

# Monthly Financial Report

November 2017



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## 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 30 November 2017. The year to date and annual revised budget referred to in this report incorporates the changes from the budget capital carryovers adopted by Council on 23 August 2017.

### Key Financial Highlights and Overview

Key Financial Results (\$000)	Annual Revised Budget	YTD Revised Budget	YTD Actual	YTD Variance	YTD Variance %	Status Favourable ✓ Unfavourable ✗
Operating Surplus / (Deficit)	(11,136)	9,226	<b>7,138</b>	(2,088)	-23%	✗
Recurrent Revenue	261,639	117,203	<b>114,831</b>	(2,372)	-2%	✗
Recurrent Expenditure	272,775	107,977	<b>107,693</b>	(284)	0%	✓
Capital Works Expenditure	94,860	26,302	<b>20,194</b>	(6,108)	-23%	✓
Closing Cash & Cash Equivalents	140,234	173,308	<b>154,998</b>	(18,310)	-11%	✗

Council reported an operating surplus for the month of \$7.14M. The income generated from the second quarter general rates levy is partially offset by \$343K in credits held, representing rates received in advance in previous periods. Operating grants and subsidies income is below budget by \$1.68M mainly due to timing of Roads to Recovery grant receipt budgeted for November.

The favourable variance in recurrent expenditure is primarily due to underspend in contractor costs. The unfavourable variance in depreciation expense is due to higher opening asset balances for 2017/2018 which include the results from the 2016/2017 asset revaluations, as well as the recognition of developer contributed assets. These end of year adjustments influenced the increase in depreciation expense.

Of the \$10.71M for contractors, mowing the city's parks and open spaces was \$1.12M year to date.

Capital grants, subsidies and contributions are below budget due to timing of developer cash contributions.

Council's capital works expenditure is below budget by \$6.11M due to timing of works for a number of city and marine infrastructure projects in progress and timing of capital acquisitions.

Council's cash balance is below budget due to higher than anticipated payments to suppliers which includes \$7.81M for canal and lake special charges refund and below budget receipt of developer cash contributions offset by expenditure for property, plant and equipment. Constrained cash reserves represent 58% of the cash balance.

## 2. KEY PERFORMANCE INDICATORS

### Key Performance Indicators

Financial Stability Ratios and Measures of Sustainability	Status Achieved ✓ Not achieved ✗	Annual Revised Budget	YTD November 2017	Target
Operating Surplus Ratio (%)	✓	-4.26%	<b>6.22%</b>	Between 0% and 10% (on average over the long-term)
Asset Sustainability Ratio (%)	✗	70.92%	<b>39.50%</b>	Greater than 90% (on average over the long-term)
Net Financial Liabilities (%)*	✓	-23.95%	<b>-81.85%</b>	Less than 60% (on average over the long-term)
Level of Dependence on General Rate Revenue (%)	✗	33.93%	<b>38.18%</b>	Less than 37.5%
Ability to Pay Our Bills - Current Ratio	✓	2.74	<b>3.78</b>	Between 1.1 & 4.1
Ability to Repay Our Debt - Debt Servicing Ratio (%)	✓	2.99%	<b>6.83%</b>	Less than or equal to 10%
Cash Balance \$M	✓	\$140.234M	<b>\$154.998M</b>	Greater than or equal to \$50M
Cash Balances - Cash Capacity in Months	✓	7.87	<b>7.57</b>	Greater than 3 months
Longer Term Financial Stability - Debt to Asset Ratio (%)	✓	1.47%	<b>1.40%</b>	Less than or equal to 10%
Operating Performance (%)	✗	17.65%	<b>14.98%</b>	Greater than or equal to 15%
Interest Coverage Ratio (%)**	✓	-0.59%	<b>-0.58%</b>	Less than 5%

\* 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)

The annual revised budgeted balances for 2017/2018 include the changes from the budget carryovers adopted by Council on 23 August 2017. The differences between the carryover budget figures and those published are due to the actual opening balances on 1 July 2017, which are now finalised following end of year accounts finalisation.

### 3. STATEMENT OF COMPREHENSIVE INCOME

#### STATEMENT OF COMPREHENSIVE INCOME

For the period ending 30 November 2017

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
<b>Recurrent revenue</b>					
Rates, levies and charges	227,186	227,186	101,966	<b>100,889</b>	(1,077)
Fees and charges	13,048	13,048	5,837	<b>5,973</b>	136
Rental income	839	839	336	<b>425</b>	89
Interest received	4,361	4,361	1,815	<b>1,861</b>	46
Investment returns	2,200	2,200	500	<b>500</b>	-
Sales revenue	3,823	3,823	1,414	<b>1,472</b>	58
Other income	684	684	361	<b>483</b>	122
Grants, subsidies and contributions	9,497	9,497	4,974	<b>3,228</b>	(1,746)
<b>Total recurrent revenue</b>	<b>261,639</b>	<b>261,639</b>	<b>117,203</b>	<b>114,831</b>	<b>(2,372)</b>
<b>Capital revenue</b>					
Grants, subsidies and contributions	33,013	33,035	11,501	<b>5,695</b>	(5,806)
Non-cash contributions	3,213	3,213	1,378	<b>-</b>	(1,378)
<b>Total capital revenue</b>	<b>36,226</b>	<b>36,248</b>	<b>12,879</b>	<b>5,695</b>	<b>(7,184)</b>
<b>TOTAL INCOME</b>	<b>297,865</b>	<b>297,887</b>	<b>130,082</b>	<b>120,526</b>	<b>(9,556)</b>
<b>Recurrent expenses</b>					
Employee benefits	85,677	85,677	35,732	<b>35,654</b>	(78)
Materials and services	125,787	125,787	46,676	<b>45,797</b>	(879)
Finance costs	3,112	3,112	1,319	<b>1,357</b>	38
Depreciation and amortisation	58,200	58,200	24,250	<b>24,885</b>	635
<b>Total recurrent expenses</b>	<b>272,775</b>	<b>272,775</b>	<b>107,977</b>	<b>107,693</b>	<b>(284)</b>
<b>Capital expenses</b>					
(Gain) / loss on disposal of non-current assets	289	36	120	<b>(141)</b>	(261)
<b>Total capital expenses</b>	<b>289</b>	<b>36</b>	<b>120</b>	<b>(141)</b>	<b>(261)</b>
<b>TOTAL EXPENSES</b>	<b>273,064</b>	<b>272,811</b>	<b>108,097</b>	<b>107,552</b>	<b>(545)</b>
<b>NET RESULT</b>	<b>24,801</b>	<b>25,076</b>	<b>21,985</b>	<b>12,974</b>	<b>(9,011)</b>
<b>Other comprehensive income / (loss)</b>					
Items that will not be reclassified to a net result					
Revaluation of property, plant and equipment	-	-	-	<b>(67)</b>	(67)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>24,801</b>	<b>25,076</b>	<b>21,985</b>	<b>12,907</b>	<b>(9,078)</b>

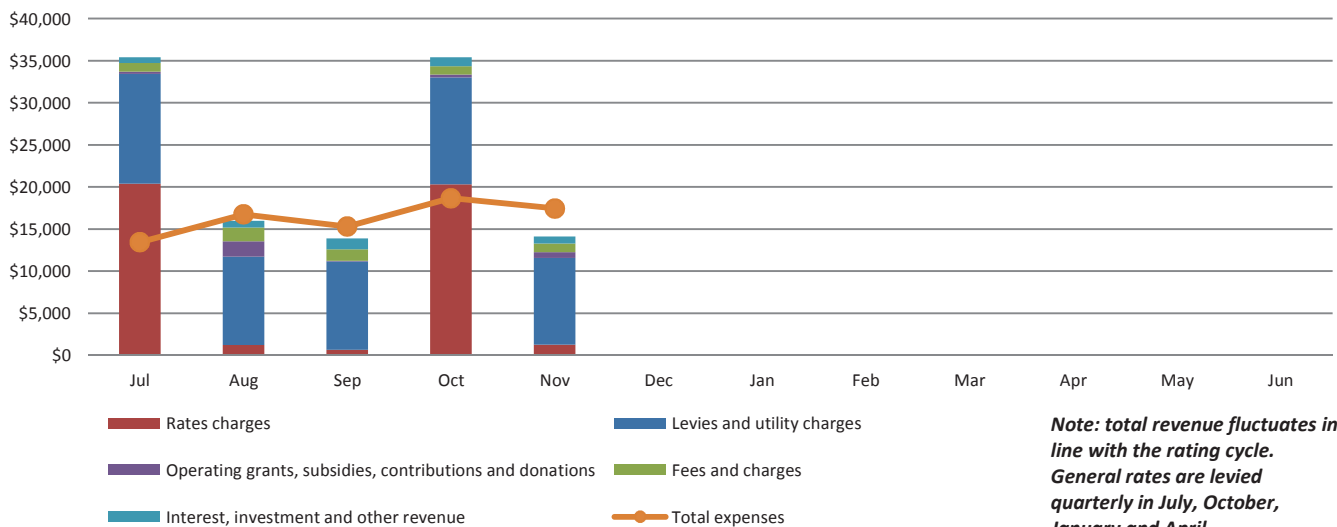


## 4. OPERATING STATEMENT

### OPERATING STATEMENT For the period ending 30 November 2017

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
<b>Revenue</b>					
Rates charges	91,688	91,688	45,844	<b>45,261</b>	(583)
Levies and utility charges	138,824	138,824	57,762	<b>57,253</b>	(509)
<i>Less: Pensioner remissions and rebates</i>	(3,325)	(3,325)	(1,640)	<b>(1,625)</b>	15
Fees and charges	13,048	13,048	5,837	<b>5,973</b>	136
Operating grants and subsidies	8,795	8,795	4,786	<b>3,106</b>	(1,680)
Operating contributions and donations	702	702	188	<b>122</b>	(66)
Interest external	4,361	4,361	1,815	<b>1,861</b>	46
Investment returns	2,200	2,200	500	<b>500</b>	-
Other revenue	5,347	5,347	2,111	<b>2,380</b>	269
<b>Total revenue</b>	<b>261,639</b>	<b>261,639</b>	<b>117,203</b>	<b>114,831</b>	<b>(2,372)</b>
<b>Expenses</b>					
Employee benefits	85,677	85,677	35,732	<b>35,654</b>	(78)
Materials and services	126,040	126,040	46,849	<b>45,693</b>	(1,156)
Finance costs other	303	303	142	<b>165</b>	23
Other expenditure	489	489	136	<b>399</b>	263
Net internal costs	(741)	(741)	(309)	<b>(295)</b>	14
<b>Total expenses</b>	<b>211,767</b>	<b>211,767</b>	<b>82,550</b>	<b>81,616</b>	<b>(934)</b>
<b>Earnings before interest, tax and depreciation (EBITD)</b>	<b>49,872</b>	<b>49,872</b>	<b>34,653</b>	<b>33,215</b>	<b>(1,438)</b>
Interest expense	2,809	2,809	1,177	<b>1,192</b>	15
Depreciation and amortisation	58,200	58,200	24,250	<b>24,885</b>	635
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>(11,136)</b>	<b>(11,136)</b>	<b>9,226</b>	<b>7,138</b>	<b>(2,088)</b>

**Actuals - Total Revenue and Expenses (before interest and depreciation) (\$000)**



## 4. OPERATING STATEMENT - CONTINUED

### LEVIES AND UTILITY CHARGES ANALYSIS For the period ending 30 November 2017

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
<b>Levies and utility charges</b>					
Refuse collection rate charge	21,663	21,663	8,963	<b>8,999</b>	36
Special charges	4,083	4,083	2,042	<b>2,034</b>	(8)
SES separate charge	339	339	169	<b>170</b>	1
Environment separate charge	7,568	7,568	3,784	<b>3,802</b>	18
Separate charge landfill remediation	2,911	2,911	1,213	<b>1,219</b>	6
Wastewater charges	43,647	43,647	18,186	<b>18,016</b>	(170)
Water access charges	18,296	18,296	7,623	<b>7,646</b>	23
Water consumption charges	40,317	40,317	15,782	<b>15,367</b>	(415)
<b>Total levies and utility charges</b>	<b>138,824</b>	<b>138,824</b>	<b>57,762</b>	<b>57,253</b>	<b>(509)</b>

### MATERIALS AND SERVICES ANALYSIS For the period ending 30 November 2017

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
<b>Materials and services</b>					
Contractors	34,121	34,297	11,674	<b>10,709</b>	(965)
Consultants	4,465	4,457	1,153	<b>579</b>	(574)
Other Council outsourcing costs*	17,355	17,460	7,009	<b>7,054</b>	45
Purchase of materials	44,300	44,086	16,859	<b>17,436</b>	577
Office administration costs	7,949	8,076	3,215	<b>3,270</b>	55
Electricity charges	5,751	5,729	2,363	<b>2,169</b>	(194)
Plant operations	4,466	4,468	1,746	<b>1,937</b>	191
Information technology resources	2,811	2,645	901	<b>917</b>	16
General insurance	1,363	1,364	568	<b>562</b>	(6)
Community assistance**	1,619	1,620	769	<b>722</b>	(47)
Other material and service expenses	1,840	1,838	592	<b>338</b>	(254)
<b>Total materials and services</b>	<b>126,040</b>	<b>126,040</b>	<b>46,849</b>	<b>45,693</b>	<b>(1,156)</b>

\* Other Council outsourcing costs are various outsourced costs including refuse collection and disposal, waste disposal, legal services, traffic control, external training, valuation fees, etc.

\*\* Community assistance costs represent community related costs including community grants, exhibitions & awards, donations and sponsorships.

### EMPLOYEE BENEFITS AND FULL TIME EQUIVALENTS (FTE) For the period ending 30 November 2017

	FTE (Council employees and Councillors)*	Total staff wages and salaries (including Councillors) \$000	Annual leave and long service leave entitlements \$000	Superannuation (including Councillors) \$000	Other employee related expenses (including agency costs) \$000	Less: capitalised employee expenses \$000	Total operating employee benefits \$000
<b>Month</b>							
July	900	5,324	626	647	333	481	<b>6,449</b>
August	899	5,992	702	698	627	520	<b>7,499</b>
September	902	5,213	617	653	597	471	<b>6,609</b>
October	906	6,080	724	722	524	530	<b>7,520</b>
November	914	5,961	698	703	598	383	<b>7,577</b>
<b>Total employee benefits YTD</b>		<b>28,570</b>	<b>3,367</b>	<b>3,423</b>	<b>2,679</b>	<b>2,385</b>	<b>35,654</b>

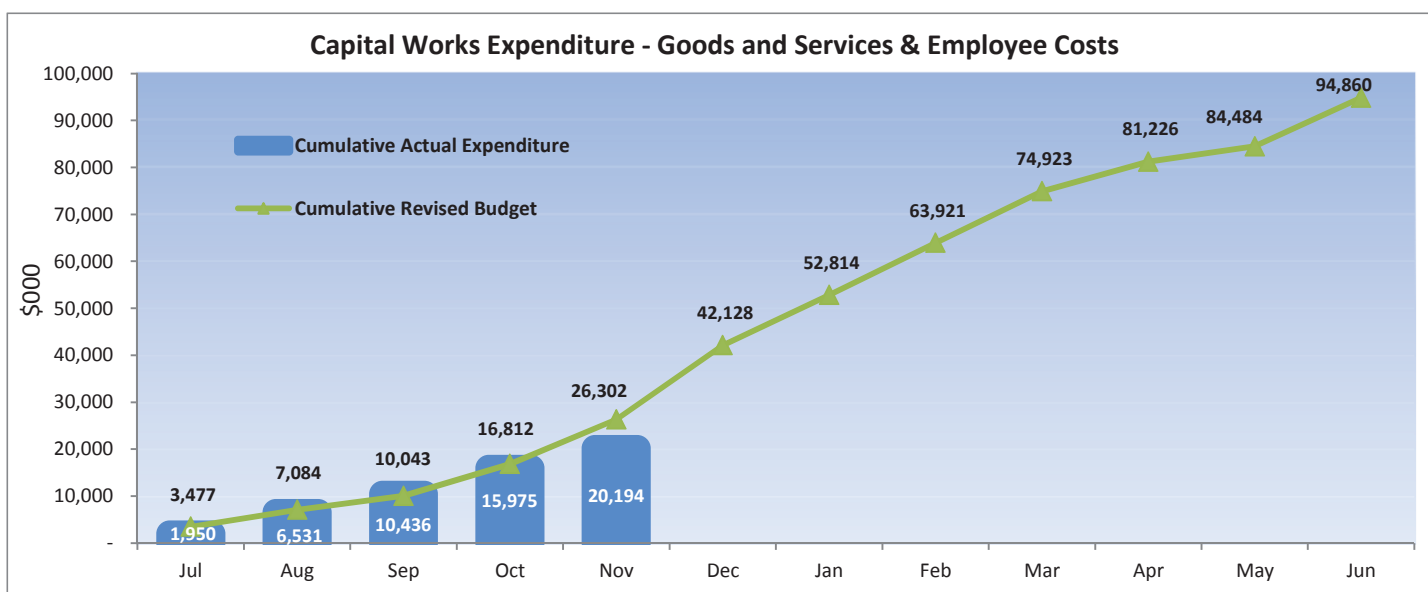
\* Refer to page 14 for further information on FTE and headcount.

## 5. CAPITAL FUNDING STATEMENT

### CAPITAL FUNDING STATEMENT For the period ending 30 November 2017

	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 and donations	29,250	29,250	10,587	<b>4,769</b>	(5,818)
Capital grants and subsidies	3,763	3,785	914	<b>926</b>	12
Proceeds on disposal of non-current assets	1,180	1,433	-	<b>465</b>	465
Capital transfers (to) / from reserves	(14,106)	(13,493)	(10,033)	<b>(3,367)</b>	6,666
Non-cash contributions	3,213	3,213	1,378	-	(1,378)
New loans	867	867	-	-	-
Funding from general revenue	66,106	78,028	31,475	<b>24,052</b>	(7,423)
<b>Total sources of capital funding</b>	<b>90,272</b>	<b>103,082</b>	<b>34,321</b>	<b>26,845</b>	<b>(7,476)</b>
<b>Application of capital funds</b>					
Contributed assets	3,213	3,213	1,378	-	(1,378)
Capitalised goods and services*	74,965	87,599	24,223	<b>17,809</b>	(6,414)
Capitalised employee costs*	7,085	7,261	2,079	<b>2,385</b>	306
Loan redemption	5,010	5,010	6,641	<b>6,651</b>	10
<b>Total application of capital funds</b>	<b>90,272</b>	<b>103,082</b>	<b>34,321</b>	<b>26,845</b>	<b>(7,476)</b>
<b>Other budgeted items</b>					
Transfers to constrained operating reserves	(13,268)	(13,268)	(4,396)	<b>(6,449)</b>	(2,053)
Transfers from constrained operating reserves	11,565	11,565	3,792	<b>9,513</b>	5,721
Written down value (WDV) of assets disposed	1,468	1,468	120	<b>324</b>	204

\* Total capital works expenditure depicted in the graph below is the total of capitalised goods and services and capitalised employee costs.



## 6. STATEMENT OF FINANCIAL POSITION

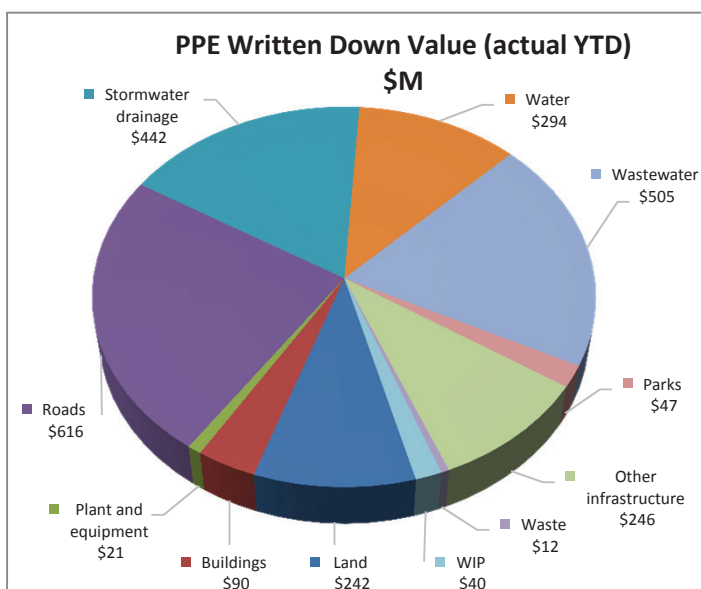
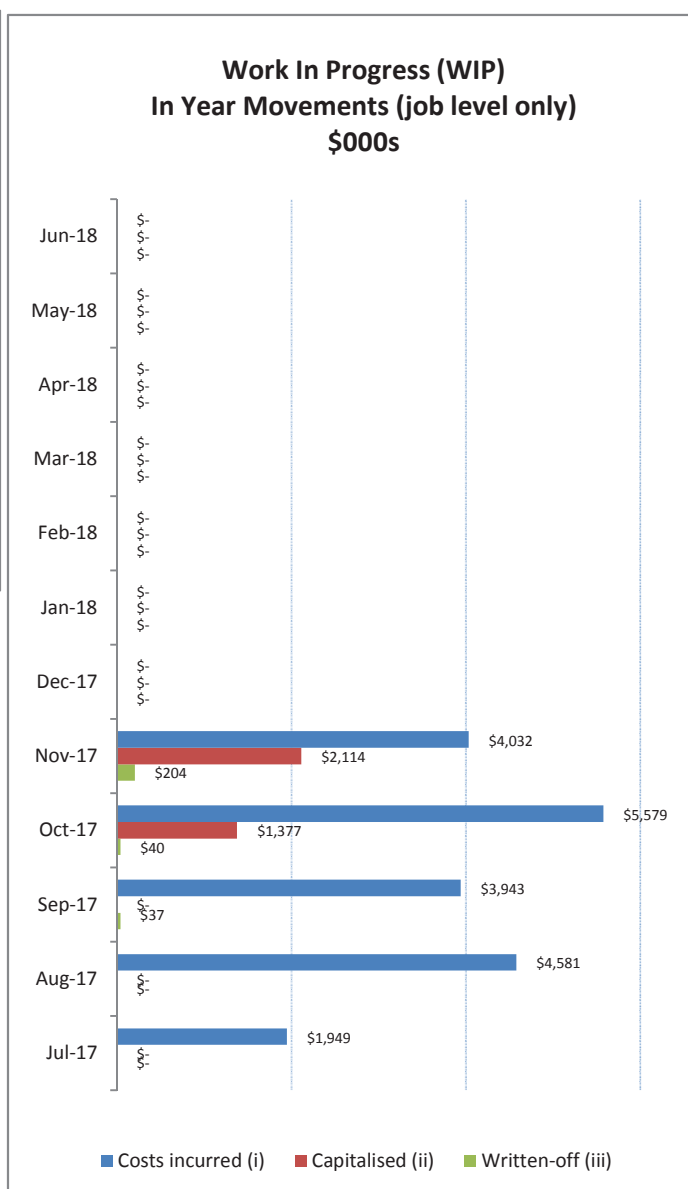
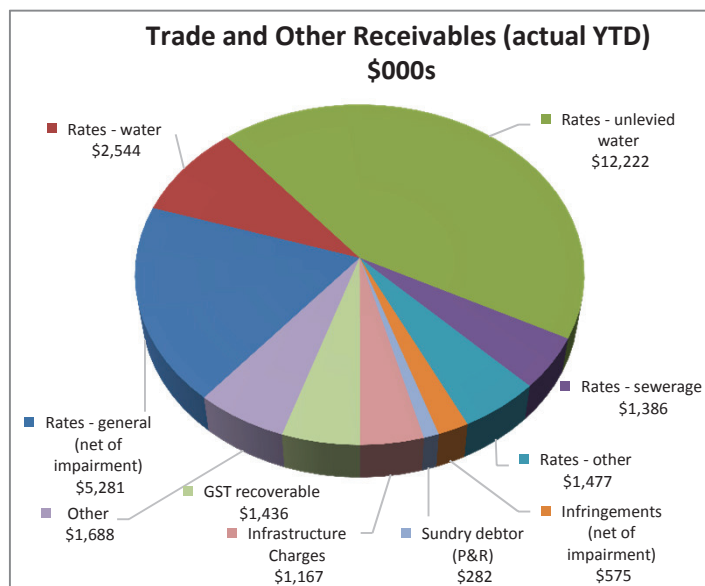
### STATEMENT OF FINANCIAL POSITION As at 30 November 2017

	Annual	Annual	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual Balance \$000
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	133,650	140,234	173,308	<b>154,998</b>
Trade and other receivables	25,805	27,273	24,365	<b>28,058</b>
Inventories	678	556	556	<b>1,256</b>
Non-current assets held for sale	4,278	262	262	<b>152</b>
Other current assets	2,122	2,073	2,073	<b>2,800</b>
<b>Total current assets</b>	<b>166,533</b>	<b>170,398</b>	<b>200,564</b>	<b>187,264</b>
<b>NON-CURRENT ASSETS</b>				
Investment property	1,054	1,091	1,091	<b>1,091</b>
Property, plant and equipment	2,483,228	2,598,663	2,563,100	<b>2,554,820</b>
Intangible assets	1,215	2,096	2,565	<b>2,451</b>
Other financial assets	73	73	73	<b>73</b>
Investment in other entities	5,961	14,712	14,712	<b>14,712</b>
<b>Total non-current assets</b>	<b>2,491,531</b>	<b>2,616,635</b>	<b>2,581,541</b>	<b>2,573,147</b>
<b>TOTAL ASSETS</b>	<b>2,658,064</b>	<b>2,787,033</b>	<b>2,782,105</b>	<b>2,760,411</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	21,411	39,792	39,414	<b>22,809</b>
Borrowings	7,701	7,713	7,713	<b>7,713</b>
Provisions	13,126	13,014	12,599	<b>10,941</b>
Other current liabilities	1,755	1,747	3,208	<b>8,104</b>
<b>Total current liabilities</b>	<b>43,993</b>	<b>62,266</b>	<b>62,934</b>	<b>49,567</b>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	33,461	33,343	30,845	<b>30,835</b>
Provisions	12,356	12,115	12,108	<b>12,871</b>
<b>Total non-current liabilities</b>	<b>45,817</b>	<b>45,458</b>	<b>42,953</b>	<b>43,706</b>
<b>TOTAL LIABILITIES</b>	<b>89,811</b>	<b>107,724</b>	<b>105,887</b>	<b>93,273</b>
<b>NET COMMUNITY ASSETS</b>	<b>2,568,254</b>	<b>2,679,309</b>	<b>2,676,218</b>	<b>2,667,138</b>
<b>COMMUNITY EQUITY</b>				
Asset revaluation surplus	963,349	1,070,838	1,070,838	<b>1,070,771</b>
Retained surplus	1,498,727	1,503,632	1,505,099	<b>1,506,420</b>
Constrained cash reserves	106,178	104,839	100,281	<b>89,947</b>
<b>TOTAL COMMUNITY EQUITY</b>	<b>2,568,254</b>	<b>2,679,309</b>	<b>2,676,218</b>	<b>2,667,138</b>

The annual revised budgeted balances for 2017/2018 include the changes from the budget carryovers adopted by Council on 23 August 2017. The differences between the carryover budget figures and those published are due to the actual opening balances on 1 July 2017, which are now finalised following end of year accounts finalisation.



## 6. STATEMENT OF FINANCIAL POSITION - CONTINUED



(i) Costs incurred: costs transferred into WIP for the construction or acquisition of fixed assets and at this point are non-depreciating.

(ii) Assets registered: additions to the asset register which includes unwinding of 2016/2017 accruals and new capitalisations.

(iii) Written-off: costs transferred from WIP to operational expenditure. These costs are operational in nature and therefore will not be capitalised.

### PROPERTY, PLANT AND EQUIPMENT (PPE) MOVEMENT\*

For the period ending 30 November 2017

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual Balance \$000
<b>PPE movement</b>				
Opening balance (includes WIP from previous years)	2,456,540	2,559,417	2,559,417	2,559,417
Acquisitions	3,215	112,085	25,572	852
Depreciation in year	(57,061)	(57,061)	(23,777)	(24,400)
Disposals	(1,468)	(1,468)	(120)	(160)
WIP in year movement	82,002	(14,310)	2,008	19,290
Other adjustments**	-	-	-	(179)
<b>Closing balance</b>	<b>2,483,228</b>	<b>2,598,663</b>	<b>2,563,100</b>	<b>2,554,820</b>

\* This table includes movement relating to property, plant and equipment only and is exclusive of intangible assets.

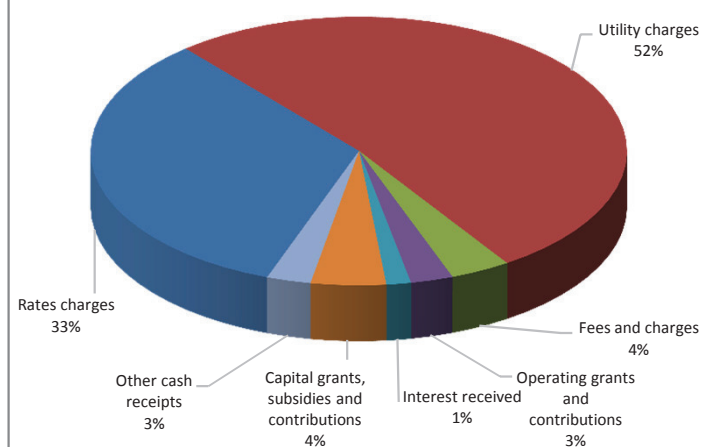
\*\* Other adjustments include transfers between asset classes, revaluation adjustments, prior period adjustments and depreciation thereon.

## 7. STATEMENT OF CASH FLOWS

### STATEMENT OF CASH FLOWS For the period ending 30 November 2017

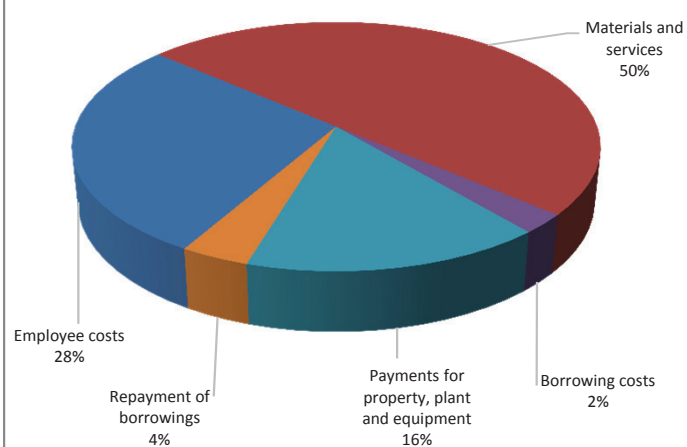
	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	244,741	244,741	115,271	114,964
Payments to suppliers and employees	(210,402)	(210,527)	(82,109)	(99,242)
	34,340	34,215	33,162	15,722
Interest received	4,361	4,361	1,816	1,861
Rental income	839	839	336	425
Non-capital grants and contributions	9,547	9,547	4,974	3,228
Borrowing costs	(3,175)	(3,175)	(3,175)	(3,187)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>45,912</b>	<b>45,787</b>	<b>37,113</b>	<b>18,049</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for property, plant and equipment	(82,005)	(94,815)	(26,201)	(20,142)
Payments for intangible assets	(45)	(45)	(101)	(52)
Proceeds from sale of property, plant and equipment	1,180	1,433	-	465
Capital grants, subsidies and contributions	33,013	33,035	11,501	5,695
Other cash flows from investing activities	2,200	2,200	(775)	(775)
<b>Net cash inflow / (outflow) from investing activities</b>	<b>(45,656)</b>	<b>(58,192)</b>	<b>(15,576)</b>	<b>(14,809)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds of borrowings	867	867	-	-
Repayment of borrowings	(4,644)	(4,644)	(4,644)	(4,657)
<b>Net cash inflow / (outflow) from financing activities</b>	<b>(3,777)</b>	<b>(3,777)</b>	<b>(4,644)</b>	<b>(4,657)</b>
<b>Net increase / (decrease) in cash held</b>	<b>(3,521)</b>	<b>(16,181)</b>	<b>16,893</b>	<b>(1,417)</b>
Cash and cash equivalents at the beginning of the year	137,171	156,415	156,415	156,415
Cash and cash equivalents at the end of the financial year / period	133,650	140,234	173,308	154,998

#### Cash Funding (actual YTD)



<b>Total Cash Funding (Actual YTD)</b>	<b>125,863</b>
Total Cash Funding (Annual Revised Budget)	297,023
<b>% of Budget Achieved YTD</b>	<b>42%</b>

#### Cash Expenditure (actual YTD)



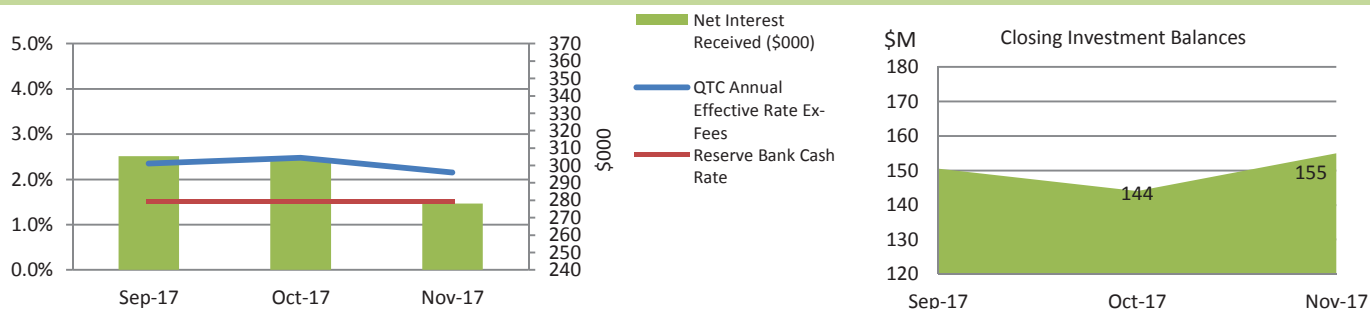
<b>Total Cash Expenditure (Actual YTD)</b>	<b>127,280</b>
Total Cash Expenditure (Annual Revised Budget)	313,204
<b>% of Budget Achieved YTD</b>	<b>41%</b>

The annual revised budgeted balances for 2017/2018 include the changes from the budget carryovers adopted by Council on 23 August 2017. The differences between the carryover budget figures and those published are due to the actual opening balances on 1 July 2017, which are now finalised following end of year accounts finalisation.

## 8. INVESTMENT & BORROWINGS REPORT

For the period ending 30 November 2017

### INVESTMENT RETURNS - QUEENSLAND TREASURY CORPORATION (QTC)



**Total Investment at End of Month was \$155.01M**

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

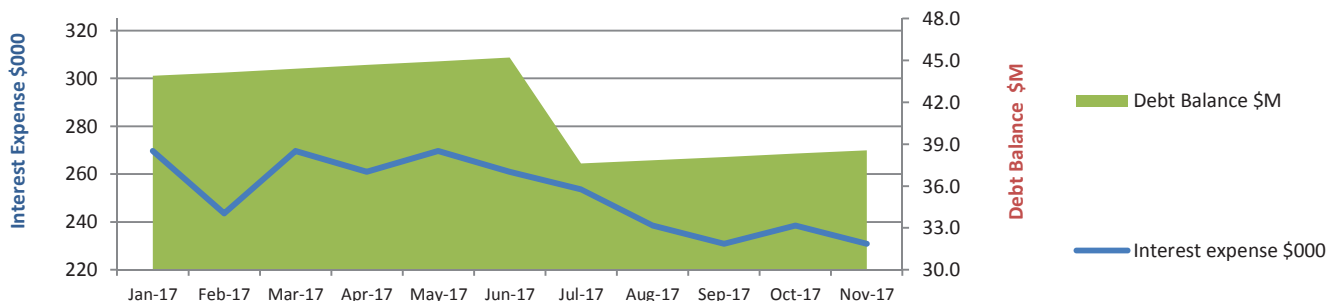
The movement in interest earned is indicative of both the interest rate and the surplus cash balances held, the latter of which is affected by business cash flow requirements on a monthly basis as well as the rating cycle.

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 is 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 annual effective interest rate paid by QTC of 2.15% exceeds the Bloomberg AusBond Bank Bill Index (previously the UBS Bank Bill Index) of 1.75% as at the end of November 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 2017 for the 2017/2018 financial year

### BORROWINGS AND BORROWING COSTS



The existing loan accounts were converted to fixed rate loans on 1 April 2016 following a QTC restructure of loans and policies. In line with Council's debt policy, the principal debt repayment has been made *annually* in advance for 2017/2018 which will result in the loans being repaid approximately one year earlier.

The debt balance shows a decrease as the Annual Debt Service Payment was made during July 2017. Interest will accrue monthly based on the reduced debt balance.

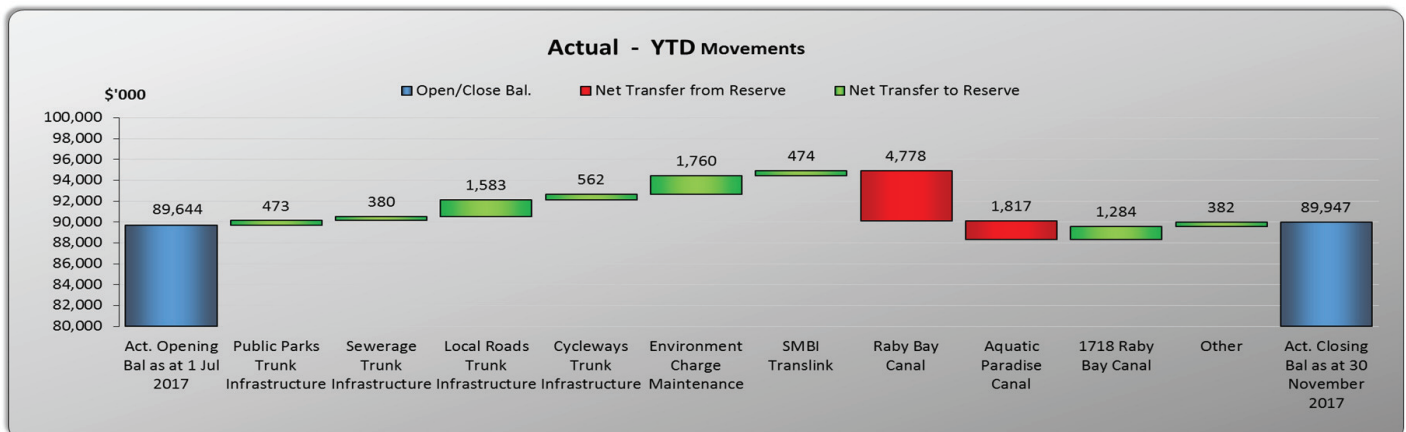
**Total Borrowings at End of Month were \$38.55M**

General pool allocated to capital works is 98.97% and 1.03% is attributable to RedWaste.

Council adopted its revised Debt Policy (POL-1838) in June 2017 for the 2017/2018 financial year

## 9. CONSTRAINED CASH RESERVES

Reserves as at 30 November 2017	Opening Balance	To Reserve	From Reserve	Closing Balance
	\$000	\$000	\$000	\$000
<b>Special Projects Reserve:</b>				
Weinam Creek Reserve	3,075	145	(9)	3,211
Red Art Gallery Commissions & Donations Reserve	4	-	-	4
	<b>3,079</b>	<b>145</b>	<b>(9)</b>	<b>3,215</b>
<b>Constrained Works Reserve:</b>				
Public Parks Trunk Infrastructure Reserve	8,693	777	(304)	9,166
Land for Community Facilities Trunk Infrastructure Reserve	1,675	122	(19)	1,778
Water Supply Trunk Infrastructure Reserve	9,478	138	-	9,616
Sewerage Trunk Infrastructure Reserve	6,573	766	(386)	6,953
Constrained Works Reserve-Capital Grants & Contributions	1,154	-	(47)	1,107
Local Roads Trunk Infrastructure Reserve	30,570	1,609	(26)	32,153
Cycleways Trunk Infrastructure Reserve	8,343	610	(48)	8,905
Stormwater Trunk Infrastructure Reserve	7,553	293	-	7,846
Constrained Works Reserve-Operating Grants & Contributions	2,667	-	(91)	2,576
Tree Planting Reserve	86	24	-	110
	<b>76,792</b>	<b>4,339</b>	<b>(921)</b>	<b>80,210</b>
<b>Separate Charge Reserve - Environment:</b>				
Environment Charge Acquisition Reserve	618	-	(76)	542
Environment Charge Maintenance Reserve	1,387	3,802	(2,042)	3,147
	<b>2,005</b>	<b>3,802</b>	<b>(2,118)</b>	<b>3,689</b>
<b>Special Charge Reserve - Other:</b>				
Bay Island Rural Fire Levy Reserve	-	110	(83)	27
SMBI Translink Reserve	(6)	474	-	468
	<b>(6)</b>	<b>584</b>	<b>(83)</b>	<b>495</b>
<b>Special Charge Reserve - Canals:</b>				
Raby Bay Canal Reserve	4,778	15	(4,793)	-
Aquatic Paradise Canal Reserve	2,592	10	(1,827)	775
Sovereign Waters Lake Reserve	404	2	12	418
1718 Raby Bay Canal Reserve	-	1,402	(118)	1,284
1718 Aquatic Paradise Canal Reserve	-	437	(581)	(144)
1718 Sovereign Waters Lake Reserve	-	26	(21)	5
	<b>7,774</b>	<b>1,892</b>	<b>(7,328)</b>	<b>2,338</b>
<b>TOTALS</b>	<b>89,644</b>	<b>10,762</b>	<b>(10,459)</b>	<b>89,947</b>
Closing cash and cash equivalents				<b>154,998</b>
Reserves as percentage of cash balance				<b>58%</b>



Total Reserves decreased by \$153K during the month. YTD growth in developer cash contributions totalled \$4.34M with drawdowns of \$783K. Increases are predominantly from developments in Cleveland, Ormiston, Capalaba and Birkdale. YTD growth in other reserves totalled \$6.42M, with drawdowns totalling \$9.68M. \$1.89M of the increase in reserves is attributed to canals and lakes. The original reserves for special charges levied on canal and lake-front homeowners are now reduced to the extent of the refund cheques drawn as at 31 October 2017 and increases being only for interest on the remaining balance. New 2017/2018 canal and lake reserves reflect the current year program for revenue and expenditure. \$1.76M movement in the Environment Charge Maintenance Reserve is associated with the Environment Separate Charge (which was part of the July and October rate runs), offset by YTD spending on designated projects.

## 10. REDLAND WATER STATEMENTS

### REDLAND WATER SUMMARY OPERATING STATEMENT For the period ending 30 November 2017

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Total revenue	105,147	105,147	42,598	42,055	(543)
Total expenses	59,688	59,688	23,199	23,363	164
Earnings before interest, tax and depreciation (EBITD)	45,459	45,459	19,399	18,692	(707)
Interest expense	18,265	18,265	7,610	7,610	-
Depreciation	18,457	18,457	7,691	9,093	1,402
<b>Operating surplus / (deficit)</b>	<b>8,737</b>	<b>8,737</b>	<b>4,098</b>	<b>1,989</b>	<b>(2,109)</b>

### REDLAND WATER CAPITAL FUNDING STATEMENT For the period ending 30 November 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	6,631	6,631	1,589	1,332	(257)
Net transfer (to) / from constrained capital reserves	(3,120)	(3,117)	(2,228)	(519)	1,709
Non-cash contributions	3,131	3,131	1,305	-	(1,305)
Funding from utility revenue	4,675	6,186	3,643	2,095	(1,548)
<b>Total sources of capital funding</b>	<b>11,316</b>	<b>12,830</b>	<b>4,309</b>	<b>2,908</b>	<b>(1,401)</b>
Contributed assets	3,131	3,131	1,305	-	(1,305)
Capitalised expenditure	8,185	9,699	3,004	2,908	(96)
<b>Total application of capital funds</b>	<b>11,316</b>	<b>12,830</b>	<b>4,309</b>	<b>2,908</b>	<b>(1,401)</b>

## 11. REDWASTE STATEMENTS

### REDWASTE OPERATING STATEMENT For the period ending 30 November 2017

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Total revenue	24,532	24,532	10,158	10,405	247
Total expenses	17,480	17,480	7,368	7,718	350
Earnings before interest, tax and depreciation (EBITD)	7,052	7,052	2,790	2,687	(103)
Interest expense	33	33	14	14	-
Depreciation	307	307	128	69	(59)
<b>Operating surplus / (deficit)</b>	<b>6,712</b>	<b>6,712</b>	<b>2,648</b>	<b>2,604</b>	<b>(44)</b>

### REDWASTE CAPITAL FUNDING STATEMENT For the period ending 30 November 2017

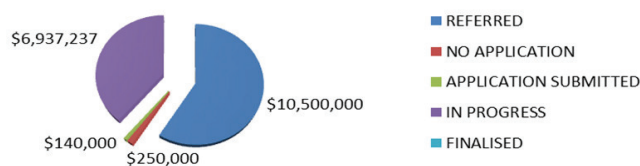
	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Non-cash contributions	-	-	-	52	52
Funding from utility revenue	317	333	211	114	(97)
<b>Total sources of capital funding</b>	<b>317</b>	<b>333</b>	<b>211</b>	<b>166</b>	<b>(45)</b>
Capitalised expenditure	240	249	108	180	72
Loan redemption	77	83	103	(14)	(117)
<b>Total application of capital funds</b>	<b>317</b>	<b>333</b>	<b>211</b>	<b>166</b>	<b>(45)</b>



## 12. APPENDIX: ADDITIONAL AND NON-FINANCIAL INFORMATION

### External Funding Summary

**Value of External Grant Applications by Status (YTD)**



#### November 2017 Progress

##### FUNDING REFERRED:

- Application in progress for the Building Better Regions Fund for Adult Literacy Program (\$100,000) and Redland ARC Redevelopment (\$10M)
- Application in progress for Cycle Network Grant with projects to be confirmed in December 2017

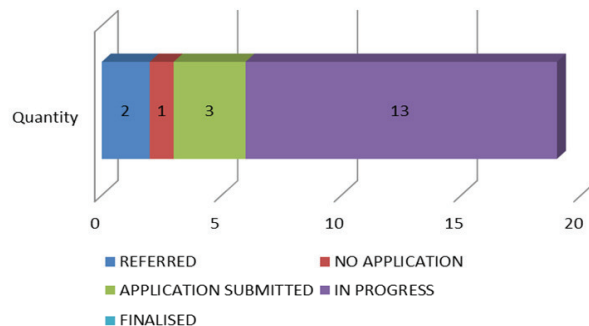
##### APPLICATION SUBMITTED:

- Nature Refuge Landholder Grant for Coolnwynpin Creek Corridor Koala Refuge Revegetation, grant amount requested: \$6,977
- Safer Communities Grant for CCTV/Lighting in Capalaba Place CCTV Project, grant amount requested: \$38,620

##### UPCOMING:

- Natural Disaster Resilience Program (NDRP) due to open shortly, projects ready for application include evacuation centre upgrades and flood warning signs

**Number of External Grant Applications by Status (YTD)**



#### Successful Funding Submissions YTD 2017/2018

##### Roads and Active Transport:

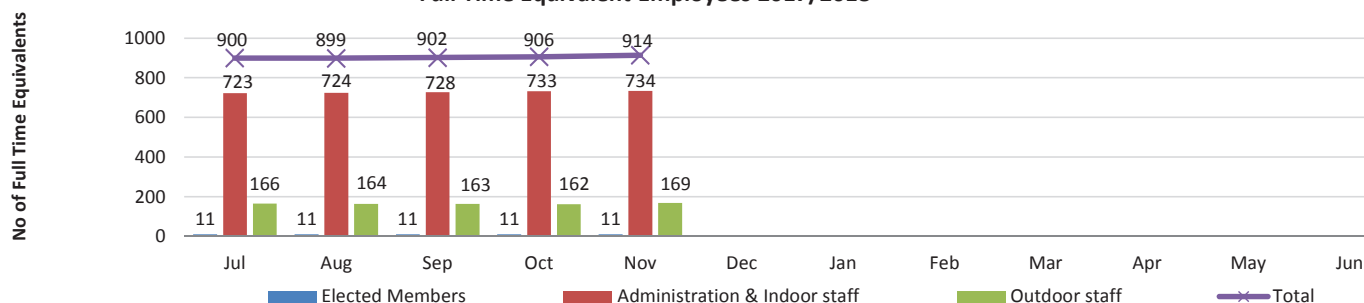
- \$875,000 for two Road Alliance projects to be completed in 2017/2018
- \$456,000 for city wide bus shelter renewals to be completed in 2017/2018

##### Economic Development:

- \$500,000 between 2017-2019 as part of the Advancing Regional Innovation Program (multiple partners including Logan City Council and Griffith University)
- \$916,137 between 2017-2019 for Indigiscapes Expansion Stage 2 under the Local Government Grants Subsidies Program

### Workforce Reporting

**Full Time Equivalent Employees 2017/2018**



#### Workforce reporting - November 2017: Headcount

#### Employee Type

Department Level	Casual	Contract of Service	Perm Full	Perm Part	Temp Full	Temp Part	Total by Department
Office of CEO	9	3	28	4	6	1	51
Organisational Services	8	7	163	15	20	6	219
Community and Customer Service	36	4	237	64	34	12	387
Infrastructure and Operations	10	5	309	9	12	2	347
<b>Total</b>	<b>63</b>	<b>19</b>	<b>737</b>	<b>92</b>	<b>72</b>	<b>21</b>	<b>1004</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. Due to a change in the reporting structure in August 2017, Finance and Legal Services (including procurement) moves from the Office of CEO to join Organisational Services.

## 13. GLOSSARY

### Key Terms

**Written Down Value:**

*This is the value of an asset after accounting for depreciation or amortisation, and it is also called book value or net book value.*

**Work In Progress:**

*This represents an unfinished project that costs are still being added to. When a project is completed, the costs will be either capitalised (allocated to relevant asset class) or written off.*

### Definition of Ratios

**Operating Surplus Ratio\*:**

*This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes*

Net Operating Surplus  
Total Operating Revenue

**Asset Sustainability Ratio\*:**

*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*

Capital Expenditure on Replacement of Infrastructure Assets (Renewals)  
Depreciation Expenditure on Infrastructure Assets

**Net Financial Liabilities\*:**

*This is an indicator of the extent to which the net financial liabilities of Council can be serviced by operating revenues*

Total Liabilities - Current Assets  
Total Operating Revenue

**Level of Dependence on General Rate Revenue:**

*This ratio measures Council's reliance on operating revenue from general rates (excludes utility revenues)*

General Rates - Pensioner Remissions  
Total Operating Revenue - Gain on Sale of Developed Land

**Current Ratio:**

*This measures the extent to which Council has liquid assets available to meet short term financial obligations*

Current Assets  
Current Liabilities

**Debt Servicing Ratio:**

*This indicates Council's ability to meet current debt instalments with recurrent revenue*

Interest Expense + Loan Redemption  
Total Operating Revenue - Gain on Sale of Developed Land

**Cash Balance - \$M:**

*Cash balance include cash on hand, cash at bank and other short term investments.*

Cash Held at Period End

**Cash Capacity in Months:**

*This provides an indication as to the number of months cash held at period end would cover operating cash outflows*

Cash Held at Period End  
[[Cash Operating Costs + Interest Expense] / Period in Year]

**Longer Term Financial Stability - Debt to Asset Ratio:**

*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*

Current and Non-current loans  
Total Assets

**Operating Performance:**

*This ratio provides an indication of Redland City Council's cash flow capabilities*

Net Cash from Operations + Interest Revenue and Expense  
Cash Operating Revenue + Interest Revenue

**Interest Coverage Ratio:**

*This ratio demonstrates the extent which operating revenues are being used to meet the financing charges*

Net Interest Expense on Debt Service  
Total Operating Revenue

\* 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.