

Monthly Financial Report

May 2018



CONTENTS

1.	Executive Summary	3
2.	Key Performance Indicators	3
3.	Statement of Comprehensive Income	4
4.	Operating Statement	5
5.	Capital Funding Statement	7
6.	Statement of Financial Position	8
7.	Statement of Cash Flows	10
8.	Investment & Borrowings Report	11
9.	Constrained Cash Reserves	12
10.	Redland Water Statements	13
11.	RedWaste Statements	13
12.	Appendix: Additional and Non-financial Information	14
13.	Glossary	15

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 May 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)	932	(1,728)	(2,660)	-285%	✗
Recurrent Revenue	261,639	245,474	245,589	115	0%	✓
Recurrent Expenditure	272,775	244,542	247,317	2,775	1%	✗
Capital Works Expenditure	94,860	71,773	60,187	(11,586)	-16%	✓
Closing Cash & Cash Equivalents	140,234	163,395	148,203	(15,192)	-9%	✗

Council reported a year to date operating deficit of \$1.73M. Recurrent revenue is slightly above budget. The favourable variance in materials and services 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.

Capital revenue is below budget mainly due to lower than expected developer cash and 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 \$11.59M 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 \$7.87M 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 62% 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 May 2018	Target
Operating Surplus Ratio (%)	✗	-4.26%	-0.70%	Between 0% and 10% (on average over the long-term)
Asset Sustainability Ratio (%) [^]	✗	70.92%	53.57%	Greater than 90% (on average over the long-term)
Net Financial Liabilities (%) [*]	✓	-23.95%	-40.79%	Less than 60% (on average over the long-term)
Level of Dependence on General Rate Revenue (%)	✓	33.93%	36.01%	Less than 37.5%
Ability to Pay Our Bills - Current Ratio	✓	2.74	3.88	Between 1.1 & 4.1
Ability to Repay Our Debt - Debt Servicing Ratio (%)	✓	2.99%	3.19%	Less than or equal to 10%
Cash Balance \$M	✓	\$140.234M	\$148.203M	Greater than or equal to \$50M
Cash Balances - Cash Capacity in Months	✓	7.87	7.81	Greater than 3 months
Longer Term Financial Stability - Debt to Asset Ratio (%)	✓	1.47%	1.44%	Less than or equal to 10%
Operating Performance (%)	✓	17.65%	17.75%	Greater than or equal to 15%
Interest Coverage Ratio (%) ^{**}	✓	-0.59%	-0.63%	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

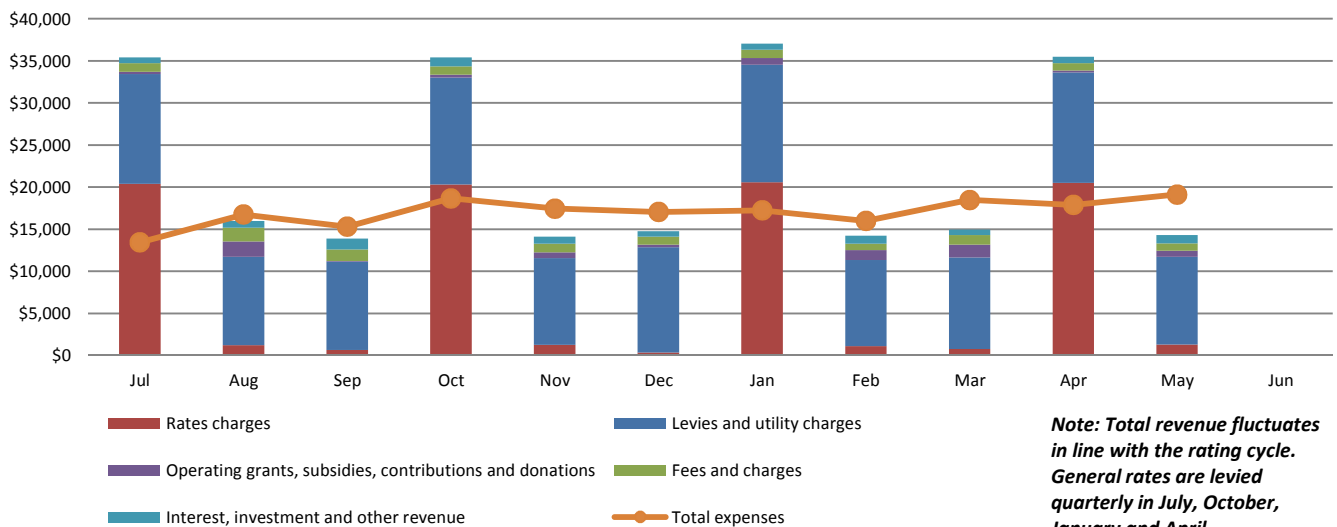
STATEMENT OF COMPREHENSIVE INCOME					
For the period ending 31 May 2018					
	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Recurrent revenue					
Rates, levies and charges	227,186	227,186	216,991	216,632	(359)
Fees	13,048	13,048	11,632	11,600	(32)
Rental income	839	839	792	859	67
Interest received	4,361	4,361	4,013	4,128	115
Investment returns	2,200	2,200	500	500	-
Sales revenue	3,823	3,823	3,325	3,025	(300)
Other income	684	684	601	891	290
Grants, subsidies and contributions	9,497	9,497	7,620	7,954	334
Total recurrent revenue	261,639	261,639	245,474	245,589	115
Capital revenue					
Grants, subsidies and contributions	33,013	33,035	23,059	17,035	(6,024)
Non-cash contributions	3,213	3,213	2,950	2,602	(348)
Total capital revenue	36,226	36,248	26,009	19,637	(6,372)
TOTAL INCOME	297,865	297,887	271,483	265,226	(6,257)
Recurrent expenses					
Employee benefits	85,677	85,677	77,971	78,013	42
Materials and services	125,787	125,787	110,350	108,938	(1,412)
Finance costs	3,112	3,112	2,871	3,024	153
Depreciation and amortisation	58,200	58,200	53,350	57,342	3,992
Total recurrent expenses	272,775	272,775	244,542	247,317	2,775
Capital expenses					
(Gain) / loss on disposal of non-current assets	289	36	(91)	1,602	1,693
Total capital expenses	289	36	(91)	1,602	1,693
TOTAL EXPENSES	273,064	272,811	244,451	248,919	4,468
NET RESULT	24,801	25,076	27,032	16,307	(10,725)
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	27,032	16,240	(10,792)

4. OPERATING STATEMENT

OPERATING STATEMENT For the period ending 31 May 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	91,688	91,280	(408)
Levies and utility charges	138,824	138,824	128,608	128,609	1
<i>Less: Pensioner remissions and rebates</i>	(3,325)	(3,325)	(3,305)	(3,257)	48
Fees	13,048	13,048	11,632	11,600	(32)
Operating grants and subsidies	8,795	8,795	7,037	7,635	598
Operating contributions and donations	702	702	583	319	(264)
Interest external	4,361	4,361	4,013	4,128	115
Investment returns	2,200	2,200	500	500	-
Other revenue	5,347	5,347	4,718	4,775	57
Total revenue	261,639	261,639	245,474	245,589	115
Expenses					
Employee benefits	85,677	85,677	77,971	78,013	42
Materials and services	126,040	126,040	110,603	108,057	(2,546)
Finance costs other	303	303	293	431	138
Other expenditure	489	489	426	1,592	1,166
Net internal costs	(741)	(741)	(679)	(711)	(32)
Total expenses	211,767	211,767	188,614	187,382	(1,232)
Earnings before interest, tax and depreciation (EBITD)	49,872	49,872	56,860	58,207	1,347
Interest expense	2,809	2,809	2,578	2,593	15
Depreciation and amortisation	58,200	58,200	53,350	57,342	3,992
OPERATING SURPLUS / (DEFICIT)	(11,136)	(11,136)	932	(1,728)	(2,660)

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



4. OPERATING STATEMENT - CONTINUED

LEVIES AND UTILITY CHARGES ANALYSIS

For the period ending 31 May 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	19,848	19,943	95
Special charges	4,083	4,083	4,083	4,073	(10)
SES separate charge	339	339	339	341	2
Environment separate charge	7,568	7,568	7,568	7,631	63
Separate charge landfill remediation	2,911	2,911	2,668	2,690	22
Wastewater charges	43,647	43,647	40,010	39,978	(32)
Water access charges	18,296	18,296	16,771	16,874	103
Water consumption charges	40,317	40,317	37,321	37,079	(242)
Total levies and utility charges	138,824	138,824	128,608	128,609	1

MATERIALS AND SERVICES ANALYSIS

For the period ending 31 May 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	34,558	29,449	27,738	(1,711)
Consultants	4,465	4,197	2,952	1,567	(1,385)
Other Council outsourcing costs*	17,355	17,516	15,529	16,447	918
Purchase of materials	44,300	44,052	39,902	39,796	(106)
Office administration costs	7,949	8,045	7,173	7,269	96
Electricity charges	5,751	5,729	5,228	4,935	(293)
Plant operations	4,466	4,480	3,879	4,075	196
Information technology resources	2,811	2,652	2,223	2,180	(43)
General insurance	1,363	1,363	1,251	1,218	(33)
Community assistance**	1,619	1,623	1,539	1,376	(163)
Other material and service expenses	1,840	1,823	1,478	1,456	(22)
Total materials and services	126,040	126,040	110,603	108,057	(2,546)

* 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 May 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
April	923	5,581	642	685	471	486	6,893
May	931	6,084	733	735	554	538	7,568
Total employee benefits YTD		62,622	7,394	7,566	5,665	5,234	78,013

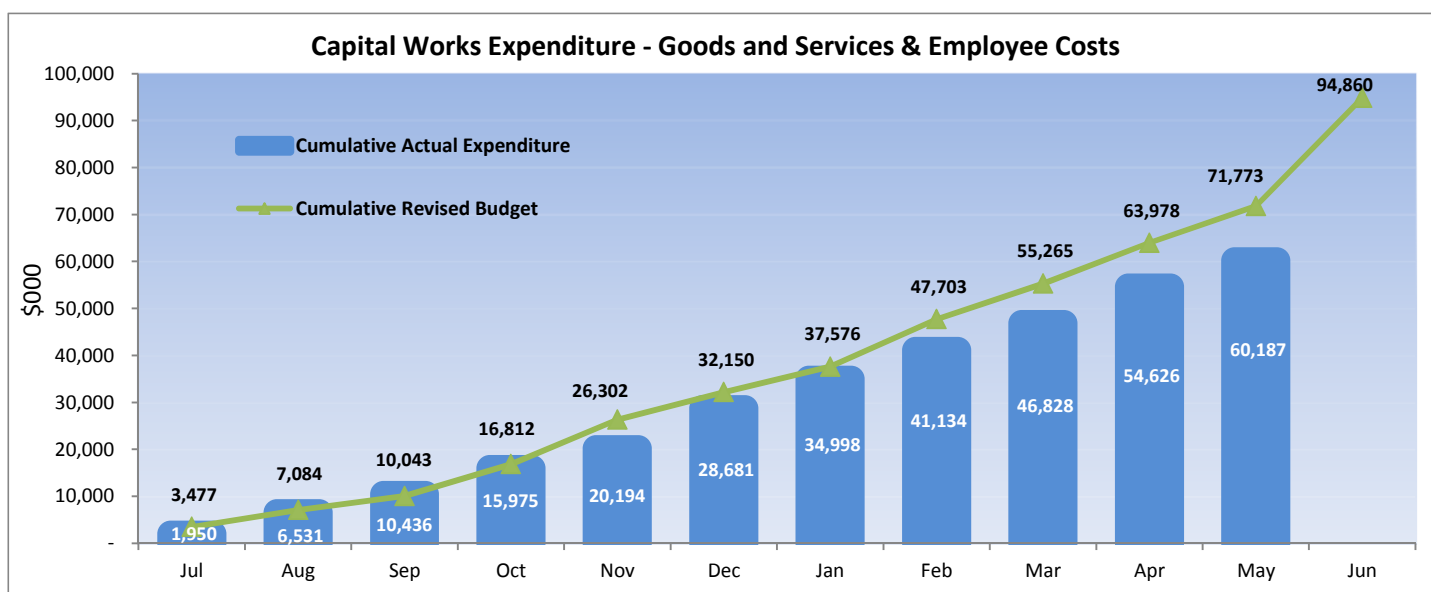
* Refer to page 14 for further information on FTE and headcount.

5. CAPITAL FUNDING STATEMENT

CAPITAL FUNDING STATEMENT For the period ending 31 May 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	21,304	14,331	(6,973)
Capital grants and subsidies	3,763	3,785	1,755	2,704	949
Proceeds on disposal of non-current assets	1,180	1,433	1,315	761	(554)
Capital transfers (to) / from reserves	(14,106)	(13,493)	(14,851)	(6,069)	8,782
Non-cash contributions	3,213	3,213	2,950	2,602	(348)
New loans	867	867	-	-	-
Funding from general revenue	66,106	78,028	67,491	53,711	(13,780)
Total sources of capital funding	90,272	103,082	79,964	68,040	(11,924)
Application of capital funds					
Contributed assets	3,213	3,213	2,950	2,602	(348)
Capitalised goods and services*	74,965	87,599	65,833	54,952	(10,881)
Capitalised employee costs*	7,085	7,261	5,940	5,235	(705)
Loan redemption	5,010	5,010	5,241	5,251	10
Total application of capital funds	90,272	103,082	79,964	68,040	(11,924)
Other budgeted items					
Transfers to constrained operating reserves	(13,268)	(13,268)	(11,040)	(13,773)	(2,733)
Transfers from constrained operating reserves	11,565	11,565	9,713	16,934	7,221
Written down value (WDV) of assets disposed	1,468	1,468	1,224	2,363	1,139

* 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

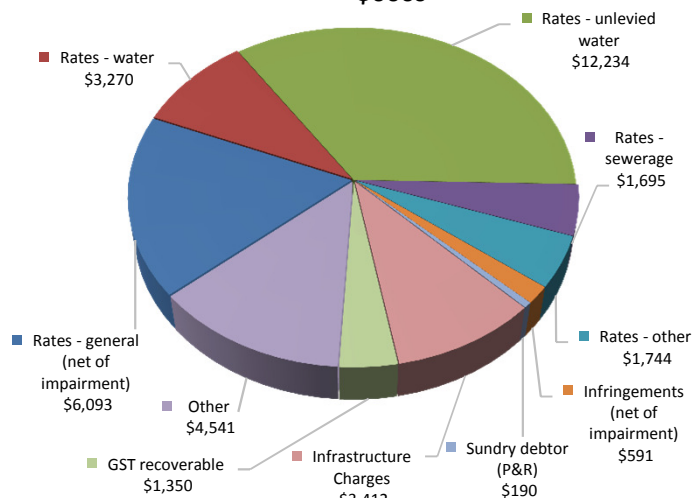
STATEMENT OF FINANCIAL POSITION As at 31 May 2018

	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	163,395	148,203
Trade and other receivables	25,805	27,273	24,582	35,120
Inventories	678	556	556	1,061
Non-current assets held for sale	4,278	262	262	11,203
Other current assets	2,122	2,073	2,073	1,447
Total current assets	166,533	170,398	190,868	197,034
NON-CURRENT ASSETS				
Investment property	1,054	1,091	1,091	1,091
Property, plant and equipment	2,483,228	2,598,914	2,580,564	2,552,372
Intangible assets	1,215	1,845	1,939	2,042
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	2,598,379	2,570,290
TOTAL ASSETS	2,658,064	2,787,033	2,789,247	2,767,324
CURRENT LIABILITIES				
Trade and other payables	21,411	39,792	39,738	22,161
Borrowings	7,701	7,713	7,713	7,713
Provisions	13,126	13,014	12,955	9,449
Other current liabilities	1,755	1,747	3,223	11,509
Total current liabilities	43,993	62,266	63,629	50,832
NON-CURRENT LIABILITIES				
Borrowings	33,461	33,343	32,245	32,235
Provisions	12,356	12,115	12,108	13,783
Total non-current liabilities	45,817	45,458	44,353	46,018
TOTAL LIABILITIES	89,811	107,724	107,982	96,850
NET COMMUNITY ASSETS	2,568,254	2,679,309	2,681,265	2,670,474
COMMUNITY EQUITY				
Asset revaluation surplus	963,349	1,070,838	1,070,838	1,070,771
Retained surplus	1,498,727	1,503,632	1,504,605	1,507,151
Constrained cash reserves	106,178	104,839	105,822	92,552
TOTAL COMMUNITY EQUITY	2,568,254	2,679,309	2,681,265	2,670,474

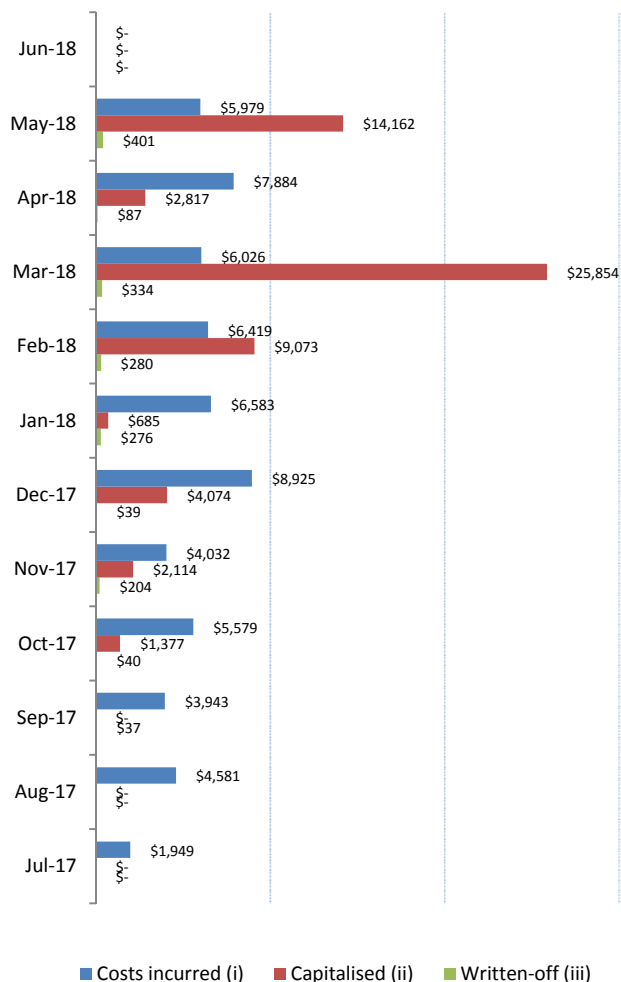
The annual revised budgeted balances for 2017/2018 include the changes from the budget carryovers adopted by Council on 23 August 2017. The differences between the carryover budget figures and those published are due to the actual opening balances on 1 July 2017, which are now finalised following end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

6. STATEMENT OF FINANCIAL POSITION - CONTINUED

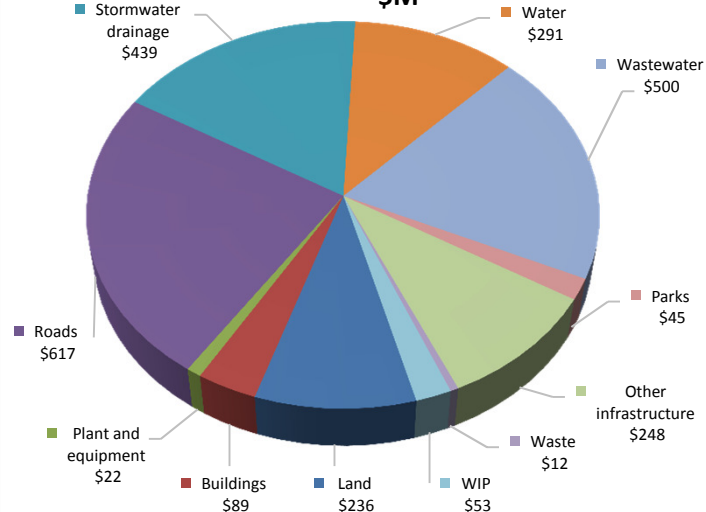
Trade and Other Receivables (actual YTD)
\$000s



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 May 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	74,677	62,768
Depreciation in year	(57,061)	(57,061)	(52,307)	(56,480)
Disposals	(1,468)	(1,468)	(1,223)	(2,199)
Other adjustments**	-	-	-	(11,134)
Closing balance	2,483,228	2,598,914	2,580,564	2,552,372

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

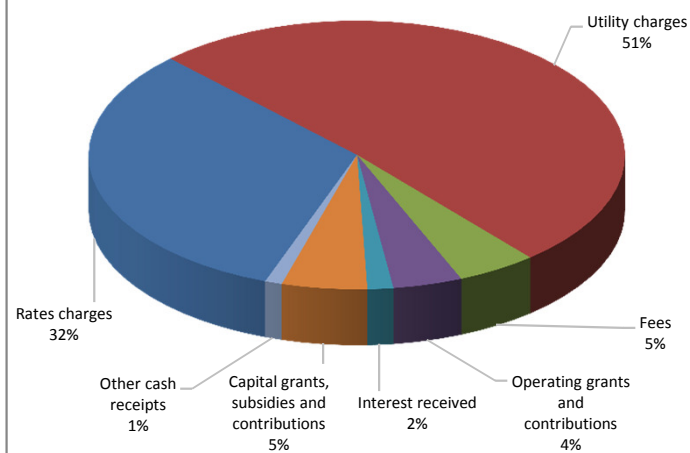
** Other adjustments include transfers between asset classes, revaluation adjustments, prior period adjustments and depreciation thereon. Includes reclassification of \$11.05M from property, plant and equipment to non-current assets held for sale.

7. STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS For the period ending 31 May 2018

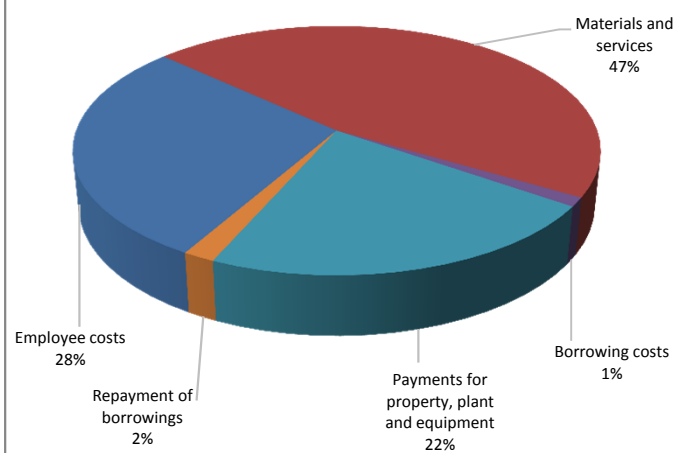
	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	244,741	244,741	238,516	237,699
Payments to suppliers and employees	(210,402)	(210,527)	(187,493)	(205,568)
	34,340	34,215	51,023	32,131
Interest received	4,361	4,361	4,013	4,128
Rental income	839	839	792	859
Non-capital grants and contributions	9,547	9,547	7,620	11,105
Borrowing costs	(3,175)	(3,175)	(3,175)	(3,187)
Net cash inflow / (outflow) from operating activities	45,912	45,787	60,273	45,036
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	(82,005)	(94,815)	(71,728)	(60,165)
Payments for intangible assets	(45)	(45)	(45)	(20)
Proceeds from sale of property, plant and equipment	1,180	1,433	1,315	761
Capital grants, subsidies and contributions	33,013	33,035	23,059	13,623
Other cash flows from investing activities	2,200	2,200	(1,250)	(2,790)
Net cash inflow / (outflow) from investing activities	(45,656)	(58,192)	(48,649)	(48,591)
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)	6,980	(8,212)
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	163,395	148,203

Cash Funding (actual YTD)



Total Cash Funding (Actual YTD)	265,385
Total Cash Funding (Annual Revised Budget)	297,023
% of Budget Achieved YTD	89%

Cash Expenditure (actual YTD)



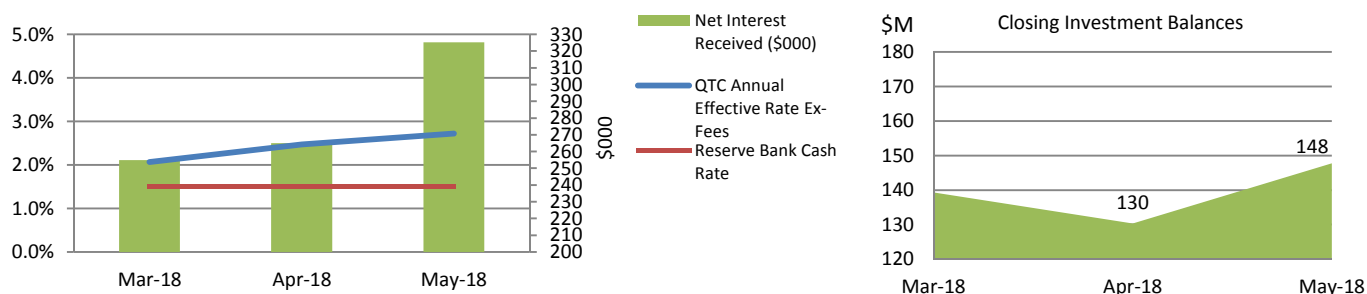
Total Cash Expenditure (Actual YTD)	273,597
Total Cash Expenditure (Annual Revised Budget)	313,204
% of Budget Achieved YTD	87%

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 May 2018

INVESTMENT RETURNS - QUEENSLAND TREASURY CORPORATION (QTC)



Total Investment at End of Month was \$147.77M

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

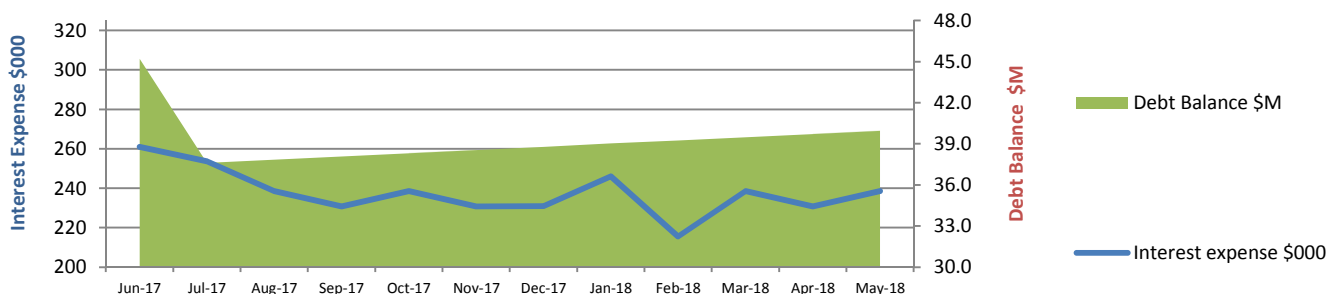
The movement in interest earned is indicative of both the interest rate and the surplus cash balances held, the latter of which is affected by business cash flow requirements on a monthly basis as well as the rating cycle.

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 2.72% exceeds the Bloomberg AusBond Bank Bill Index (previously the UBS Bank Bill Index) of 1.78% as at the end of May 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.

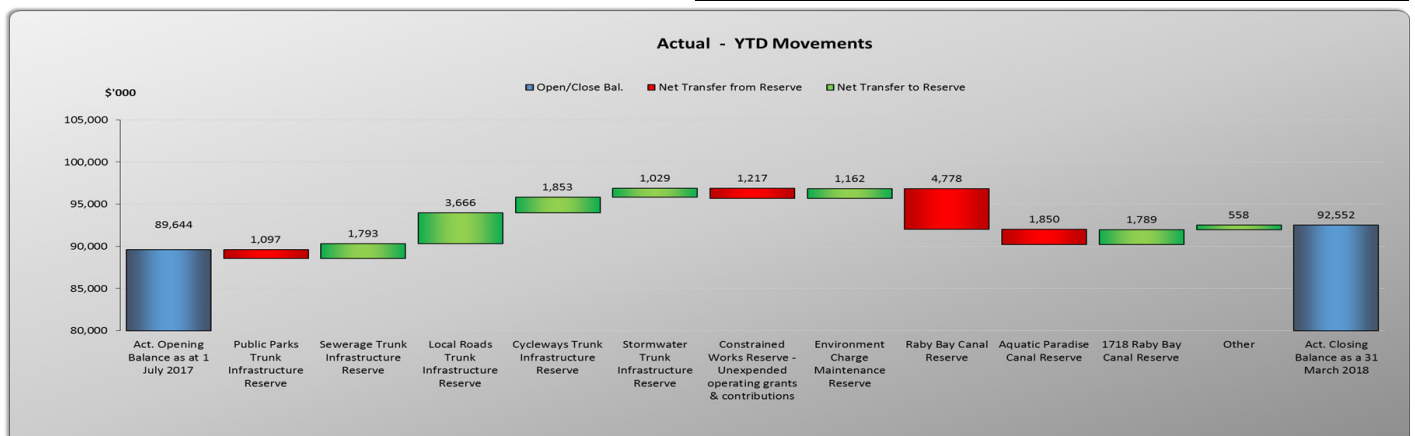
Total Borrowings at End of Month were \$39.95M

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 May 2018	Opening Balance	To Reserve	From Reserve	Closing Balance
	\$000	\$000	\$000	\$000
Special Projects Reserve:				
Weinam Creek Reserve	3,075	434	(29)	3,480
Red Art Gallery Commissions & Donations Reserve	4	-	-	4
	3,079	434	(29)	3,484
Constrained Works Reserve:				
Public Parks Trunk Infrastructure Reserve	8,693	2,536	(3,633)	7,596
Land for Community Facilities Trunk Infrastructure Reserve	1,675	400	-	2,075
Water Supply Trunk Infrastructure Reserve	9,478	519	-	9,997
Sewerage Trunk Infrastructure Reserve	6,573	2,482	(689)	8,366
Constrained Works Reserve-Capital Grants & Contributions	1,154	-	(401)	753
Local Roads Trunk Infrastructure Reserve	30,570	4,967	(1,301)	34,236
Cycleways Trunk Infrastructure Reserve	8,343	1,998	(145)	10,196
Stormwater Trunk Infrastructure Reserve	7,553	1,029	-	8,582
Constrained Works Reserve-Operating Grants & Contributions	2,667	140	(1,357)	1,450
Tree Planting Reserve	86	36	(48)	74
	76,792	14,107	(7,574)	83,325
Separate Charge Reserve - Environment:				
Environment Charge Acquisition Reserve	618	600	(984)	234
Environment Charge Maintenance Reserve	1,387	7,631	(6,469)	2,549
	2,005	8,231	(7,453)	2,783
Special Charge Reserve - Other:				
Bay Island Rural Fire Levy Reserve	-	225	(168)	57
SMBI Translink Reserve	(6)	948	(713)	229
	(6)	1,173	(881)	286
Special Charge Reserve - Canals:				
Raby Bay Canal Reserve	4,778	15	(4,793)	-
Aquatic Paradise Canal Reserve	2,592	15	(1,865)	742
Sovereign Waters Lake Reserve	404	5	12	421
1718 Raby Bay Canal Reserve	-	2,798	(1,009)	1,789
1718 Aquatic Paradise Canal Reserve	-	872	(1,100)	(228)
1718 Sovereign Waters Lake Reserve	-	52	(102)	(50)
	7,774	3,757	(8,857)	2,674
TOTALS	89,644	27,702	(24,794)	92,552
Closing cash and cash equivalents				148,203
Reserves as percentage of cash balance				62%



Total Reserves decreased by \$958K during the month. YTD growth in developer cash contributions totalled \$13.97M with drawdowns of \$5.82M. Increases are predominantly from developments in Cleveland, Victoria Point, Thornlands, Ormiston, Capalaba and Birkdale. YTD growth in other reserves totalled \$13.73M, with drawdowns totalling \$18.97M. \$3.76M 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 May, Council has processed 95% of the refunds. New 2017/2018 canal and lake reserves reflect the current year program for revenue and expenditure. \$1.16M 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 May 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	96,550	96,221	(329)
Total expenses	59,688	59,688	54,220	52,267	(1,953)
Earnings before interest, tax and depreciation (EBITD)	45,459	45,459	42,330	43,954	1,624
Interest expense	18,265	18,265	16,743	16,743	-
Depreciation	18,457	18,457	16,919	21,228	4,309
Operating surplus / (deficit)	8,737	8,737	8,668	5,983	(2,685)

REDLAND WATER CAPITAL FUNDING STATEMENT For the period ending 31 May 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	3,401	1,537
Net transfer (to) / from constrained capital reserves	(3,120)	(3,117)	(3,452)	(2,312)	1,140
Non-cash contributions	3,131	3,131	2,870	64	(2,806)
Funding from utility revenue	4,675	6,186	9,107	4,428	(4,679)
Total sources of capital funding	11,316	12,830	10,389	5,581	(4,808)
Contributed assets	3,131	3,131	2,870	64	(2,806)
Capitalised expenditure	8,185	9,699	7,519	5,517	(2,002)
Total application of capital funds	11,316	12,830	10,389	5,581	(4,808)

11. REDWASTE STATEMENTS

REDWASTE OPERATING STATEMENT For the period ending 31 May 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	22,477	23,440	963
Total expenses	17,480	17,480	16,058	18,072	2,014
Earnings before interest, tax and depreciation (EBITD)	7,052	7,052	6,419	5,368	(1,051)
Interest expense	33	33	30	30	-
Depreciation	307	307	281	162	(119)
Operating surplus / (deficit)	6,712	6,712	6,108	5,176	(932)

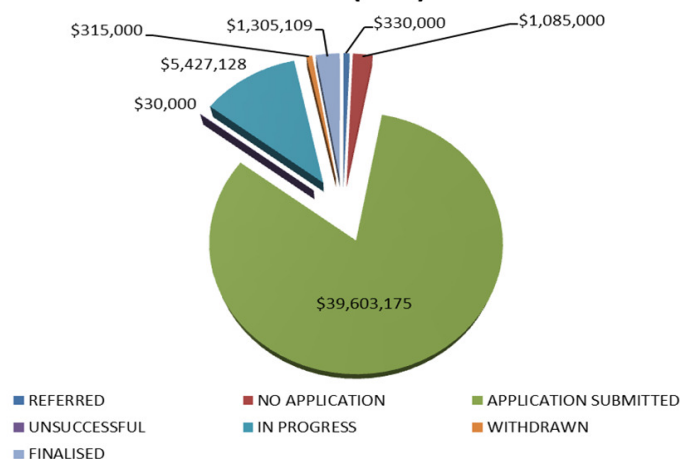
REDWASTE CAPITAL FUNDING STATEMENT For the period ending 31 May 2018

	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	329	367	38
Total sources of capital funding	317	333	329	367	38
Capitalised expenditure	240	249	243	281	38
Loan redemption	77	83	86	86	-
Total application of capital funds	317	333	329	367	38

12. APPENDIX: ADDITIONAL AND NON-FINANCIAL INFORMATION

External Funding Summary

Value of External Grant Applications by Status (YTD)

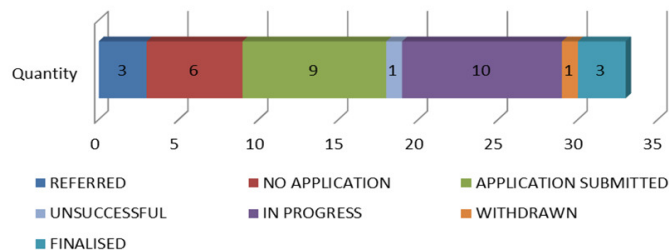


May 2018 Progress

GRANTS REFERRED:

- Smart Cities and Suburbs Program Round 2, applications close 2 July 2018
- Innovation and Improvement Fund Round 2, applications close 27 July 2018
- Advancing Queensland: an age-friendly community grants program, applications close 25 June 2018

Number of External Grant Applications by Status (YTD)



Successful Funding Submissions YTD 2017/2018

Environment:

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

Roads and Active Transport:

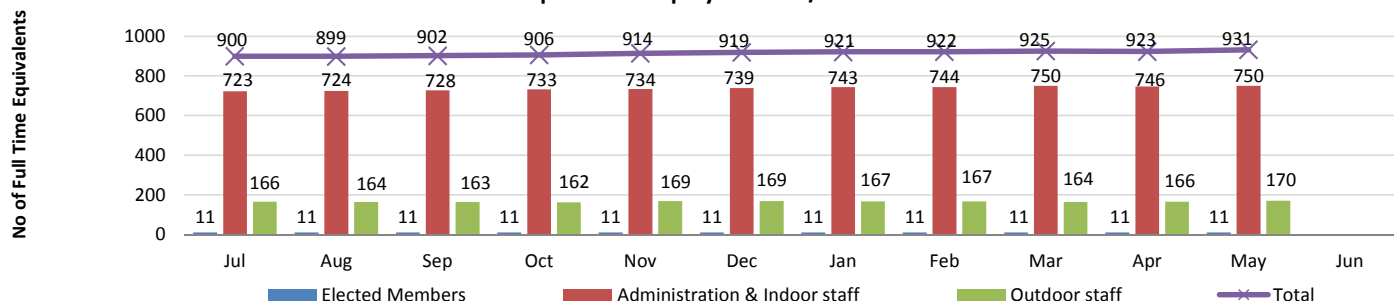
- \$875,000 for two Road Alliance projects to be completed in 2017/2018
- \$456,000 for City wide Bus Shelter Renewals to be completed in 2017/2018

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 - May 2018: Headcount		Employee Type						
Department Level	Casual	Contract of Service	Perm Full	Perm Part	Temp Full	Temp Part	Councillors	Total
Office of CEO	3	2	30	4	6	2		47
Organisational Services	5	6	156	16	24	6		213
Community and Customer Service	28	5	232	69	39	13		386
Infrastructure and Operations	7	6	309	13	21	2		358
Elected members							11	11
Total	43	19	727	102	90	23	11	1015

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.