

Monthly Financial Report

December 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 31 December 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)	(1,281)	(314)	1,067	77%	✓
Recurrent Revenue	261,639	130,266	129,577	(689)	-1%	✗
Recurrent Expenditure	272,775	131,647	129,891	(1,756)	-1%	✓
Capital Works Expenditure	94,860	32,150	28,681	(3,469)	-11%	✓
Closing Cash & Cash Equivalents	140,234	156,785	141,231	(15,554)	-10%	✗

Council reported a year to date operating deficit of \$314K which is favourable to the revised budget deficit by \$1.07M due to less than budget recurrent expenditure.

The income generated from the second quarter general rates levy is partially offset by \$184K in credits held, representing rates received in advance in previous periods. Bulk water consumption is higher than expected, resulting in higher than budgeted revenue. Operating grants and subsidies income is below budget by \$1.19M mainly due to timing of Roads to Recovery grant income budgeted for November and expected to be received in the March quarter. Included in the operating grants is the receipt of \$6K funding from Office of Commonwealth Games to celebrate the Queen's Baton passing through the North Stradbroke Island.

The favourable variance in recurrent expenditure is primarily due to underspend in consultant and 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 \$13.49M for contractors, mowing the city's parks and open spaces was \$1.39M 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 \$3.47M due to timing of works for a number of city infrastructure and public places 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 \$7.85M for canal and lake special charges refund and below budget receipt of operating grant and developer cash contributions offset by expenditure for property, plant and equipment. Constrained cash reserves represent 65% of the cash balance.

2. KEY PERFORMANCE INDICATORS

Financial Stability Ratios and Measures of Sustainability	Status Achieved / Not achieved	Annual Revised Budget	YTD December 2017	Target
Operating Surplus Ratio (%)	✗	-4.26%	-0.24%	Between 0% and 10% (on average over the long-term)
Asset Sustainability Ratio (%) ^a	✗	70.74%	42.69%	Greater than 90% (on average over the long-term)
Net Financial Liabilities (%) ^b	✓	-23.95%	-69.77%	Less than 60% (on average over the long-term)
Level of Dependence on General Rate Revenue (%)	✓	33.93%	34.10%	Less than 37.5%
Ability to Pay Our Bills - Current Ratio	✓	2.74	3.92	Between 1.1 & 4.1
Ability to Repay Our Debt - Debt Servicing Ratio (%)	✓	2.99%	6.05%	Less than or equal to 10%
Cash Balance \$M	✓	\$140.234M	\$141.231M	Greater than or equal to \$50M
Cash Balances - Cash Capacity in Months	✓	7.87	7.39	Greater than 3 months
Longer Term Financial Stability - Debt to Asset Ratio (%)	✓	1.47%	1.41%	Less than or equal to 10%
Operating Performance (%)	✗	17.65%	9.99%	Greater than or equal to 15%
Interest Coverage Ratio (%) ^c	✓	-0.59%	-0.61%	Less than 5%

^a The change in the Asset Sustainability Ratio (Annual Revised Budget) from November to December is due to the reclassification of some infrastructure capital projects from renewal to non-renewal.

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

^c 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

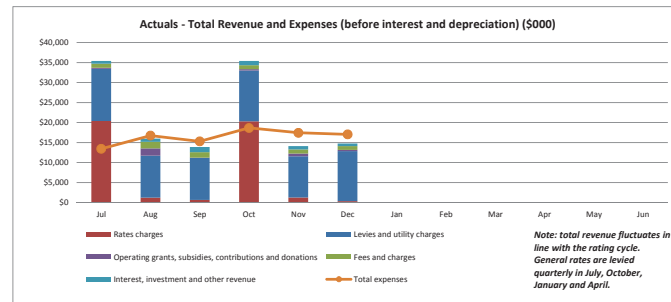
STATEMENT OF COMPREHENSIVE INCOME

For the period ending 31 December 2017

	Annual Original Budget \$'000	Annual Revised Budget \$'000	YTD Revised Budget \$'000	YTD Actual \$'000	YTD Variance \$'000
Recurrent revenue					
Rates, levies and charges	227,186	227,186	112,866	113,737	871
Fees and charges	13,048	13,048	7,059	6,936	(123)
Rental income	839	839	445	460	15
Interest received	4,361	4,361	2,165	2,217	52
Investment returns	2,200	2,200	500	500	-
Sales revenue	3,823	3,823	1,911	1,675	(236)
Other income	684	684	445	510	65
Grants, subsidies and contributions	9,497	9,497	4,875	3,542	(1,333)
Total recurrent revenue	261,639	261,639	130,266	129,577	(689)
Capital revenue					
Grants, subsidies and contributions	33,013	33,035	13,810	12,798	(1,012)
Non-cash contributions	3,213	3,213	1,639	5	(1,634)
Total capital revenue	36,226	36,248	15,449	12,803	(2,646)
TOTAL INCOME	297,865	297,887	145,715	142,380	(3,335)
Recurrent expenses					
Employee benefits	85,677	85,677	42,685	42,549	(136)
Materials and services	125,787	125,787	58,295	55,925	(2,370)
Finance costs	3,112	3,112	1,567	1,610	43
Depreciation and amortisation	58,200	58,200	29,100	29,807	707
Total recurrent expenses	272,775	272,775	131,647	129,891	(1,756)
Capital expenses					
(Gain) / loss on disposal of non-current assets	289	36	187	363	176
Total capital expenses	289	36	187	363	176
TOTAL EXPENSES	273,064	272,811	131,834	130,254	(1,580)
NET RESULT	24,801	25,076	13,881	12,126	(1,755)
Other comprehensive income / (loss)					
Items that will not be reclassified to a net result					
Revaluation of property, plant and equipment	-	-	-	(67)	(67)
TOTAL COMPREHENSIVE INCOME	24,801	25,076	13,881	12,059	(1,822)

4. OPERATING STATEMENT

OPERATING STATEMENT For the period ending 31 December 2017					
	Annual	Annual	YTD	YTD	YTD
	Original Budget \$'000	Revised Budget \$'000	Revised Budget \$'000	Actual \$'000	Variance \$'000
Revenue					
Rates charges	91,688	91,688	45,844	45,617	(227)
Levies and utility charges	138,824	138,824	68,683	69,773	1,090
Less: Pensioner remissions and rebates	(3,325)	(3,325)	(1,661)	(1,653)	8
Fees and charges	13,048	13,048	7,059	6,936	(123)
Operating grants and subsidies	8,795	8,795	4,516	3,325	(1,191)
Operating contributions and donations	702	702	359	217	(142)
Interest external	4,361	4,361	2,165	2,217	52
Investment returns	2,200	2,200	500	500	-
Other revenue	5,347	5,347	2,801	2,645	(156)
Total revenue	261,639	261,639	130,266	129,577	(689)
Expenses					
Employee benefits	85,677	85,677	42,685	42,549	(136)
Materials and services	126,040	126,040	58,394	55,410	(2,984)
Finance costs other	303	303	151	187	36
Other expenditure	489	489	272	849	577
Net internal costs	(741)	(741)	(371)	(334)	37
Total expenses	211,767	211,767	101,131	98,661	(2,470)
Earnings before interest, tax and depreciation (EBITD)	49,872	49,872	29,135	30,916	1,781
Interest expense	2,809	2,809	1,416	1,423	7
Depreciation and amortisation	58,200	58,200	29,100	29,807	707
OPERATING SURPLUS / (DEFICIT)	(11,136)	(11,136)	(1,381)	(314)	1,067



4. OPERATING STATEMENT - CONTINUED

LEVIES AND UTILITY CHARGES ANALYSIS For the period ending 31 December 2017					
	Annual	Annual	YTD	YTD	YTD
	Original Budget \$'000	Revised Budget \$'000	Revised Budget \$'000	Actual \$'000	Variance \$'000
Levies and utility charges					
Refuse collection rate charge	21,663	21,663	10,792	10,833	41
Special charges	4,083	4,083	2,042	2,034	(8)
SES separate charge	339	339	169	170	1
Environment separate charge	7,568	7,568	3,784	3,806	22
Separate charge landfill remediation	2,911	2,911	1,456	1,464	8
Wastewater charges	43,647	43,647	21,824	21,681	(143)
Water access charges	18,296	18,296	9,148	9,189	41
Water consumption charges	40,317	40,317	19,468	20,596	1,128
Total levies and utility charges	138,824	138,824	68,683	69,773	1,090

MATERIALS AND SERVICES ANALYSIS For the period ending 31 December 2017					
	Annual	Annual	YTD	YTD	YTD
	Original Budget \$'000	Revised Budget \$'000	Revised Budget \$'000	Actual \$'000	Variance \$'000
Materials and services					
Contractors	34,121	34,285	15,045	13,488	(1,557)
Consultants	4,465	4,455	1,730	721	(1,009)
Other Council outsourcing costs*	17,355	17,489	8,361	8,311	(50)
Purchase of materials	44,300	44,070	20,671	20,981	310
Office administration costs	7,949	8,081	4,043	3,935	(108)
Electricity charges	5,751	5,729	2,845	2,624	(221)
Plant operations	4,466	4,468	2,140	2,203	63
Information technology resources	2,811	2,645	1,115	1,098	(17)
General insurance	1,363	1,364	682	672	(10)
Community assistance**	1,619	1,619	837	716	(119)
Other material and service expenses	1,840	1,835	925	659	(266)
Total materials and services	126,040	126,040	58,394	55,410	(2,984)

* 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.

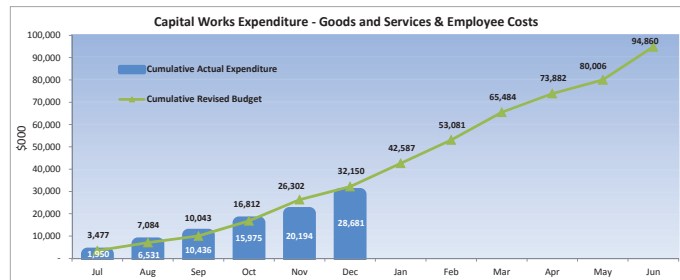
EMPLOYEE BENEFITS AND FULL TIME EQUIVALENTS (FTE) For the period ending 31 December 2017							
Month	FTE (Council employees and Councillors)*	Total staff wages and salaries (including Councillors) \$'000	Annual leave and long service leave entitlements \$'000	Superannuation (including Councillors) \$'000	Other employee related expenses (including agency costs) \$'000	Less: capitalised employee expenses \$'000	Total operating employee benefits \$'000
July	900	5,324	626	647	333	491	6,449
August	899	5,992	702	698	627	520	7,499
September	902	5,213	617	653	597	471	6,609
October	906	6,080	724	722	525	531	7,520
November	914	5,961	698	703	598	383	7,577
December	919	5,508	650	674	452	389	6,895
Total employee benefits YTD		34,078	4,017	4,097	3,132	2,775	42,548

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

5. CAPITAL FUNDING STATEMENT

CAPITAL FUNDING STATEMENT For the period ending 31 December 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	29,250	29,250	11,439	8,498	(2,941)
Capital grants and subsidies	3,763	3,785	2,371	4,300	1,929
Proceeds on disposal of non-current assets	1,180	1,433	-	432	432
Capital transfers (to) / from reserves	(14,106)	(13,493)	(10,487)	(6,947)	3,540
Non-cash contributions	3,213	3,213	1,639	5	(1,634)
New loans	867	867	-	-	-
Funding from general revenue	66,106	78,028	35,230	28,818	(6,412)
Total sources of capital funding	90,272	103,082	40,192	35,106	(5,086)
Application of capital funds					
Contributed assets	3,213	3,213	1,639	5	(1,634)
Capitalised goods and services*	74,965	87,599	29,579	25,906	(3,673)
Capitalised employee costs*	7,085	7,261	2,571	2,775	204
Loan redemption	5,010	5,010	6,403	6,420	17
Total application of capital funds	90,272	103,082	40,192	35,106	(5,086)
Other budgeted items					
Transfers to constrained operating reserves	(13,268)	(13,268)	(6,606)	(6,600)	6
Transfers from constrained operating reserves	11,565	11,565	5,666	10,983	5,317
Written down value (WDV) of assets disposed	1,468	1,468	187	795	608

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

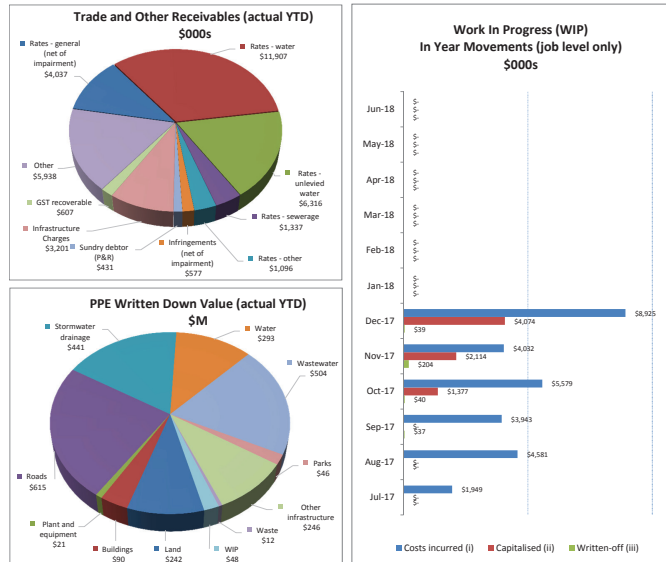


6. STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION As at 31 December 2017				
	Annual	Annual	YTD	YTD
	Original Budget \$'000	Revised Budget \$'000	Revised Budget \$'000	Actual Balance \$'000
CURRENT ASSETS				
Cash and cash equivalents	133,650	140,234	156,785	141,231
Trade and other receivables	25,805	27,273	30,435	35,447
Inventories	678	556	556	1,263
Non-current assets held for sale	4,278	262	262	152
Other current assets	2,122	2,073	2,073	2,412
Total current assets	166,533	170,398	190,111	180,505
NON-CURRENT ASSETS				
Investment property	1,054	1,091	1,091	1,091
Property, plant and equipment	2,483,228	2,598,914	2,564,488	2,557,546
Intangible assets	1,215	1,845	2,369	2,471
Other financial assets	73	73	73	73
Investment in other entities	5,961	14,712	14,712	14,712
Total non-current assets	2,491,531	2,616,635	2,582,733	2,575,893
TOTAL ASSETS	2,658,064	2,787,033	2,772,844	2,756,398
CURRENT LIABILITIES				
Trade and other payables	21,411	39,792	39,468	26,534
Borrowings	7,701	7,713	7,713	7,713
Provisions	13,126	13,014	12,659	10,749
Other current liabilities	1,755	1,747	1,697	1,025
Total current liabilities	43,993	62,266	61,537	46,021
NON-CURRENT LIABILITIES				
Borrowings	33,461	33,343	31,084	31,066
Provisions	12,356	12,115	12,108	13,018
Total non-current liabilities	45,817	45,458	43,192	44,084
TOTAL LIABILITIES	89,811	107,724	104,729	90,105
NET COMMUNITY ASSETS	2,568,254	2,679,309	2,668,115	2,666,293
COMMUNITY EQUITY				
Asset revaluation surplus	963,349	1,070,838	1,070,838	1,070,771
Retained surplus	1,498,727	1,503,632	1,496,206	1,503,314
Constrained cash reserves	106,176	104,839	101,071	92,208
TOTAL COMMUNITY EQUITY	2,568,254	2,679,309	2,668,115	2,666,293

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.

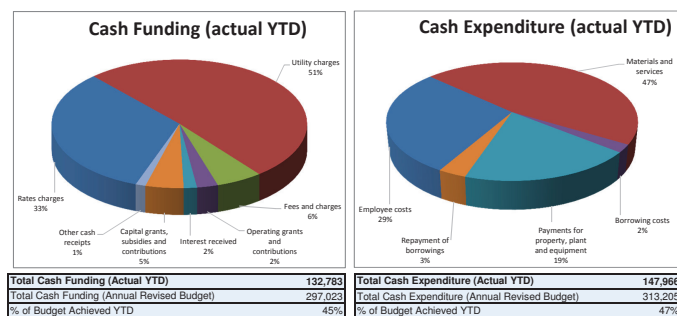
PROPERTY, PLANT AND EQUIPMENT (PPE) MOVEMENT*				
For the period ending 31 December 2017				
	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual Balance \$000
PPE movement				
Opening balance (includes WIP from previous years)	2,456,540	2,559,417	2,559,417	2,559,417
Acquisitions	3,215	112,336	38,014	874
Depreciation in year	(57,061)	(57,061)	(28,531)	(29,446)
Disposals	(1,468)	(1,468)	(187)	(579)
WIP in year movement	82,002	(14,310)	(4,225)	27,812
Other adjustments**	-	-	-	(532)
Closing balance	2,483,228	2,596,914	2,564,488	2,557,546

* 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 31 December 2017				
	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	244,741	244,741	121,195	121,134
Payments to suppliers and employees	(210,402)	(210,527)	(100,576)	(111,442)
Interest received	3,830	3,215	20,619	9,592
Rental income	4,361	4,361	2,165	2,217
Non-capital grants and contributions	839	839	445	460
Borrowing costs	9,547	9,547	4,875	3,542
	(3,175)	(3,175)	(3,175)	(3,167)
Net cash inflow / (outflow) from operating activities	45,912	45,767	24,929	12,724
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	(82,005)	(94,815)	(32,150)	(28,681)
Payments for intangible assets	(45)	(45)	-	-
Proceeds from sale of property, plant and equipment	1,180	1,433	-	432
Capital grants, subsidies and contributions	33,013	33,035	13,810	6,398
Other cash flows from investing activities	2,200	2,200	(1,575)	(1,400)
Net cash inflow / (outflow) from investing activities	(45,656)	(58,192)	(19,915)	(23,251)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of borrowings	867	867	-	-
Repayment of borrowings	(4,644)	(4,644)	(4,644)	(4,657)
Net cash inflow / (outflow) from financing activities	(3,777)	(3,777)	(4,644)	(4,657)
Net increase / (decrease) in cash held	(3,521)	(16,181)	370	(15,184)
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	156,785	141,231

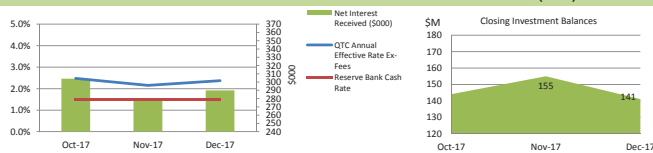


The annual revised budgeted balances for 2017/2018 include the changes from the budget carryovers adopted by Council on 23 August 2017. The differences between the carryover budget figures and those published are due to the actual opening balances on 1 July 2017, which are now finalised following end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

8. INVESTMENT & BORROWINGS REPORT

For the period ending 31 December 2017

INVESTMENT RETURNS - QUEENSLAND TREASURY CORPORATION (QTC)



Total Investment at End of Month was \$141.09M

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

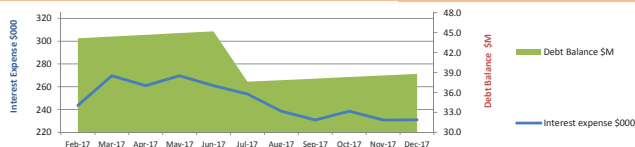
The movement in interest earned is indicative of both the interest rate and the surplus cash balances held, the latter of which is affected by business cash flow requirements on a monthly basis as well as the rating cycle.

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 2.37% exceeds the Bloomberg AusBond Bank Bill Index (previously the UBS Bank Bill Index) of 1.76% as at the end of December 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.

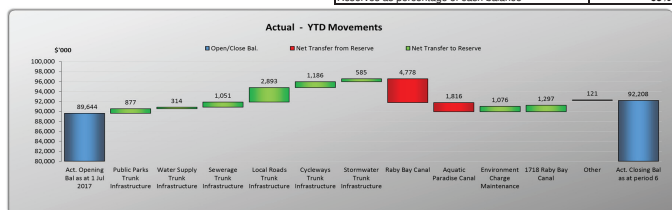
Total Borrowings at End of Month were \$38.78M

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 31 December 2017	Opening Balance	To Reserve	From Reserve	Closing Balance
	\$000	\$000	\$000	\$000
Special Projects Reserve:				
Weinham Creek Reserve	3,075	290	(16)	3,349
Red Art Gallery Commissions & Donations Reserve	4	-	-	4
	3,079	290	(16)	3,353
Constrained Works Reserve:				
Public Parks Trunk Infrastructure Reserve	8,693	1,572	(695)	9,570
Land for Community Facilities Trunk Infrastructure Reserve	1,675	247	(45)	1,877
Water Supply Trunk Infrastructure Reserve	9,478	314	-	9,792
Sewerage Trunk Infrastructure Reserve	6,573	1,470	(419)	7,624
Constrained Works Reserve-Capital Grants & Contributions	1,154	-	(85)	1,071
Local Roads Trunk Infrastructure Reserve	30,570	3,073	(180)	33,463
Cycleways Trunk Infrastructure Reserve	8,343	1,237	(51)	9,529
Stormwater Trunk Infrastructure Reserve	7,253	585	-	8,138
Constrained Works Reserve-Operating Grants & Contributions	2,667	-	(129)	2,538
Tree Planting Reserve	86	25	-	111
	76,792	8,523	(1,602)	83,713
Separate Charge Reserve - Environment:				
Environment Charge Acquisition Reserve	618	-	(76)	542
Environment Charge Maintenance Reserve	1,387	3,806	(2,730)	2,463
	2,005	3,806	(2,806)	3,005
Special Charge Reserve - Other:				
Bay Island Rural Fire Levy Reserve	-	117	(112)	5
SMBI Translink Reserve	(6)	475	(238)	231
	(6)	592	(350)	236
Special Charge Reserve - Canals:				
Raby Bay Canal Reserve	4,778	15	(4,793)	-
Aquatic Paradise Canal Reserve	2,592	11	(1,827)	776
Sovereign Waters Lake Reserve	404	3	12	419
1718 Raby Bay Canal Reserve	-	1,396	(99)	1,297
1718 Aquatic Paradise Canal Reserve	-	435	(1,019)	(584)
1718 Sovereign Waters Lake Reserve	-	26	(33)	17
	7,774	1,886	(7,759)	1,901
TOTALS	89,644	15,091	(12,531)	92,208
Closing cash and cash equivalents				141,231
Reserves as percentage of cash balance				65%



Total Reserves increased by \$2.26M during the month. YTD growth in developer cash contributions totalled \$8.52M with drawdowns of \$1.39M. Increases are predominantly from developments in Cleveland, Ormiston, Capalaba and Birkdale. YTD growth in other reserves totalled \$6.57M, with drawdowns totalling \$11.14M. \$1.89M of the increase in reserves is attributed to canals and lakes. The process for issuing refunds for the reserve balances quarantined for maintenance and repairs since 2011-12, has been worked through and as at end of December Council has processed 95% of the refunds. New 2017/2018 canal and lake reserves reflect the current year program for revenue and expenditure. \$1.08M 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 31 December 2017					
	Annual Original Budget \$'000	Annual Revised Budget \$'000	YTD Revised Budget \$'000	YTD Actual \$'000	YTD Variance \$'000
Total revenue	105,147	105,147	51,886	52,638	752
Total expenses	59,688	59,688	28,968	28,662	(306)
Earnings before interest, tax and depreciation (EBITD)	45,459	45,459	22,918	23,976	1,058
Interest expense	18,265	18,265	9,132	9,132	-
Depreciation	18,457	18,457	9,229	10,837	1,708
Operating surplus / (deficit)	8,737	8,737	4,557	3,907	(650)

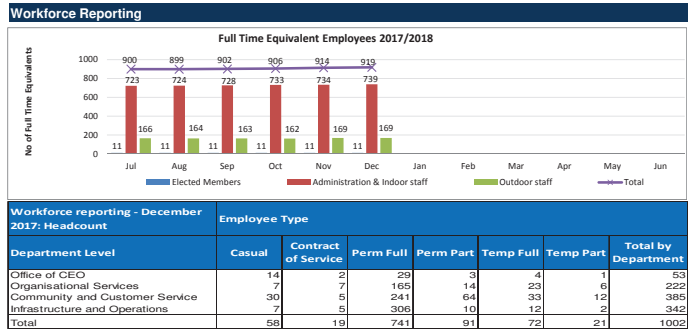
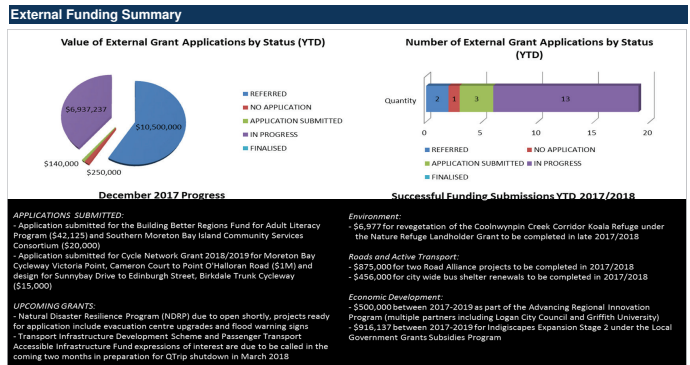
REDLAND WATER CAPITAL FUNDING STATEMENT					
For the period ending 31 December 2017					
	Annual Original Budget \$'000	Annual Revised Budget \$'000	YTD Revised Budget \$'000	YTD Actual \$'000	YTD Variance \$'000
Capital contributions, donations, grants and subsidies	6,631	6,631	1,864	2,116	252
Net transfer (to) / from constrained capital reserves	(3,120)	(3,117)	(2,597)	(1,364)	1,233
Non-cash contributions	3,131	3,131	1,565	-	(1,565)
Funding from utility revenue	4,675	6,186	4,505	2,596	(1,909)
Total sources of capital funding	11,317	12,630	5,337	3,348	(1,989)
Contributed assets	3,131	3,131	1,565	-	(1,565)
Capitalised expenditure	8,185	9,699	3,772	3,348	(424)
Total application of capital funds	11,316	12,830	5,337	3,348	(1,989)

11. REDWASTE STATEMENTS

REDWASTE OPERATING STATEMENT					
For the period ending 31 December 2017					
	Annual Original Budget \$'000	Annual Revised Budget \$'000	YTD Revised Budget \$'000	YTD Actual \$'000	YTD Variance \$'000
Total revenue	24,532	24,532	12,226	12,606	380
Total expenses	17,480	17,480	8,683	9,272	588
Earnings before interest, tax and depreciation (EBITD)	7,052	7,052	3,543	3,334	(209)
Interest expense	33	33	17	17	-
Depreciation	307	307	154	63	(71)
Operating surplus / (deficit)	6,712	6,712	3,372	3,234	(138)

REDWASTE CAPITAL FUNDING STATEMENT					
For the period ending 31 December 2017					
	Annual Original Budget \$'000	Annual Revised Budget \$'000	YTD Revised Budget \$'000	YTD Actual \$'000	YTD Variance \$'000
Non-cash contributions	-	-	-	-	-
Funding from utility revenue	317	333	228	150	(78)
Total sources of capital funding	317	333	228	150	(78)
Capitalised expenditure	240	249	129	167	39
Loan redemption	77	83	100	(17)	(117)
Total application of capital funds	317	333	228	150	(78)

12. APPENDIX: ADDITIONAL AND NON-FINANCIAL INFORMATION



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 weighing. 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 Liabilities¹:

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.