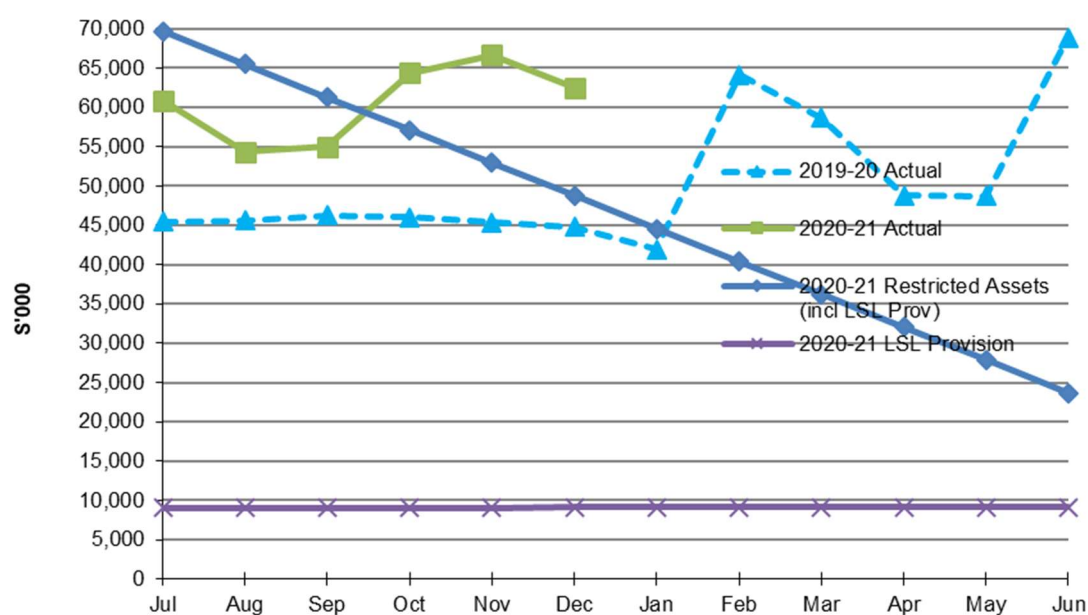


## 6. Financial Position

	2020-21 December Actual \$'000	2019-20 December Actual \$'000	2020-21 Adopted Budget \$'000	2019-2020 June EOFY Actual \$'000
Cash and investments	62,497	44,832	33,100	68,911
Net current assets	56,887	79,992	4,907	35,447
Net assets and total equity	1,862,950	1,911,120	1,911,089	1,801,633

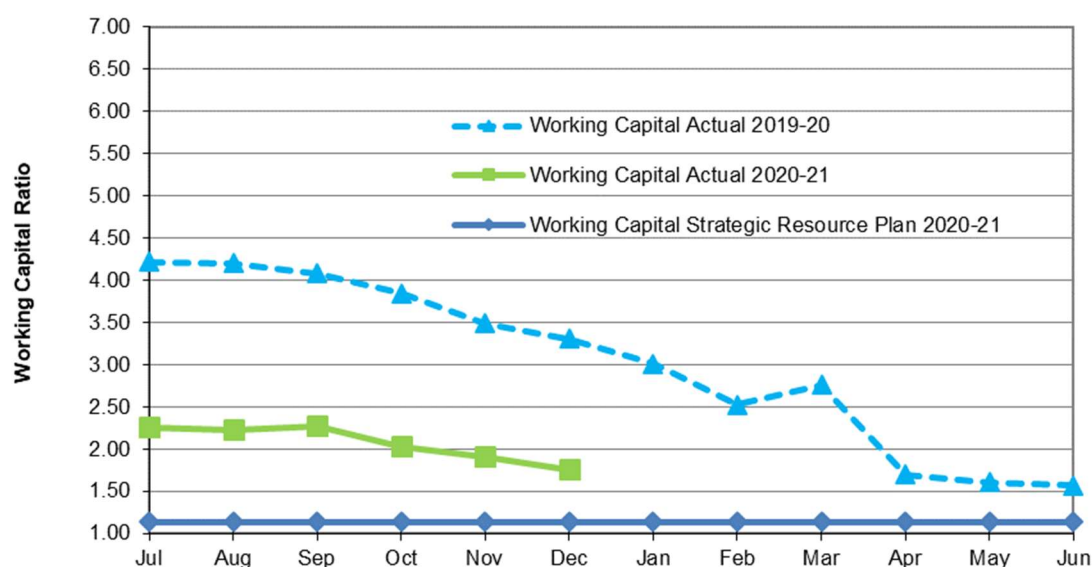
The Financial Position as at 31 December 2020 shows cash and investment balances of \$62.50 million and a net current asset position of \$56.89 million. The net asset position as at 31 December 2020 is \$1.86 billion. Cash and investment balances are above expectations identified in the Long-Term Financial Strategy for the current period of 2020/2021.

### Actual cash & investments balance by month



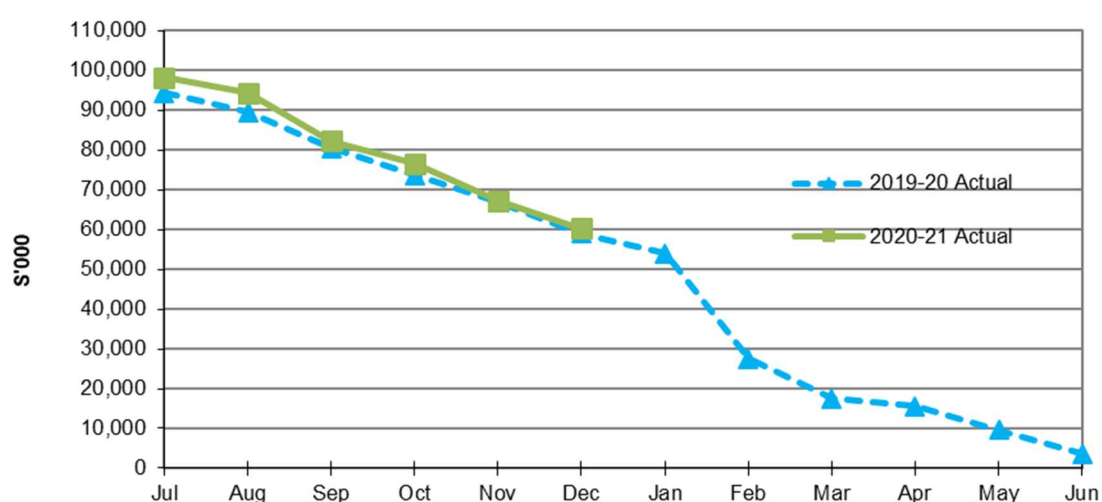
This graph reflects that there are sufficient cash reserves to cover both restricted assets and any fluctuations in cash flow.

### Actual working capital ratio by month (Current Assets / Current Liabilities)



The working capital ratio is a measure of liquidity. It is essential for this figure to be greater than 1.00 at all times, with the VAGO recommended level being in excess of 1.50. Council's working capital ratio clearly meets this recommendation.

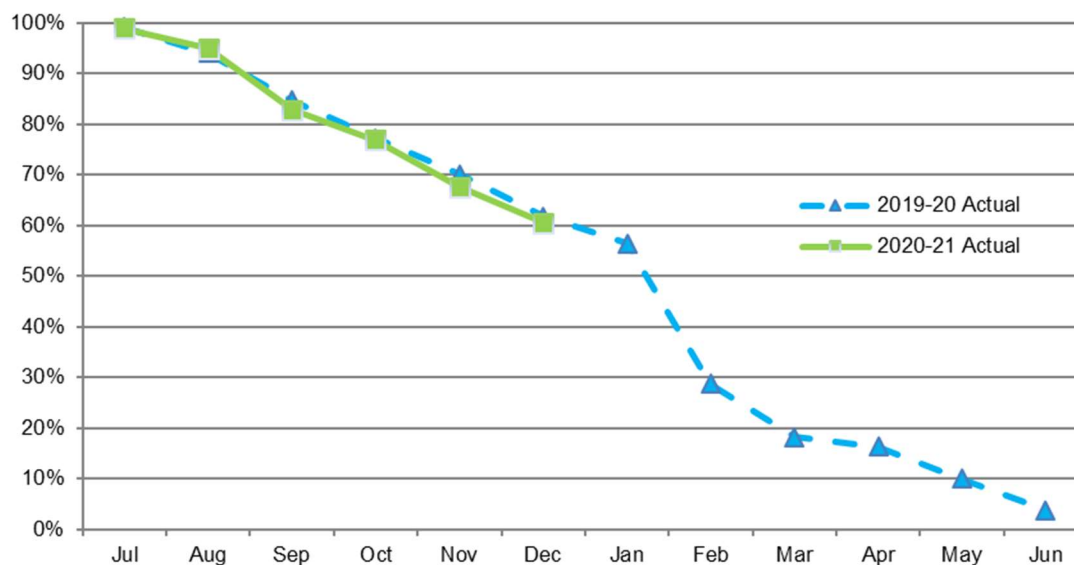
### Actual rates outstanding balances by month



The December result indicates a similar trend of rates outstanding as compared to the same stage last year, taking into account rates being struck in July of this year.

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**Six months ended 31 December 2020**

**Rates debtor collection rate by %**



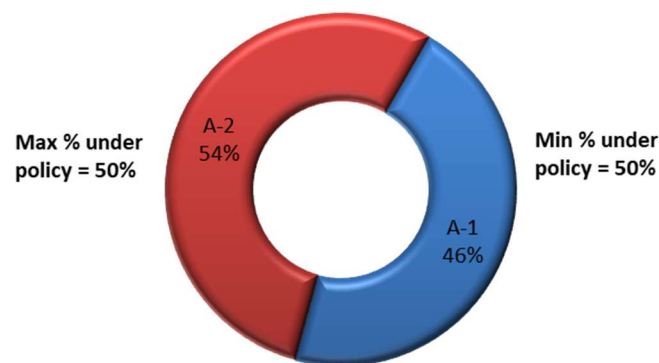
Rate debtor's collection levels during 2020/2021 are in line with expectations, taking into account rates being struck in July of this year.

## 7. Cash and Investments

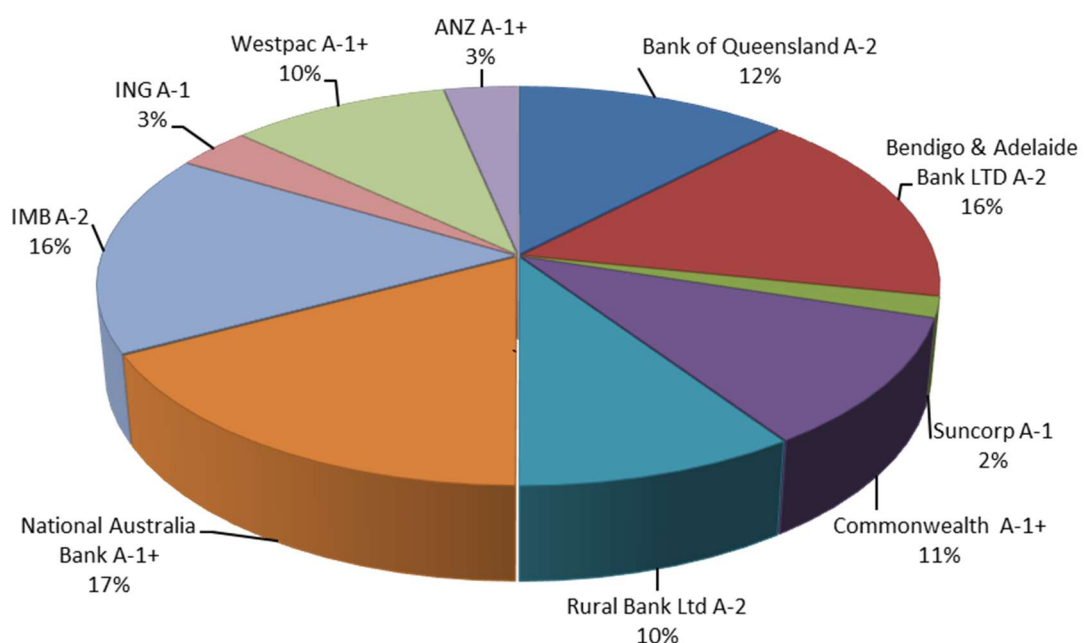
The following graphs indicate the diversification and credit ratings of the investment portfolio at the end of December. The table lists all the investments held as at 31 December 2020. Council's Investment Policy guidelines requests to maintain a portfolio's balance between A-1 and A-2 investments and hold no greater than 15% of the portfolio with one investing partner.

There are lot of uncertainties associated with current COVID-19 pandemic. As a result, investments do not meet the portfolio's balance between A-1 and A-2 investments and 15% of the portfolio requirement with one investing partner.

**Credit Rating**  
as at 31st December 2020



**Investment Distribution**  
as at 31st December 2020



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**Six months ended 31 December 2020**

<b>Investments as at 31/12/2020</b>							
Institution	Credit Rating	Maturity Date	Period Days	Yield %	Type	\$000's	%
National Australia Bank	A-1+			0.40	On-Call	10,492	17.2%
Bank of Queensland	A-2	06-Jan-21	84	0.45	Term Dep	3,000	4.9%
Bendigo & Adelaide Bank LTD	A-2	07-Jan-21	84	0.35	Term Dep	2,504	4.1%
Westpac	AA-	14-Jan-21	92	0.40	Term Dep	4,000	6.5%
Bendigo & Adelaide Bank LTD	A-2	20-Jan-21	98	0.35	Term Dep	3,000	4.9%
Rural Bank Ltd	A-2	21-Jan-21	92	0.55	Term Dep	1,511	2.5%
IMB	A-2	28-Jan-21	106	0.50	Term Dep	3,032	5.0%
Rural Bank Ltd	A-2	03-Feb-21	104	0.55	Term Dep	1,208	2.0%
Commonwealth	A-1+	04-Feb-21	105	0.49	Term Dep	3,005	4.9%
Commonwealth	A-1+	11-Feb-21	106	0.44	Term Dep	1,510	2.5%
ING	A-1	17-Feb-21	111	0.19	Term Dep	1,010	1.7%
Suncorp	A-1	18-Feb-21	105	0.37	Term Dep	500	0.8%
IMB	A-2	25-Feb-21	105	0.40	Term Dep	2,200	3.6%
IMB	A-2	03-Mar-21	104	0.40	Term Dep	800	1.3%
ANZ	A-1+	11-Mar-21	105	0.39	Term Dep	2,013	3.3%
IMB	A-2	17-Mar-21	106	0.40	Term Dep	4,000	6.5%
Westpac	AA-	25-Mar-21	114	0.26	Term Dep	2,000	3.3%
Bank of Queensland	A-2	25-Mar-21	112	0.45	Term Dep	2,500	4.1%
Suncorp	A-1	31-Mar-21	112	0.37	Term Dep	500	0.8%
Bendigo & Adelaide Bank LTD	A-2	01-Apr-21	91	0.00	Term Dep	3,003	4.9%
Commonwealth	A-1+	01-Apr-21	91	0.29	Term Dep	2,006	3.3%
Bank of Queensland	A-2	29-Apr-21	119	0.45	Term Dep	907	1.5%
Rural Bank Ltd	A-2	09-Feb-21	181	0.75	Term Dep	1,054	1.7%
ING	A-1	28-Jun-21	180	0.21	Term Dep	1,012	1.7%
Bendigo & Adelaide Bank LTD	A-2	14-Jul-21	365	0.75	Term Dep	1,317	2.2%
Rural Bank Ltd	A-2	29-Sep-21	365	0.65	Term Dep	2,000	3.3%
Bank of Queensland	A-2	13-Mar-23	1095	1.55	Term Dep	1,057	1.7%
						61,142	100%

Term Dep = Term Deposit NCD = Negotiable Certificate of Deposit

Council's performance against the industry wide benchmark (Bank Bill Swap Reference Rate – Average Bid which summarises the returns on banks bills over the period chosen) is provided below:

Benchmark: 90 days Bank Bill Swap Reference Rate – Average Bid (Source: Australian Financial Markets Association)	0.12%
Maroondah Investment Portfolio as at 31 December 2020	0.43%