



# Monthly Financial Report

## Interim June 2015

*Note: This interim report is prepared at year end pending finalisation of the statutory financial statements due 31 October 2015.*

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## 1. INTRODUCTION AND OVERVIEW

This monthly report is designed to illustrate the financial performance and position of Redland City Council compared to its adopted budget at an organisational level for the period ended 30 June 2015. The annual budget referred to in this report reflects the Revised Budget as adopted by Council on 06 May 2015. Note: all amounts are rounded to the nearest thousand dollars.

The June 2015 Monthly Financial Performance Report is prepared based on interim financial results for the year ended 30 June 2015 (prior to the finalisation of the end of year accounts). Significant movement is expected through the finalisation of accruals, deferrals and other year-end adjustments over the coming weeks. The final results for the year ended 30 June 2015 will be reflected in the audited annual financial statements.

### Key financial highlights and overview

Key Financial Results	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000	YTD Variance \$000	YTD Variance %	Status
Operating Surplus/(Deficit)	8,671	8,671	4,341	(4,330)	-50%	✘
Recurrent Revenue	237,607	237,607	239,073	1,466	1%	✔
Recurrent Expenditure	228,936	228,936	234,732	5,796	3%	⚠
Capital Works Expenditure	63,941	63,941	48,630	(15,311)	-24%	✔
Closing Cash & Investments	74,198	74,198	121,327	47,129	64%	✔

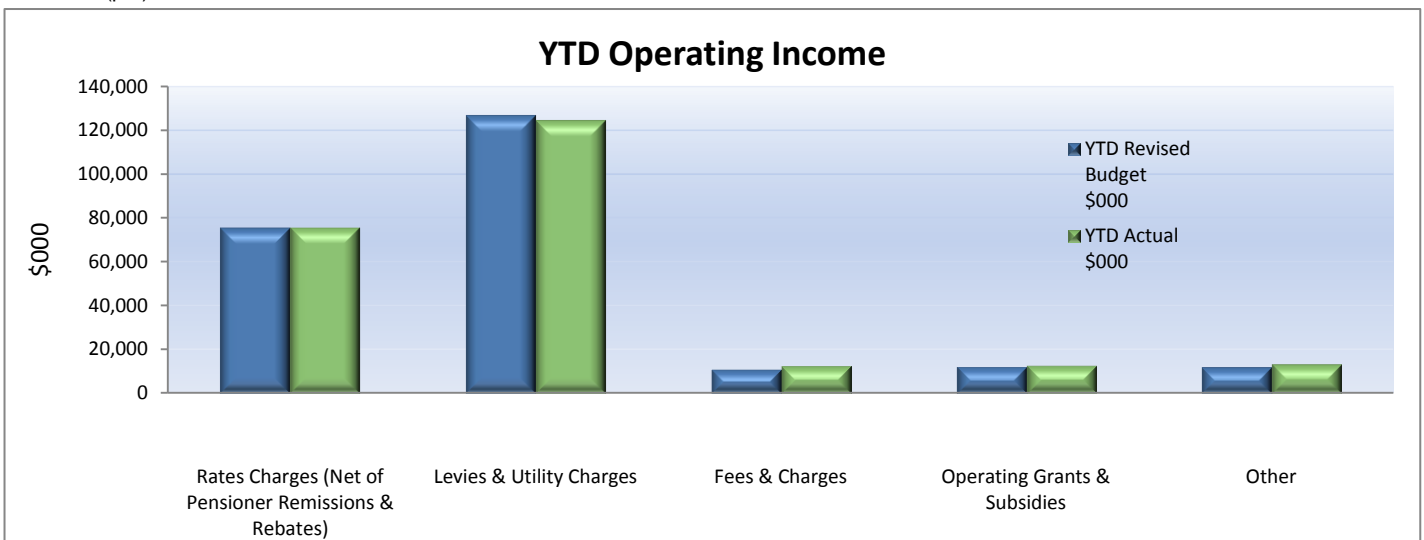
#### Status Legend:

Above budgeted revenue or under budgeted expenditure	✔
Below budgeted revenue or over budgeted expenditure <10%	⚠
Below budgeted revenue or over budgeted expenditure >10%	✘

### Operating results (p.7)

Council achieved an interim year to date operating surplus of \$4.34M compared to a revised budgeted surplus of \$8.67M. This interim unfavourable variance mainly relates to goods and services over budget by \$6.80M and levies and utility charges revenue under budget by \$2.18M. This is partially offset by increased fees and charges revenue and additional revenue from recoverable works.

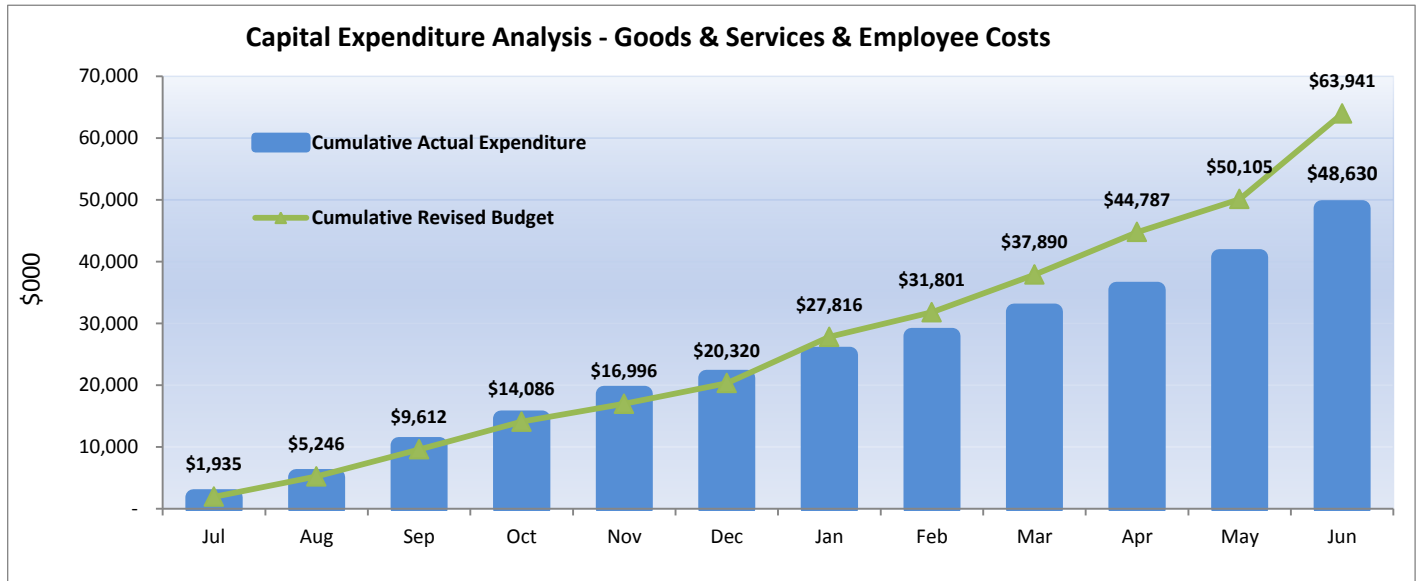
The graph below depicts the actual results compared to the revised budget for each of the five main income categories. Council monitors its reliance on general rates revenue through a key performance indicator to gauge the need to generate income from other sources. Refer to Key Performance Indicators (p.5).



## 1. INTRODUCTION AND OVERVIEW (cont.)

### Capital works

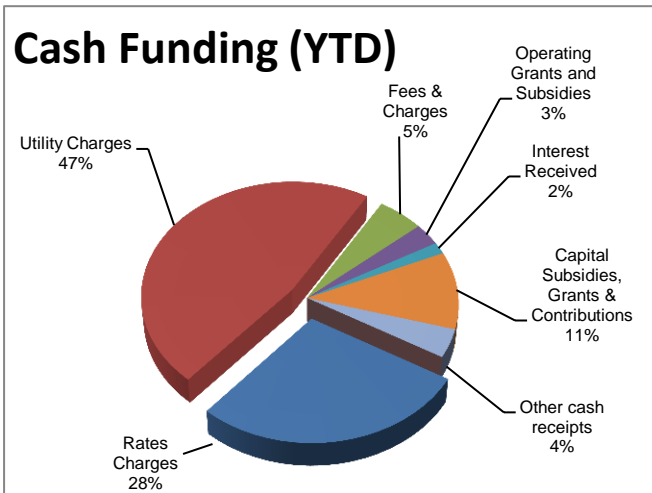
Council's interim capital works expenditure is underspent by \$15.31M with year to date actual expenditure of \$48.63M which is below year to date budget of \$63.94M. Council's capital works is underpinned by the Capital Works Prioritisation Policy.



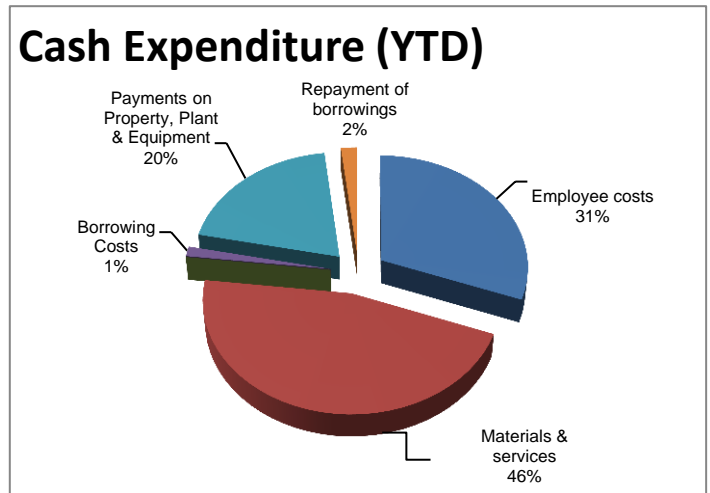
### Financial position and cash flow results

Council's interim Balance Sheet depicts a sustainable result with total current assets of \$157.34M and total current liabilities of \$36.22M (current ratio of 4.34). Note: current and non-current classifications are still to be finalised as part of the year-end processes.

The property, plant and equipment balance is impacted by the capital works as illustrated above. Council's cash balance at the end of June 2015 exceeded the year to date budgeted cash balance (refer p.3). This result is attributable mainly to higher than anticipated cash collection from utility charges, lower than expected payments to employees, lower than expected payment for property, plant and equipment and higher than expected capital contributions received during the year to date. Of the \$121.33M cash balance at the end of the period, \$76.81M is held as constrained cash reserves. On 10 December 2014 Council resolved to close four reserves and utilise a further three reserves on or before 30 June 2015 (refer p.13). \$118.91M of the total cash balance was invested with Queensland Treasury Corporation (QTC) at the end of the period. The two graphs below depict the various range of sources of Council's cash funding, as well as the allocation of funding to services and activities needed to support the Redlands community, capital programs and other activities at Council.



Total Cash Funding (Actual YTD)	269,606
Total Cash Funding (Annual Revised Budget)	239,491
% of Budget Achieved YTD	113%



Total Cash Expenditure (Actual YTD)	244,514
Total Cash Expenditure (Annual Revised Budget)	261,528
% of Budget Achieved YTD	93%

## 2. KEY PERFORMANCE INDICATORS

Financial Stability Ratios	Target	Annual Revised Budget 2014/2015	June 2015	Status
Level of Dependence on General Rate Revenue (%)	Target less than 37.5%	31.78%	31.67%	✓
Ability to Pay Our Bills - Current Ratio	Target between 1.1 and 4.1	3.26	4.34	✓
Ability to Repay Our Debt - Debt Servicing Ratio (%)	Target less than or equal to 10%	3.35%	3.33%	✓
Cash Balance \$M	Target greater than or equal to \$40M	\$74.198M	\$121.327M	✓
Cash Balances - Cash Capacity in Months	Target 3 to 4 months	4.61	7.61	✓
Longer Term Financial Stability - Debt to Asset Ratio (%)	Target less than or equal to 10%	2.45%	2.42%	✓
Operating Performance (%)	Target greater than or equal to 20%	12.17%	19.81%	✗

Financial Sustainability Ratios	Target	Annual Revised Budget 2014/2015	June 2015	Status
Operating Surplus Ratio (%)	Target between 0% and 10% (on average over the long-term)	3.65%	1.82%	✓
Net Financial Liabilities (%)	Target less than 60% (on average over the long-term)	-11.43%	-20.74%	✓
Interest Cover Ratio (%)	Target between 0% and 5%	-0.27%	-0.40%	✓
Asset Sustainability Ratio (%)	Target greater than 90% (on average over the long-term)	38.48%	33.67%	✗
Asset Consumption Ratio (%)	Target between 40% and 80%	66.90%	67.47%	✓

### Status Legend

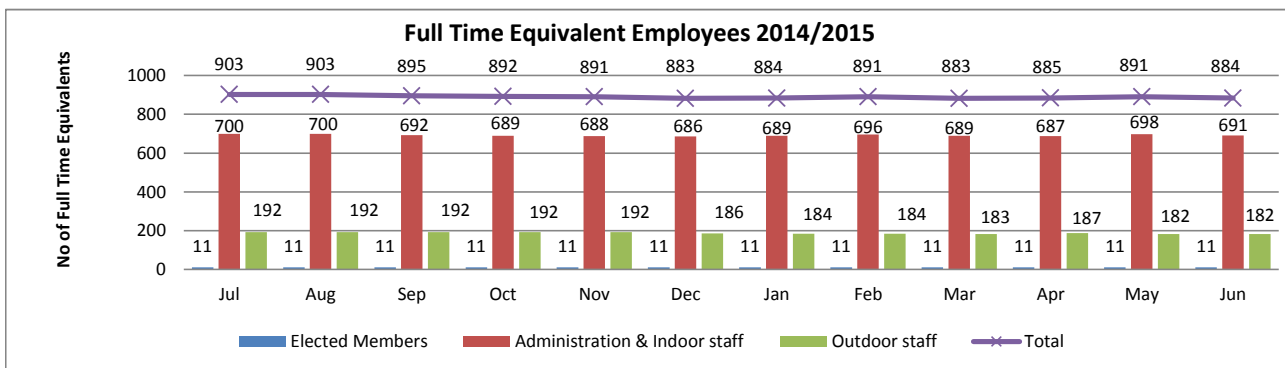
KPI target achieved or exceeded



KPI target not achieved



## 3. KEY NON-FINANCIAL INFORMATION



Workforce reporting - June 2015: Headcount	Employee Type						
	Casual	Contract of Service	Perm Full	Perm Part	Temp Full	Temp Part	Grand Total
Office of CEO	15	4	81	9	7	5	121
Organisational Services	5	5	100	8	8	5	131
Community and Customer Service	33	5	249	48	27	7	369
Infrastructure and Operations	14	6	302	12	18	1	353
<b>Total</b>	<b>67</b>	<b>20</b>	<b>732</b>	<b>77</b>	<b>60</b>	<b>18</b>	<b>974</b>

Note: Full Time Equivalent Employees includes all full time employees at a value of 1 and all other employees, at a value less than 1. The table above demonstrates the headcount by department (excluding agency staff) and does not include a workload weighting. It includes casual staff in their non-substantive roles as at the end of the period where relevant.





## 4. STATEMENT OF COMPREHENSIVE INCOME

### INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ending 30 June 2015

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000	YTD Variance \$000
<b>Recurrent Revenue</b>					
Rates Charges	81,366	81,366	81,366	81,515	149
Levies & Utility Charges	124,757	126,689	126,689	124,509	(2,180)
Less: Pensioner Remissions & Rebates	(2,743)	(5,842)	(5,842)	(5,804)	38
Fees & Charges	10,629	11,108	11,108	12,707	1,599
Operating Grants & Subsidies	3,983	12,248	12,248	12,740	492
Operating Contributions & Donations	260	547	547	443	(104)
Interest External	3,872	4,012	4,012	4,386	374
Other Revenue	4,021	7,479	7,479	8,577	1,098
<b>Total Recurrent Revenue</b>	<b>226,144</b>	<b>237,607</b>	<b>237,607</b>	<b>239,073</b>	<b>1,466</b>
<b>Capital revenue</b>					
Grants, Subsidies & Contributions	15,050	18,586	18,586	29,225	10,639
Non-Cash Contributions	3,146	3,226	3,226	17,720	14,494
<b>Total Capital Revenue</b>	<b>18,196</b>	<b>21,812</b>	<b>21,812</b>	<b>46,945</b>	<b>25,133</b>
<b>TOTAL REVENUE</b>	<b>244,340</b>	<b>259,419</b>	<b>259,419</b>	<b>286,018</b>	<b>26,599</b>
<b>Recurrent Expenses</b>					
Employee Costs	76,094	76,925	76,925	76,111	(814)
Goods & Services	106,425	99,174	99,174	105,753	6,579
Finance Costs	3,643	4,003	4,003	3,815	(188)
Depreciation & Amortisation	51,209	48,834	48,834	49,053	219
<b>Total Recurrent Expenses</b>	<b>237,370</b>	<b>228,936</b>	<b>228,936</b>	<b>234,732</b>	<b>5,796</b>
<b>Capital Expenses</b>					
(Gain)/Loss on Disposal of Non-Current Assets	(3,192)	(842)	(842)	1,755	2,597
<b>Total Capital Expenses</b>	<b>(3,192)</b>	<b>(842)</b>	<b>(842)</b>	<b>1,755</b>	<b>2,597</b>
<b>TOTAL EXPENSES</b>	<b>234,178</b>	<b>228,094</b>	<b>228,094</b>	<b>236,487</b>	<b>8,393</b>
<b>NET RESULT</b>	<b>10,161</b>	<b>31,325</b>	<b>31,325</b>	<b>49,531</b>	<b>18,206</b>
<b>Other Comprehensive Income</b>					
Increase/(Decrease) in Asset Revaluation Surplus	-	-	-	107	107
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>10,161</b>	<b>31,325</b>	<b>31,325</b>	<b>49,638</b>	<b>18,313</b>

Other Comprehensive Income will change as a result of asset revaluations. The audited financial statements for the year ended 30 June 2015 will reflect the final revalued position and impact. Also, the Statement of Other Comprehensive Income will adjust over coming weeks as the accounts are being finalised and the final results will be reflected in the audited financial statements for the year ended 30 June 2015. The financial statements will be presented as part of the 2014/15 Annual Report.



## 5. OPERATING STATEMENT

### INTERIM OPERATING STATEMENT For the period ending 30 June 2015

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
<b>Revenue</b>					
Rates Charges	81,366	81,366	81,366	81,515	149
Levies & Utility Charges	124,757	126,689	126,689	124,509	(2,180)
<i>Less: Pensioner Remissions &amp; Rebates</i>	(2,743)	(5,842)	(5,842)	(5,804)	38
Fees & Charges	10,629	11,108	11,108	12,707	1,599
Operating Grants & Subsidies	3,983	12,248	12,248	12,740	492
Operating Contributions & Donations	260	547	547	443	(104)
Interest External	3,872	4,012	4,012	4,386	374
Other Revenue	4,021	7,479	7,479	8,577	1,098
<b>Total Revenue</b>	<b>226,144</b>	<b>237,607</b>	<b>237,607</b>	<b>239,073</b>	<b>1,466</b>
<b>Expenses</b>					
Employee Costs	76,094	76,925	76,925	76,111	(814)
Goods & Services	107,098	99,847	99,847	106,651	6,804
Finance Costs Other	281	623	623	391	(232)
Other Expenditure	315	315	315	266	(49)
Net Internal Costs	(988)	(988)	(988)	(1,164)	(176)
<b>Total Expenses</b>	<b>182,799</b>	<b>176,722</b>	<b>176,722</b>	<b>182,255</b>	<b>5,533</b>
<b>Earnings Before Interest, Tax &amp; Depreciation (EBITD)</b>	<b>43,345</b>	<b>60,885</b>	<b>60,885</b>	<b>56,818</b>	<b>(4,067)</b>
Interest Expense	3,362	3,380	3,380	3,424	44
Depreciation	51,209	48,834	48,834	49,053	219
<b>Operating Surplus/(Deficit)</b>	<b>(11,226)</b>	<b>8,671</b>	<b>8,671</b>	<b>4,341</b>	<b>(4,330)</b>

### Interim Utility Charges Breakup For the period ending 30 June 2015

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
<b>Utility Charges</b>					
Refuse Charges	18,797	18,934	18,934	19,022	88
Special Charges	3,795	3,795	3,795	3,800	5
Environment Levy	5,637	5,637	5,636	5,694	58
Landfill Remediation Charge	4,102	4,102	4,102	4,154	52
Wastewater Charges	38,161	39,547	39,547	40,387	840
Water Access Charges	17,592	17,592	17,592	17,289	(303)
Water Consumption Charges	36,673	37,083	37,083	34,163	(2,920)
<b>Total Utility Charges</b>	<b>124,757</b>	<b>126,689</b>	<b>126,689</b>	<b>124,509</b>	<b>(2,180)</b>

The Operating Statement will adjust over the coming weeks as the accounts are being finalised and the final results will be reflected in the audited financial statements for the year ended 30 June 2015. The financial statements will be presented as part of the 2014/15 Annual Report.



## 5. OPERATING STATEMENT (cont.)

### INTERIM REDLAND WATER SUMMARY OPERATING STATEMENT For the period ending 30 June 2015

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Total Revenue	94,706	96,482	96,482	94,690	(1,792)
Total Expenses	49,157	48,816	48,816	49,807	991
Earnings Before Interest, Tax & Depreciation (EBITD)	45,550	47,666	47,666	44,883	(2,783)
Depreciation	16,987	16,585	16,585	16,630	45
<b>Operating Surplus/(Deficit)</b>	<b>28,562</b>	<b>31,080</b>	<b>31,081</b>	<b>28,253</b>	<b>(2,828)</b>

### INTERIM REDWASTE OPERATING STATEMENT For the period ending 30 June 2015

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Total Revenue	19,967	20,350	20,350	20,650	300
Total Expenses	16,200	14,871	14,871	15,317	446
Earnings Before Interest, Tax & Depreciation (EBITD)	3,767	5,479	5,479	5,333	(146)
Interest Expense External	42	42	42	40	(2)
Depreciation	556	541	541	512	(29)
<b>Operating Surplus/(Deficit)</b>	<b>3,169</b>	<b>4,896</b>	<b>4,896</b>	<b>4,781</b>	<b>(115)</b>





## 6. STATEMENT OF FINANCIAL POSITION

### INTERIM STATEMENT OF FINANCIAL POSITION As at 30 June 2015

	Annual	Annual	YTD
	Original Budget \$000	Revised Budget \$000	Actual Balance \$000
<b>CURRENT ASSETS</b>			
Cash & Investments	49,157	74,197	121,327
Accounts Receivable	34,311	39,606	25,226
Inventories	943	845	779
Prepaid Expenses	1,320	1,155	751
Non-Current Assets - Held for Sale	467	9,257	9,257
<b>Total Current Assets</b>	<b>86,199</b>	<b>125,059</b>	<b>157,340</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	2,021,416	2,091,722	2,087,603
Financial Assets	-	1,233	1,233
<b>Total Non-Current Assets</b>	<b>2,021,416</b>	<b>2,092,955</b>	<b>2,088,836</b>
<b>TOTAL ASSETS</b>	<b>2,107,615</b>	<b>2,218,014</b>	<b>2,246,176</b>
<b>CURRENT LIABILITIES</b>			
Accounts Payable	17,301	19,033	13,564
Current Employee Provisions	2,468	9,493	12,521
Current Loans	5,247	5,498	4,375
Current Landfill Rehabilitation Provisions	1,144	3,084	3,686
Other Liabilities	3,201	1,283	2,076
<b>Total Current Liabilities</b>	<b>29,361</b>	<b>38,390</b>	<b>36,222</b>
<b>NON-CURRENT LIABILITIES</b>			
Non-Current Loans	49,149	48,897	50,079
Non-Current Employee Provisions	10,998	2,013	3,399
Non-Current Landfill Rehabilitation Provisions	28,189	8,130	17,578
Non-Current Trade & Other Payables	693	478	478
<b>Total Non-Current Liabilities</b>	<b>89,029</b>	<b>59,517</b>	<b>71,534</b>
<b>TOTAL LIABILITIES</b>	<b>118,390</b>	<b>97,908</b>	<b>107,756</b>
<b>NET ASSETS</b>	<b>1,989,225</b>	<b>2,120,106</b>	<b>2,138,420</b>
<b>COMMUNITY EQUITY</b>			
Retained Earnings	1,943,302	2,054,359	2,061,606
Cash Constrained Reserves	45,923	65,747	76,814
<b>TOTAL COMMUNITY EQUITY</b>	<b>1,989,225</b>	<b>2,120,106</b>	<b>2,138,420</b>

The Statement of Financial Position will adjust over the coming weeks as the accounts are being finalised and the final results will be reflected in the audited financial statements for the year ended 30 June 2015. The financial statements will be presented as part of the 2014/15 Annual Report.

Whilst preparing the interim financial statements as at 30 June 2015, prior year errors have been identified which were corrected and reflected in the opening balances for the 2014/15 financial year. These corrections impacted the Annual Revised Budgeted numbers. The balances shown includes the revised opening balances plus budgeted movements for the current period.



## 7. CAPITAL FUNDING STATEMENT

### INTERIM CAPITAL FUNDING STATEMENT For the period ending 30 June 2015

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
<b>Sources of Capital Funding</b>					
Capital Contributions & Donations	6,188	12,756	12,756	24,854	12,098
Capital Grants & Subsidies	8,862	5,830	5,830	4,371	(1,459)
Proceeds on Disposal of Non-current Assets	4,049	1,154	1,154	1,749	595
Capital Transfers (To)/From Reserves	4,602	5,703	5,703	(8,524)	(14,227)
Non-Cash Contributions	3,146	3,226	3,226	17,720	14,494
New Loans	-	-	-	-	-
Funding from General Revenue	42,787	43,088	43,087	30,709	(12,378)
<b>Total Sources of Capital Funding</b>	<b>69,633</b>	<b>71,756</b>	<b>71,756</b>	<b>70,879</b>	<b>(877)</b>
<b>Applications of Capital Funds</b>					
Contributed Assets	3,146	3,226	3,226	17,720	14,494
Capitalised Goods & Services	56,263	58,646	58,646	43,743	(14,903)
Capitalised Employee Costs	5,636	5,295	5,295	4,887	(408)
Loan Redemption	4,589	4,589	4,589	4,529	(60)
<b>Total Applications of Capital Funds</b>	<b>69,633</b>	<b>71,756</b>	<b>71,756</b>	<b>70,879</b>	<b>(877)</b>
<b>Other Budgeted Items</b>					
WDV of Assets Disposed	(857)	(311)	(311)	(3,505)	(3,194)
Transfers to Constrained Operating Reserves	(13,124)	(18,065)	(18,065)	(13,303)	4,762
Transfer from Constrained Operating Reserves	12,180	19,296	19,296	17,693	(1,603)

The Capital Funding Statement will adjust over the coming weeks as the accounts are being finalised and the final results will be reflected in the audited financial statements for the year ended 30 June 2015. The financial statements will be presented as part of the 2014/15 Annual Report.



## 8. STATEMENT OF CASH FLOWS

### INTERIM STATEMENT OF CASH FLOWS For the period ending 30 June 2015

	Annual	Annual	YTD
	Original Budget \$000	Revised Budget \$000	Actual \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Rates Charges (net)	78,623	75,523	75,708
Utility Charges	111,427	113,359	127,255
Fees & Charges	10,879	11,358	14,046
Operating Grants & Subsidies	3,983	7,472	8,217
Cash Contributions	260	547	443
Other Revenue	4,021	7,479	8,577
<b>Receipts from Customers</b>	<b>209,192</b>	<b>215,739</b>	<b>234,246</b>
Employee costs	(79,473)	(80,305)	(75,023)
Materials & services	(109,237)	(108,376)	(112,229)
Other expenses	(596)	(938)	(679)
<b>Payments to Suppliers &amp; Employees</b>	<b>(189,306)</b>	<b>(189,618)</b>	<b>(187,931)</b>
Interest Received	3,872	4,012	4,386
Borrowing Costs	(3,362)	(3,380)	(3,424)
<b>Net Cash Inflow / (Outflow) from Operating Activities</b>	<b>20,396</b>	<b>26,753</b>	<b>47,277</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments - Property, Plant & Equipment	(61,899)	(63,942)	(48,630)
Proceeds - Capital Subsidies, Grants & Contributions	15,050	18,586	29,225
Proceeds - Sale of Property, Plant & Equipment	4,049	1,154	1,749
<b>Net Cash Inflow / (Outflow) from Investing Activities</b>	<b>(42,800)</b>	<b>(44,202)</b>	<b>(17,656)</b>
Proceeds of Borrowings	-	-	-
Repayment of borrowings	(4,589)	(4,589)	(4,529)
<b>Net Cash Inflow / (Outflow) from Financing Activities</b>	<b>(4,589)</b>	<b>(4,589)</b>	<b>(4,529)</b>
<b>Net Increase / (Decrease) in Cash Held</b>	<b>(26,993)</b>	<b>(22,037)</b>	<b>25,092</b>
Cash at Beginning of Year	76,150	96,235	96,235
<b>Cash at End of Financial Period</b>	<b>49,157</b>	<b>74,198</b>	<b>121,327</b>

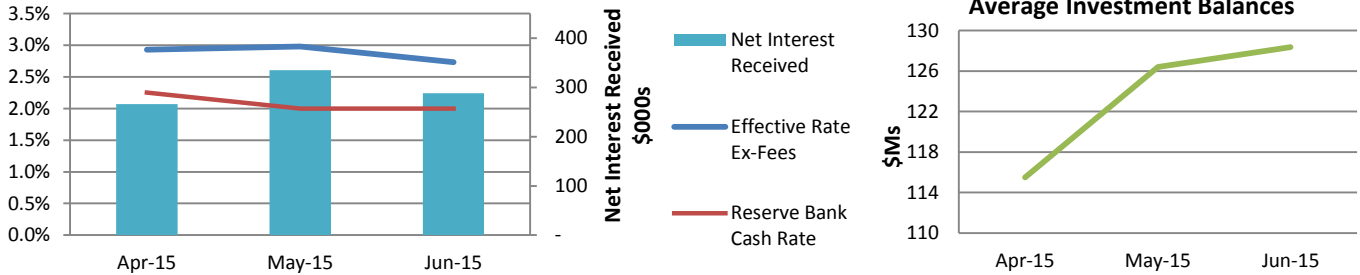
The Statement of Cash Flows will adjust over the coming weeks as the accounts are being finalised and the final results will be reflected in the audited financial statements for the year ended 30 June 2015. The financial statements will be presented as part of the 2014/15 Annual Report. Of note, cash at the end June 2015 will not change, movements will be due to classification within the accounts.



## 9. INVESTMENT & BORROWINGS REPORT

For the Period Ending 30 June 2015

### INVESTMENT RETURNS



**Total Investment at End of Month was \$118.91M**

#### Current Position

All Council investments are currently held in the Capital Guaranteed Cash Fund which is operated by the Queensland Treasury Corporation (QTC).

The movement in interest earned is indicative of both the interest rate and the surplus cash balances held, the latter of which is affected by business cash flow requirements on a daily basis. The average investment balances are reflective of the rating cycle (shows higher balances in the months that rates are due being August, November, February and May).

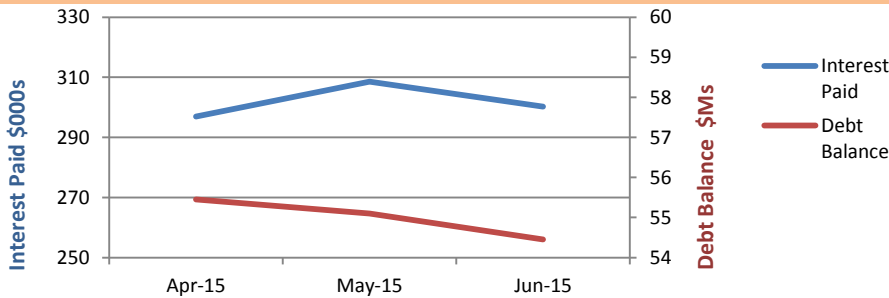
Note: the Reserve Bank reduced the cash rate down to 2% in its May sitting and has maintained this position in July.

#### Future Strategy

The Tax and Treasury Team's recommendation that Council diversify its investments outside of QTC to maximise returns has received approval from management. The Team has now completed procurement procedures to achieve this outcome. Council adopted its revised Investment Policy in April 2015 for the 2015-16 financial year. In the meantime the Team ensures Council maximises its interest on a *daily* basis by depositing surplus funds at QTC for a higher rate than is achieved from the bank transaction account.

Council adopted its revised Investment Policy in April 2014 for the 2014-15 financial year

### BORROWING COSTS

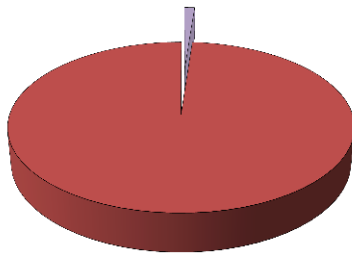


#### Current Position

Debt is split into 6, 9 and 12 year pools with repayment made *annually* in advance for 2014-15.

The movement in interest expense is reflective of the capitalisation of the interest each month.

**Total Borrowings at End of Month was \$54.45M**



- RedWaste 1.18%
- General Pool allocated to capital works 98.82%

#### Future Strategy

Debt will be paid annually in advance in 2015-16 financial year provided that there is no market value realisation adjustments under the accounting standards in order to minimise interest expenses. Further analysis will also be undertaken as to the potential to allocate the debt across Council business in order to appreciate the true cost of capital projects undertaken. Council adopted a revised Debt Policy in June 2015 at the Special Budget Meeting for the 2015-16 financial year.

Council adopted its revised Debt Policy in June 2014 for the 2014-15 financial year

## 10. CONSTRAINED CASH RESERVES

Reserves as at 30 June 2015 - Interim Position	Opening Balance	To Reserve	From Reserve	Closing Balance
	\$000	\$000	\$000	\$000
<b>Special Projects Reserve:</b>				
Weinam Creek Reserve	2,782	554	(844)	2,492
Redland Work Cover Reserve	4,965	91	(5,056)	0
Red Art Gallery Commissions & Donations Res	17	-	(15)	2
SMBI Capital Reserve	3,894	1,158	(5,052)	0
	<b>11,658</b>	<b>1,803</b>	<b>(10,967)</b>	<b>2,494</b>
<b>Utilities Reserve:</b>				
RedWaste Reserve	3,118	996	(4,114)	0
Redland Water Reserve	8,300	-	-	8,300
Redland WasteWater Reserve	1,600	-	-	1,600
	<b>13,018</b>	<b>996</b>	<b>(4,114)</b>	<b>9,900</b>
<b>Constrained Works Reserve:</b>				
Tree Planting Reserve *	70	33	(80)	23
Parks Reserve	2,408	3,640	(42)	6,006
SP1 Wellington Pt Rd Infra Reserve *	463	-	(463)	0
Redland Bay Sth Rd Infra Reserve *	647	-	(647)	0
East Thornlands Road Infra Reserve	674	-	0	674
Contributions to Car Parking Reserve	340	-	(340)	0
Community Facility Infrastructure Reserve	441	528	0	969
Retail Water Renewal & Purchase Reserve	5,505	2,804	(831)	7,478
Sewerage Renewal & Purchase Reserve	7,384	5,656	(3,540)	9,500
Constrained Works Res-Cap Grants & Contribs	4,389	-	(3,479)	910
Transport Trunk Infrastructure Reserve	5,846	7,719	0	13,565
Cycling Trunk Infrastructure Reserve	706	2,393	0	3,099
Stormwater Infrastructure Reserve	1,938	1,784	0	3,722
Constrained Works Res-Opr Grants & Contribs	919	40	(300)	659
	<b>31,730</b>	<b>24,597</b>	<b>(9,722)</b>	<b>46,605</b>
<b>Separate Charge Reserve - Environment:</b>				
Environment Charge Acquisition Reserve	6,936	-	(58)	6,878
Environment Charge Maintenance Reserve	1,505	5,695	(5,444)	1,756
	<b>8,441</b>	<b>5,695</b>	<b>(5,502)</b>	<b>8,634</b>
<b>Special Charge Reserve - Other:</b>				
Bay Island Rural Fire Levy Reserve	-	165	(161)	4
SMBI Translink Reserve	3	947	(949)	1
	<b>3</b>	<b>1,112</b>	<b>(1,110)</b>	<b>5</b>
<b>Special Charge Reserve - Canals:</b>				
Raby Bay Canal Reserve	5,187	2,698	(2,079)	5,806
Aquatic Paradise Canal Reserve	2,163	899	(180)	2,882
Sovereign Waters Lake Reserve	480	59	(51)	488
	<b>7,830</b>	<b>3,656</b>	<b>(2,310)</b>	<b>9,176</b>
<b>TOTALS</b>	<b>72,680</b>	<b>37,859</b>	<b>(33,725)</b>	<b>76,814</b>

\* On 10 December 2014 Council resolved to utilise these reserves in the 2014-15 financial year. The reserves will be retained for possible future use. The year-end finalisation process will determine the final closing balance for the Tree Planting Reserve.



## 11. OVERDUE RATES DEBTORS

### Comparison June 2014 to June 2015

The June 2015 overdue percentage shows a marginal decrease of 0.2% on the June 2014 position.

#### Payments

The number of payments received in June in comparison to the preceding 12 month period was 22% higher, while the value of payments showed an increase of 26%.

Month/Year	AustPost		Bpay		IVR		Direct Debit		Receipt		Internet		Total	
	Count of Transactions	Sum of Amount	Count of Transactions	Sum of Amount	Count of Transactions	Sum of Amount	Count of Transactions	Sum of Amount	Count of Transactions	Sum of Amount	Count of Transactions	Sum of Amount	Count of Transactions	Sum of Amount
Jun-14	610	-\$155,835	9,540	-\$1,863,459	371	-\$250,551	2,225	-\$187,661	772	-\$634,522	339	-\$197,445	13,857	-\$3,289,473
Jun-15	661	-\$195,260	11,507	-\$2,389,104	547	-\$390,452	2,833	-\$243,372	761	-\$619,207	532	-\$299,966	16,841	-\$4,137,362
Variance	51	-\$39,425	1,967	-\$525,645	176	-\$139,901	608	-\$55,711	-11	15,315	193	-\$102,521	2,984	-\$847,889
% Variance	8%	25%	21%	28%	47%	56%	27%	30%	-1%	-2%	57%	52%	22%	26%

### Overall May 2015 to June 2015

The Collections team turned in a fantastic result in June to reduce the overdue percentage from 4.4 per cent at the end of May to 2.9 per cent as at the end of June. Putting this result into perspective they collected a million dollars more than the average collected in the month of June for the last 5 years and it is the first time since 2010 that the overdue percentage has dropped below 3 per cent. The June month end result has put RCC in a better position for 2015-2016.

### Comparison June 2014 to June 2015

Total							Mainland						
Days Overdue	Jun-14	% Overdue	Jun-15	% Overdue	\$ Variance	% Variance	Days Overdue	Jun-14	% Overdue	Jun-15	% Overdue	\$ Variance	% Variance
<90	\$3,073,953	1.4%	\$2,663,164	1.2%	-\$410,789	-0.3%	<90	\$2,248,565	1.0%	\$1,931,906	0.8%	-\$316,659	-0.2%
90 - 180 days	\$1,259,396	0.6%	\$1,203,853	0.5%	-\$55,543	-0.1%	90 - 180 days	\$844,699	0.4%	\$782,775	0.3%	-\$61,924	-0.1%
>180 days	\$2,417,633	1.1%	\$2,827,866	1.2%	\$410,233	0.1%	>180 days	\$1,070,009	0.5%	\$1,437,790	0.6%	\$367,781	0.1%
<b>Total</b>	<b>\$6,750,982</b>	<b>3.1%</b>	<b>\$6,694,883</b>	<b>2.9%</b>	<b>-\$56,099</b>	<b>-0.2%</b>	<b>Total</b>	<b>\$4,163,273</b>	<b>1.9%</b>	<b>\$4,152,471</b>	<b>1.8%</b>	<b>-\$10,802</b>	<b>-0.1%</b>

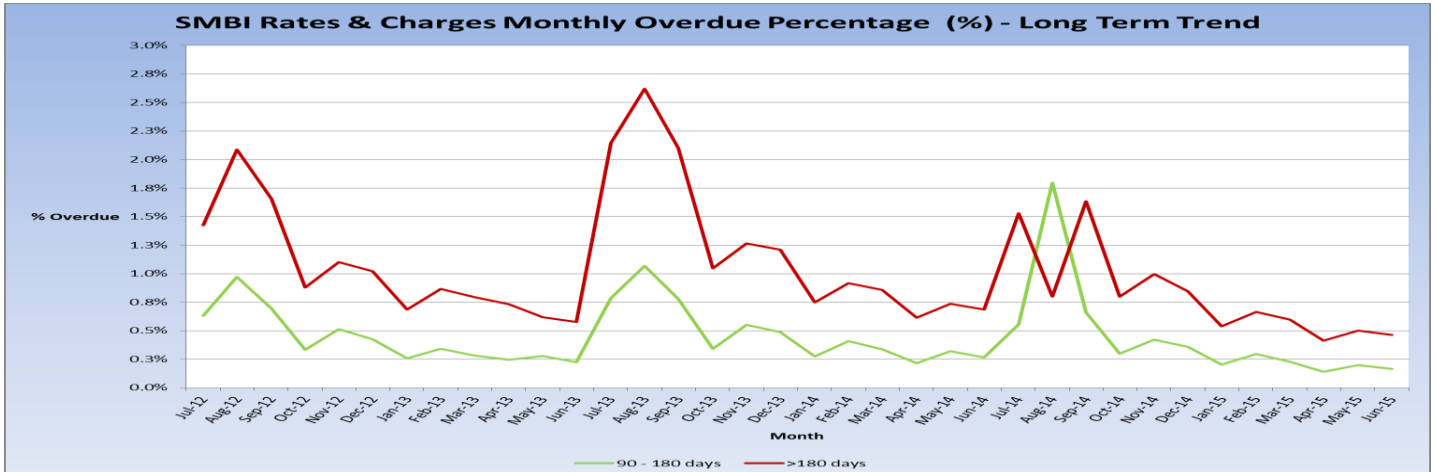
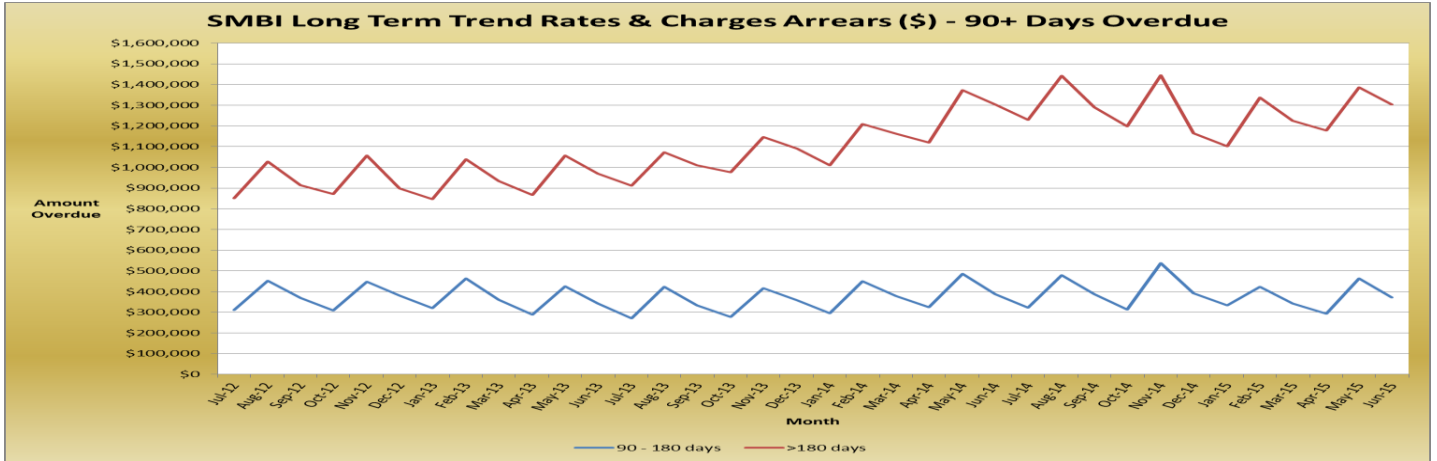
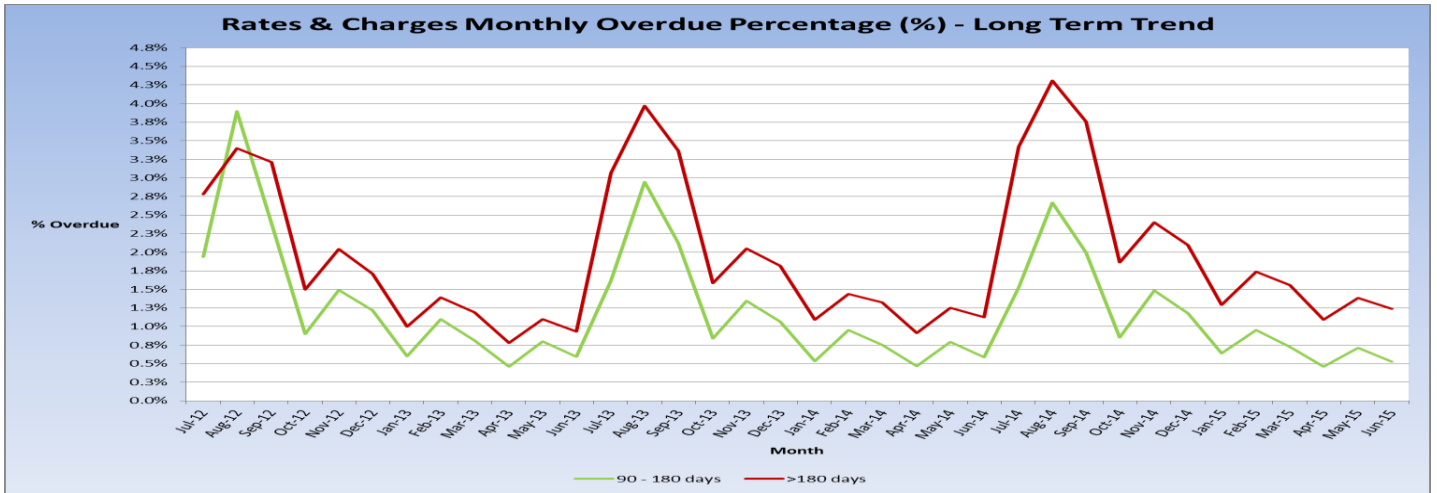
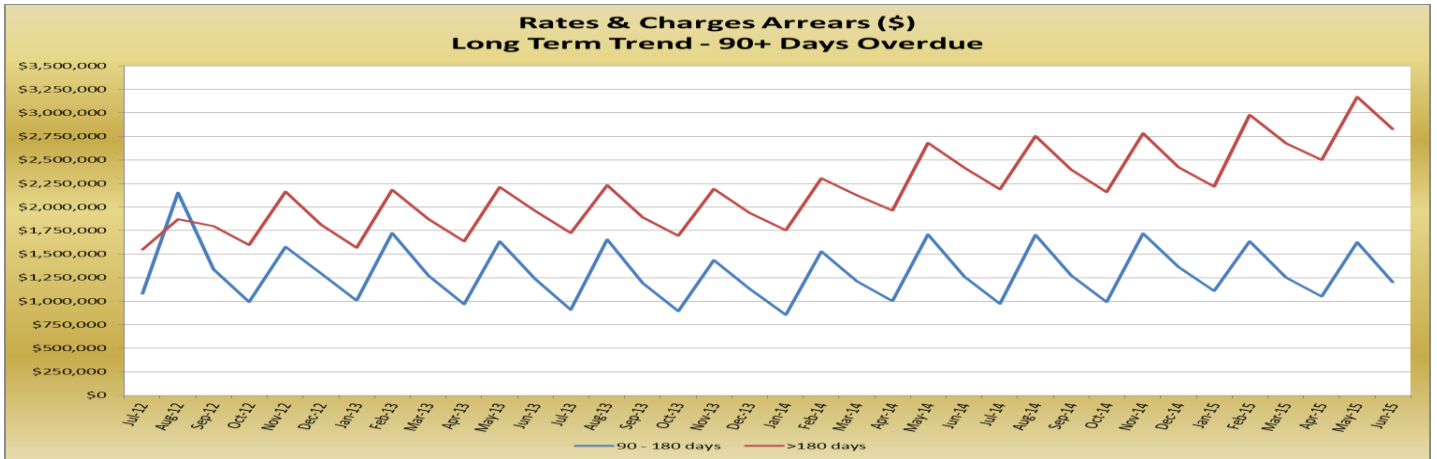
Nth Stradbroke Is / Coochiemudlo Is / Garden Is							SMBI						
Days Overdue	Jun-14	% Overdue	Jun-15	% Overdue	\$ Variance	% Variance	Days Overdue	Jun-14	% Overdue	Jun-15	% Overdue	\$ Variance	% Variance
<90	\$101,265	0.0%	\$95,896	0.0%	-\$5,369	0.0%	<90	\$724,123	0.3%	\$635,362	0.3%	-\$88,761	-0.1%
90 - 180 days	\$27,524	0.0%	\$50,172	0.0%	\$22,648	0.0%	90 - 180 days	\$387,174	0.2%	\$370,906	0.2%	-\$16,267	0.0%
>180 days	\$44,661	0.0%	\$86,913	0.0%	\$42,252	0.0%	>180 days	\$1,302,964	0.6%	\$1,303,164	0.6%	\$200	0.0%
<b>Total</b>	<b>\$173,450</b>	<b>0.1%</b>	<b>\$232,980</b>	<b>0.1%</b>	<b>\$59,530</b>	<b>0.0%</b>	<b>Total</b>	<b>\$2,414,260</b>	<b>1.1%</b>	<b>\$2,309,432</b>	<b>1.0%</b>	<b>-\$104,828</b>	<b>-0.1%</b>

### Trend - May 2015 to June 2015

Total							Mainland						
Days Overdue	May-15	% Overdue	Jun-15	% Overdue	\$ Variance	% Variance	Days Overdue	May-15	% Overdue	Jun-15	% Overdue	\$ Variance	% Variance
<90	\$5,184,195	2.27%	\$2,663,164	1.16%	-\$2,521,031	-1.10%	<90	\$4,004,387	1.75%	\$1,931,906	0.84%	-\$2,072,480	-0.91%
90 - 180 days	\$1,628,924	0.71%	\$1,203,853	0.53%	-\$425,072	-0.19%	90 - 180 days	\$1,107,432	0.48%	\$782,775	0.34%	-\$324,657	-0.14%
>180 days	\$3,170,070	1.39%	\$2,827,866	1.24%	-\$342,204	-0.15%	>180 days	\$1,690,026	0.74%	\$1,437,790	0.63%	-\$252,236	-0.11%
<b>Total</b>	<b>\$9,983,190</b>	<b>4.36%</b>	<b>\$6,694,883</b>	<b>2.93%</b>	<b>-\$3,288,307</b>	<b>-1.44%</b>	<b>Total</b>	<b>\$6,801,844</b>	<b>2.97%</b>	<b>\$4,152,471</b>	<b>1.82%</b>	<b>-\$2,649,373</b>	<b>-1.16%</b>

Nth Stradbroke Is / Coochiemudlo Is / Garden Is							SMBI						
Days Overdue	May-15	% Overdue	Jun-15	% Overdue	\$ Variance	% Variance	Days Overdue	May-15	% Overdue	Jun-15	% Overdue	\$ Variance	% Variance
<90	\$173,628	0.08%	\$95,896	0.04%	-\$77,732	-0.03%	<90	\$1,006,181	0.44%	\$635,362	0.28%	-\$370,819	-0.16%
90 - 180 days	\$57,082	0.02%	\$50,172	0.02%	-\$6,911	0.00%	90 - 180 days	\$464,411	0.20%	\$370,906	0.16%	-\$93,504	-0.04%
>180 days	\$94,263	0.04%	\$86,913	0.04%	-\$7,350	0.00%	>180 days	\$1,385,782	0.61%	\$1,303,164	0.57%	-\$82,618	-0.04%
<b>Total</b>	<b>\$324,973</b>	<b>0.14%</b>	<b>\$232,980</b>	<b>0.10%</b>	<b>-\$91,993</b>	<b>-0.04%</b>	<b>Total</b>	<b>\$2,856,373</b>	<b>1.25%</b>	<b>\$2,309,432</b>	<b>1.01%</b>	<b>-\$546,941</b>	<b>-0.24%</b>





## 12. GLOSSARY

### Definition of Ratios

<b>Level of Dependence on General Rate Revenue:</b> <i>This ratio measures Council's reliance on operating revenue from general rates (excludes utility revenues)</i>	$\frac{\text{General Rates - Pensioner Remissions}}{\text{Total Operating Revenue - Gain on Sale of Developed Land}}$
<b>Current Ratio:</b> <i>This measures the extent to which Council has liquid assets available to meet short term financial obligations</i>	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
<b>Debt Servicing Ratio:</b> <i>This indicates Council's ability to meet current debt instalments with recurrent revenue</i>	$\frac{\text{Interest Expense + Loan Redemption}}{\text{Total Operating Revenue - Gain on Sale of Developed Land}}$
<b>Cash Balance - \$M:</b>	Cash Held at Period End
<b>Cash Capacity in Months:</b> <i>This provides an indication as to the number of months cash held at period end would cover operating cash outflows</i>	$\frac{\text{Cash Held at Period End}}{[(\text{Cash Operating Costs} + \text{Interest Expense}) / \text{Period in Year}]}$
<b>Debt to Asset Ratio:</b> <i>This is total debt as a percentage of total assets, i.e. to what extent will our long term debt be covered by total assets</i>	$\frac{\text{Current and Non-current loans}}{\text{Total Assets}}$
<b>Operating Performance:</b> <i>This ratio provides an indication of Redland City Council's cash flow capabilities</i>	$\frac{\text{Net Cash from Operations + Interest Revenue and Expense}}{\text{Cash Operating Revenue + Interest Revenue}}$
<b>Operating Surplus Ratio*:</b> <i>This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes</i>	$\frac{\text{Net Operating Surplus}}{\text{Total Operating Revenue}}$
<b>Net Financial Liabilities*:</b> <i>This is an indicator of the extent to which the net financial liabilities of Council can be serviced by operating revenues</i>	$\frac{\text{Total Liabilities - Current Assets}}{\text{Total Operating Revenue}}$
<b>Interest Cover Ratio:</b> <i>This ratio demonstrates the extent which operating revenues are being used to meet the financing charges</i>	$\frac{\text{Net Interest Expense on Debt Service}}{\text{Total Operating Revenue}}$
<b>Asset Sustainability Ratio*:</b> <i>This ratio indicates whether Council is renewing or replacing existing non-financial assets at the same rate that its overall stock of assets is wearing out</i>	$\frac{\text{Capital Expenditure on Replacement of Assets (Renewals)}}{\text{Depreciation Expenditure}}$
<b>Asset Consumption Ratio:</b> <i>The average proportion of 'as new' value remaining in the infrastructure assets. This ratio seeks to highlight the aged condition of our physical assets</i>	$\frac{\text{WDV of Infrastructure Assets}}{\text{Gross Current Replacement Cost of Infrastructure Assets}}$

\* These targets are set to be achieved on average over the longer term and therefore are not necessarily expected to be met on a monthly basis.