

Monthly Financial Report

March 2018



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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 March 2018. 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)	(5,887)	(3,059)	2,828	48%	✓
Recurrent Revenue	261,639	193,483	195,794	2,311	1%	✓
Recurrent Expenditure	272,775	199,370	198,853	(517)	0%	✓
Capital Works Expenditure	94,860	55,265	46,829	(8,436)	-15%	✓
Closing Cash & Cash Equivalents	140,234	149,381	139,599	(9,782)	-7%	✗

Council reported a year to date operating deficit of \$3.06M which is favourable to the revised budget deficit by \$2.83M. This favourable variance is due in part to operating grants and subsidies income \$1.97M above budget, mainly due to timing of \$2.28M grant monies received for roads to recovery. Also, higher than expected water consumption has contributed to higher than expected levies and utility charges revenue, especially bulk water charges revenue with a \$611K favourable variance to budget.

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 as well as sewerage network assets capitalised this year from WIP, influenced the increase in depreciation expense. Included in the sewerage assets capitalised this year is \$13.82M for Pt. Lookout wastewater treatment plant which contributes \$579K to the depreciation variance. A further \$12.03M was capitalised resulting in \$25.85M capitalised during the month and represents 60% of capitalisations year to date.

Capital grants, subsidies and contributions are below budget mainly due to timing of developer cash contributions. Additionally, non-cash contributions are below budget due to timing of developer non-cash contributions. Loss on disposal of non-current assets is mainly due to sale of fleet assets; and infrastructure and parks asset replacement.

Council's capital works expenditure is below budget by \$8.44M due to timing of works for a number of infrastructure projects, asset management project and timing of capital acquisitions and fleet replacement.

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 capital grants, subsidies and contributions. This is partially offset by below budget expenditure for property, plant and equipment and above budget operating grants. Constrained cash reserves represent 67% 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 March 2018	Target
Operating Surplus Ratio (%)	✗	-4.26%	-1.56%	Between 0% and 10% (on average over the long-term)
Asset Sustainability Ratio (%)^	✗	70.92%	49.88%	Greater than 90% (on average over the long-term)
Net Financial Liabilities (%)*	✓	-23.95%	-50.23%	Less than 60% (on average over the long-term)
Level of Dependence on General Rate Revenue (%)	✓	33.93%	34.04%	Less than 37.5%
Ability to Pay Our Bills - Current Ratio	✓	2.74	4.31	Between 1.1 & 4.1
Ability to Repay Our Debt - Debt Servicing Ratio (%)	✓	2.99%	4.01%	Less than or equal to 10%
Cash Balance \$M	✓	\$140.234M	\$139.599M	Greater than or equal to \$50M
Cash Balances - Cash Capacity in Months	✓	7.87	7.29	Greater than 3 months
Longer Term Financial Stability - Debt to Asset Ratio (%)	✓	1.47%	1.43%	Less than or equal to 10%
Operating Performance (%)	✗	17.65%	12.76%	Greater than or equal to 15%
Interest Coverage Ratio (%)**	✓	-0.59%	-0.58%	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 31 March 2018

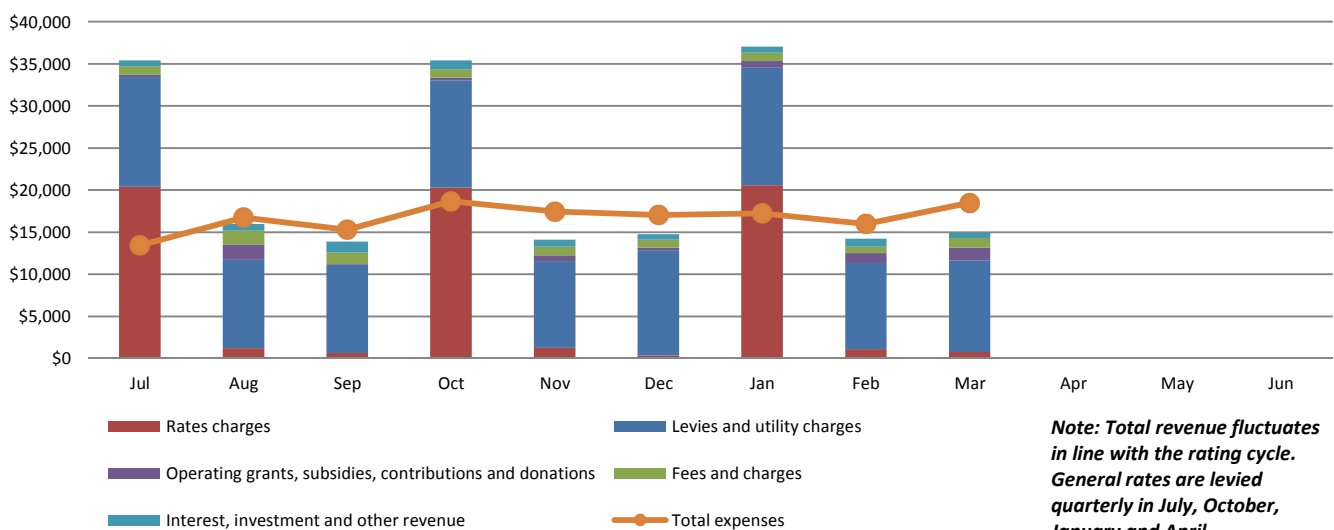
	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Recurrent revenue					
Rates, levies and charges	227,186	227,186	170,493	171,282	789
Fees and charges	13,048	13,048	9,946	9,836	(110)
Rental income	839	839	650	724	74
Interest received	4,361	4,361	3,246	3,268	22
Investment returns	2,200	2,200	500	500	-
Sales revenue	3,823	3,823	2,853	2,376	(477)
Other income	684	684	553	798	245
Grants, subsidies and contributions	9,497	9,497	5,242	7,010	1,768
Total recurrent revenue	261,639	261,639	193,483	195,794	2,311
Capital revenue					
Grants, subsidies and contributions	33,013	33,035	19,484	14,228	(5,256)
Non-cash contributions	3,213	3,213	2,424	170	(2,254)
Total capital revenue	36,226	36,248	21,908	14,398	(7,510)
TOTAL INCOME	297,865	297,887	215,391	210,192	(5,199)
Recurrent expenses					
Employee benefits	85,677	85,677	64,064	63,552	(512)
Materials and services	125,787	125,787	89,322	86,525	(2,797)
Finance costs	3,112	3,112	2,334	2,409	75
Depreciation and amortisation	58,200	58,200	43,650	46,367	2,717
Total recurrent expenses	272,775	272,775	199,370	198,853	(517)
Capital expenses					
(Gain) / loss on disposal of non-current assets	289	36	(307)	1,128	1,435
Total capital expenses	289	36	(307)	1,128	1,435
TOTAL EXPENSES	273,064	272,811	199,063	199,981	918
NET RESULT	24,801	25,076	16,328	10,211	(6,117)
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	16,328	10,144	(6,184)

4. OPERATING STATEMENT

OPERATING STATEMENT For the period ending 31 March 2018

	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	68,766	68,786	20
Levies and utility charges	138,824	138,824	104,221	104,979	758
<i>Less: Pensioner remissions and rebates</i>	(3,325)	(3,325)	(2,494)	(2,483)	11
Fees and charges	13,048	13,048	9,946	9,836	(110)
Operating grants and subsidies	8,795	8,795	4,725	6,697	1,972
Operating contributions and donations	702	702	517	313	(204)
Interest external	4,361	4,361	3,246	3,268	22
Investment returns	2,200	2,200	500	500	-
Other revenue	5,347	5,347	4,056	3,898	(158)
Total revenue	261,639	261,639	193,483	195,794	2,311
Expenses					
Employee benefits	85,677	85,677	64,064	63,552	(512)
Materials and services	126,040	126,040	89,516	86,405	(3,111)
Finance costs other	303	303	225	286	61
Other expenditure	489	489	362	674	312
Net internal costs	(741)	(741)	(556)	(554)	2
Total expenses	211,767	211,767	153,611	150,363	(3,248)
Earnings before interest, tax and depreciation (EBITD)	49,872	49,872	39,872	45,431	5,559
Interest expense	2,809	2,809	2,109	2,123	14
Depreciation and amortisation	58,200	58,200	43,650	46,367	2,717
OPERATING SURPLUS / (DEFICIT)	(11,136)	(11,136)	(5,887)	(3,059)	2,828

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



Note: Total revenue fluctuates in line with the rating cycle. General rates are levied quarterly in July, October, January and April.

4. OPERATING STATEMENT - CONTINUED

LEVIES AND UTILITY CHARGES ANALYSIS For the period ending 31 March 2018

	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	16,217	16,299	82
Special charges	4,083	4,083	3,062	3,054	(8)
SES separate charge	339	339	254	255	1
Environment separate charge	7,568	7,568	5,676	5,719	43
Separate charge landfill remediation	2,911	2,911	2,183	2,200	17
Wastewater charges	43,647	43,647	32,735	32,668	(67)
Water access charges	18,296	18,296	13,722	13,801	79
Water consumption charges	40,317	40,317	30,372	30,983	611
Total levies and utility charges	138,824	138,824	104,221	104,979	758

MATERIALS AND SERVICES ANALYSIS For the period ending 31 March 2018

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Materials and services					
Contractors	34,121	34,457	23,073	21,637	(1,436)
Consultants	4,465	4,267	2,589	1,060	(1,529)
Other Council outsourcing costs*	17,355	17,515	12,667	13,095	428
Purchase of materials	44,300	44,052	32,466	32,435	(31)
Office administration costs	7,949	8,084	5,919	5,906	(13)
Electricity charges	5,751	5,729	4,274	4,185	(89)
Plant operations	4,466	4,480	3,232	3,344	112
Information technology resources	2,811	2,647	1,781	1,684	(97)
General insurance	1,363	1,363	1,024	1,000	(24)
Community assistance**	1,619	1,623	1,135	966	(169)
Other material and service expenses	1,840	1,823	1,356	1,093	(263)
Total materials and services	126,040	126,040	89,516	86,405	(3,111)

* 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 March 2018

	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
Month							
July	900	5,324	626	647	333	481	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
January	921	5,496	646	713	560	414	7,001
February	922	5,416	646	637	469	638	6,530
March	925	5,967	710	699	479	383	7,472
Total employee benefits YTD		50,957	6,019	6,146	4,640	4,210	63,552

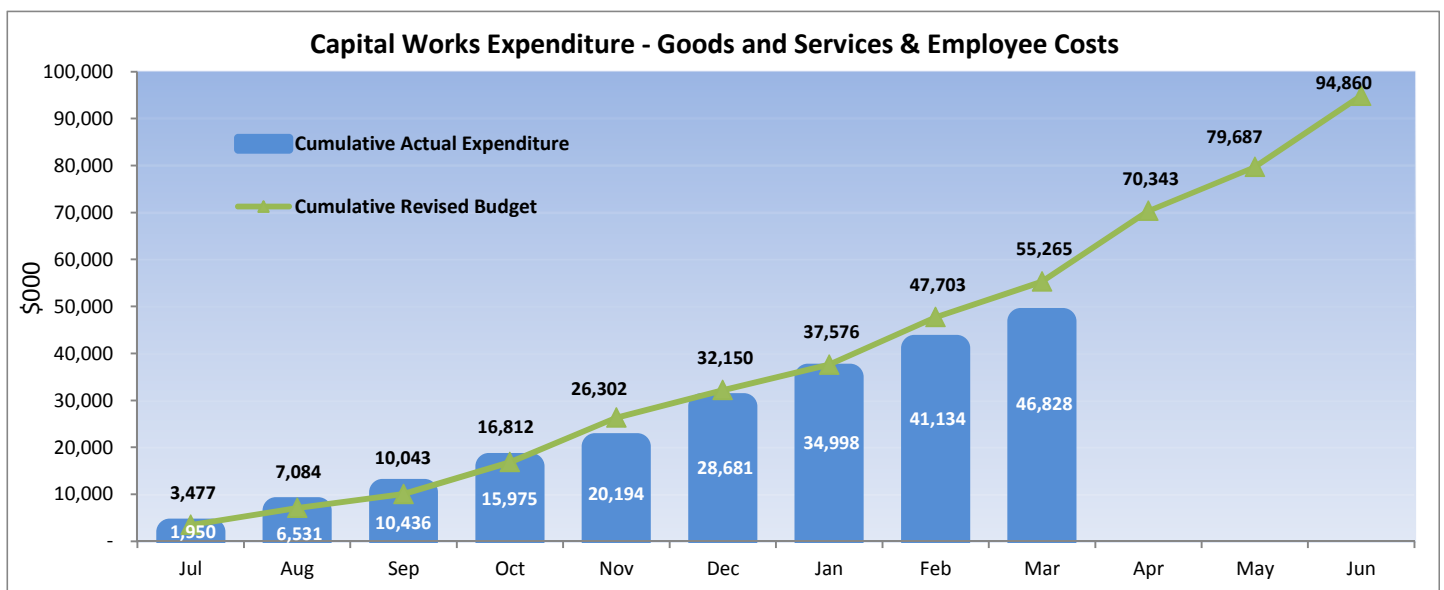
* Refer to page 14 for further information on FTE and headcount.

5. CAPITAL FUNDING STATEMENT

CAPITAL FUNDING STATEMENT For the period ending 31 March 2018

	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	16,101	12,622	(3,479)
Capital grants and subsidies	3,763	3,785	3,383	1,606	(1,777)
Proceeds on disposal of non-current assets	1,180	1,433	843	689	(154)
Capital transfers (to) / from reserves	(14,106)	(13,493)	(12,649)	(8,238)	4,411
Non-cash contributions	3,213	3,213	2,424	170	(2,254)
New loans	867	867	-	-	-
Funding from general revenue	66,106	78,028	53,297	45,870	(7,427)
Total sources of capital funding	90,272	103,082	63,399	52,719	(10,680)
Application of capital funds					
Contributed assets	3,213	3,213	2,424	170	(2,254)
Capitalised goods and services*	74,965	87,599	51,072	42,619	(8,453)
Capitalised employee costs*	7,085	7,261	4,193	4,210	17
Loan redemption	5,010	5,010	5,710	5,720	10
Total application of capital funds	90,272	103,082	63,399	52,719	(10,680)
Other budgeted items					
Transfers to constrained operating reserves	(13,268)	(13,268)	(9,920)	(9,892)	28
Transfers from constrained operating reserves	11,565	11,565	8,167	13,553	5,386
Written down value (WDV) of assets disposed	1,468	1,468	536	1,817	1,281

* 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

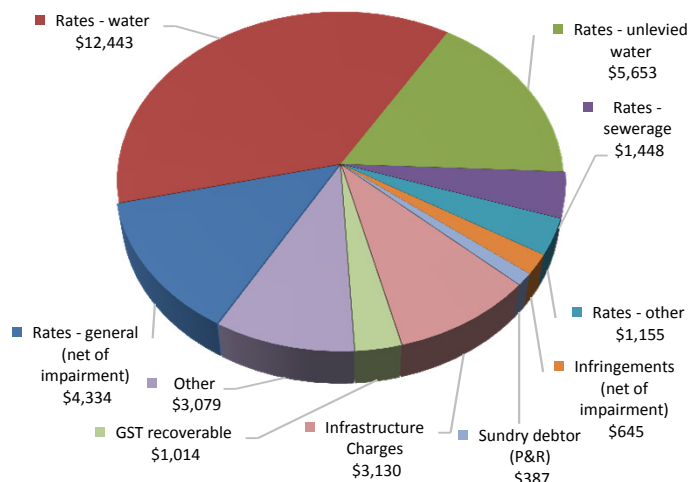
STATEMENT OF FINANCIAL POSITION As at 31 March 2018

	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	149,381	139,599
Trade and other receivables	25,805	27,273	32,316	33,288
Inventories	678	556	556	1,268
Non-current assets held for sale	4,278	262	262	11,203
Other current assets	2,122	2,073	2,073	1,560
Total current assets	166,533	170,398	184,588	186,918
NON-CURRENT ASSETS				
Investment property	1,054	1,091	1,091	1,091
Property, plant and equipment	2,483,228	2,598,914	2,573,728	2,547,971
Intangible assets	1,215	1,845	2,129	2,181
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	2,591,733	2,566,028
TOTAL ASSETS	2,658,064	2,787,033	2,776,321	2,752,946
CURRENT LIABILITIES				
Trade and other payables	21,411	39,792	39,630	21,019
Borrowings	7,701	7,713	7,713	7,713
Provisions	13,126	13,014	12,836	10,141
Other current liabilities	1,755	1,747	1,697	4,457
Total current liabilities	43,993	62,266	61,876	43,330
NON-CURRENT LIABILITIES				
Borrowings	33,461	33,343	31,776	31,766
Provisions	12,356	12,115	12,108	13,471
Total non-current liabilities	45,817	45,458	43,884	45,237
TOTAL LIABILITIES	89,811	107,724	105,760	88,567
NET COMMUNITY ASSETS	2,568,254	2,679,309	2,670,561	2,664,379
COMMUNITY EQUITY				
Asset revaluation surplus	963,349	1,070,838	1,070,838	1,070,771
Retained surplus	1,498,727	1,503,632	1,495,677	1,499,387
Constrained cash reserves	106,178	104,839	104,046	94,221
TOTAL COMMUNITY EQUITY	2,568,254	2,679,309	2,670,561	2,664,379

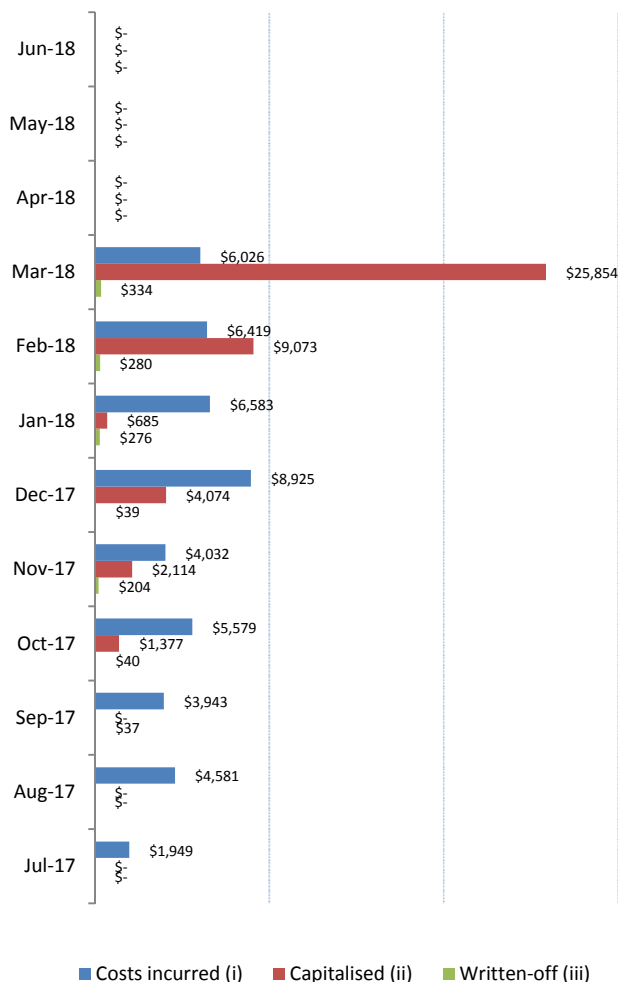
The annual revised budgeted balances for 2017/2018 include the changes from the budget carryovers adopted by Council on 23 August 2017. The differences between the carryover budget figures and those published are due to the actual opening balances on 1 July 2017, which are now finalised following end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

6. STATEMENT OF FINANCIAL POSITION - CONTINUED

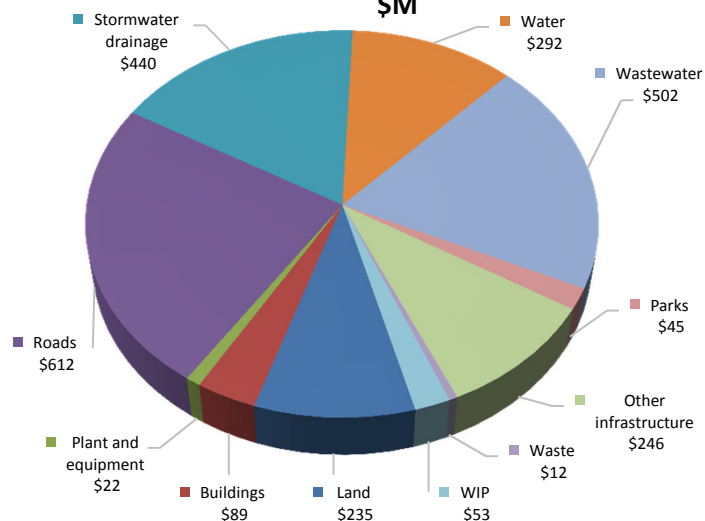
Trade and Other Receivables (actual YTD)
\$000s



Work In Progress (WIP)
In Year Movements (job level only)
\$000s



PPE Written Down Value (actual YTD)
\$M



- (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 March 2018

	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 and WIP in year movement	85,217	98,026	57,643	46,992
Depreciation in year	(57,061)	(57,061)	(42,797)	(45,656)
Disposals	(1,468)	(1,468)	(535)	(1,653)
Other adjustments**	-	-	-	(11,129)
Closing balance	2,483,228	2,598,914	2,573,728	2,547,971

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

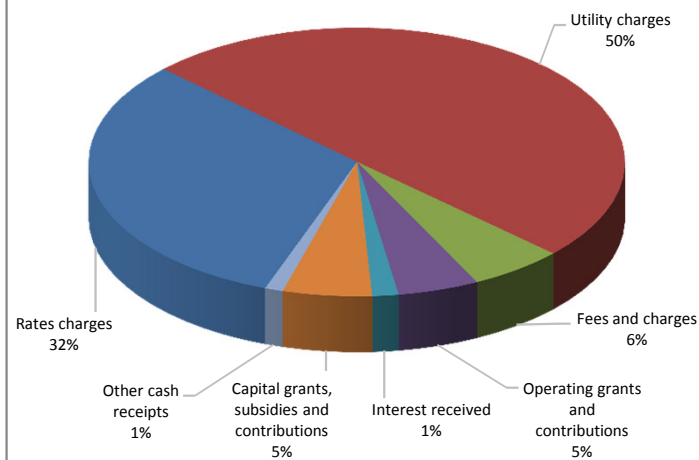
** Other adjustments include transfers between asset classes, revaluation adjustments, prior period adjustments and depreciation thereon. Includes reclassification of \$11.05M from property, plant and equipment to non-current assets held for sale.

7. STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS For the period ending 31 March 2018

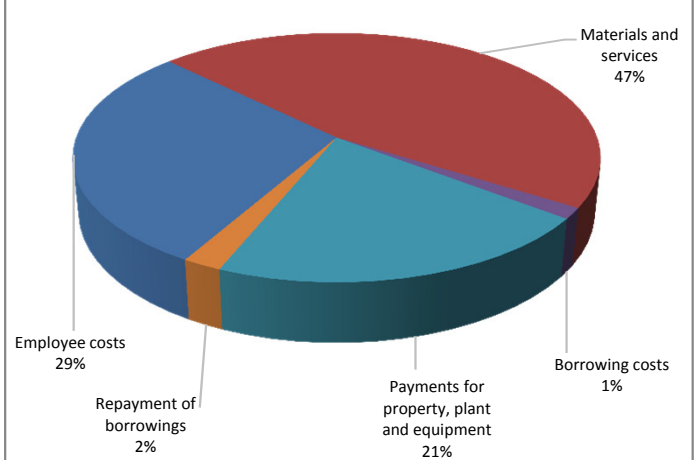
	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	244,741	244,741	182,302	183,414
Payments to suppliers and employees	(210,402)	(210,527)	(152,718)	(169,179)
	34,340	34,215	29,584	14,235
Interest received	4,361	4,361	3,246	3,268
Rental income	839	839	650	724
Non-capital grants and contributions	9,547	9,547	5,242	10,161
Borrowing costs	(3,175)	(3,175)	(3,175)	(3,187)
Net cash inflow / (outflow) from operating activities	45,912	45,787	35,547	25,201
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	(82,005)	(94,815)	(55,219)	(46,822)
Payments for intangible assets	(45)	(45)	(45)	(6)
Proceeds from sale of property, plant and equipment	1,180	1,433	843	689
Capital grants, subsidies and contributions	33,013	33,035	19,484	11,099
Other cash flows from investing activities	2,200	2,200	(3,000)	(2,320)
Net cash inflow / (outflow) from investing activities	(45,656)	(58,192)	(37,937)	(37,360)
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)	(7,034)	(16,816)
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	149,381	139,599

Cash Funding (actual YTD)



Total Cash Funding (Actual YTD)	207,035
Total Cash Funding (Annual Revised Budget)	297,023
% of Budget Achieved YTD	70%

Cash Expenditure (actual YTD)



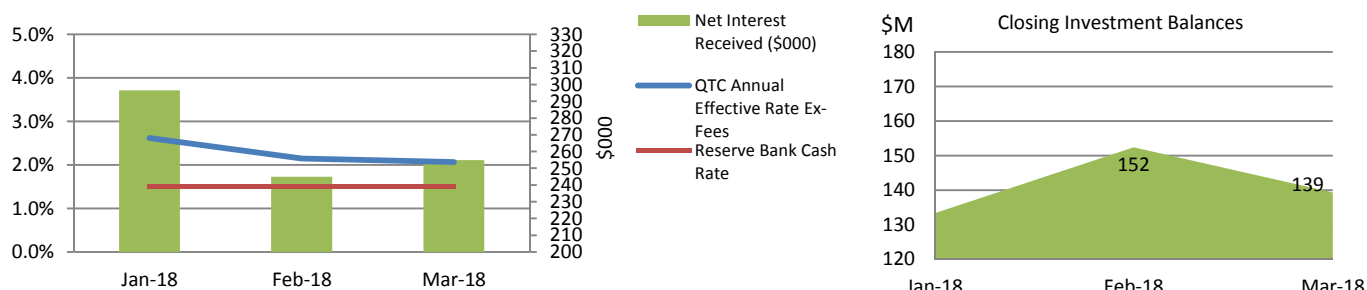
Total Cash Expenditure (Actual YTD)	223,851
Total Cash Expenditure (Annual Revised Budget)	313,204
% of Budget Achieved YTD	71%

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 March 2018

INVESTMENT RETURNS - QUEENSLAND TREASURY CORPORATION (QTC)



Total Investment at End of Month was \$139.26M

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

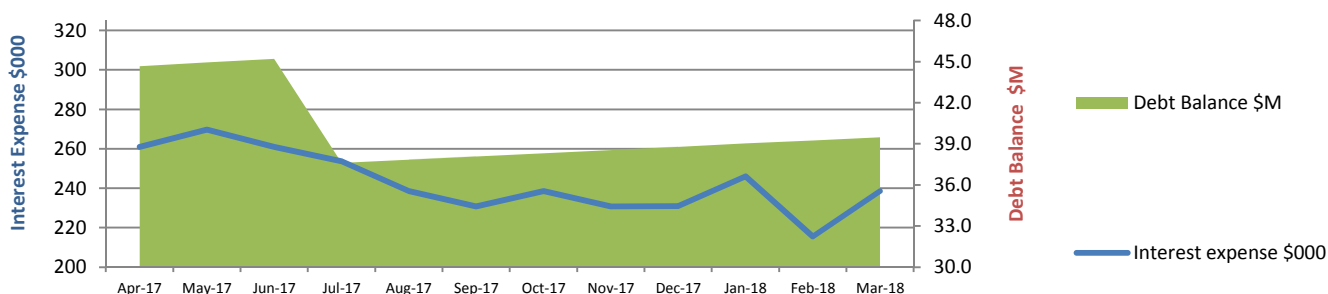
The movement in interest earned is indicative of both the interest rate and the surplus cash balances held, the latter of which is affected by business cash flow requirements on a monthly basis as well as the rating cycle.

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 2.07% exceeds the Bloomberg AusBond Bank Bill Index (previously the UBS Bank Bill Index) of 1.74% as at the end of March 2018 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 (ADSP) was made during July 2017. Interest will accrue monthly on a daily balance until next ADSP in July 18 which is reflected in the increasing debt balance. Interest expense for February 2018 shows a decrease due to days in calendar month.

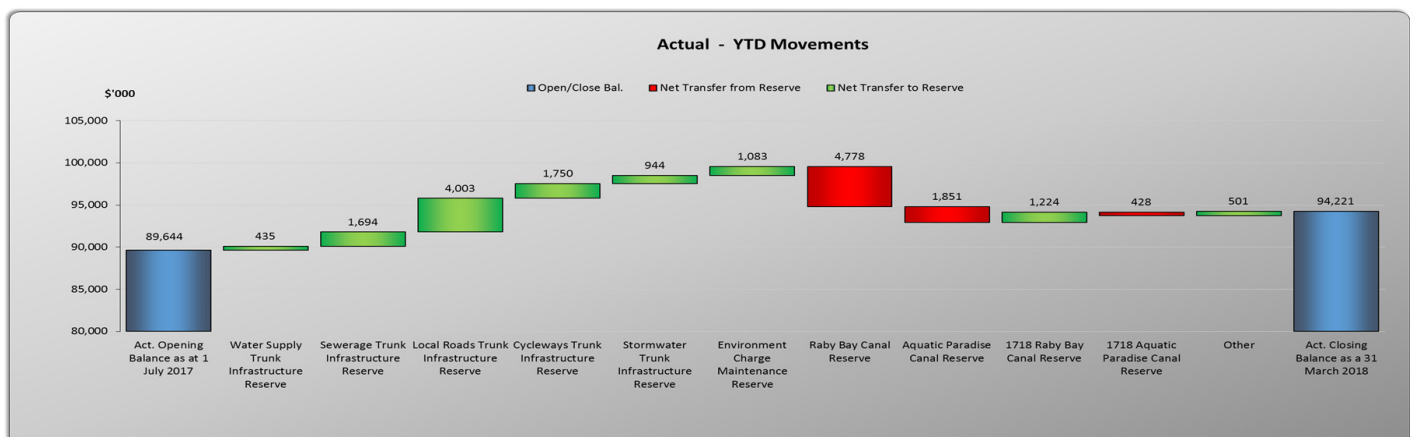
Total Borrowings at End of Month were \$39.48M

General pool allocated to capital works is 99.26% and 0.74% 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 March 2018	Opening Balance	To Reserve	From Reserve	Closing Balance
	\$000	\$000	\$000	\$000
Special Projects Reserve:				
Weinam Creek Reserve	3,075	435	(24)	3,486
Red Art Gallery Commissions & Donations Reserve	4	-	-	4
	3,079	435	(24)	3,490
Constrained Works Reserve:				
Public Parks Trunk Infrastructure Reserve	8,693	2,336	(2,388)	8,641
Land for Community Facilities Trunk Infrastructure Reserve	1,675	368	-	2,043
Water Supply Trunk Infrastructure Reserve	9,478	435	-	9,913
Sewerage Trunk Infrastructure Reserve	6,573	2,198	(504)	8,267
Constrained Works Reserve-Capital Grants & Contributions	1,154	-	(148)	1,006
Local Roads Trunk Infrastructure Reserve	30,570	4,501	(498)	34,573
Cycleways Trunk Infrastructure Reserve	8,343	1,840	(90)	10,093
Stormwater Trunk Infrastructure Reserve	7,553	944	-	8,497
Constrained Works Reserve-Operating Grants & Contributions	2,667	-	(199)	2,468
Tree Planting Reserve	86	30	(39)	77
	76,792	12,652	(3,866)	85,578
Separate Charge Reserve - Environment:				
Environment Charge Acquisition Reserve	618	-	(84)	534
Environment Charge Maintenance Reserve	1,387	5,719	(4,636)	2,470
	2,005	5,719	(4,720)	3,004
Special Charge Reserve - Other:				
Bay Island Rural Fire Levy Reserve	-	175	(169)	6
SMBI Translink Reserve	(6)	712	(475)	231
	(6)	887	(644)	237
Special Charge Reserve - Canals:				
Raby Bay Canal Reserve	4,778	15	(4,793)	-
Aquatic Paradise Canal Reserve	2,592	14	(1,865)	741
Sovereign Waters Lake Reserve	404	4	12	420
1718 Raby Bay Canal Reserve	-	2,097	(873)	1,224
1718 Aquatic Paradise Canal Reserve	-	653	(1,081)	(428)
1718 Sovereign Waters Lake Reserve	-	39	(84)	(45)
	7,774	2,822	(8,684)	1,912
TOTALS	89,644	22,515	(17,938)	94,221
Closing cash and cash equivalents				139,599
Reserves as percentage of cash balance				67%



Total Reserves increased by \$1.34M during the month. YTD growth in developer cash contributions totalled \$12.65M with drawdowns of \$3.52M. Increases are predominantly from developments in Cleveland, Victoria Point, Thornlands, Ormiston, Capalaba and Birkdale. YTD growth in other reserves totalled \$9.86M, with drawdowns totalling \$14.42M. \$2.82M 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 March, 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 is recognised in line with the rating cycle), offset by YTD spending on designated projects.

10. REDLAND WATER STATEMENTS

REDLAND WATER SUMMARY OPERATING STATEMENT For the period ending 31 March 2018

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Total revenue	105,147	105,147	78,994	79,190	196
Total expenses	59,688	59,688	44,541	43,069	(1,472)
Earnings before interest, tax and depreciation (EBITD)	45,459	45,459	34,453	36,121	1,668
Interest expense	18,265	18,265	13,699	13,699	-
Depreciation	18,457	18,457	13,843	17,382	3,539
Operating surplus / (deficit)	8,737	8,737	6,911	5,040	(1,871)

REDLAND WATER CAPITAL FUNDING STATEMENT For the period ending 31 March 2018

	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	1,864	2,966	1,102
Net transfer (to) / from constrained capital reserves	(3,120)	(3,117)	(3,680)	(2,129)	1,551
Non-cash contributions	3,131	3,131	2,348	-	(2,348)
Funding from utility revenue	4,675	6,186	7,390	3,371	(4,019)
Total sources of capital funding	11,316	12,830	7,922	4,208	(3,714)
Contributed assets	3,131	3,131	2,348	-	(2,348)
Capitalised expenditure	8,185	9,699	5,574	4,208	(1,366)
Total application of capital funds	11,316	12,830	7,922	4,208	(3,714)

11. REDWASTE STATEMENTS

REDWASTE OPERATING STATEMENT For the period ending 31 March 2018

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Total revenue	24,532	24,532	18,367	19,108	741
Total expenses	17,480	17,480	13,091	14,557	1,466
Earnings before interest, tax and depreciation (EBITD)	7,052	7,052	5,276	4,551	(725)
Interest expense	33	33	25	25	-
Depreciation	307	307	230	124	(106)
Operating surplus / (deficit)	6,712	6,712	5,021	4,402	(619)

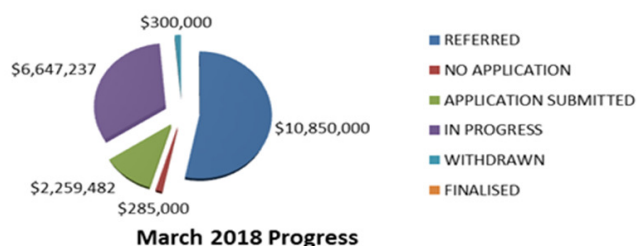
REDWASTE CAPITAL FUNDING STATEMENT For the period ending 31 March 2018

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Non-cash contributions	-	-	-	-	-
Funding from utility revenue	317	333	280	325	45
Total sources of capital funding	317	333	280	325	45
Capitalised expenditure	240	249	188	234	46
Loan redemption	77	83	92	91	(1)
Total application of capital funds	317	333	280	325	45

12. APPENDIX: ADDITIONAL AND NON-FINANCIAL INFORMATION

External Funding Summary

Value of External Grant Applications by Status (YTD)



March 2018 Progress

GRANTS REFERRED:

- Applications open for Federal Regional Growth fund, submission is being prepared for Redland Aquatic and Resilience Centre in partnership with Surf Lifesaving Queensland
- Applications open for Maturing the Infrastructure Pipeline Program, 4 separate submissions being prepared for projects requiring strategic planning, business case development and detailed designs
- Submissions also underway for next round of the Indigenous Languages and Arts Program and Skilling Queenslanders for Work Program

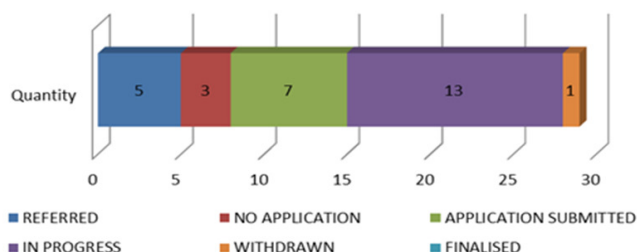
APPLICATION SUBMITTED:

- Applications for Woodlands Drive Culvert Upgrades submitted under Heavy Vehicle and Productivity Program for completion in 2019/2020, \$145,968

UPCOMING GRANTS:

- Natural Disaster Resilience Program 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

Environment:

- \$6,977 for revegetation of the Coolwynpin Creek Corridor Koala Refuge under the Nature Refuge Landholder Grant to be completed in late 2017/2018

Roads and Active Transport:

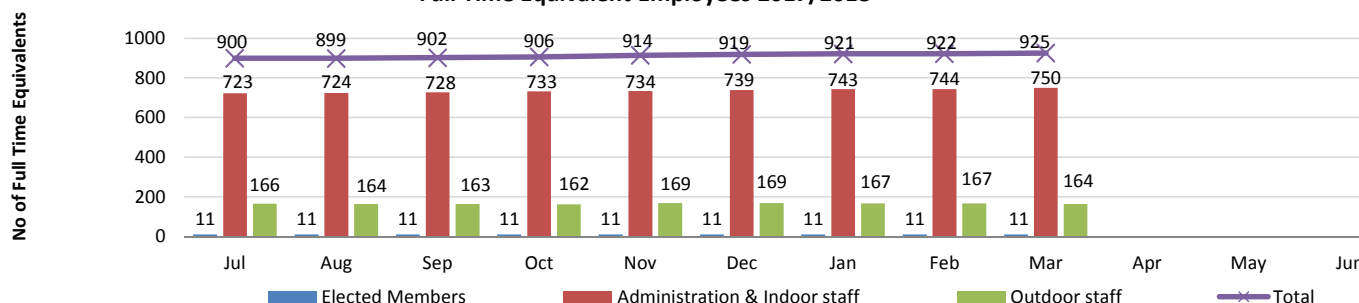
- \$875,000 for two Road Alliance projects to be completed in 2017/2018
- \$456,000 for City wide Bus Shelter Renewals to be completed in 2017/2018

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 and Subsidies Program

Workforce Reporting

Full Time Equivalent Employees 2017/2018



Workforce reporting - March 2018: Headcount		Employee Type							
Department Level	Casual	Contract of Service	Perm Full	Perm Part	Temp Full	Temp Part	Councillors	Total	
Office of CEO	8	2	32	4	8	1		55	
Organisational Services	6	7	161	14	26	6		220	
Community and Customer Service	26	5	236	68	37	13		385	
Infrastructure and Operations	7	5	301	10	16	2		341	
Elected members							11	11	
Total	47	19	730	96	87	22	11	1012	

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. Commencing February 2018 elected members were included in the head count to be consistent with the FTE reporting. 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) moved 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.