

Monthly Financial Report

February 2017



CONTENTS

| | | |
|-----|--|----|
| 1. | Executive Summary | 3 |
| 2. | Key Performance Indicators | 4 |
| 3. | Statement of Comprehensive Income | 5 |
| 4. | Statement of Cash Flows | 6 |
| 5. | Statement of Financial Position | 7 |
| 6. | Operating Statement | 8 |
| 7. | Capital Funding Statement | 9 |
| 8. | Redland Water & RedWaste Statements | 10 |
| 9. | Investment & Borrowings Report | 11 |
| 10. | Constrained Cash Reserves | 12 |
| 11. | Glossary | 13 |
| 12. | Appendix: Additional and Non-financial Information | 14 |

1. EXECUTIVE SUMMARY

This monthly report illustrates the financial performance and position of Redland City Council compared to its adopted budget at an organisational level for the period ended 28 February 2017. The revised annual budget referred to in this report incorporates the changes from the first budget review adopted by Council on 23 November 2016.

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) | (7,396) | 5,918 | 10,144 | 4,226 | 71% | ✓ |
| Recurrent Revenue | 253,697 | 175,324 | 174,947 | (377) | 0% | ⚠ |
| Recurrent Expenditure | 261,094 | 169,406 | 164,803 | (4,603) | -3% | ✓ |
| Capital Works Expenditure | 90,469 | 41,852 | 36,194 | (5,658) | -14% | ✓ |
| Closing Cash & Cash Equivalents | 124,990 | 157,432 | 169,526 | 12,094 | 8% | ✓ |

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% | ✗ |

Note: all amounts are rounded to the nearest thousand dollars.

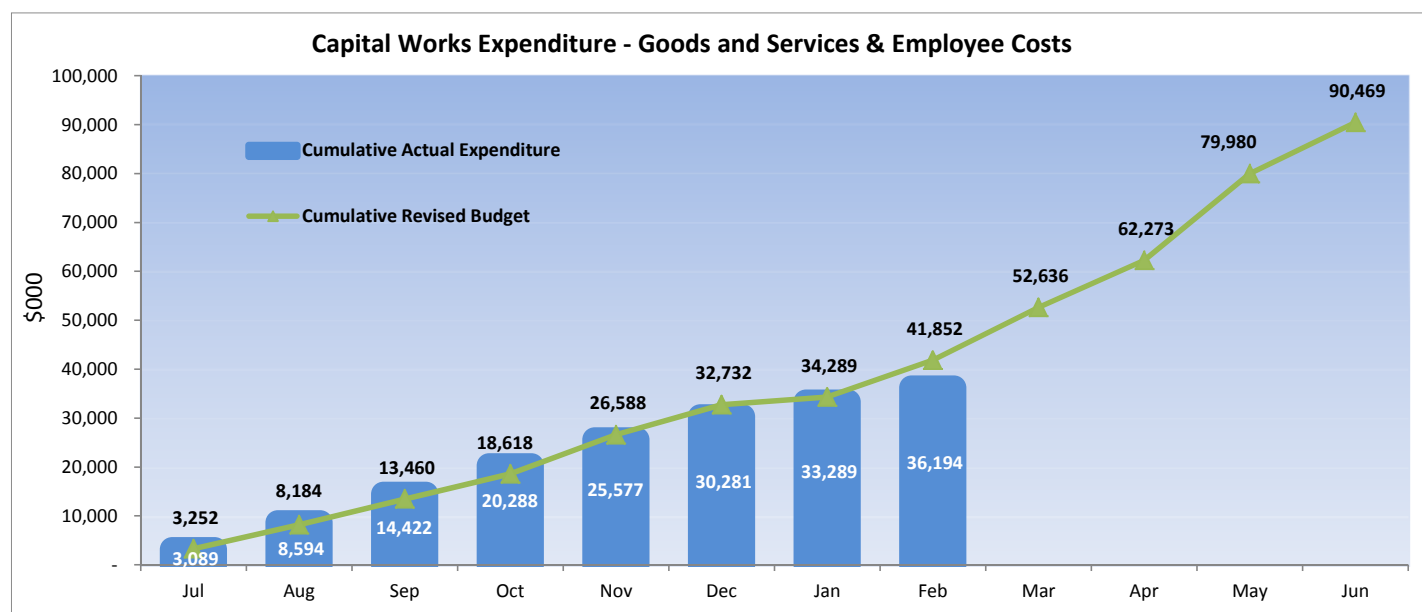
The year to date operating surplus of \$10.14M exceeded the year to date revised budget by \$4.23M. The favourable variance is primarily due to the underspends in contractor, consultant, bulk water purchase costs, as well as vacancies across the organisation.

Higher than expected water consumption has contributed to higher than expected levies and utility charges revenue, especially bulk water charges revenue with a \$1.26M favourable variance to the budget. This is offset by operating grants and subsidies income behind budget.

The favourable variance in depreciation expense is mainly due to timing of works for a number of projects in progress and awaiting capitalisation. Capital works that are no longer expected to be undertaken in this financial year will be addressed during the final budget review for financial year ended 30 June 2017.

Council's capital works expenditure is below budget by \$5.66M. This is mainly due to timing of works for a number of projects which are delayed, have not yet commenced or are still in the early stages of being progressed.

General rates for the third quarter due for payment this month boosts Council's cash balance. Constrained cash reserves represent 62% of the cash balance.



2. KEY PERFORMANCE INDICATORS

Key Performance Indicators

| Financial Stability Ratios and Measures of Sustainability | Target | Annual Revised Budget | YTD February 2017 | Status |
|---|---|-----------------------|-------------------|--------|
| Operating Surplus Ratio (%) | Target between 0% and 10% (on average over the long-term) | -2.92% | 5.80% | ✓ |
| Asset Sustainability Ratio (%) | Target greater than 90% (on average over the long-term) | 65.68% | 56.07% | ✗ |
| Net Financial Liabilities (%)* | Target less than 60% (on average over the long-term) | -25.75% | -57.03% | ✓ |
| Level of Dependence on General Rate Revenue (%) | Target less than 37.5% | 32.69% | 35.39% | ✓ |
| Ability to Pay Our Bills - Current Ratio | Target between 1.1 & 4.1 | 3.71 | 3.95 | ✓ |
| Ability to Repay Our Debt - Debt Servicing Ratio (%) | Target less than or equal to 10% | 3.05% | 4.48% | ✓ |
| Cash Balance \$M | Target greater than or equal to \$40M | \$124.990M | \$169.526M | ✓ |
| Cash Balances - Cash Capacity in Months | Target 3 to 4 months | 7.28 | 10.52 | ✓ |
| Longer Term Financial Stability - Debt to Asset Ratio (%) | Target less than or equal to 10% | 1.72% | 1.67% | ✓ |
| Operating Performance (%) | Target greater than or equal to 20% | 17.62% | 28.28% | ✓ |
| Interest Coverage Ratio (%)** | Target between 0% and 5% | -0.51% | -0.45% | ✓ |

Status Legend

| | | | |
|---------------------------------|---|-------------------------|---|
| KPI target achieved or exceeded | ✓ | KPI target not achieved | ✗ |
|---------------------------------|---|-------------------------|---|

* The net financial liabilities ratio exceeds the target range when current assets are greater than total liabilities (and the ratio is negative)

** The interest coverage ratio exceeds the target range when interest revenue is greater than interest expense (and the ratio is negative)

3. STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME

For the period ending 28 February 2017

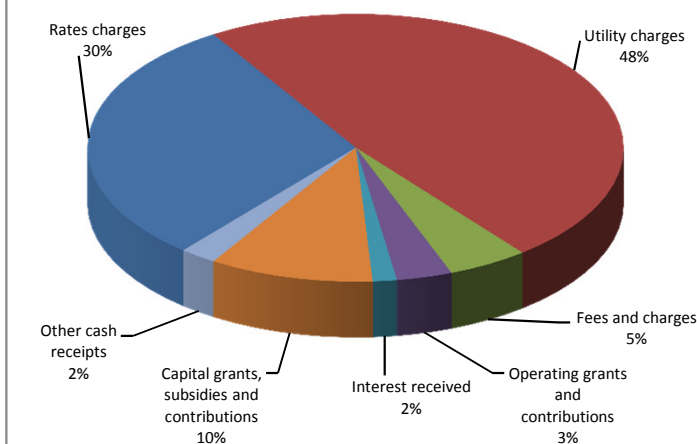
| | Annual | Annual | YTD | YTD | YTD |
|---|-----------------------------|----------------------------|----------------------------|-----------------|-------------------|
| | Original Budget \$000 | Revised Budget \$000 | Revised Budget \$000 | Actual \$000 | Variance \$000 |
| Recurrent revenue | | | | | |
| Rates, levies and charges | 214,758 | 214,908 | 150,996 | 152,578 | 1,582 |
| Fees and charges | 13,291 | 13,391 | 9,284 | 8,706 | (578) |
| Rental income | 811 | 811 | 542 | 450 | (92) |
| Interest received | 4,271 | 4,481 | 3,040 | 2,912 | (128) |
| Investment returns | 4,685 | 1,800 | - | - | - |
| Sales revenue | 4,030 | 4,070 | 2,747 | 2,498 | (249) |
| Other income | 763 | 1,096 | 770 | 846 | 76 |
| Grants, subsidies and contributions | 11,959 | 13,140 | 7,945 | 6,957 | (988) |
| Total recurrent revenue | 254,569 | 253,697 | 175,324 | 174,947 | (377) |
| Capital revenue | | | | | |
| Grants, subsidies and contributions | 32,248 | 33,955 | 19,353 | 19,800 | 447 |
| Non-cash contributions | 3,144 | 3,144 | 53 | 601 | 548 |
| Total capital revenue | 35,393 | 37,100 | 19,406 | 20,401 | 995 |
| TOTAL INCOME | 289,962 | 290,797 | 194,730 | 195,348 | 618 |
| Recurrent expenses | | | | | |
| Employee benefits | 80,389 | 81,514 | 55,612 | 54,631 | (981) |
| Materials and services | 119,315 | 120,431 | 74,462 | 71,467 | (2,995) |
| Finance costs | 3,758 | 3,763 | 2,344 | 2,361 | 17 |
| Depreciation and amortisation | 50,628 | 55,386 | 36,988 | 36,344 | (644) |
| Total recurrent expenses | 254,090 | 261,094 | 169,406 | 164,803 | (4,603) |
| Capital expenses | | | | | |
| (Gain)/loss on disposal of non-current assets | 289 | (172) | (52) | 1,202 | 1,254 |
| Total capital expenses | 289 | (172) | (52) | 1,202 | 1,254 |
| TOTAL EXPENSES | 254,379 | 260,922 | 169,354 | 166,005 | (3,349) |
| NET RESULT | 35,583 | 29,876 | 25,376 | 29,343 | 3,967 |
| Other comprehensive income/(loss) | | | | | |
| Items that will not be reclassified to a net result | | | | | |
| Revaluation of property, plant and equipment | - | - | - | (796) | (796) |
| TOTAL COMPREHENSIVE INCOME | 35,583 | 29,876 | 25,376 | 28,547 | 3,171 |

4. STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS For the period ending 28 February 2017

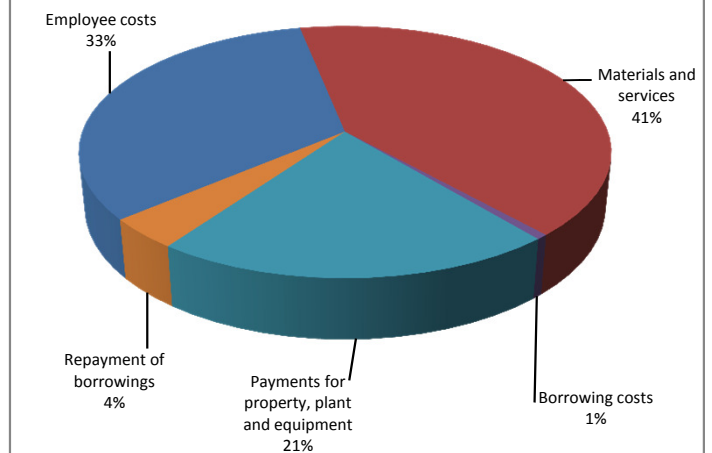
| | Annual Original Budget \$000 | Annual Revised Budget \$000 | YTD Revised Budget \$000 | YTD Actual \$000 |
|--|---------------------------------------|--------------------------------------|-----------------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | 232,889 | 233,512 | 167,958 | 169,654 |
| Payments to suppliers and employees | (202,780) | (205,026) | (131,915) | (127,824) |
| | 30,110 | 28,486 | 36,043 | 41,830 |
| Interest received | 4,271 | 4,481 | 3,040 | 2,912 |
| Rental income | 811 | 811 | 542 | 450 |
| Non-capital grants and contributions | 11,056 | 11,367 | 6,175 | 6,701 |
| Borrowing costs | (3,195) | (1,066) | (1,066) | (1,066) |
| Net cash inflow / (outflow) from operating activities | 43,053 | 44,080 | 44,734 | 50,827 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for property, plant and equipment | (76,938) | (90,469) | (41,852) | (36,068) |
| Payments for intangible assets | (100) | - | - | (126) |
| Proceeds from sale of property, plant and equipment | 630 | 1,091 | 665 | 658 |
| Capital grants, subsidies and contributions | 32,248 | 33,955 | 19,353 | 19,800 |
| Other cash flows from investing activities | 4,685 | 1,800 | - | - |
| Net cash inflow / (outflow) from investing activities | (39,474) | (53,622) | (21,834) | (15,736) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | (4,551) | (6,680) | (6,680) | (6,777) |
| Net cash inflow / (outflow) from financing activities | (4,551) | (6,680) | (6,680) | (6,777) |
| Net increase / (decrease) in cash held | (972) | (16,222) | 16,220 | 28,314 |
| Cash and cash equivalents at the beginning of the year | 119,449 | 141,212 | 141,212 | 141,212 |
| Cash and cash equivalents at the end of the financial year / period | 118,477 | 124,990 | 157,432 | 169,526 |

Cash Funding (YTD)



| | |
|--|---------|
| Total Cash Funding (Actual YTD) | 200,175 |
| Total Cash Funding (Annual Revised Budget) | 287,019 |
| % of Budget Achieved YTD | 70% |

Cash Expenditure (YTD)



| | |
|--|---------|
| Total Cash Expenditure (Actual YTD) | 171,861 |
| Total Cash Expenditure (Annual Revised Budget) | 303,241 |
| % of Budget Achieved YTD | 57% |

5. STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION As at 28 February 2017

| | Annual | Annual | YTD | YTD |
|--------------------------------------|-----------------------------|----------------------------|----------------------------|----------------------------|
| | Original Budget \$000 | Revised Budget \$000 | Revised Budget \$000 | Actual Balance \$000 |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | 118,477 | 124,990 | 157,432 | 169,526 |
| Trade and other receivables | 25,017 | 25,805 | 23,170 | 27,048 |
| Inventories | 779 | 678 | 678 | 720 |
| Non-current assets held for sale | 1,309 | 4,278 | 4,278 | 1,029 |
| Other current assets | 1,104 | 2,122 | 2,123 | 2,329 |
| Total current assets | 146,686 | 157,873 | 187,681 | 200,652 |
| NON-CURRENT ASSETS | | | | |
| Investment property | 956 | 1,054 | 1,054 | 1,054 |
| Property, plant and equipment | 2,293,906 | 2,463,219 | 2,429,884 | 2,423,993 |
| Intangible assets | 2,000 | 2,284 | 2,615 | 2,697 |
| Other financial assets | 73 | 73 | 73 | 73 |
| Investment in other entities | 10,063 | 5,961 | 5,961 | 9,004 |
| Total non-current assets | 2,306,999 | 2,472,591 | 2,439,587 | 2,436,821 |
| TOTAL ASSETS | 2,453,685 | 2,630,464 | 2,627,268 | 2,637,473 |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | 18,454 | 20,763 | 21,293 | 22,003 |
| Borrowings | 4,482 | 7,701 | 7,701 | 7,701 |
| Provisions | 7,571 | 12,465 | 12,762 | 11,227 |
| Other current liabilities | 2,673 | 1,665 | 3,147 | 9,924 |
| Total current liabilities | 33,179 | 42,595 | 44,903 | 50,855 |
| NON-CURRENT LIABILITIES | | | | |
| Borrowings | 40,727 | 37,604 | 36,536 | 36,437 |
| Provisions | 12,143 | 12,350 | 12,413 | 13,596 |
| Total non-current liabilities | 52,869 | 49,954 | 48,949 | 50,033 |
| TOTAL LIABILITIES | 86,048 | 92,549 | 93,852 | 100,888 |
| NET COMMUNITY ASSETS | 2,367,637 | 2,537,915 | 2,533,416 | 2,536,585 |
| COMMUNITY EQUITY | | | | |
| Asset revaluation surplus | 827,411 | 963,349 | 963,349 | 962,553 |
| Retained surplus | 1,443,724 | 1,471,259 | 1,469,789 | 1,468,153 |
| Constrained cash reserves | 96,502 | 103,307 | 100,278 | 105,879 |
| TOTAL COMMUNITY EQUITY | 2,367,637 | 2,537,915 | 2,533,416 | 2,536,585 |

6. OPERATING STATEMENT

OPERATING STATEMENT For the period ending 28 February 2017

| | Annual | Annual | YTD | YTD | YTD |
|---|-----------------------------|----------------------------|----------------------------|-----------------|-------------------|
| | Original Budget \$000 | Revised Budget \$000 | Revised Budget \$000 | Actual \$000 | Variance \$000 |
| Revenue | | | | | |
| Rates charges | 85,691 | 85,841 | 64,343 | 64,062 | (281) |
| Levies and utility charges | 132,436 | 132,436 | 89,157 | 90,952 | 1,795 |
| <i>Less: Pensioner remissions and rebates</i> | (3,370) | (3,370) | (2,504) | (2,436) | 68 |
| Fees and charges | 13,291 | 13,391 | 9,284 | 8,706 | (578) |
| Operating grants and subsidies | 11,370 | 12,339 | 7,330 | 6,408 | (922) |
| Operating contributions and donations | 589 | 801 | 615 | 549 | (66) |
| Interest external | 4,271 | 4,481 | 3,040 | 2,912 | (128) |
| Investment returns | 4,685 | 1,800 | - | - | - |
| Other revenue | 5,604 | 5,977 | 4,059 | 3,794 | (265) |
| Total revenue | 254,569 | 253,697 | 175,324 | 174,947 | (377) |
| Expenses | | | | | |
| Employee benefits | 80,389 | 81,514 | 55,612 | 54,631 | (981) |
| Materials and services | 119,731 | 121,237 | 75,192 | 72,408 | (2,784) |
| Finance costs other | 562 | 567 | 217 | 236 | 19 |
| Other expenditure | 398 | 73 | (142) | (136) | 6 |
| Net internal costs | (814) | (878) | (588) | (805) | (217) |
| Total expenses | 200,266 | 202,512 | 130,291 | 126,334 | (3,957) |
| Earnings before interest, tax and depreciation (EBITD) | 54,303 | 51,185 | 45,033 | 48,613 | 3,580 |
| Interest expense | 3,195 | 3,195 | 2,127 | 2,125 | (2) |
| Depreciation and amortisation | 50,628 | 55,386 | 36,988 | 36,344 | (644) |
| OPERATING SURPLUS/(DEFICIT) | 479 | (7,396) | 5,918 | 10,144 | 4,226 |

Levies and utility charges breakup For the period ending 28 February 2017

| | Annual | Annual | YTD | YTD | YTD |
|---|-----------------------------|----------------------------|----------------------------|-----------------|-------------------|
| | Original Budget \$000 | Revised Budget \$000 | Revised Budget \$000 | Actual \$000 | Variance \$000 |
| Levies and utility charges | | | | | |
| Refuse charges | 20,903 | 20,903 | 13,935 | 13,803 | (132) |
| Special charges | 3,974 | 3,974 | 2,981 | 2,986 | 5 |
| SES Separate charge | 331 | 331 | 248 | 252 | 4 |
| Environment levy | 6,093 | 6,093 | 4,570 | 4,608 | 38 |
| Landfill remediation charge | 2,795 | 2,795 | 1,863 | 1,878 | 15 |
| Wastewater charges | 42,254 | 42,254 | 28,169 | 28,659 | 490 |
| Water access charges | 17,989 | 17,989 | 11,992 | 12,104 | 112 |
| Water consumption charges | 38,098 | 38,098 | 25,399 | 26,662 | 1,263 |
| Total Levies and utility charges | 132,436 | 132,436 | 89,157 | 90,952 | 1,795 |

7. CAPITAL FUNDING STATEMENT

CAPITAL FUNDING STATEMENT For the period ending 28 February 2017

| | Annual | Annual | YTD | YTD | YTD |
|---|-----------------------------|----------------------------|----------------------------|-----------------|-------------------|
| | Original Budget \$000 | Revised Budget \$000 | Revised Budget \$000 | Actual \$000 | Variance \$000 |
| Sources of capital funding | | | | | |
| Capital contributions and donations | 29,425 | 29,425 | 15,882 | 16,222 | 340 |
| Capital grants and subsidies | 2,824 | 4,531 | 3,471 | 3,578 | 107 |
| Proceeds on disposal of non-current assets | 630 | 1,091 | 665 | 658 | (7) |
| Capital transfers (to)/ from reserves | (15,839) | (10,179) | (5,387) | (9,964) | (4,577) |
| Non-cash contributions | 3,144 | 3,144 | 53 | 601 | 548 |
| Funding from general revenue | 64,549 | 70,153 | 32,840 | 31,418 | (1,422) |
| Total sources of capital funding | 84,733 | 98,164 | 47,524 | 42,513 | (5,011) |
| Application of capital funds | | | | | |
| Contributed assets | 3,144 | 3,144 | 53 | 601 | 548 |
| Capitalised goods and services | 71,905 | 85,854 | 39,036 | 32,592 | (6,444) |
| Capitalised employee costs | 5,133 | 4,615 | 2,816 | 3,602 | 786 |
| Loan redemption | 4,551 | 4,551 | 5,619 | 5,718 | 99 |
| Total application of capital funds | 84,733 | 98,164 | 47,524 | 42,513 | (5,011) |
| Other budgeted items | | | | | |
| Transfers to constrained operating reserves | (11,683) | (11,683) | (8,504) | (8,887) | (383) |
| Transfers from constrained operating reserves | 10,321 | 10,730 | 5,787 | 5,146 | (641) |
| WDV of assets disposed | 919 | 919 | 613 | 1,860 | 1,247 |

8. REDLAND WATER & REDWASTE STATEMENTS

REDLAND WATER SUMMARY OPERATING STATEMENT For the period ending 28 February 2017

| | Annual | Annual | YTD | YTD | YTD |
|--|-----------------------------|----------------------------|----------------------------|-----------------|-------------------|
| | Original Budget \$000 | Revised Budget \$000 | Revised Budget \$000 | Actual \$000 | Variance \$000 |
| Total revenue | 102,096 | 102,096 | 68,051 | 69,479 | 1,428 |
| Total expenses | 57,907 | 57,703 | 38,170 | 36,246 | (1,924) |
| Earnings before interest, tax and depreciation (EBITD) | 44,189 | 44,392 | 29,881 | 33,233 | 3,352 |
| Depreciation | 16,505 | 18,062 | 12,029 | 11,995 | (34) |
| Operating surplus/(deficit) | 27,684 | 26,330 | 17,852 | 21,238 | 3,386 |

REDLAND WATER CAPITAL FUNDING STATEMENT For the period ending 28 February 2017

| | Annual | Annual | YTD | YTD | YTD |
|--|-----------------------------|----------------------------|----------------------------|-----------------|-------------------|
| | Original Budget \$000 | Revised Budget \$000 | Revised Budget \$000 | Actual \$000 | Variance \$000 |
| Capital contributions, donations, grants and subsidies | 6,539 | 6,539 | 4,472 | 5,935 | 1,463 |
| Net transfer (to)/from constrained capital reserves | (713) | 1,615 | 888 | 151 | (737) |
| Other | 3,065 | 3,065 | - | - | - |
| Funding from utility revenue | 7,993 | 8,790 | 3,541 | 2,122 | (1,419) |
| Total sources of capital funding | 16,883 | 20,008 | 8,901 | 8,208 | (693) |
| Contributed assets | 3,065 | 3,065 | - | - | - |
| Capitalised expenditure | 13,818 | 16,943 | 8,901 | 8,208 | (693) |
| Total applications of capital funds | 16,883 | 20,008 | 8,901 | 8,208 | (693) |

REDWASTE OPERATING STATEMENT For the period ending 28 February 2017

| | Annual | Annual | YTD | YTD | YTD |
|--|-----------------------------|----------------------------|----------------------------|-----------------|-------------------|
| | Original Budget \$000 | Revised Budget \$000 | Revised Budget \$000 | Actual \$000 | Variance \$000 |
| Total revenue | 24,137 | 24,137 | 15,936 | 15,718 | (218) |
| Total expenses | 18,155 | 17,958 | 11,775 | 11,569 | (206) |
| Earnings before interest, tax and depreciation (EBITD) | 5,982 | 6,179 | 4,161 | 4,149 | (12) |
| Interest expense | 40 | 40 | 27 | 27 | - |
| Depreciation | 572 | 225 | 149 | 103 | (46) |
| Operating surplus/(deficit) | 5,371 | 5,915 | 3,985 | 4,019 | 34 |

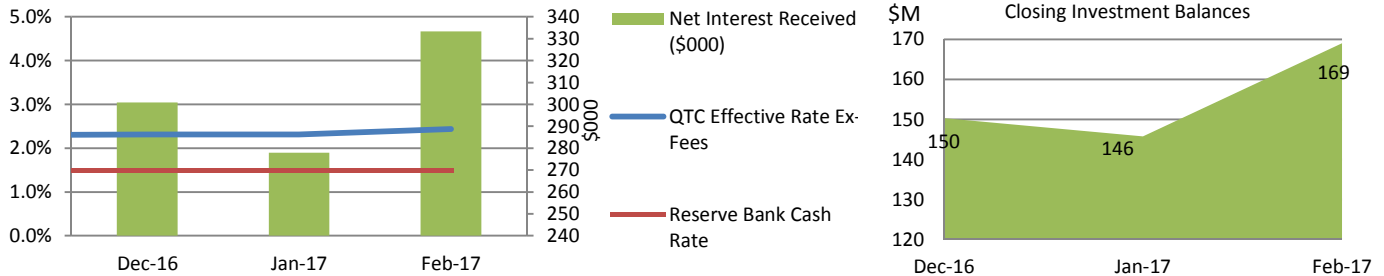
REDWASTE CAPITAL FUNDING STATEMENT For the period ending 28 February 2017

| | Annual | Annual | YTD | YTD | YTD |
|--|-----------------------------|----------------------------|----------------------------|-----------------|-------------------|
| | Original Budget \$000 | Revised Budget \$000 | Revised Budget \$000 | Actual \$000 | Variance \$000 |
| Funding from utility revenue | 307 | 1,737 | 1,277 | 1,105 | (172) |
| Total sources of capital funding | 307 | 1,737 | 1,277 | 1,105 | (172) |
| Capitalised expenditure | 233 | 1,662 | 1,202 | 989 | (213) |
| Loan redemption | 75 | 75 | 75 | 116 | 41 |
| Total applications of capital funds | 307 | 1,737 | 1,277 | 1,105 | (172) |

9. INVESTMENT & BORROWINGS REPORT

For the period ending 28 February 2017

INVESTMENT RETURNS



Total Investment at End of Month was \$169.07M

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

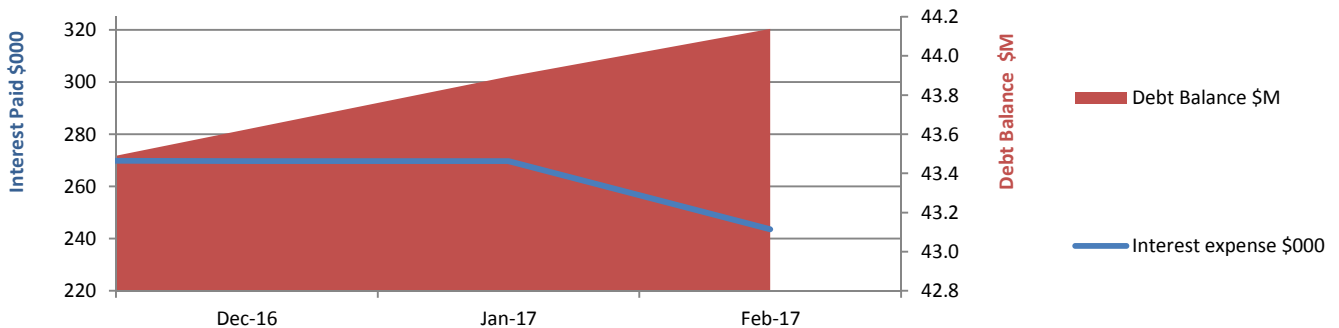
The movement in interest earned is indicative of both the interest rate and the surplus cash balances held, the latter of which is affected by business cash flow requirements on a monthly basis as well as the rating cycle.

Note: the Reserve Bank reduced the cash rate down to 1.5% in the August 2016 sitting - this has not changed in subsequent months.

On a daily basis, cash surplus to requirements are deposited with QTC to earn higher interest as QTC is offering a higher rate than what is achieved from Council's transactional bank accounts. The current interest rate paid by QTC of 2.44% exceeds the Bloomberg AusBond Bank Bill Index (previously the UBS Bank Bill Index) of 1.67% as at the end of February 2017 in accordance with Corporate POL-3013. Term deposit rates are being monitored to identify investment opportunities to ensure Council maximises its interest earnings.

Council adopted its revised Investment Policy (POL-3013) in May 2016 for the 2016/2017 financial year

BORROWING COSTS



Total Borrowings at End of Month were \$44.14M



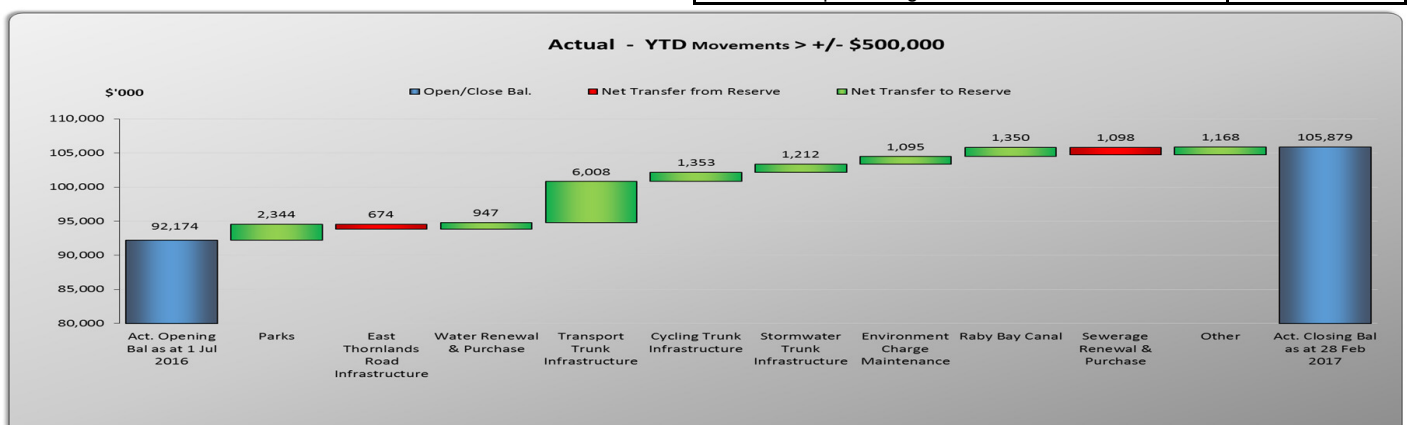
The existing loan accounts were converted to fixed rate loans on 1 April 2016 in line with QTC policies. In line with Council's debt policy, debt repayment has been made *annually* in advance for 2016/2017.

Dependent upon timing of monthly QTC statements, interest is accrued based on the prior month's actual interest. Once statements are received in the following month, interest is adjusted accordingly.

Council adopted its revised Debt Policy (POL-1838) in July 2016 for the 2016/2017 financial year

10. CONSTRAINED CASH RESERVES

| Reserves as at 28 February 2017 | Opening Balance | To Reserve | From Reserve | Closing Balance |
|--|-----------------|---------------|-----------------|-----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Special Projects Reserve: | | | | |
| Weinam Creek Reserve | 2,406 | 561 | (15) | 2,952 |
| Red Art Gallery Commissions & Donations Reserve | 2 | - | - | 2 |
| | 2,408 | 561 | (15) | 2,954 |
| Utilities Reserve: | | | | |
| Redland Water Reserve | 8,300 | - | - | 8,300 |
| Redland WasteWater Reserve | 1,600 | - | - | 1,600 |
| | 9,900 | - | - | 9,900 |
| Constrained Works Reserve: | | | | |
| Parks Reserve | 9,150 | 2,808 | (464) | 11,494 |
| East Thornlands Road Infrastructure Reserve | 674 | - | (674) | - |
| Community Facility Infrastructure Reserve | 1,696 | 487 | - | 2,183 |
| Retail Water Renewal & Purchase Reserve | 8,911 | 948 | (1) | 9,858 |
| Sewerage Renewal & Purchase Reserve | 6,516 | 3,559 | (4,657) | 5,418 |
| Constrained Works Reserve-Capital Grants & Contributions | 1,549 | - | (9) | 1,540 |
| Transport Trunk Infrastructure Reserve | 21,897 | 6,041 | (33) | 27,905 |
| Cycling Trunk Infrastructure Reserve | 5,844 | 1,841 | (488) | 7,197 |
| Stormwater Infrastructure Reserve | 5,613 | 1,212 | - | 6,825 |
| Constrained Works Reserve-Operational Grants & Contributions | 1,666 | - | (186) | 1,480 |
| Tree Planting Reserve | 64 | 35 | (15) | 84 |
| | 63,580 | 16,931 | (6,527) | 73,984 |
| Separate Charge Reserve - Environment: | | | | |
| Environment Charge Acquisition Reserve | 6,794 | - | (43) | 6,751 |
| Environment Charge Maintenance Reserve | 1,243 | 4,609 | (3,514) | 2,338 |
| | 8,037 | 4,609 | (3,557) | 9,089 |
| Special Charge Reserve - Other: | | | | |
| Bay Island Rural Fire Levy Reserve | - | 172 | (120) | 52 |
| SMBI Translink Reserve | 13 | 698 | (475) | 236 |
| | 13 | 870 | (595) | 288 |
| Special Charge Reserve - Canals: | | | | |
| Raby Bay Canal Reserve | 4,113 | 2,094 | (744) | 5,463 |
| Aquatic Paradise Canal Reserve | 3,685 | 676 | (565) | 3,796 |
| Sovereign Waters Lake Reserve | 438 | 42 | (75) | 405 |
| | 8,236 | 2,812 | (1,384) | 9,664 |
| TOTALS | 92,174 | 25,783 | (12,078) | 105,879 |
| Closing cash and cash equivalents | | | | 169,526 |
| Reserves as percentage of cash balance | | | | 62% |



Significant developer contributions of \$1M were received during the month relating to various infrastructure reserves. YTD growth in infrastructure reserves is predominantly from developments in Thornlands and Capalaba. Movement in the East Thornlands Road Infrastructure Reserve is due to closure of the fund and funds transferred to the Transport Trunk Infrastructure Reserve. Movement in the Sewerage Renewal & Purchase Reserve is mainly due to \$3.39M spend at the Pt Lookout waste water treatment plant. Significant reserve drawdowns were made from the Environmental Charge Maintenance Reserve during the month to undertake various maintenance works.

11. GLOSSARY

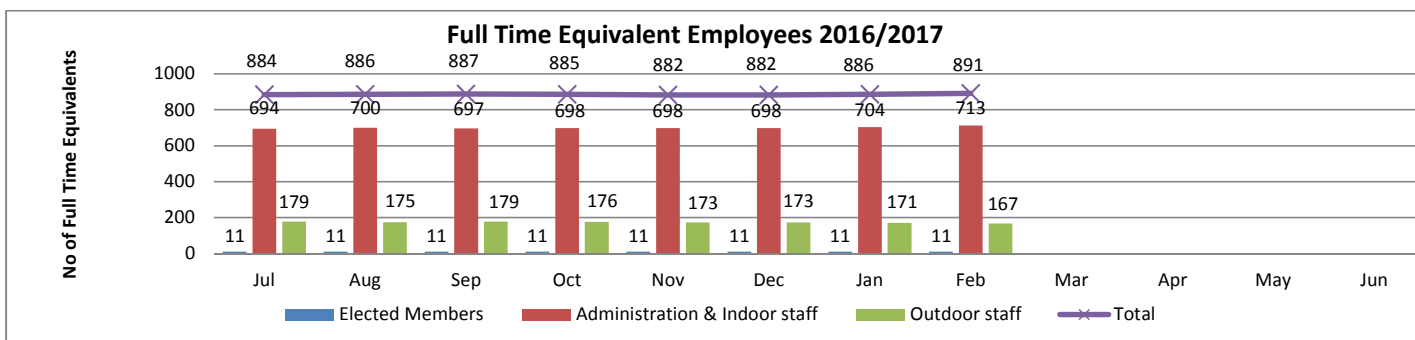
Definition of Ratios

| | |
|--|--|
| Operating Surplus Ratio*: <i>This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes</i> | <div>Net Operating Surplus</div> <div>Total Operating Revenue</div> |
| Asset Sustainability Ratio*: <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> | <div>Capital Expenditure on Replacement of Infrastructure Assets (Renewals)</div> <div>Depreciation Expenditure on Infrastructure Assets</div> |
| Net Financial Liabilities*: <i>This is an indicator of the extent to which the net financial liabilities of Council can be serviced by operating revenues</i> | <div>Total Liabilities - Current Assets</div> <div>Total Operating Revenue</div> |
| Level of Dependence on General Rate Revenue: <i>This ratio measures Council's reliance on operating revenue from general rates (excludes utility revenues)</i> | <div>General Rates - Pensioner Remissions</div> <div>Total Operating Revenue - Gain on Sale of Developed Land</div> |
| Current Ratio: <i>This measures the extent to which Council has liquid assets available to meet short term financial obligations</i> | <div>Current Assets</div> <div>Current Liabilities</div> |
| Debt Servicing Ratio: <i>This indicates Council's ability to meet current debt instalments with recurrent revenue</i> | <div>Interest Expense + Loan Redemption</div> <div>Total Operating Revenue - Gain on Sale of Developed Land</div> |
| Cash Balance - \$M: | <div>Cash Held at Period End</div> |
| Cash Capacity in Months: <i>This provides an indication as to the number of months cash held at period end would cover operating cash outflows</i> | <div>Cash Held at Period End</div> <div>[[Cash Operating Costs + Interest Expense] / Period in Year]</div> |
| Longer Term Financial Stability - Debt to Asset Ratio: <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> | <div>Current and Non-current loans</div> <div>Total Assets</div> |
| Operating Performance: <i>This ratio provides an indication of Redland City Council's cash flow capabilities</i> | <div>Net Cash from Operations + Interest Revenue and Expense</div> <div>Cash Operating Revenue + Interest Revenue</div> |
| Interest Coverage Ratio: <i>This ratio demonstrates the extent which operating revenues are being used to meet the financing charges</i> | <div>Net Interest Expense on Debt Service</div> <div>Total Operating Revenue</div> |

* 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.

12. APPENDIX: ADDITIONAL AND NON-FINANCIAL INFORMATION

Workforce Reporting



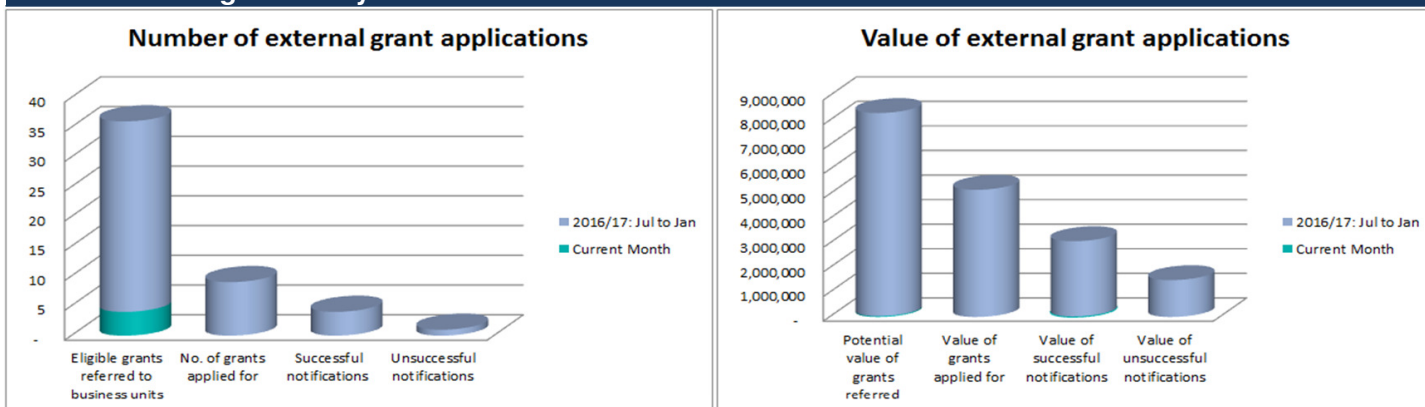
| Workforce reporting - February 2017: Headcount | | Employee Type | | | | | |
|--|-----------|---------------------|------------|-----------|-----------|-----------|-------------|
| Department Level | Casual | Contract of Service | Perm Full | Perm Part | Temp Full | Temp Part | Grand Total |
| Office of CEO | 11 | 4 | 93 | 13 | 12 | 0 | 133 |
| Organisational Services | 2 | 6 | 100 | 9 | 10 | 2 | 129 |
| Community and Customer Service | 34 | 4 | 248 | 58 | 21 | 8 | 373 |
| Infrastructure and Operations | 17 | 6 | 303 | 8 | 7 | 3 | 344 |
| Total | 64 | 20 | 744 | 88 | 50 | 13 | 979 |

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.

Overdue Rates Debtors

| Days Overdue | Feb-16 | % Overdue | Feb-17 | % Overdue | \$ Variance | % Variance |
|--------------|---------------------|--------------|---------------------|--------------|-----------------|---------------|
| 0 - 30 | \$5,787,557 | 3.30% | \$5,781,498 | 3.17% | -\$6,059 | -0.13% |
| 31 - 60 | \$82 | 0.00% | \$1,040 | 0.00% | \$958 | 0.00% |
| 61 - 90 | \$73 | 0.00% | \$1,113 | 0.00% | \$1,039 | 0.00% |
| >90 | \$4,500,482 | 2.57% | \$4,516,030 | 2.48% | \$15,548 | -0.09% |
| Total | \$10,288,194 | 5.87% | \$10,299,681 | 5.65% | \$11,486 | -0.22% |

External Funding Summary



Month of February 2017

In the current month submitted applications include:

Several applications and EOI are now being prepared and have been referred to business units, however no applications were made this month.

In the current month successful applications include:

No reports for successful funding applications released this month.

YTD 2016/17

The YTD main funding applications submitted & successful include:

Local Government Subsidy Scheme Program x 2 applications:
 - Thorneside WWTP (Package of 5 separate projects) - \$2.75M
 - Indigiscapes Native Plant Nursery - \$0.11M
 Queensland ANZAC Centenary Lasting Legacies Program:
 - Remembering them: Honouring the First World War soldiers of the Redlands project - \$0.02M
 QCoast2100 Program for Coastal Adaptation Study:
 - 4 phases of work over 2016/2017 and 2017/2018 - \$0.20M

The YTD main funding applications submitted & not successful include:

- Ex-HMAS Tobruk EOI - Economic benefit in first year - \$1.50M