

Monthly Financial Report

Interim June 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 30 June 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.

The June 2018 Monthly Financial Report is prepared based on interim financial results for the year ended 30 June 2018 (prior to the finalisation of the end of year accounts) and significant movement is expected through the finalisation of accruals, deferrals and other year-end adjustments. The final results for the year ended 30 June 2018 will be reflected in the audited annual financial statements.

Key Interim Financial Highlights and Overview

Key Interim Financial Results (\$000)	Annual Revised Budget	YTD Revised Budget	YTD Actual	YTD Variance	YTD Variance %	Status Favourable ✓ Unfavourable ✗
Operating Surplus / (Deficit)	(11,136)	(11,136)	(11,879)	(743)	-7%	✗
Recurrent Revenue	261,639	261,639	264,549	2,910	1%	✓
Recurrent Expenditure	272,775	272,775	276,428	3,653	1%	✗
Capital Works Expenditure	94,860	94,860	67,186	(27,674)	-29%	✓
Closing Cash & Cash Equivalents	140,234	140,234	138,562	(1,672)	-1%	✗

Council reported a year to date interim operating deficit of \$11.88M. Recurrent revenue is above budget due to early receipt of Financial Assistance Grant amounting to \$2.76M. 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.

Council recognised a dividend of \$1.5M from subsidiary company Redland Investment Corporation during the month, due for payment in 2018/2019.

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.

Please note end of year adjustment, accruals and deferrals might adjust the reported revenue and expenses in this report.

Council's capital works expenditure is below budget by \$26.72M 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 \$7.84M 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 69% of the cash balance.

2. INTERIM KEY PERFORMANCE INDICATORS

Interim Key Performance Indicators

Interim Financial Stability Ratios and Measures of Sustainability	Status Achieved ✓ Not achieved ✗	Annual Revised Budget	YTD June 2018	Target
Operating Surplus Ratio (%)	✗	-4.26%	-4.49%	Between 0% and 10% (on average over the long-term)
Asset Sustainability Ratio (%)^	✗	70.92%	53.03%	Greater than 90% (on average over the long-term)
Net Financial Liabilities (%)*	✓	-23.95%	-35.82%	Less than 60% (on average over the long-term)
Level of Dependence on General Rate Revenue (%)	✓	33.93%	33.90%	Less than 37.5%
Ability to Pay Our Bills - Current Ratio	✓	2.74	3.96	Between 1.1 & 4.1
Ability to Repay Our Debt - Debt Servicing Ratio (%)	✓	2.99%	2.97%	Less than or equal to 10%
Cash Balance \$M	✓	\$140.234M	\$138.562M	Greater than or equal to \$50M
Cash Balances - Cash Capacity in Months	✓	7.87	7.36	Greater than 3 months
Longer Term Financial Stability - Debt to Asset Ratio (%)	✓	1.47%	1.46%	Less than or equal to 10%
Operating Performance (%)	✗	17.65%	14.83%	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 Interim Key Performance Indicators above are based on interim financial results prior to the finalisation of end of year accounts. Significant movement is expected over the coming weeks and the final financial results will be reflected in the audited financial statements for the year ended 30 June 2018. The final Key Performance Indicators will be presented as part of the 2017/2018 Annual Report.

3. INTERIM STATEMENT OF COMPREHENSIVE INCOME

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ending 30 June 2018

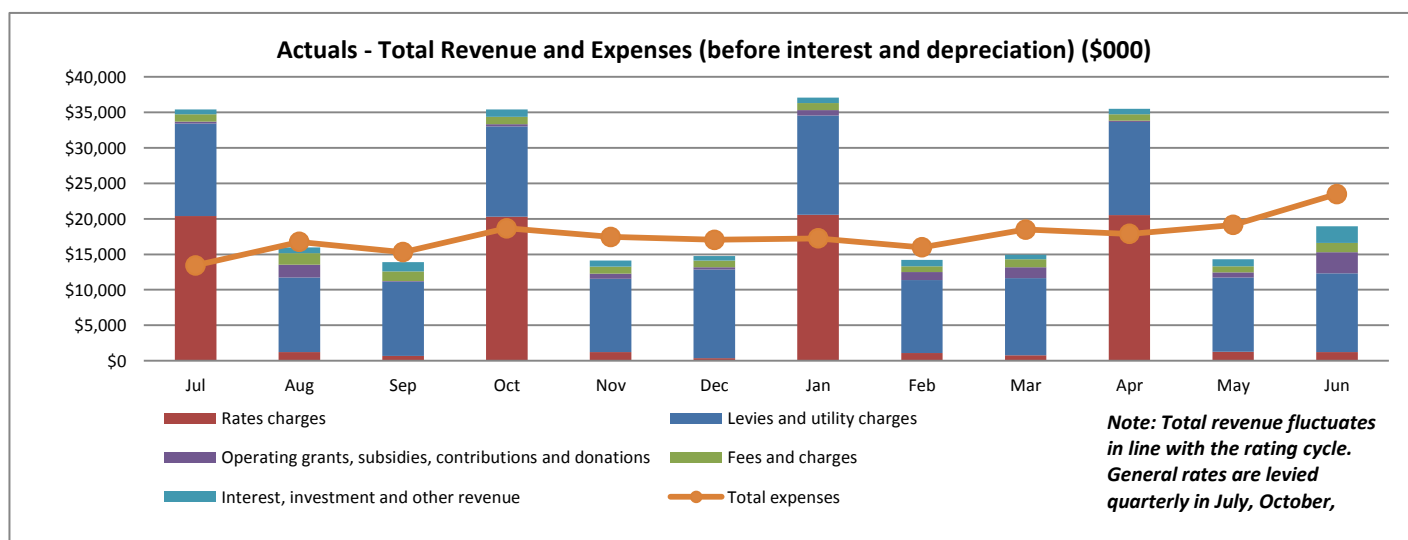
	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000	YTD Variance \$000
Recurrent revenue					
Rates, levies and charges	227,186	227,186	227,186	228,950	1,764
Fees	13,048	13,048	13,048	12,890	(158)
Rental income	839	839	839	891	52
Interest received	4,361	4,361	4,361	4,502	141
Investment returns	2,200	2,200	2,200	2,000	(200)
Sales revenue	3,823	3,823	3,823	3,408	(415)
Other income	684	684	684	979	295
Grants, subsidies and contributions	9,497	9,497	9,497	10,929	1,432
Total recurrent revenue	261,639	261,639	261,639	264,549	2,910
Capital revenue					
Grants, subsidies and contributions	33,013	33,035	33,035	21,564	(11,471)
Non-cash contributions	3,213	3,213	3,213	1,074	(2,139)
Total capital revenue	36,226	36,248	36,248	22,638	(13,610)
TOTAL INCOME	297,865	297,887	297,887	287,187	(10,700)
Recurrent expenses					
Employee benefits	85,677	85,677	85,677	85,151	(526)
Materials and services	125,787	125,787	125,787	125,247	(540)
Finance costs	3,112	3,112	3,112	3,291	179
Depreciation and amortisation	58,200	58,200	58,200	62,739	4,539
Total recurrent expenses	272,775	272,775	272,775	276,428	3,653
Capital expenses					
(Gain) / loss on disposal of non-current assets	289	36	36	1,961	1,925
Total capital expenses	289	36	36	1,961	1,925
TOTAL EXPENSES	273,064	272,811	272,811	278,389	5,578
NET RESULT	24,801	25,076	25,076	8,798	(16,278)
Other comprehensive income / (loss)					
Items that will not be reclassified to a net result					
Revaluation of property, plant and equipment	-	-	-	(77)	(77)
TOTAL COMPREHENSIVE INCOME	24,801	25,076	25,076	8,721	(16,355)

The Statement of Comprehensive Income will adjust over coming weeks as the accounts are being finalised and the final results will be reflected in the audited financial statements for the year ended 30 June 2018. Other Comprehensive Income will change as a result of asset revaluations. The audited financial statements for the year ended 30 June 2018 will reflect the final revalued position and impact and will be presented as part of the 2017/2018 Annual Report.

4. INTERIM OPERATING STATEMENT

INTERIM OPERATING STATEMENT For the period ending 30 June 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	92,505	817
Levies and utility charges	138,824	138,824	138,824	139,731	907
Less: Pensioner remissions and rebates	(3,325)	(3,325)	(3,325)	(3,286)	39
Fees	13,048	13,048	13,048	12,890	(158)
Operating grants and subsidies	8,795	8,795	8,795	10,504	1,709
Operating contributions and donations	702	702	702	425	(277)
Interest external	4,361	4,361	4,361	4,502	141
Investment returns	2,200	2,200	2,200	2,000	(200)
Other revenue	5,347	5,347	5,347	5,278	(69)
Total revenue	261,639	261,639	261,639	264,549	2,910
Expenses					
Employee benefits	85,677	85,677	85,677	85,151	(526)
Materials and services	126,040	126,040	126,040	123,075	(2,965)
Finance costs other	303	303	303	467	164
Other expenditure	489	489	489	2,951	2,462
Net internal costs	(741)	(741)	(741)	(779)	(38)
Total expenses	211,767	211,767	211,767	210,865	(902)
Earnings before interest, tax and depreciation (EBITD)	49,872	49,872	49,872	53,684	3,812
Interest expense	2,809	2,809	2,809	2,824	15
Depreciation and amortisation	58,200	58,200	58,200	62,739	4,539
OPERATING SURPLUS / (DEFICIT)	(11,136)	(11,136)	(11,136)	(11,879)	(743)



The Interim Operating Statement will adjust over the coming weeks as the accounts are being finalised and the final results will be reflected in the audited financial statements for the year ended 30 June 2018. The financial statements will be presented as part of the 2017/2018 Annual Report.

4. INTERIM OPERATING STATEMENT - CONTINUED

INTERIM LEVIES AND UTILITY CHARGES ANALYSIS

For the period ending 30 June 2018

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000	YTD Variance \$000
Levies and utility charges					
Refuse collection rate charge	21,663	21,663	21,663	21,775	112
Special charges	4,083	4,083	4,083	4,075	(8)
SES separate charge	339	339	339	341	2
Environment separate charge	7,568	7,568	7,568	7,636	68
Separate charge landfill remediation	2,911	2,911	2,911	2,937	26
Wastewater charges	43,647	43,647	43,647	43,639	(8)
Water access charges	18,296	18,296	18,296	18,425	129
Water consumption charges	40,317	40,317	40,317	40,903	586
Total levies and utility charges	138,824	138,824	138,824	139,731	907

INTERIM MATERIALS AND SERVICES ANALYSIS

For the period ending 30 June 2018

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000	YTD Variance \$000
Materials and services					
Contractors	34,121	34,221	34,221	32,565	(1,656)
Consultants	4,465	4,188	4,188	2,223	(1,965)
Other Council outsourcing costs*	17,355	17,517	17,517	18,319	802
Purchase of materials	44,300	44,392	44,392	44,303	(89)
Office administration costs	7,949	8,045	8,045	8,137	92
Electricity charges	5,751	5,729	5,729	5,424	(305)
Plant operations	4,466	4,480	4,480	4,518	38
Information technology resources	2,811	2,653	2,653	2,498	(155)
General insurance	1,363	1,363	1,363	1,876	513
Community assistance**	1,619	1,628	1,628	1,417	(211)
Other material and service expenses	1,840	1,824	1,824	1,795	(29)
Total materials and services	126,040	126,040	126,040	123,075	(2,965)

* 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.

INTERIM EMPLOYEE BENEFITS AND FULL TIME EQUIVALENTS (FTE)

For the period ending 30 June 2018

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	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
June	932	5,750	686	671	627	596	7,138
Total employee benefits YTD		68,372	8,080	8,237	6,292	5,831	85,151

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

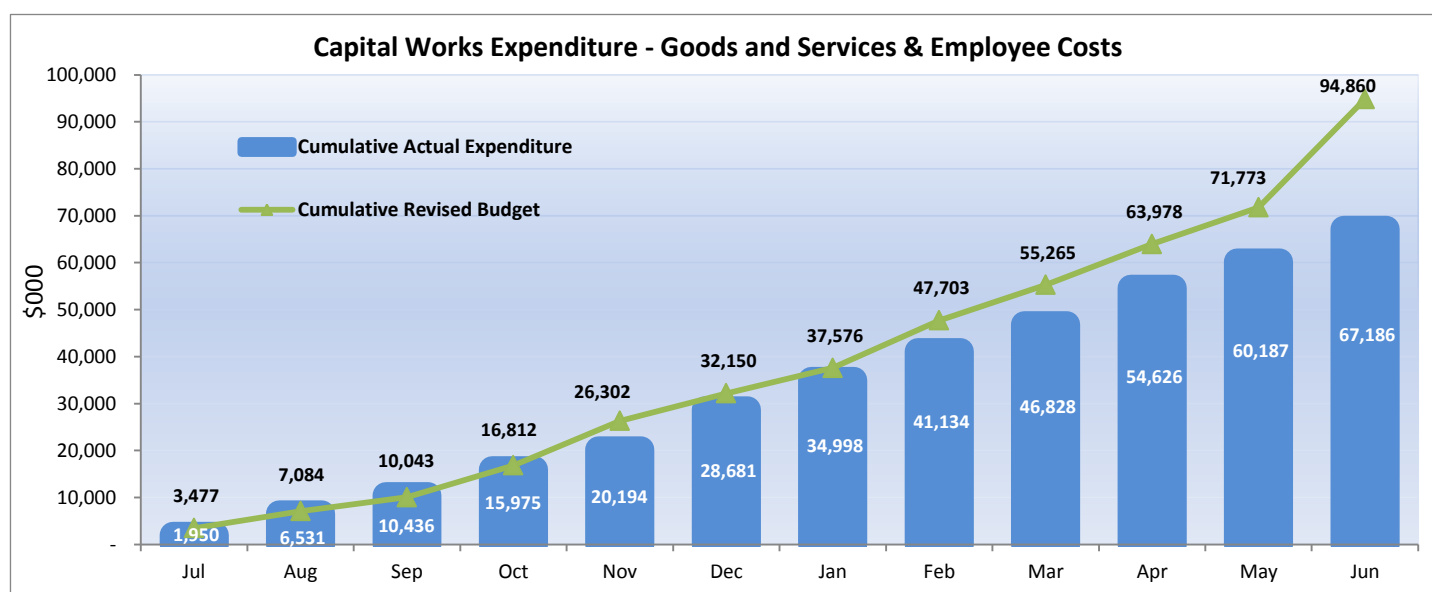
The Interim Operating Statement will adjust over the coming weeks as the accounts are being finalised and the final results will be reflected in the audited financial statements for the year ended 30 June 2018. The financial statements will be presented as part of the 2017/2018 Annual Report.

5. INTERIM CAPITAL FUNDING STATEMENT

INTERIM CAPITAL FUNDING STATEMENT For the period ending 30 June 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	29,250	18,294	(10,956)
Capital grants and subsidies	3,763	3,785	3,785	3,270	(515)
Proceeds on disposal of non-current assets	1,180	1,433	1,433	1,180	(253)
Capital transfers (to) / from reserves	(14,106)	(13,493)	(13,493)	(9,496)	3,997
Non-cash contributions	3,213	3,213	3,213	1,074	(2,139)
New loans	867	867	867	-	(867)
Funding from general revenue	66,106	78,028	78,028	58,958	(19,070)
Total sources of capital funding	90,272	103,082	103,082	73,280	(29,802)
Application of capital funds					
Contributed assets	3,213	3,213	3,213	1,074	(2,139)
Capitalised goods and services*	74,965	87,599	87,599	61,355	(26,244)
Capitalised employee costs*	7,085	7,261	7,261	5,831	(1,430)
Loan redemption	5,010	5,010	5,010	5,020	10
Total application of capital funds	90,272	103,082	103,082	73,280	(29,802)
Other budgeted items					
Transfers to constrained operating reserves	(13,268)	(13,268)	(13,268)	(14,164)	(896)
Transfers from constrained operating reserves	11,565	11,565	11,565	18,255	6,690
Written down value (WDV) of assets disposed	1,468	1,468	1,468	3,141	1,673

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



The Interim Capital Funding Statement will adjust over the coming weeks as the accounts are being finalised and the final results will be reflected in the audited financial statements for the year ended 30 June 2018. The financial statements will be presented as part of the 2017/2018 Annual Report.

6. INTERIM STATEMENT OF FINANCIAL POSITION

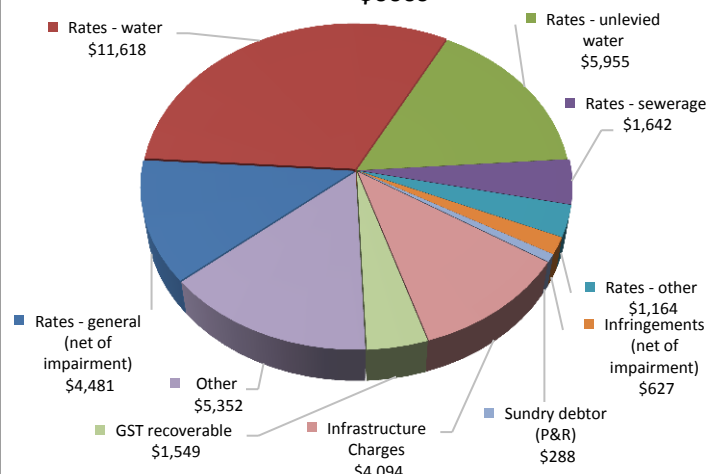
INTERIM STATEMENT OF FINANCIAL POSITION As at 30 June 2018

	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	140,234	138,562
Trade and other receivables	25,805	27,273	27,273	36,770
Inventories	678	556	556	1,042
Non-current assets held for sale	4,278	262	262	11,203
Other current assets	2,122	2,073	2,073	1,217
Total current assets	166,533	170,398	170,398	188,794
NON-CURRENT ASSETS				
Investment property	1,054	1,091	1,091	1,091
Property, plant and equipment	2,483,228	2,598,914	2,598,914	2,550,265
Intangible assets	1,215	1,845	1,845	1,982
Other financial assets	73	73	73	73
Investment in other entities	5,961	14,712	14,712	14,791
Total non-current assets	2,491,531	2,616,635	2,616,635	2,568,202
TOTAL ASSETS	2,658,064	2,787,033	2,787,033	2,756,996
CURRENT LIABILITIES				
Trade and other payables	21,411	39,792	39,792	26,529
Borrowings	7,701	7,713	7,713	7,713
Provisions	13,126	13,014	13,014	9,182
Other current liabilities	1,755	1,747	1,747	4,215
Total current liabilities	43,993	62,266	62,266	47,639
NON-CURRENT LIABILITIES				
Borrowings	33,461	33,343	33,343	32,466
Provisions	12,356	12,115	12,115	13,938
Total non-current liabilities	45,817	45,458	45,458	46,404
TOTAL LIABILITIES	89,811	107,724	107,724	94,043
NET COMMUNITY ASSETS	2,568,254	2,679,309	2,679,309	2,662,953
COMMUNITY EQUITY				
Asset revaluation surplus	963,349	1,070,838	1,070,838	1,070,761
Retained surplus	1,498,727	1,503,632	1,503,632	1,497,142
Constrained cash reserves	106,178	104,839	104,839	95,050
TOTAL COMMUNITY EQUITY	2,568,254	2,679,309	2,679,309	2,662,953

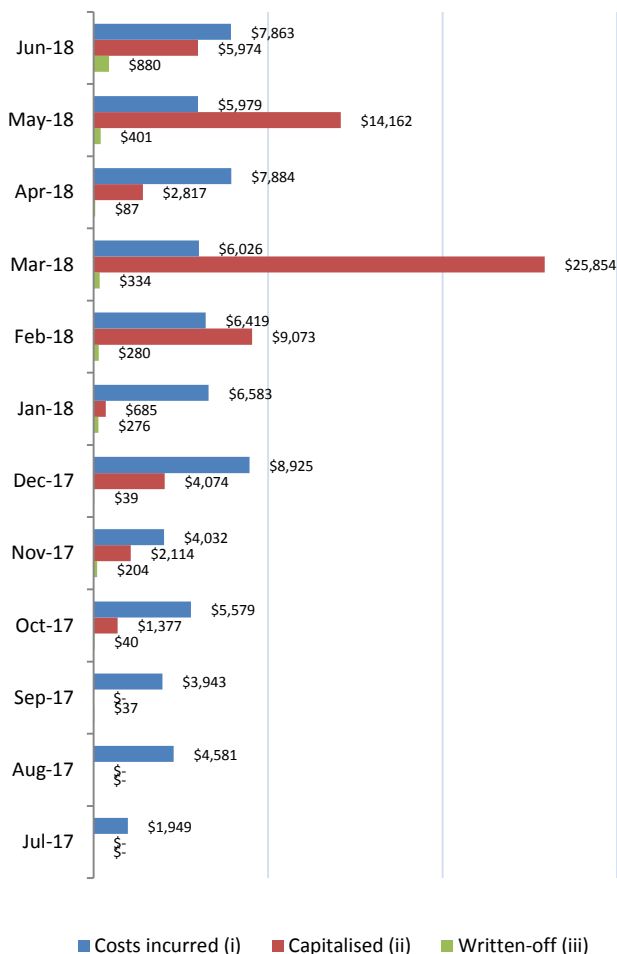
The Interim Statement of Financial Position will adjust over the coming weeks as the accounts are being finalised and the final results will be reflected in the audited financial statements for the year ended 30 June 2018. The financial statements will be presented as part of the 2017/2018 Annual Report.

6. INTERIM STATEMENT OF FINANCIAL POSITION - CONTINUED

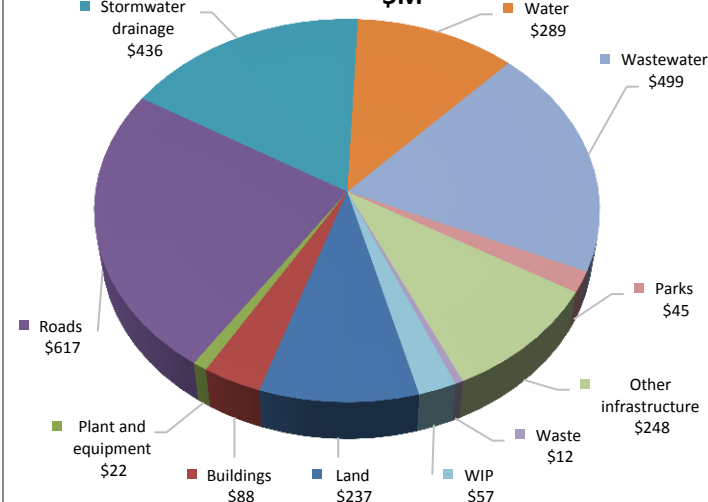
Trade and Other Receivables (actual YTD)
\$'000s



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.

INTERIM PROPERTY, PLANT AND EQUIPMENT (PPE) MOVEMENT*

For the period ending 30 June 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	98,071	98,071	68,210
Depreciation in year	(57,061)	(57,061)	(57,061)	(61,786)
Disposals	(1,468)	(1,468)	(1,468)	(2,977)
Other adjustments**	-	-	-	(12,599)
Closing balance	2,483,228	2,598,959	2,598,959	2,550,265

* 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.

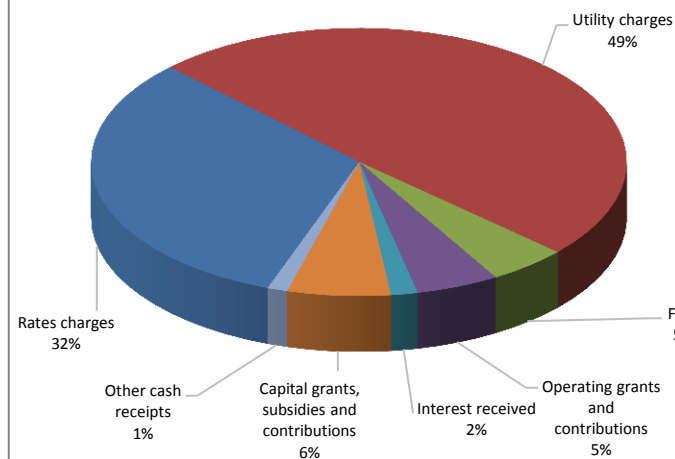
The Interim Statement of Financial Position will adjust over the coming weeks as the accounts are being finalised and the final results will be reflected in the audited financial statements for the year ended 30 June 2018. The financial statements will be presented as part of the 2017/2018 Annual Report.

7. INTERIM STATEMENT OF CASH FLOWS

INTERIM STATEMENT OF CASH FLOWS For the period ending 30 June 2018

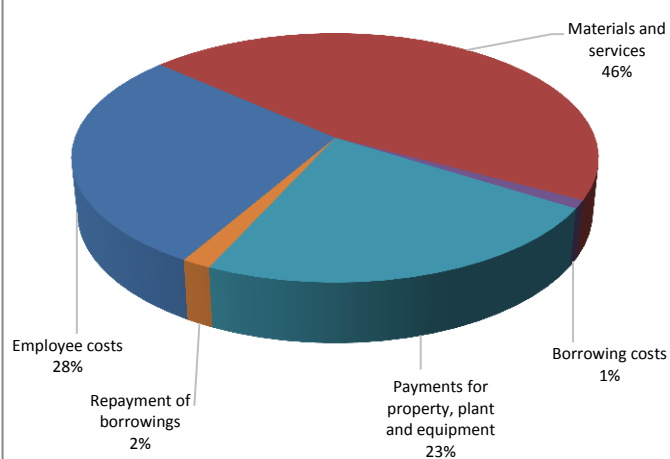
	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	244,741	244,741	244,741	245,611
Payments to suppliers and employees	(210,402)	(210,527)	(210,527)	(222,596)
	34,340	34,215	34,215	23,015
Interest received	4,361	4,361	4,361	4,501
Rental income	839	839	839	891
Non-capital grants and contributions	9,547	9,547	9,547	14,079
Borrowing costs	(3,175)	(3,175)	(3,175)	(3,187)
Net cash inflow / (outflow) from operating activities	45,912	45,787	45,787	39,299
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	(82,005)	(94,815)	(94,815)	(68,095)
Payments for intangible assets	(45)	(45)	(45)	(50)
Proceeds from sale of property, plant and equipment	1,180	1,433	1,433	1,180
Capital grants, subsidies and contributions	33,013	33,035	33,035	17,470
Other cash flows from investing activities	2,200	2,200	2,200	(3,000)
Net cash inflow / (outflow) from investing activities	(45,656)	(58,192)	(58,192)	(52,495)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of borrowings	867	867	867	-
Repayment of borrowings	(4,644)	(4,644)	(4,644)	(4,657)
Net cash inflow / (outflow) from financing activities	(3,777)	(3,777)	(3,777)	(4,657)
Net increase / (decrease) in cash held	(3,521)	(16,181)	(16,181)	(17,853)
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	140,234	138,562

Cash Funding (actual YTD)



Total Cash Funding (Actual YTD)	280,732
Total Cash Funding (Annual Revised Budget)	297,023
% of Budget Achieved YTD	95%

Cash Expenditure (actual YTD)



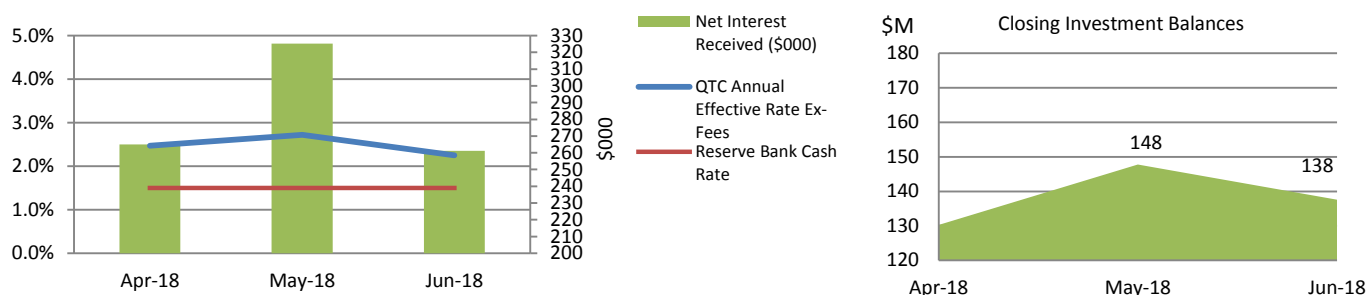
Total Cash Expenditure (Actual YTD)	298,585
Total Cash Expenditure (Annual Revised Budget)	313,204
% of Budget Achieved YTD	95%

The Interim Statement of Cash Flows will adjust over the coming weeks as the accounts are being finalised and the final results will be reflected in the audited financial statements for the year ended 30 June 2018. The financial statements will be presented as part of the 2017/2018 Annual Report. Of note, cash at the end June 2017 will not change, movements will be due to classification within the accounts.

8. INTERIM INVESTMENT & BORROWINGS REPORT

For the period ending 30 June 2018

INVESTMENT RETURNS - QUEENSLAND TREASURY CORPORATION (QTC)



Total Investment at End of Month was \$137.58M

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

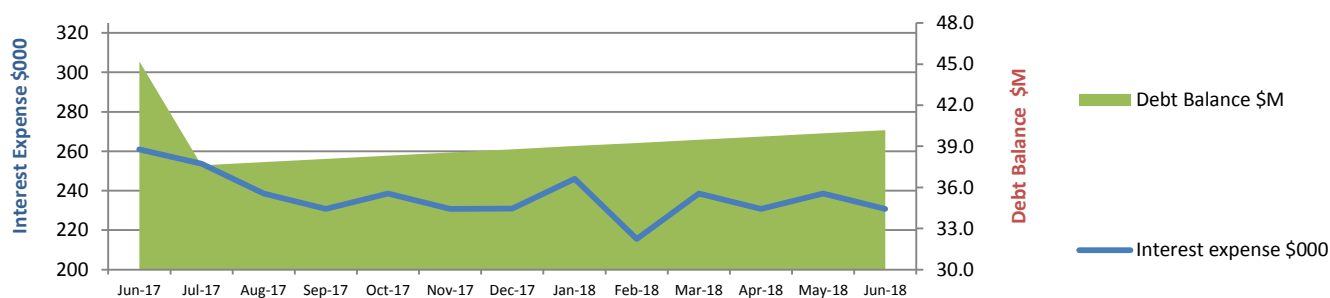
The movement in interest earned is indicative of both the interest rate and the surplus cash balances held, the latter of which is affected by business cash flow requirements on a monthly basis as well as the rating cycle.

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 2.25% exceeds the Bloomberg AusBond Bank Bill Index (previously the UBS Bank Bill Index) of 1.79% as at the end of June 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.

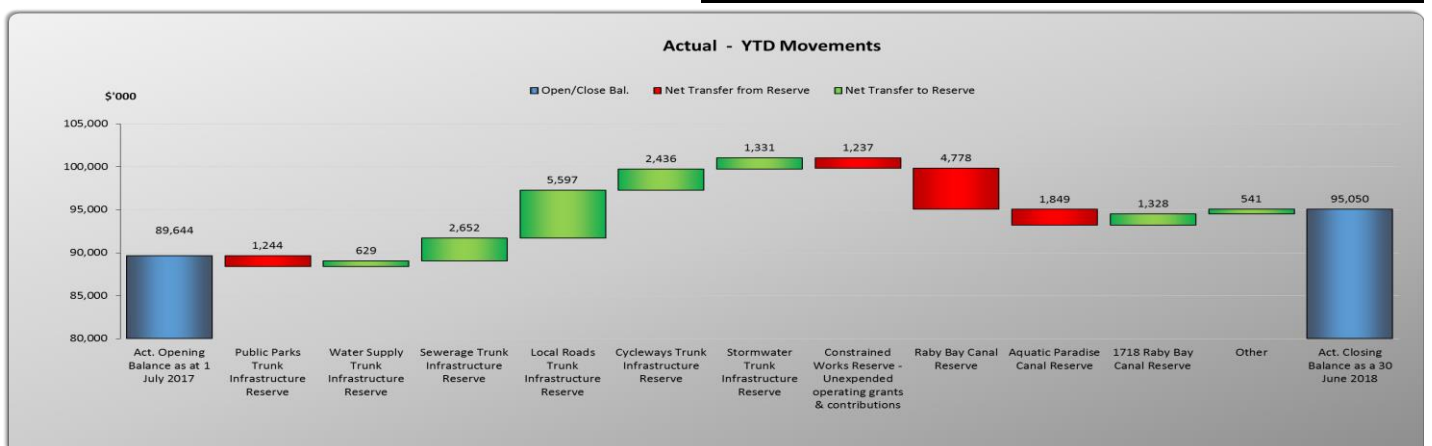
Total Borrowings at End of Month were \$40.18M

General pool allocated to capital works is 99.25% and 0.75% is attributable to RedWaste.

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

9. INTERIM CONSTRAINED CASH RESERVES

Reserves as at 30 June 2018	Opening Balance	To Reserve	From Reserve	Closing Balance
	\$000	\$000	\$000	\$000
Special Projects Reserve:				
Weinam Creek Reserve	3,075	452	(29)	3,498
Red Art Gallery Commissions & Donations Reserve	4	-	-	4
	3,079	452	(29)	3,502
Constrained Works Reserve:				
Public Parks Trunk Infrastructure Reserve	8,693	3,279	(4,523)	7,449
Land for Community Facilities Trunk Infrastructure Reserve	1,675	516	-	2,191
Water Supply Trunk Infrastructure Reserve	9,478	629	-	10,107
Sewerage Trunk Infrastructure Reserve	6,573	3,360	(708)	9,225
Constrained Works Reserve-Capital Grants & Contributions	1,154	-	(416)	738
Local Roads Trunk Infrastructure Reserve	30,570	6,598	(1,001)	36,167
Cycleways Trunk Infrastructure Reserve	8,343	2,581	(145)	10,779
Stormwater Trunk Infrastructure Reserve	7,553	1,331	-	8,884
Constrained Works Reserve-Operating Grants & Contributions	2,667	140	(1,377)	1,430
Tree Planting Reserve	86	51	(49)	88
	76,792	18,485	(8,219)	87,058
Separate Charge Reserve - Environment:				
Environment Charge Acquisition Reserve	618	600	(984)	234
Environment Charge Maintenance Reserve	1,387	7,636	(7,286)	1,737
SES Separate Charge Reserve	-	341	-	341
	2,005	8,577	(8,270)	2,312
Special Charge Reserve - Other:				
Bay Island Rural Fire Levy Reserve	-	236	(229)	7
SMBI Translink Reserve	(6)	949	(714)	229
	(6)	1,185	(943)	236
Special Charge Reserve - Canals:				
Raby Bay Canal Reserve	4,778	15	(4,793)	-
Aquatic Paradise Canal Reserve	2,592	16	(1,865)	743
Sovereign Waters Lake Reserve	404	6	12	422
1718 Raby Bay Canal Reserve	-	2,799	(1,471)	1,328
1718 Aquatic Paradise Canal Reserve	-	872	(1,367)	(495)
1718 Sovereign Waters Lake Reserve	-	52	(108)	(56)
	7,774	3,760	(9,592)	1,942
TOTALS	89,644	32,459	(27,053)	95,050
Closing cash and cash equivalents				138,562
Reserves as percentage of cash balance				69%



Total Reserves increased by \$2.50M during the month. YTD growth in developer cash contributions totalled \$18.35M with drawdowns of \$6.43M. YTD growth in other reserves totalled \$14.11M, with drawdowns totalling \$20.62M. \$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 June, Council has processed 95% of the refunds. New 2017/2018 canal and lake reserves reflect the current year program for revenue and expenditure.

10. INTERIM REDLAND WATER STATEMENTS

INTERIM REDLAND WATER SUMMARY OPERATING STATEMENT For the period ending 30 June 2018

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000	YTD Variance \$000
Total revenue	105,147	105,147	105,147	105,521	374
Total expenses	59,688	59,688	59,688	58,347	(1,341)
Earnings before interest, tax and depreciation (EBITD)	45,459	45,459	45,459	47,174	1,715
Interest expense	18,265	18,265	18,265	18,265	-
Depreciation	18,457	18,457	18,457	23,049	4,592
Operating surplus / (deficit)	8,737	8,737	8,737	5,860	(2,877)

INTERIM REDLAND WATER CAPITAL FUNDING STATEMENT For the period ending 30 June 2018

	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	6,631	4,573	(2,058)
Net transfer (to) / from constrained capital reserves	(3,120)	(3,117)	(3,117)	(3,281)	(164)
Non-cash contributions	3,131	3,131	3,131	122	(3,009)
Funding from utility revenue	4,675	6,186	6,186	4,429	(1,757)
Total sources of capital funding	11,316	12,830	12,830	5,843	(6,987)
Contributed assets	3,131	3,131	3,131	122	(3,009)
Capitalised expenditure	8,185	9,699	9,699	5,721	(3,978)
Total application of capital funds	11,316	12,830	12,830	5,843	(6,987)

11. REDWASTE STATEMENTS

INTERIM REDWASTE OPERATING STATEMENT For the period ending 30 June 2018

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000	YTD Variance \$000
Total revenue	24,532	24,532	24,532	25,769	1,237
Total expenses	17,480	17,480	17,480	20,354	2,874
Earnings before interest, tax and depreciation (EBITD)	7,052	7,052	7,052	5,415	(1,637)
Interest expense	33	33	33	33	-
Depreciation	307	307	307	181	(126)
Operating surplus / (deficit)	6,712	6,712	6,712	5,201	(1,511)

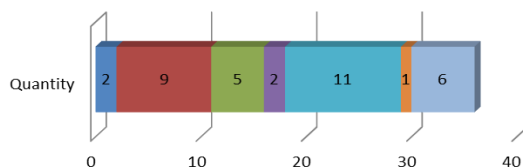
INTERIM REDWASTE CAPITAL FUNDING STATEMENT For the period ending 30 June 2018

	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	333	380	47
Total sources of capital funding	317	333	333	380	47
Capitalised expenditure	240	249	249	297	48
Loan redemption	77	83	83	83	-
Total application of capital funds	317	333	333	380	47

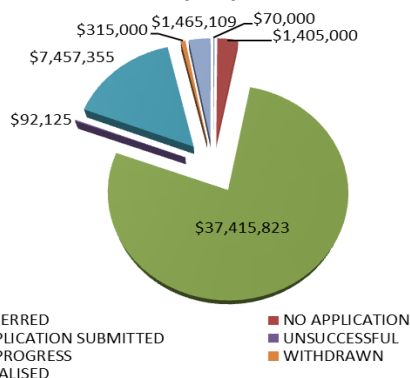
12. APPENDIX: ADDITIONAL AND NON-FINANCIAL INFORMATION

External Funding Summary

Number of External Grant Applications by Status (YTD)



Value of External Grant Applications by Status (YTD)



June 2018 Progress

REFERRED:

- Queensland Day 2019 Grant, closes 10 September 2018

APPLICATION SUBMITTED:

- Innovation and Improvement Fund Round 2, 6 projects submitted in pre-application stage, formal applications close 27 July 2018

- Advancing Queensland: an age-friendly community grants program, 2 projects endorsed and supported submitted by community organisations

APPLICATION UNSUCCESSFUL:

- Two submissions made under the Building Better Regions Fund Round 2 were notified as unsuccessful

- Submission made for CCTV improvements to Capalaba Place under the Safer Communities Fund was notified as unsuccessful

Successful Funding Submissions YTD 2017/2018

Environment:

- \$100,000 for Thornlands and Mount Cotton Koala Corridors Project under the Improving Your Local Parks and Environment Program to be completed between 2018-2020

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)

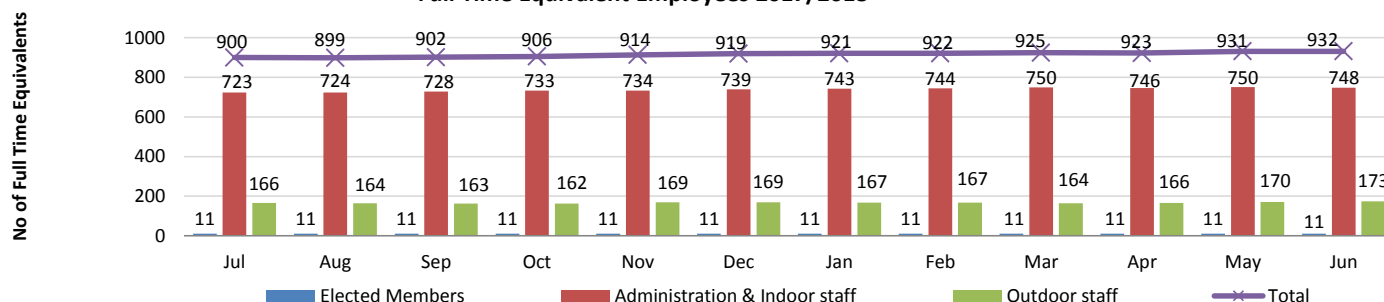
- \$916,137 between 2017-2019 for Indigiscapes Expansion Stage 2 under the Local Government Grants and Subsidies Program

Community Resilience:

- \$233,838 between 2018-2020 as part of the Natural Disaster Resilience Program for two projects including Evacuation Centre Upgrades and Smart Road Flooded Signage

Workforce Reporting

Full Time Equivalent Employees 2017/2018



Workforce reporting - June 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	31	3	8	3		50
Organisational Services	4	6	157	18	25	4		214
Community and Customer Service	31	5	231	67	34	12		380
Infrastructure and Operations	8	6	310	15	22	2		363
Elected members							11	11
Total	46	19	729	103	89	21	11	1018

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.