



# Monthly Financial Report

## December 2014

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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 31 December 2014. The year to date and annual budget referred to in this report reflects the Revised Budget as adopted by Council on 10 December 2014. Note: all amounts are rounded to the nearest thousand dollars.

### 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)	(4,718)	(1,909)	4,726	6,635	348%	✔
Recurrent Revenue	234,786	115,392	117,760	2,368	2%	✔
Recurrent Expenditure	239,504	117,301	113,034	(4,267)	-4%	✔
Capital Works Expenditure	69,892	20,321	21,208	887	4%	⚠
Closing Cash & Investments	59,298	88,023	104,220	16,197	18%	✔

#### Status Legend:

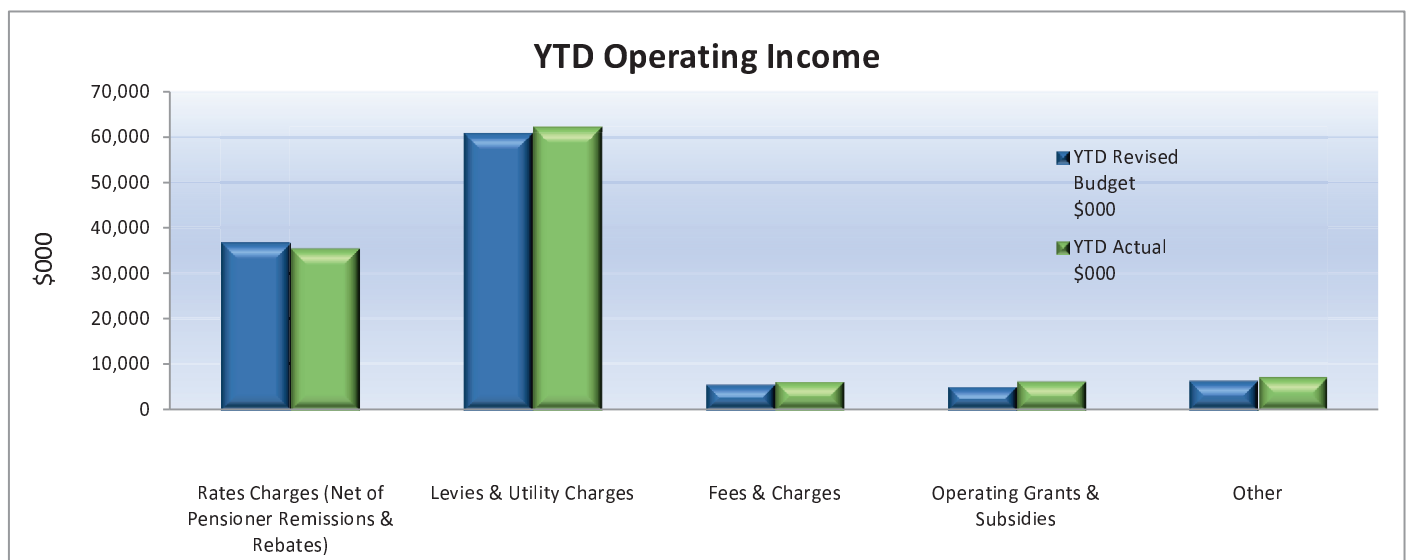
Above budgeted revenue or under budgeted expenditure	✔
Below budgeted revenue or over budgeted expenditure <10%	⚠
Below budgeted revenue or over budgeted expenditure >10%	✘

### Operating results (p.7)

The year to date operating surplus of \$4.73M is \$6.64M above the year to date revised budget. The year to date favourable variance is primarily due to operating revenue higher than budget by \$2.37M and operating expenses being lower than budget by \$4.86M.

The favourable variance in revenue is mainly attributable to levies & utility charges and operating grants & subsidies higher than budget by \$1.28M and \$1.15M respectively. Employee costs and goods & services are under budget by \$1.17M and \$3.63M respectively.

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).

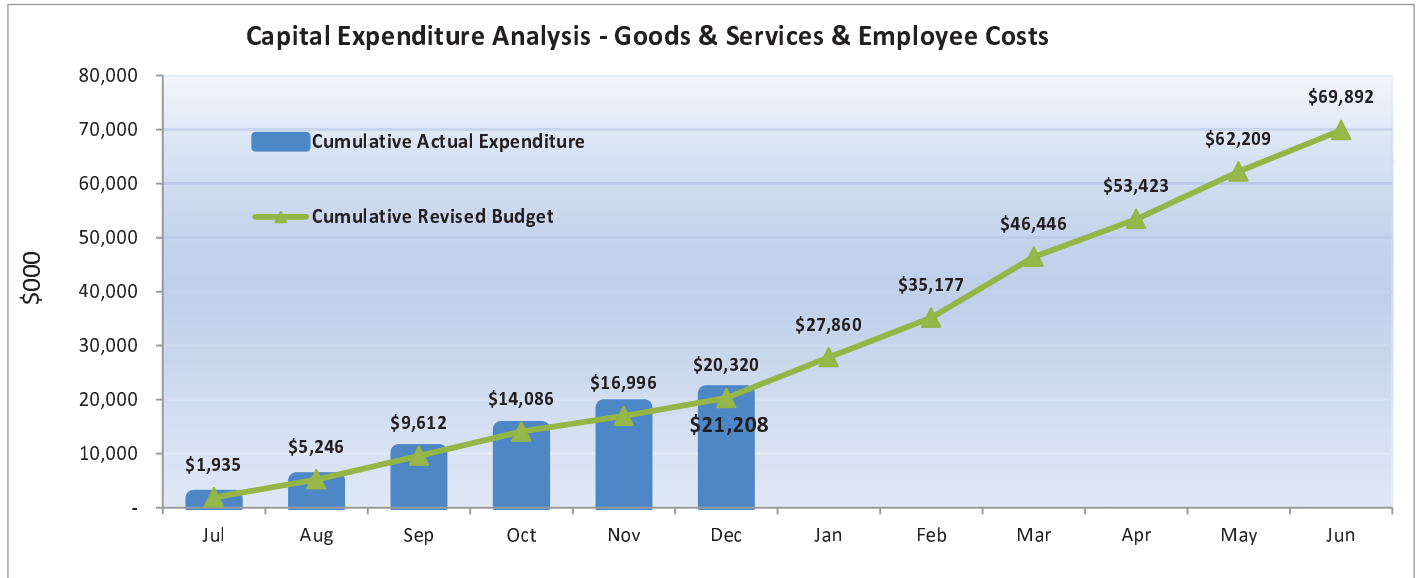


## 1. INTRODUCTION AND OVERVIEW (cont.)

### Capital works

Council's capital works expenditure is on track with year to date actual expenditure of \$21.21M which is \$0.89M above year to date budget of \$20.32M.

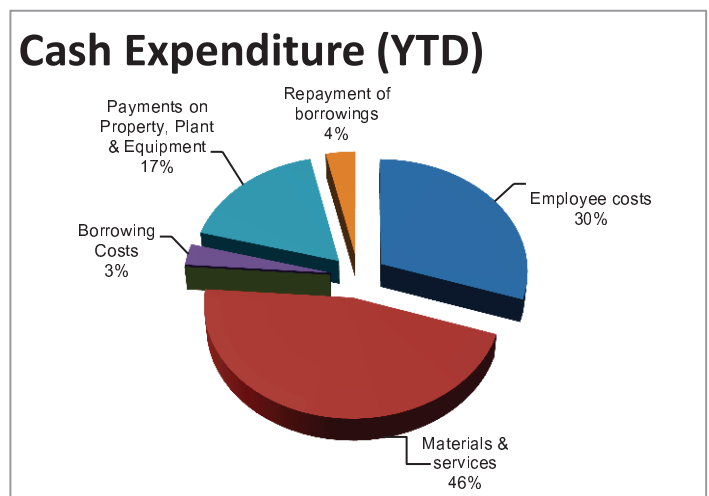
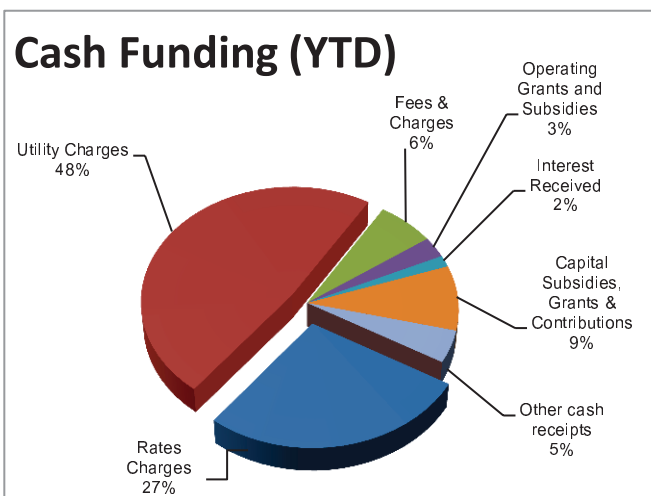
Total capital commitments at the end of December 2014 (where budget is approved) was \$3.81M.



### Financial position and cash flow results

Council's Balance Sheet depicts a sustainable result with total current assets of \$137.01M and total current liabilities of \$38.72M (current ratio of 3.54).

Council's cash flow for the first six months exceeded the budgeted cash balance at the end of December 2014 (refer p.3). This result is attributable mainly to higher than anticipated cash collection from utility charges derived mainly by water consumption and payments to employees lower than expected. Of the \$104.22M cash balance at the end of the period, \$82.76M is held as cash constrained 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). \$103.62M 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)	130,338
Total Cash Funding (Annual Revised Budget)	235,703
% of Budget Achieved YTD	55%

Total Cash Expenditure (Actual YTD)	122,353
Total Cash Expenditure (Annual Revised Budget)	272,640
% of Budget Achieved YTD	45%

## 2. KEY PERFORMANCE INDICATORS

Financial Stability Ratios	Target	Annual Revised Budget 2014/2015	December 2014	Status
Level of Dependence on General Rate Revenue (%)	Target less than 37.5%	32.44%	30.14%	✓
Ability to Pay Our Bills - Current Ratio	Target between 1.1 and 4.1	2.88	3.54	✓
Ability to Repay Our Debt - Debt Servicing Ratio (%)	Target less than or equal to 10%	3.39%	3.23%	✓
Cash Balance \$M	Target greater than or equal to \$40M	\$59.298	\$104.22M	✓
Cash Balances - Cash Capacity in Months	Target 3 to 4 months	3.59	6.45	✓
Longer Term Financial Stability - Debt to Asset Ratio (%)	Target less than or equal to 10%	2.46%	2.56%	✓
Operating Performance (%)	Target greater than or equal to 20%	8.65%	17.78%	✗

Financial Sustainability Ratios	Target	Annual Revised Budget 2014/2015	December 2014	Status
Operating Surplus Ratio (%)	Target between 0% and 10% (on average over the long-term)	-2.01%	4.01%	✓
Net Financial Liabilities (%)	Target less than 60% (on average over the long-term)	1.27%	-21.36%	✓
Interest Cover Ratio (%)	Target between 0% and 5%	-0.21%	-0.33%	✓
Asset Sustainability Ratio (%)	Target greater than 90% (on average over the long-term)	49.82%	26.15%	✗
Asset Consumption Ratio (%)	Target between 40% and 80%	66.87%	67.71%	✓

**Status Legend**

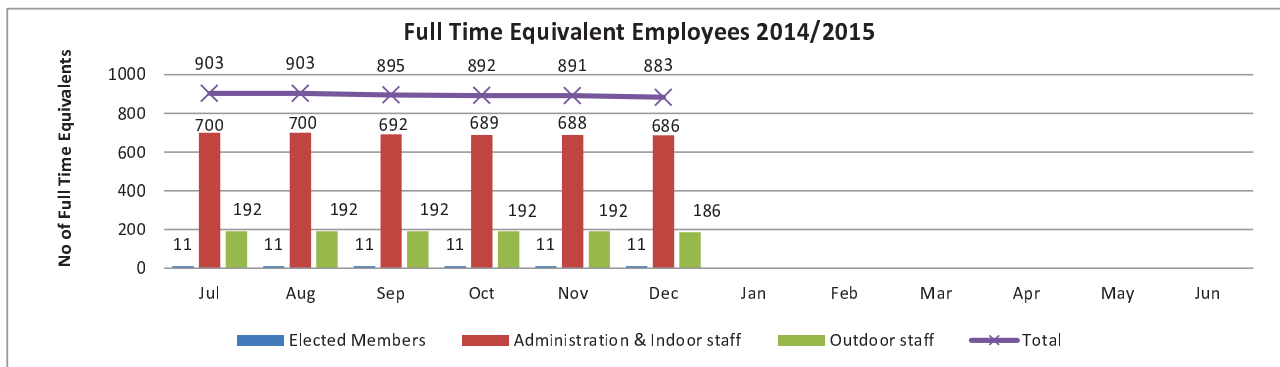
KPI target achieved or exceeded



KPI target not achieved



## 3. KEY NON-FINANCIAL INFORMATION



Workforce reporting - December 2014: Headcount	Employee Type						
	Casual	Contract of Service	Perm Full	Perm Part	Temp Full	Temp Part	Grand Total
Office of CEO	21	4	79	12	4	2	122
Organisational Services	3	6	98	8	7	4	126
Community and Customer Service	30	5	251	50	21	8	365
Infrastructure and Operations	11	6	313	9	18	1	358
<b>Total</b>	<b>65</b>	<b>21</b>	<b>741</b>	<b>79</b>	<b>50</b>	<b>15</b>	<b>971</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 and does not include a workload weighting.

## 4. STATEMENT OF COMPREHENSIVE INCOME

### STATEMENT OF COMPREHENSIVE INCOME For the period ending 31 December 2014

	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	40,683	39,690	(993)
Levies & Utility Charges	124,757	124,781	60,916	62,197	1,281
<i>Less: Pensioner Remissions &amp; Rebates</i>	(2,743)	(5,197)	(3,825)	(4,198)	(373)
Fees & Charges	10,629	10,814	5,747	6,339	592
Operating Grants & Subsidies	3,983	11,975	5,281	6,430	1,149
Operating Contributions & Donations	260	260	84	231	147
Interest External	3,872	3,872	1,936	2,071	135
Other Revenue	4,021	6,915	4,570	5,000	430
<b>Total Recurrent Revenue</b>	<b>226,144</b>	<b>234,786</b>	<b>115,392</b>	<b>117,760</b>	<b>2,368</b>
<b>Capital revenue</b>					
Grants, Subsidies & Contributions	15,050	14,724	9,837	11,824	1,987
Non-Cash Contributions	3,146	3,226	40	-	(40)
<b>Total Capital Revenue</b>	<b>18,196</b>	<b>17,950</b>	<b>9,877</b>	<b>11,824</b>	<b>1,947</b>
<b>TOTAL REVENUE</b>	<b>244,340</b>	<b>252,736</b>	<b>125,269</b>	<b>129,584</b>	<b>4,315</b>
<b>Recurrent Expenses</b>					
Employee Costs	76,094	77,352	39,135	37,966	(1,169)
Goods & Services	106,425	110,565	52,727	49,023	(3,704)
Finance Costs	3,643	3,709	1,852	1,868	16
Depreciation & Amortisation	51,209	47,878	23,587	24,177	590
<b>Total Recurrent Expenses</b>	<b>237,370</b>	<b>239,504</b>	<b>117,301</b>	<b>113,034</b>	<b>(4,267)</b>
<b>Capital Expenses</b>					
(Gain)/Loss on Disposal of Non-Current Assets	(3,192)	(2,940)	(1,025)	(180)	845
<b>Total Capital Expenses</b>	<b>(3,192)</b>	<b>(2,940)</b>	<b>(1,025)</b>	<b>(180)</b>	<b>845</b>
<b>TOTAL EXPENSES</b>	<b>234,178</b>	<b>236,564</b>	<b>116,276</b>	<b>112,854</b>	<b>(3,422)</b>
<b>NET RESULT</b>	<b>10,161</b>	<b>16,172</b>	<b>8,993</b>	<b>16,730</b>	<b>7,737</b>
<b>Other Comprehensive Income</b>					
Increase/(Decrease) in Asset Revaluation Surplus	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>10,161</b>	<b>16,172</b>	<b>8,993</b>	<b>16,730</b>	<b>7,737</b>



## 5. OPERATING STATEMENT

### OPERATING STATEMENT For the period ending 31 December 2014

	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	40,683	39,690	(993)
Levies & Utility Charges	124,757	124,781	60,916	62,197	1,281
<i>Less: Pensioner Remissions &amp; Rebates</i>	(2,743)	(5,197)	(3,825)	(4,198)	(373)
Fees & Charges	10,629	10,814	5,747	6,339	592
Operating Grants & Subsidies	3,983	11,975	5,281	6,430	1,149
Operating Contributions & Donations	260	260	84	231	147
Interest External	3,872	3,872	1,936	2,071	135
Other Revenue	4,021	6,915	4,570	5,000	430
<b>Total Revenue</b>	<b>226,144</b>	<b>234,786</b>	<b>115,392</b>	<b>117,760</b>	<b>2,368</b>
<b>Expenses</b>					
Employee Costs	76,094	77,352	39,135	37,966	(1,169)
Goods & Services	107,098	111,238	53,074	49,443	(3,631)
Finance Costs Other	281	329	168	184	16
Other Expenditure	315	315	147	81	(66)
Net Internal Costs	(988)	(988)	(494)	(501)	(7)
<b>Total Expenses</b>	<b>182,799</b>	<b>188,246</b>	<b>92,030</b>	<b>87,173</b>	<b>(4,857)</b>
<b>Earnings Before Interest, Tax &amp; Depreciation (EBITD)</b>	<b>43,345</b>	<b>46,540</b>	<b>23,362</b>	<b>30,587</b>	<b>7,225</b>
Interest Expense	3,362	3,380	1,684	1,684	-
Depreciation	51,209	47,878	23,587	24,177	590
<b>Operating Surplus/(Deficit)</b>	<b>(11,226)</b>	<b>(4,718)</b>	<b>(1,909)</b>	<b>4,726</b>	<b>6,635</b>

### Utility Charges Breakup For the period ending 31 December 2014

	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	18,821	9,402	9,459	57
Special Charges	3,795	3,795	1,884	1,900	16
Environment Levy	5,637	5,637	2,818	2,836	18
Landfill Remediation Charge	4,102	4,102	2,051	2,069	18
Wastewater Charges	38,161	38,161	19,080	20,221	1,141
Water Access Charges	17,592	17,592	8,797	8,611	(186)
Water Consumption Charges	36,673	36,673	16,884	17,101	217
<b>Total Utility Charges</b>	<b>124,757</b>	<b>124,781</b>	<b>60,916</b>	<b>62,197</b>	<b>1,281</b>



## 5. OPERATING STATEMENT (cont.)

### REDLAND WATER SUMMARY OPERATING STATEMENT For the period ending 31 December 2014

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Budget \$000	Actual \$000	Variance \$000
Total Revenue	94,706	95,053	46,084	47,070	986
Total Expenses	49,157	48,956	25,190	25,163	(27)
Earnings Before Interest, Tax & Depreciation (EBITD)	45,550	46,097	20,894	21,907	1,013
Interest Internal	21,681	21,681	10,841	10,841	-
Depreciation	16,987	16,551	8,263	8,242	(21)
<b>Operating Surplus/(Deficit)</b>	<b>6,881</b>	<b>7,865</b>	<b>1,790</b>	<b>2,824</b>	<b>1,034</b>

### REDWASTE OPERATING STATEMENT For the period ending 31 December 2014

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Budget \$000	Actual \$000	Variance \$000
Total Revenue	19,967	20,204	9,891	10,005	114
Total Expenses	16,200	15,020	7,852	7,032	(820)
Earnings Before Interest, Tax & Depreciation (EBITD)	3,767	5,184	2,039	2,973	934
Interest Expense External	42	42	21	20	(1)
Interest Internal	313	313	157	157	-
Depreciation	556	545	274	255	(18)
<b>Operating Surplus/(Deficit)</b>	<b>2,856</b>	<b>4,284</b>	<b>1,587</b>	<b>2,541</b>	<b>953</b>



## 6. STATEMENT OF FINANCIAL POSITION

### STATEMENT OF FINANCIAL POSITION As at 31 December 2014

	Annual	Annual	YTD
	Original Budget \$000	Revised Budget \$000	Actual Balance \$000
<b>CURRENT ASSETS</b>			
Cash & Investments	49,157	59,298	104,220
Accounts Receivable	34,311	39,519	25,474
Inventories	943	844	855
Prepaid Expenses	1,320	1,155	6,111
Non-Current Assets - Held for Sale	467	354	354
<b>Total Current Assets</b>	<b>86,199</b>	<b>101,170</b>	<b>137,014</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	2,021,416	2,107,640	2,080,069
<b>Total Non-Current Assets</b>	<b>2,021,416</b>	<b>2,107,640</b>	<b>2,080,069</b>
<b>TOTAL ASSETS</b>	<b>2,107,615</b>	<b>2,208,810</b>	<b>2,217,083</b>
<b>CURRENT LIABILITIES</b>			
Accounts Payable	17,301	18,913	11,642
Current Employee Provisions	2,468	9,493	13,074
Current Loans	5,247	5,498	4,375
Current Landfill Rehabilitation Provisions	1,144	-	5,938
Other Liabilities	3,201	1,283	3,692
<b>Total Current Liabilities</b>	<b>29,361</b>	<b>35,187</b>	<b>38,721</b>
<b>NON-CURRENT LIABILITIES</b>			
Non-Current Loans	49,149	48,897	52,491
Non-Current Employee Provisions	10,998	2,013	2,594
Non-Current Landfill Rehabilitation Provisions	28,189	17,578	17,578
Non-Current Trade & Other Payables	693	478	478
<b>Total Non-Current Liabilities</b>	<b>89,029</b>	<b>68,966</b>	<b>73,141</b>
<b>TOTAL LIABILITIES</b>	<b>118,390</b>	<b>104,153</b>	<b>111,862</b>
<b>NET ASSETS</b>	<b>1,989,225</b>	<b>2,104,658</b>	<b>2,105,221</b>
<b>COMMUNITY EQUITY</b>			
Retained Earnings	1,943,302	2,038,010	2,022,460
Cash Constrained Reserves	45,923	66,648	82,761
<b>TOTAL COMMUNITY EQUITY</b>	<b>1,989,225</b>	<b>2,104,658</b>	<b>2,105,221</b>



## 7. CAPITAL FUNDING STATEMENT

### CAPITAL FUNDING STATEMENT For the period ending 31 December 2014

	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	8,008	7,470	9,451	1,981
Capital Grants & Subsidies	8,862	6,715	2,368	2,373	5
Proceeds on Disposal of Non-current Assets	4,049	4,049	1,705	652	(1,053)
Capital Transfers (To)/From Reserves	4,602	6,029	(5,113)	(6,896)	(1,783)
Non-Cash Contributions	3,146	3,226	40	-	(40)
New Loans	-	-	-	-	-
Funding from General Revenue	42,787	49,680	16,185	17,745	1,560
<b>Total Sources of Capital Funding</b>	<b>69,633</b>	<b>77,707</b>	<b>22,655</b>	<b>23,325</b>	<b>670</b>
<b>Applications of Capital Funds</b>					
Contributed Assets	3,146	3,226	40	-	(40)
Capitalised Goods & Services	56,263	64,378	18,493	18,711	218
Capitalised Employee Costs	5,636	5,514	1,828	2,497	669
Loan Redemption	4,589	4,589	2,294	2,117	(177)
<b>Total Applications of Capital Funds</b>	<b>69,633</b>	<b>77,707</b>	<b>22,655</b>	<b>23,325</b>	<b>670</b>
<b>Other Budgeted Items</b>					
WDV of Assets Disposed	(857)	(1,109)	(680)	(472)	208
Transfers to Constrained Operating Reserves	(13,124)	(12,996)	(6,488)	(6,617)	(129)
Transfer from Constrained Operating Reserves	12,180	13,000	3,892	3,433	(459)



## 8. STATEMENT OF CASH FLOWS

### STATEMENT OF CASH FLOWS For the period ending 31 December 2014

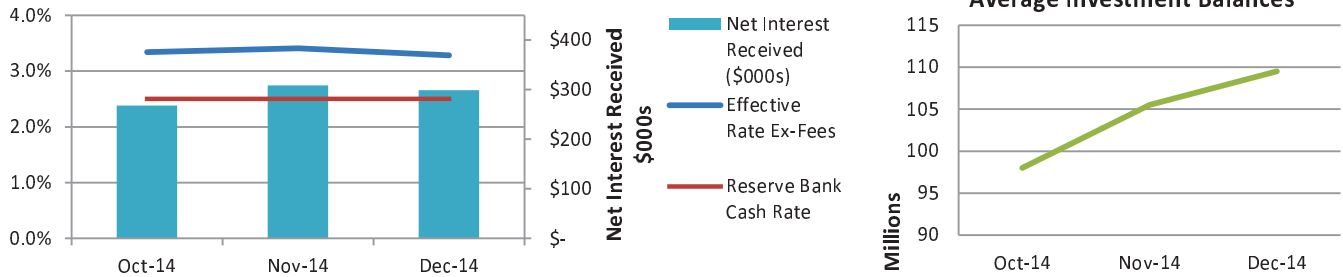
	Annual	Annual	YTD
	Original Budget \$000	Revised Budget \$000	Actual \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Rates Charges (net)	78,623	76,169	35,492
Utility Charges	111,427	111,451	62,856
Fees & Charges	10,879	11,064	8,430
Operating Grants & Subsidies	3,983	7,199	3,782
Cash Contributions	260	260	231
Other Revenue	4,021	6,915	5,000
<b>Receipts from Customers</b>	<b>209,192</b>	<b>213,058</b>	<b>115,791</b>
Employee costs	(79,473)	(80,732)	(36,831)
Materials & services	(109,237)	(113,403)	(56,074)
Other expenses	(596)	(644)	(287)
<b>Payments to Suppliers &amp; Employees</b>	<b>(189,306)</b>	<b>(194,779)</b>	<b>(93,192)</b>
Interest Received	3,872	3,872	2,071
Borrowing Costs	(3,362)	(3,380)	(3,719)
<b>Net Cash Inflow / (Outflow) from Operating Activities</b>	<b>20,396</b>	<b>18,771</b>	<b>20,951</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments - Property, Plant & Equipment	(61,899)	(69,892)	(21,208)
Proceeds - Capital Subsidies, Grants & Contributions	15,050	14,724	11,824
Proceeds - Sale of Property, Plant & Equipment	4,049	4,049	652
<b>Net Cash Inflow / (Outflow) from Investing Activities</b>	<b>(42,800)</b>	<b>(51,119)</b>	<b>(8,732)</b>
Proceeds of Borrowings	-	-	-
Repayment of borrowings	(4,589)	(4,589)	(4,234)
<b>Net Cash Inflow / (Outflow) from Financing Activities</b>	<b>(4,589)</b>	<b>(4,589)</b>	<b>(4,234)</b>
<b>Net Increase / (Decrease) in Cash Held</b>	<b>(26,993)</b>	<b>(36,937)</b>	<b>7,985</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>59,298</b>	<b>104,220</b>



## 9. INVESTMENT & BORROWINGS REPORT

For the Period Ending 31 December 2014

### INVESTMENT RETURNS



**Total Investment at End of Month was \$103.62M**

#### Current Position

All Council investments are currently held in the Capital Guaranteed Cash Fund which is a fund 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 monthly basis. The lower average investment balance in October is a reflection of the rating cycle.

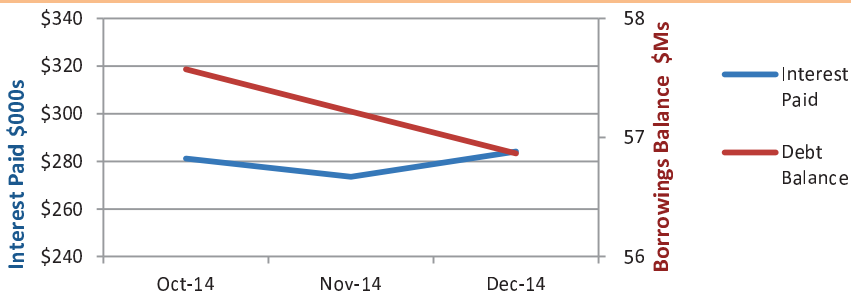
The QTC interest rate has consistently outperformed the UBS Australia Bank Bill Index benchmark in recent history.

#### 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 is following procurement procedures to achieve this outcome. This will also require a change to the investment policy. 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

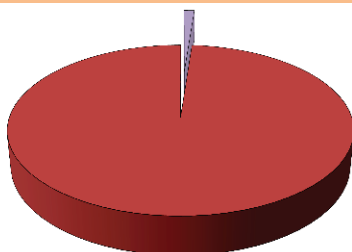
### BORROWING COSTS



#### Current Position

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

**Total Borrowings at End of Month was \$56.87M**



- RedWaste 1.19%
- General Pool allocated to capital works 98.81%

#### Future Strategy

Future strategy is to review the implications of continuing to repay debt annually in advance to ensure 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 better allocate the debt across Council business in order to appreciate the true cost of capital projects undertaken.

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



## 10. CONSTRAINED CASH RESERVES

Reserves as at 31 December 2014	Opening Balance	To Reserve	From Reserve	Closing Balance
	\$000	\$000	\$000	\$000
<b>Special Projects Reserve:</b>				
Weinam Creek Reserve	2,782	267	(65)	2,984
Redland Work Cover Reserve *	4,965	54	(306)	4,714
Red Art Gallery Commissions & Donations Res	17	-	-	17
SMBI Capital Reserve *	3,894	579	(78)	4,395
	<b>11,659</b>	<b>900</b>	<b>(448)</b>	<b>12,111</b>
<b>Utilities Reserve:</b>				
RedWaste Reserve *	3,118	498	-	3,616
Redland Water Reserve	8,300	-	-	8,300
Redland WasteWater Reserve	1,600	-	-	1,600
	<b>13,018</b>	<b>498</b>	<b>-</b>	<b>13,516</b>
<b>Constrained Works Reserve:</b>				
Tree Planting Reserve **	70	10	-	80
Parks Reserve	2,408	1,195	-	3,603
SP1 Wellington Pt Rd Infra Reserve **	463	-	-	463
Redland Bay Sth Rd Infra Reserve **	647	-	-	647
East Thornlands Road Infra Reserve	674	-	-	674
Contributions to Car Parking Reserve *	340	-	-	340
Community Facility Infrastructure Reserve	441	162	-	603
Retail Water Renewal & Purchase Reserve	5,505	1,533	(520)	6,518
Sewerage Renewal & Purchase Reserve	7,384	2,328	(637)	9,075
Constrained Works Res-Cap Grants & Contribs	4,389	-	(106)	4,283
Transport Trunk Infrastructure Reserve	5,846	2,880	-	8,726
Cycling Trunk Infrastructure Reserve	706	704	-	1,410
Stormwater Infrastructure Reserve	1,938	451	-	2,389
Constrained Works Res-Opr Grants & Contribs	919	-	(130)	788
	<b>31,731</b>	<b>9,263</b>	<b>(1,394)</b>	<b>39,600</b>
<b>Separate Charge Reserve - Environment:</b>				
Environment Charge Acquisition Reserve	6,936	-	-	6,936
Environment Charge Maintenance Reserve	1,505	2,837	(2,276)	2,065
	<b>8,441</b>	<b>2,837</b>	<b>(2,276)</b>	<b>9,001</b>
<b>Special Charge Reserve - Other:</b>				
Bay Island Rural Fire Levy Reserve	-	82	(78)	4
SMBI Translink Reserve	3	474	(474)	3
	<b>3</b>	<b>556</b>	<b>(552)</b>	<b>7</b>
<b>Special Charge Reserve - Canals:</b>				
Raby Bay Canal Reserve	5,187	1,349	(1,040)	5,495
Aquatic Paradise Canal Reserve	2,163	448	(61)	2,549
Sovereign Waters Lake Reserve	480	30	(28)	481
	<b>7,830</b>	<b>1,826</b>	<b>(1,130)</b>	<b>8,526</b>
<b>TOTALS</b>	<b>72,680</b>	<b>15,881</b>	<b>(5,800)</b>	<b>82,761</b>

\* On 10 December 2014 Council resolved to close these reserves in the 2014-15 financial year. Department support officers are currently liaising with the reserve users as to the timing of the closure.

\*\* 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 and department support officers are currently liaising with reserve users as to the timing of utilisation.

## 11. OVERDUE RATES DEBTORS

### Comparison December 2013 to December 2014

The December 2014 result shows a marginal increase of 0.4% on the December 2013 position.

#### Payments

The payment pattern for December 2014 shows that Internet and IVR payments were favoured more strongly than in December 2013. However, overall the number of payments made for the month reflects the time of year where household budgets stretch to accommodate the Christmas holiday period.

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
Dec-13	486	-\$108,550	8,302	-\$1,364,210	302	-\$165,300	1,892	-\$156,876	629	-\$407,493	247	-\$110,425	11,858	-\$2,312,854
Dec-14	481	-\$177,859	8,108	-\$1,637,720	338	-\$187,972	1,934	-\$170,441	718	-\$528,212	456	-\$151,430	12,035	-\$2,853,633
Variance	-5	-\$69,309.28	-194	-\$273,510.19	36	-\$22,671.28	42	-\$13,565.22	89	-\$120,718.69	209	-\$41,004.16	177	-\$540,778.82
% Variance	-1%	64%	-2%	20%	12%	14%	2%	9%	14%	30%	85%	37%	1%	23%

The December percentage of 5.9 is a decrease of 2% on November. In comparison to the same period in 2013 this is a good result.

The Sale of Land auction held on 24 November 2014 has contributed to the reduction in the amount overdue for SMBI properties >180 days. In the first quarter of 2015 an assessment will be made on a further 282 properties situated across the Redlands that may qualify for consideration for Sale of Land for unpaid rates and charges.

### Comparison December 2013 to December 2014

Total							Mainland						
Days Overdue	Dec-13	% Overdue	Dec-14	% Overdue	\$ Variance	% Variance	Days Overdue	Dec-13	% Overdue	Dec-14	% Overdue	\$ Variance	% Variance
<90	\$2,766,368	2.6%	\$3,048,558	2.6%	\$282,189	0.04%	<90	\$1,996,288	1.9%	\$2,265,149	2.0%	\$268,861	0.09%
90 - 180 days	\$1,134,962	1.1%	\$1,362,242	1.2%	\$227,280	0.11%	90 - 180 days	\$742,337	0.7%	\$916,172	0.8%	\$173,835	0.10%
>180 days	\$1,941,406	1.8%	\$2,423,644	2.1%	\$482,238	0.28%	>180 days	\$810,047	0.8%	\$1,198,154	1.0%	\$388,107	0.28%
<b>Total</b>	<b>\$5,842,737</b>	<b>5.47%</b>	<b>\$6,834,444</b>	<b>5.90%</b>	<b>\$991,707</b>	<b>0.43%</b>	<b>Total</b>	<b>\$3,548,672</b>	<b>3.32%</b>	<b>\$4,379,475</b>	<b>3.78%</b>	<b>\$830,803</b>	<b>0.46%</b>

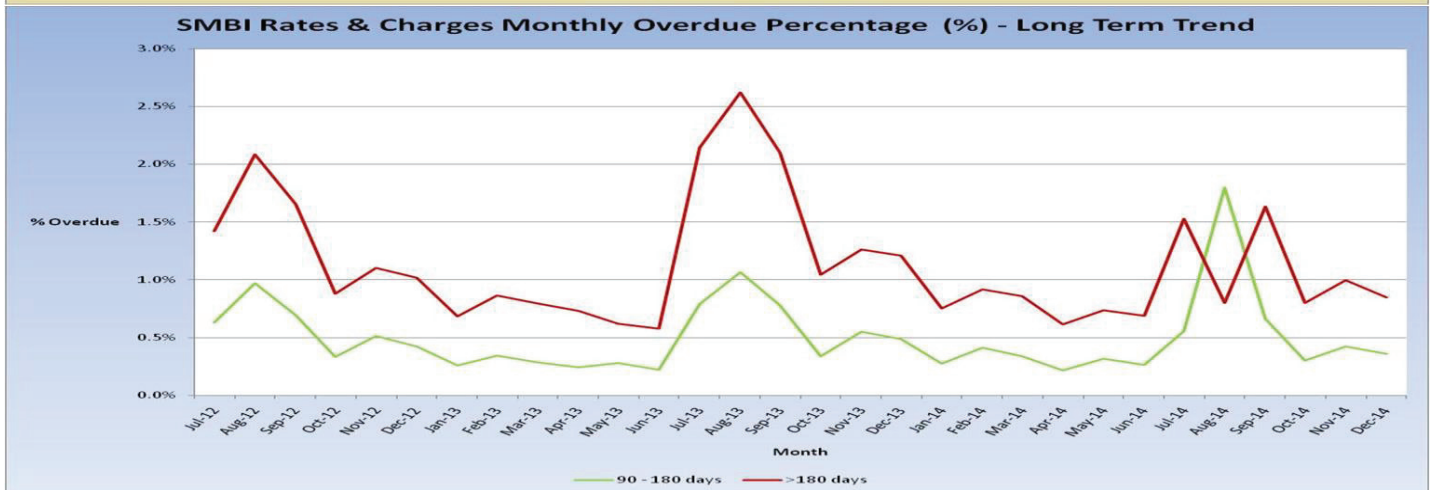
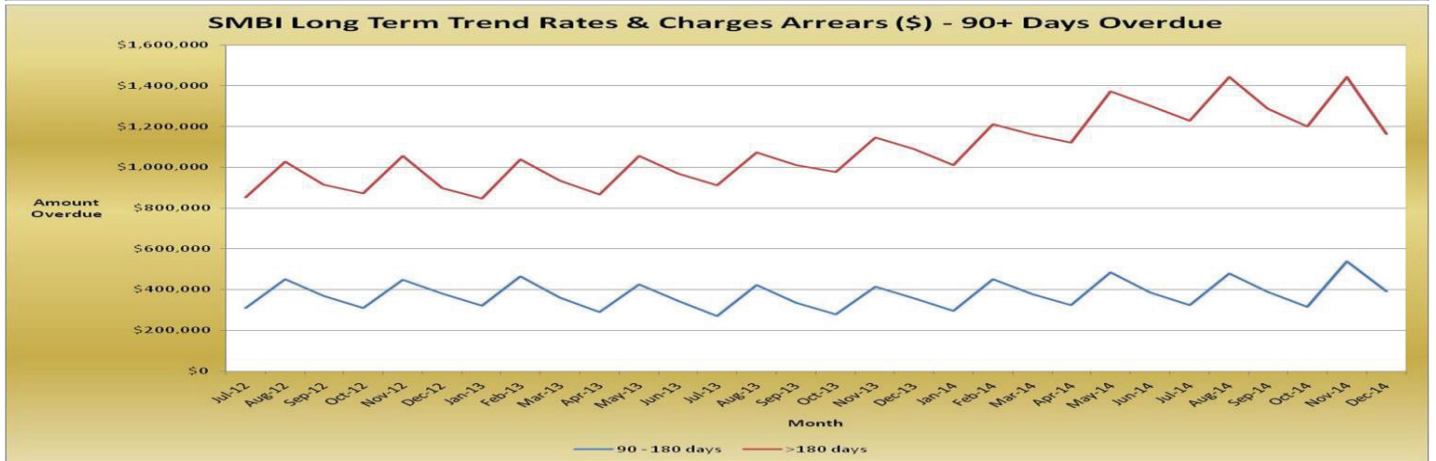
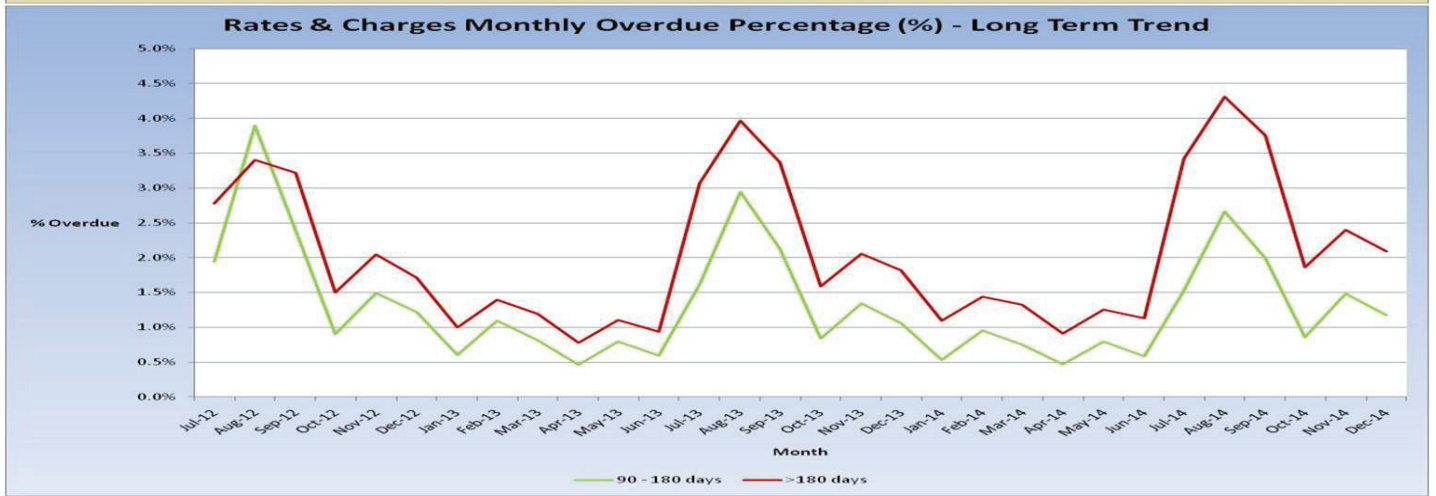
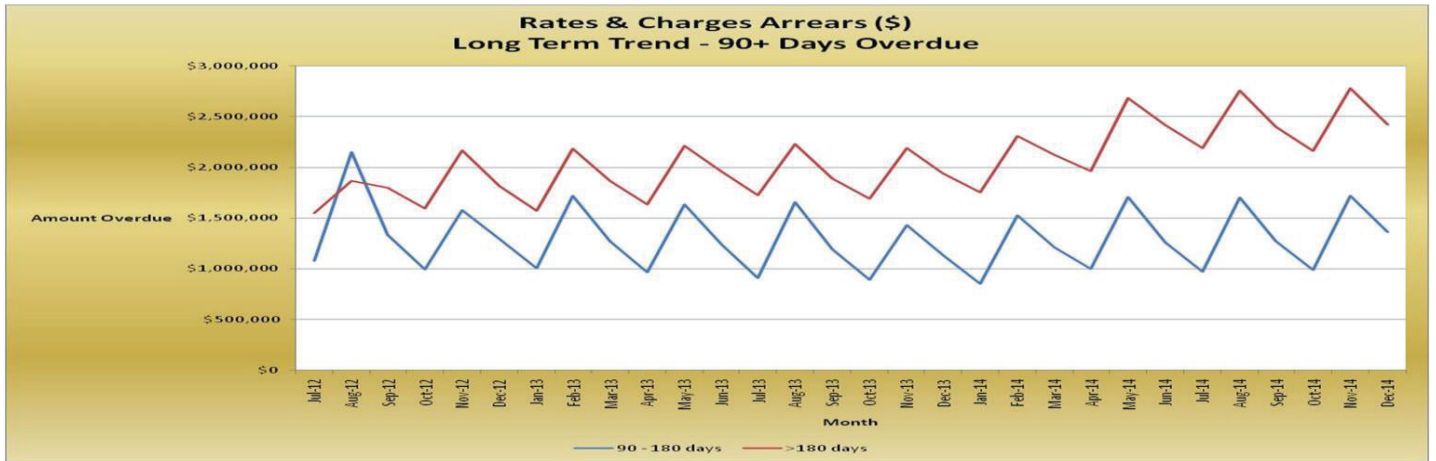
Nth Stradbroke Is / Coochiemudlo Is / Garden Is							SMBI						
Days Overdue	Dec-13	% Overdue	Dec-14	% Overdue	\$ Variance	% Variance	Days Overdue	Dec-13	% Overdue	Dec-14	% Overdue	\$ Variance	% Variance
<90	\$92,238	0.1%	\$119,706	0.1%	\$27,467	0.02%	<90	\$677,842	0.6%	\$663,703	0.6%	-\$14,139	-0.06%
90 - 180 days	\$35,438	0.0%	\$53,628	0.0%	\$18,191	0.01%	90 - 180 days	\$357,188	0.3%	\$392,442	0.3%	\$35,255	0.00%
>180 days	\$40,266	0.0%	\$61,462	0.1%	\$21,196	0.02%	>180 days	\$1,091,094	1.0%	\$1,164,028	1.0%	\$72,934	-0.02%
<b>Total</b>	<b>\$167,942</b>	<b>0.16%</b>	<b>\$234,796</b>	<b>0.20%</b>	<b>\$66,854</b>	<b>0.05%</b>	<b>Total</b>	<b>\$2,126,123</b>	<b>1.99%</b>	<b>\$2,220,172</b>	<b>1.92%</b>	<b>\$94,050</b>	<b>-0.07%</b>

### Trend - November 2014 to December 2014

Total							Mainland						
Days Overdue	Nov-14	% Overdue	Dec-14	% Overdue	\$ Variance	% Variance	Days Overdue	Nov-14	% Overdue	Dec-14	% Overdue	\$ Variance	% Variance
<90	\$4,673,568	4.0%	\$3,048,558	2.6%	-\$1,625,010	-1.40%	<90	\$3,382,715	2.9%	\$2,265,149	2.0%	-\$1,117,566	-0.97%
90 - 180 days	\$1,720,774	1.5%	\$1,362,242	1.2%	-\$358,532	-0.31%	90 - 180 days	\$1,122,638	1.0%	\$916,172	0.8%	-\$206,466	-0.18%
>180 days	\$2,782,156	2.4%	\$2,423,644	2.1%	-\$358,512	-0.31%	>180 days	\$1,271,649	1.1%	\$1,198,154	1.0%	-\$73,495	-0.06%
<b>Total</b>	<b>\$9,176,498</b>	<b>7.93%</b>	<b>\$6,834,444</b>	<b>5.90%</b>	<b>-\$2,342,055</b>	<b>-2.02%</b>	<b>Total</b>	<b>\$5,777,002</b>	<b>4.99%</b>	<b>\$4,379,475</b>	<b>3.78%</b>	<b>-\$1,397,527</b>	<b>-1.21%</b>

Nth Stradbroke Is / Coochiemudlo Is / Garden Is							SMBI						
Days Overdue	Nov-14	% Overdue	Dec-14	% Overdue	\$ Variance	% Variance	Days Overdue	Nov-14	% Overdue	Dec-14	% Overdue	\$ Variance	% Variance
<90	\$177,056	0.2%	\$119,706	0.1%	-\$57,351	-0.05%	<90	\$1,113,797	1.0%	\$663,703	0.6%	-\$450,094	-0.39%
90 - 180 days	\$60,468	0.1%	\$53,628	0.0%	-\$6,840	-0.01%	90 - 180 days	\$537,668	0.5%	\$392,442	0.3%	-\$145,226	-0.13%
>180 days	\$66,212	0.1%	\$61,462	0.1%	-\$4,750	0.00%	>180 days	\$1,444,295	1.2%	\$1,164,028	1.0%	-\$280,268	-0.24%
<b>Total</b>	<b>\$303,736</b>	<b>0.26%</b>	<b>\$234,796</b>	<b>0.20%</b>	<b>-\$68,940</b>	<b>-0.06%</b>	<b>Total</b>	<b>\$3,095,760</b>	<b>2.67%</b>	<b>\$2,220,172</b>	<b>1.92%</b>	<b>-\$875,588</b>	<b>-0.76%</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>	$\frac{\text{Interest Expense} + \text{Loan Redemption}}{\text{Total Operating Revenue - Gain on Sale of Developed Land}}$
<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>	$\frac{\text{Net Cash from Operations} + \text{Interest Revenue and Expense}}{\text{Cash Operating Revenue} + \text{Interest Revenue}}$
<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>	$\frac{\text{Total Liabilities} - \text{Current Assets}}{\text{Total Operating Revenue}}$
<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.