



Redland
CITY COUNCIL

**October
2013**

*Monthly Financial
Performance Report*

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1. HIGHLIGHTS AND RATIOS

KEY FINANCIAL INFORMATION

| Operating Income and Expenditure | Annual Revised Budget | YTD Revised Budget | YTD Actual |
|----------------------------------|-----------------------|--------------------|------------|
| | \$000 | \$000 | \$000 |
| Operating Revenue | 221,718 | 86,246 | 85,755 |
| Operating Expenses | 170,827 | 54,779 | 55,730 |
| EBITD | 50,891 | 31,467 | 30,025 |
| Operating Surplus/(Deficit) | 300 | 14,603 | 12,454 |

| Capex YTD | \$000 |
|---------------------------|--------|
| Actuals YTD | 16,196 |
| Original Budget YTD | 16,574 |
| Revised Budget YTD | 17,455 |
| YTD Movements | |
| Actuals V Original Budget | -378 |
| | -2.28% |
| Actuals V Revised Budget | -1,259 |
| | -7.21% |

| Financial Stability Ratios | Target | Revised Budget 2013/14 | Oct 2013 |
|---|---|------------------------|-----------|
| Level of Dependence on General Rate Revenue (%) | Target less than 37.5% | 33.80% | 42.68% |
| Ability to Pay Our Bills - Current Ratio | Target between 1.1 and 4.1 | 3.99 | 3.04 |
| Ability to Repay Our Debt - Debt Servicing Ratio (%) | Target less than or equal to 10% | 3.57% | 3.10% |
| Cash Balance \$M | | \$75.598M | \$83.411M |
| Cash Balances - Cash Capacity in Months | Target 3 to 4 months | 5.12 | 5.40 |
| Longer Term Financial Stability - Debt to Asset Ratio (%) | Target less than or equal to 10% | 3.36% | 2.91% |
| Operating Performance (%) | Target greater than or equal to 20% | 18.20% | 17.96% |
| Financial Sustainability Ratios | Target | Revised Budget 2013/14 | Oct 2013 |
| Operating Surplus Ratio (%) | Target between 0% and 10% (on average over the long-term) | 0.14% | 14.52% |
| Net Financial Liabilities (%) | Target less than 60% (on average over the long-term) | 13.19% | 16.32% |
| Interest Cover Ratio (%) | Target between 0% and 5% | -0.14% | 0.07% |
| Asset Sustainability Ratio (%) | Target greater then 90% (on average over the long-term) | 88.20% | 44.86% |
| Asset Consumption Ratio (%) | Target between 40% and 80% | 76.70% | 65.98% |

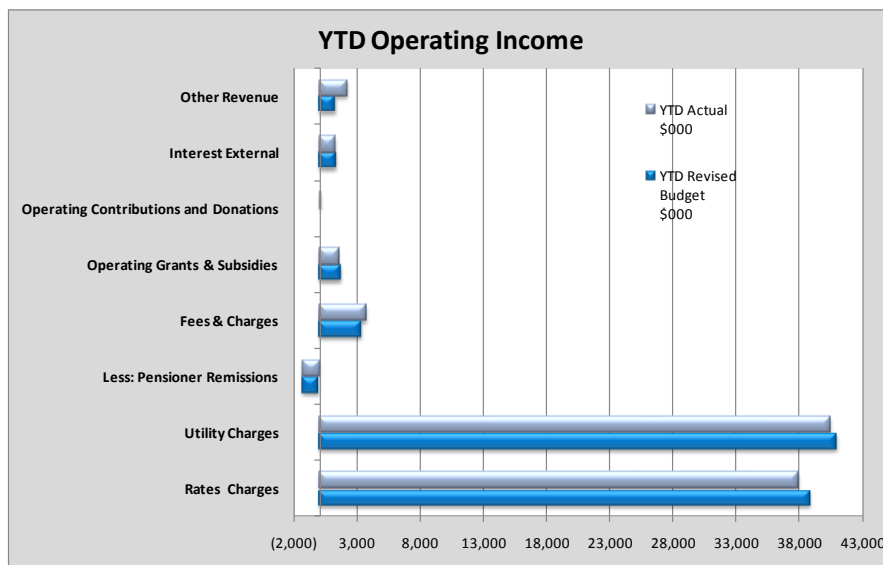
KEY NON-FINANCIAL INFORMATION

| Total Council Full Time Equivalents | Jul 2013 | Aug 2013 | Sep 2013 | Oct 2013 |
|--|----------|----------|----------|----------|
| Elected Members | 11 | 11 | 11 | 11 |
| Administration and indoor staff (LG Officers' Award) | 691 | 685 | 680 | 675 |
| Outdoor staff (State Awards) | 187 | 187 | 187 | 193 |
| Total | 889 | 883 | 878 | 879 |

2. SUMMARY OPERATING STATEMENT

SUMMARY OPERATING STATEMENT For the period ending 31 October 2013

| | Annual | Annual | YTD | YTD | YTD |
|--|----------|---------|---------|--------|----------|
| | Original | Revised | Revised | Actual | Variance |
| | Budget | Budget | Budget | \$000 | \$000 |
| | \$000 | \$000 | \$000 | | \$000 |
| Operating Revenue | 221,718 | 221,718 | 86,246 | 85,755 | (491) |
| Operating Expenses | 170,809 | 170,827 | 54,779 | 55,730 | 951 |
| Earnings Before Interest, Tax and Depreciation (EBITD) | 50,909 | 50,891 | 31,467 | 30,025 | (1,442) |
| Interest Expense | 3,798 | 3,798 | 1,266 | 1,319 | 53 |
| Depreciation | 46,794 | 46,794 | 15,598 | 16,252 | 654 |
| Operating Surplus/(Deficit) | 317 | 300 | 14,603 | 12,454 | (2,149) |



Operating Income

Council's year to date (YTD) Earnings Before Interest, Tax and Depreciation (EBITD) is \$30.03M with a 4.6% variance from budget.

Operating revenue is slightly under budget with a variance of 0.6%, mainly due to rates and utility charges being under budget which is partly offset by an over budget in other revenue.

The first quarter budget review is currently underway which should address some of the significant variances in this report.

Utility Charges Breakup For the period ending 31 October 2013

| | Annual | Annual | YTD | YTD | YTD |
|--------------------------------------|----------------|----------------|---------------|---------------|--------------|
| | Original | Revised | Revised | Actual | Variance |
| | Budget | Budget | Budget | \$000 | \$000 |
| | \$000 | \$000 | \$000 | | \$000 |
| Utility Charges | | | | | |
| Refuse Charges | 18,453 | 18,453 | 6,141 | 5,997 | (144) |
| Special Charges | 3,166 | 3,166 | 1,574 | 1,611 | 38 |
| Environment Levy | 4,273 | 4,273 | 2,136 | 2,143 | 6 |
| Landfill Remediation Charge | 3,839 | 3,839 | 1,280 | 1,319 | 39 |
| Wastewater Charges | 37,466 | 37,466 | 12,489 | 12,343 | (146) |
| Water Access Charges | 17,474 | 17,509 | 5,859 | 5,637 | (222) |
| Water Consumption Charges | 34,517 | 34,483 | 11,471 | 11,385 | (87) |
| Total Utility Charges Revenue | 119,189 | 119,189 | 40,951 | 40,435 | (516) |

Operating Expenditure

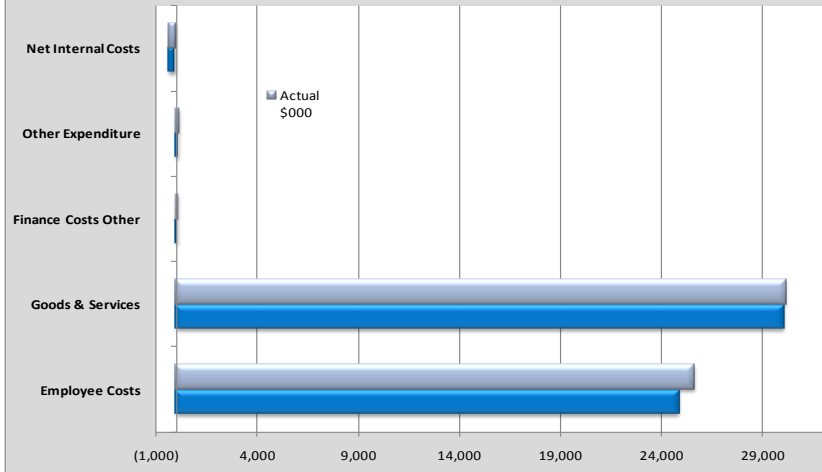
Operating expenditure is over budget by \$0.95M, which is an insignificant variance of 1.7%.

This variance mainly consists of employee costs which are \$0.80M over budget and goods and services which are over budget by \$0.11M.

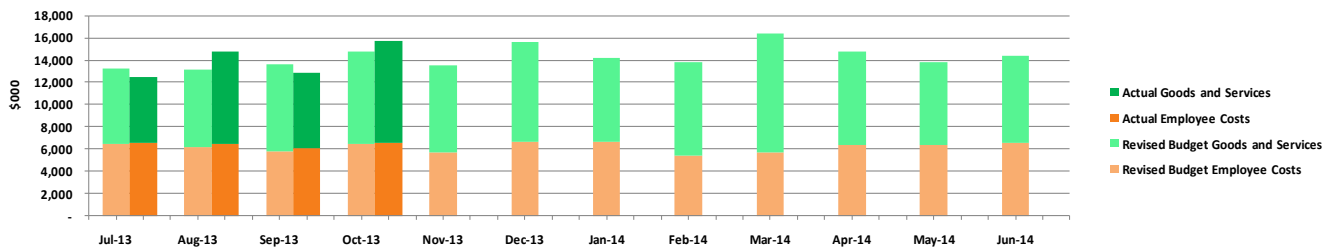
Total future commitments (where budget is approved) at the end of October was \$6.55M.

The first quarter budget review is currently underway which should address some of the significant variances in this report.

YTD Operating Expenditure



Monthly Operating Expenditure Analysis



REDLAND WATER SUMMARY OPERATING STATEMENT For the Period Ending 31 October 2013

| | Annual Original Budget \$000 | Annual Revised Budget \$000 | YTD Revised Budget \$000 | YTD Actual \$000 | YTD Variance \$000 |
|---|------------------------------------|-----------------------------------|--------------------------------|------------------------|--------------------------|
| Total Revenue | 91,235 | 90,856 | 30,285 | 30,117 | (168) |
| Total Expenses | 42,425 | 42,409 | 13,916 | 14,625 | 709 |
| Earnings before Interest, Tax and Depreciation (EBITD) | 48,810 | 48,447 | 16,370 | 15,492 | (877) |
| Interest Expense External | 0 | 0 | 0 | 0 | 0 |
| Interest Internal | 21,681 | 21,681 | 7,227 | 7,227 | 0 |
| Depreciation | 16,895 | 16,895 | 5,632 | 5,438 | (193) |
| Operating Surplus/(Deficit) | 10,234 | 9,871 | 3,511 | 2,827 | (684) |

REDWASTE OPERATING STATEMENT For the Period Ending 31 October 2013

| | Annual Original Budget \$000 | Annual Revised Budget \$000 | YTD Revised Budget \$000 | YTD Actual \$000 | YTD Variance \$000 |
|---|------------------------------------|-----------------------------------|--------------------------------|------------------------|--------------------------|
| Total Revenue | 21,707 | 19,842 | 6,604 | 6,504 | (100) |
| Total Expenses | 16,719 | 16,735 | 5,620 | 5,280 | (340) |
| Earnings before Interest, Tax and Depreciation (EBITD) | 4,988 | 3,107 | 984 | 1,224 | 240 |
| Interest Expense External | 29 | 29 | 10 | 16 | 6 |
| Interest Internal | 342 | 342 | 114 | 114 | 0 |
| Depreciation | 530 | 530 | 177 | 174 | (3) |
| Operating Surplus/(Deficit) | 4,087 | 2,207 | 683 | 920 | 237 |

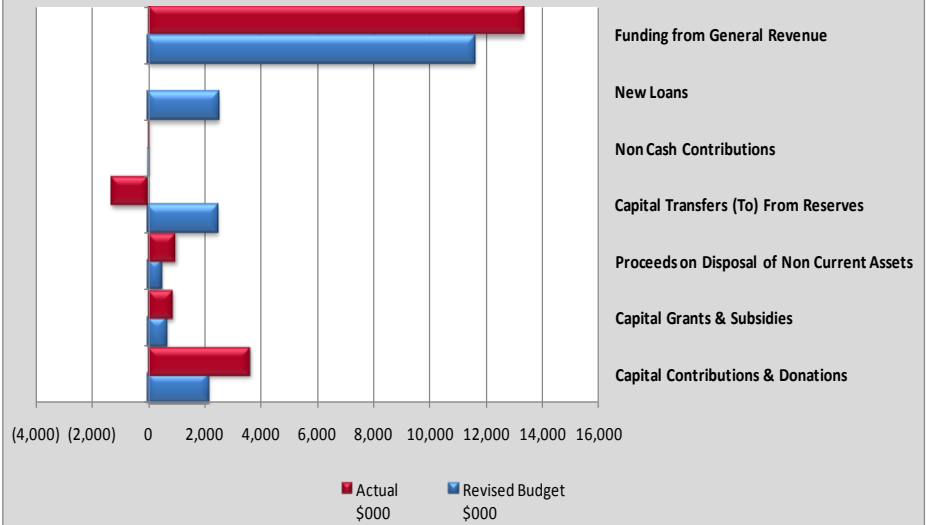
3. SUMMARY CAPITAL EXPENDITURE AND FUNDING

Capital contributions are significantly over budget due to the commencement of Kinross Road and South East Thornlands developments for which developer contributions were received in August.

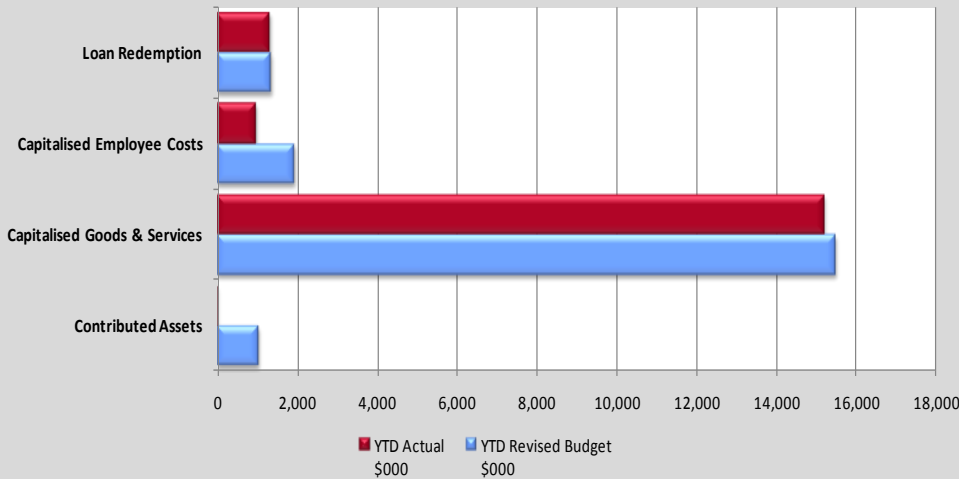
However, Council is expecting to refund approximately \$1M of contributions received in 2007 which will reduce this variance in the following months.

Transfers to reserves also show a significant variance due to the transfer of the above developer contributions to reserves in order to ring-fence those funds.

Sources of Capital Funds



Applications of Capital Funding



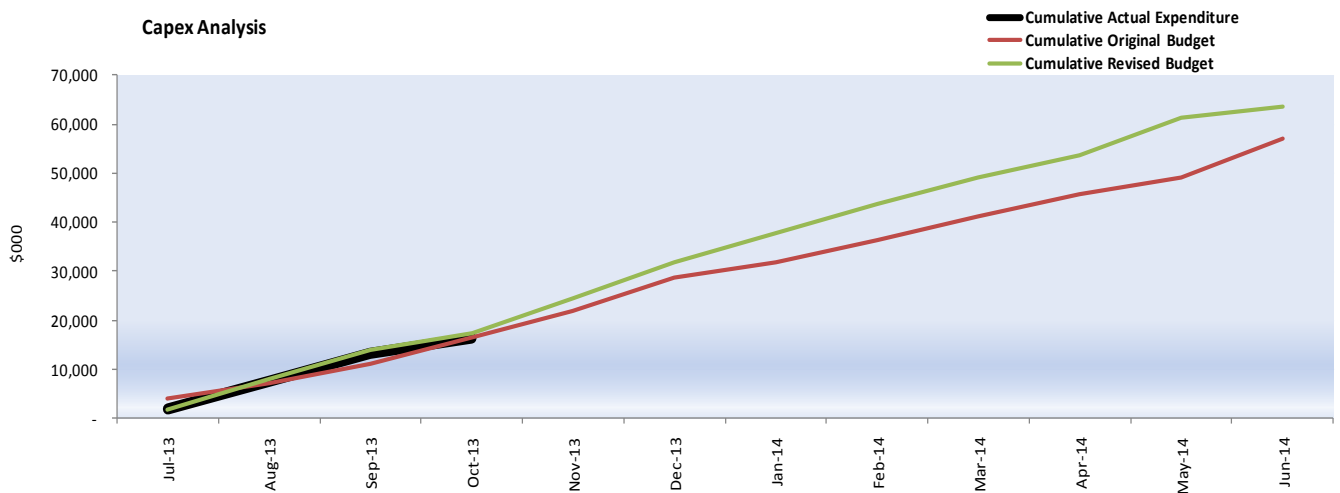
Capital expenditure is underspent by \$1.26M mainly due to the timing of capital acquisitions.

The variance in Contributed Assets is also due to timing issues, outside of Council control.

Total commitments at the end of the period (where budget is approved) was \$3.58M.

The first quarter budget review is currently underway which should address some of the significant variances in this report.

Capex Analysis

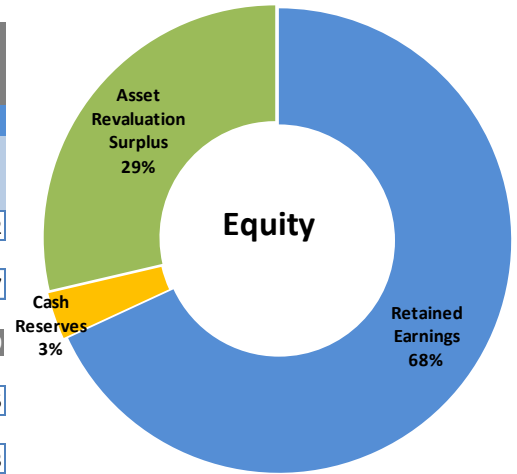


4. SUMMARY STATEMENT OF FINANCIAL POSITION

SUMMARY STATEMENT OF FINANCIAL POSITION

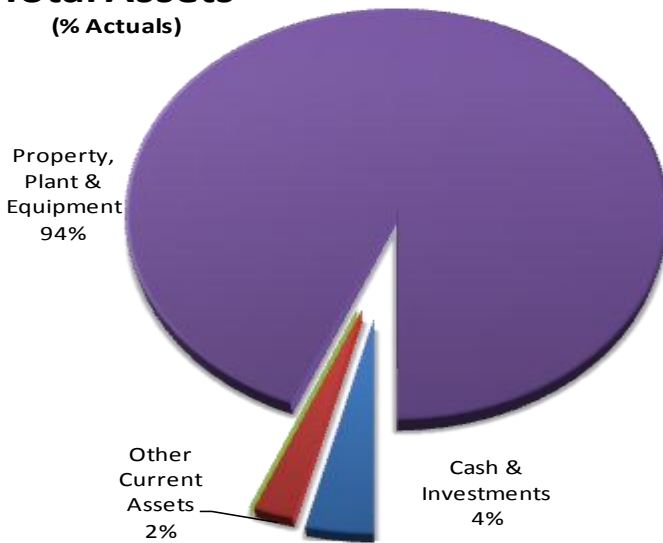
As at 31 October 2013

| | Annual | Annual | YTD |
|-------------------------------|-----------------------|----------------------|----------------------|
| | Original Budget \$000 | Revised Budget \$000 | Actual Balance \$000 |
| Total Current Assets | 97,027 | 101,423 | 132,802 |
| Total Non Current Assets | 1,820,687 | 1,966,849 | 1,990,927 |
| TOTAL ASSETS | 1,917,714 | 2,068,272 | 2,123,729 |
| Total Current Liabilities | 38,608 | 25,441 | 43,715 |
| Total Non Current Liabilities | 104,623 | 105,236 | 103,083 |
| TOTAL LIABILITIES | 143,231 | 130,677 | 146,799 |
| NET ASSETS | 1,774,483 | 1,937,595 | 1,976,930 |
| COMMUNITY EQUITY | | | |
| Retained Earnings | 1,728,791 | 1,880,049 | 1,912,639 |
| Cash Reserves | 45,692 | 57,546 | 64,291 |
| TOTAL COMMUNITY EQUITY | 1,774,483 | 1,937,595 | 1,976,930 |



| EQUITY | YTD Actual Balance \$000 |
|---------------------------|--------------------------|
| Retained Earnings | 1,346,882 |
| Cash Reserves | 64,291 |
| Asset Revaluation Surplus | 565,757 |
| TOTAL EQUITY | 1,976,930 |

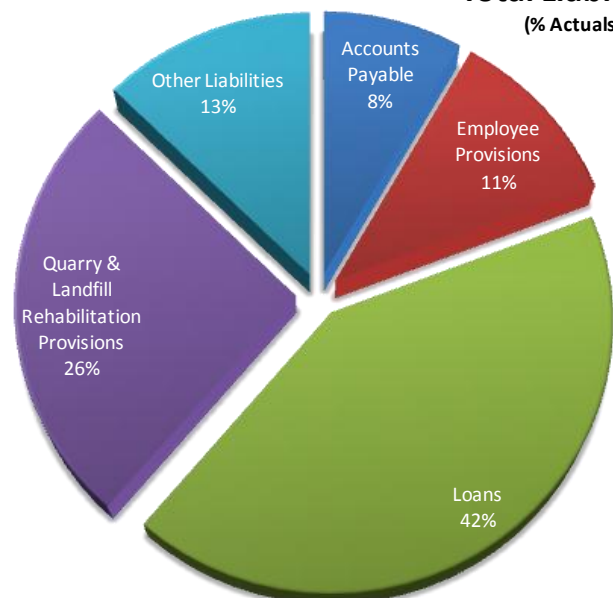
Total Assets (% Actuals)



| TOTAL ASSETS | YTD Actual Balance \$000 |
|-----------------------------|--------------------------|
| Cash & Investments | 83,411 |
| Other Current Assets | 49,391 |
| Shares in Other Companies | 73 |
| Property, Plant & Equipment | 1,990,854 |
| TOTAL ASSETS | 2,123,729 |

As the financial statements for 2012/13 financial year have been certified by Queensland Audit Office, the opening balances on the 2013/14 Statement of Financial Position are now finalised.

Total Liabilities (% Actuals)



| TOTAL LIABILITIES | YTD Actual Balance \$000 |
|---|--------------------------|
| Accounts Payable | 12,145 |
| Employee Provisions | 16,073 |
| Loans | 61,763 |
| Quarry & Landfill Rehabilitation Provisions | 38,215 |
| Other Liabilities | 18,603 |
| TOTAL LIABILITIES | 146,799 |

As the financial statements for 2012/13 financial year have been certified by Queensland Audit Office, the opening balances on the 2013/14 Statement of Financial Position are now finalised.

5. SUMMARY STATEMENT OF CASH FLOWS

SUMMARY CASH FLOW STATEMENT For the period ending 31 October 2013

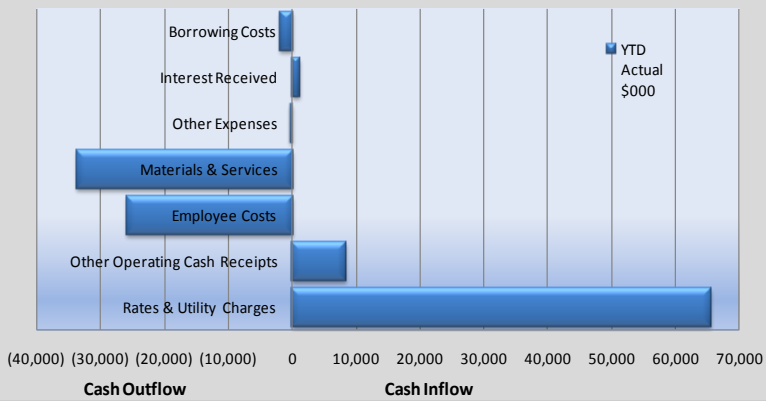
| | Annual Original Budget \$000 | Annual Revised Budget \$000 | YTD Actual \$000 |
|---|---------------------------------------|--------------------------------------|------------------------|
| Receipts from Customers | 212,516 | 212,516 | 74,002 |
| Payments to Suppliers & Employees | (173,303) | (173,320) | (59,776) |
| Interest Received | 4,104 | 4,104 | 1,260 |
| Borrowing Costs | (3,798) | (3,798) | (1,968) |
| Net Cash Inflow from Operating Activities | 39,519 | 39,502 | 13,519 |
| Net Cash Outflow from Investing Activities | (46,336) | (52,962) | (10,689) |
| Net Cash Outflow from Financing Activities | 6,463 | 6,463 | (2,014) |
| Net Increase / (Decrease) in Cash Held | (353) | (6,996) | 816 |
| Cash at Beginning of Year | 80,492 | 82,595 | 82,595 |
| Cash at End of Financial Year / Period | 80,139 | 75,598 | 83,411 |

Cash on hand at the end of October was \$83.41M. It represents cash capacity of 5.40 months.

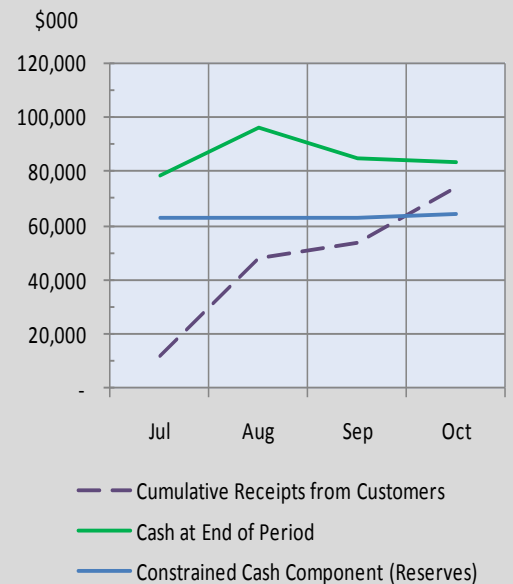
\$64.29M of the cash balance represents cash reserves.

The graph below shows the trending of YTD Receipts from Customers vs Cash Balance at Period End vs Reserve Balances. The sharp increases in receipts coincide with rate runs in July, October, January and April and rates due dates in August, November, February and May.

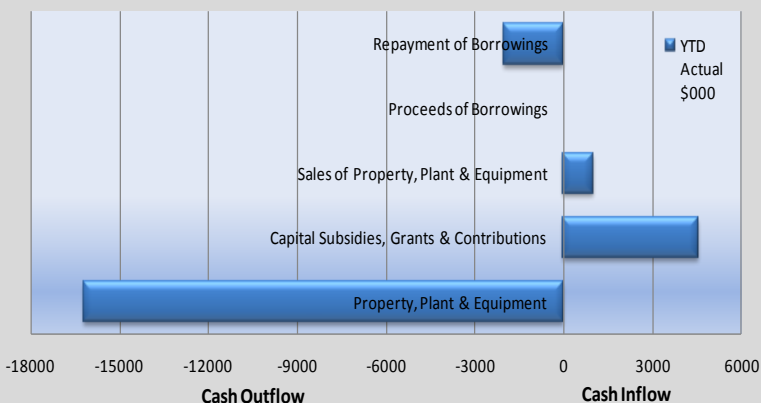
Cash Flow from Operating Activities



Monthly Cash Movements



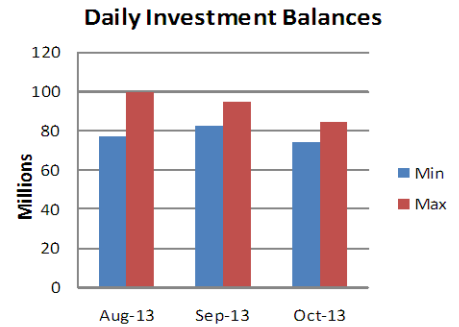
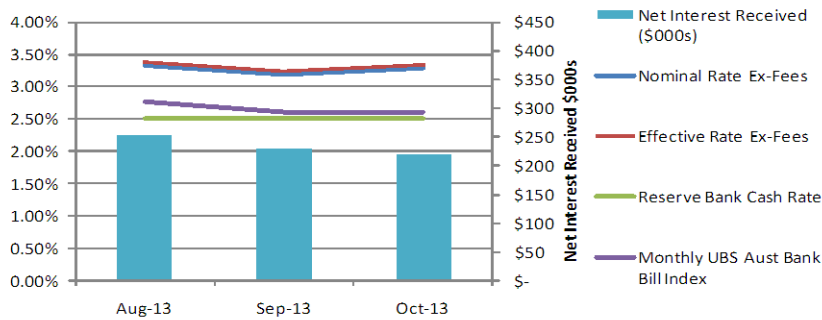
Cash Flow from Investing & Financing Activities



6. INVESTMENTS AND BORROWINGS REPORT

Period Ending 31 October 2013

INVESTMENT RETURNS



Total Investment at End of Month was \$81.05M

Current Position

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.

Council's budgeted interest revenue will be reviewed at the first 2013/2014 quarterly budget review.

QTC Cash Fund YTD Return 3.62%

Benchmark UBS Aust Bank Bill Index 2.74%

Reserve Bank Cash Rate at EOM 2.50%

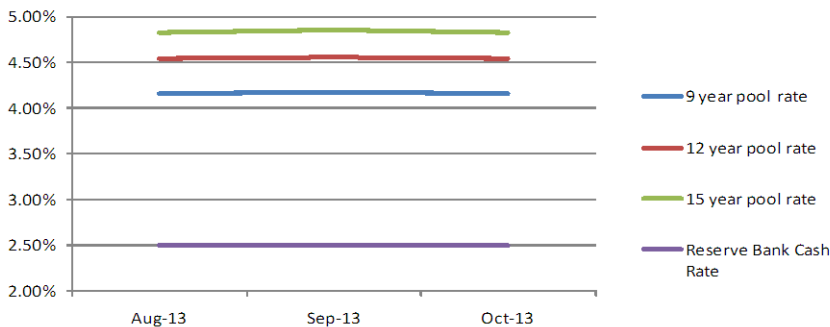
****This is the 40th consecutive month that the QTC Fund has outperformed the benchmark (Jul 10 - Oct 13)****

Future Strategy

The Tax and Treasury Team has recommended that Council diversify its investments outside of QTC to maximise returns. Currently, the short term term-deposit rates offered by the larger financial institutions exceed the QTC rate by approximately 20 - 50 basis points - which converts to an extra \$20k - \$50k pa for each \$10M invested. In the meantime the Taxation and Treasury Team ensures Council maximises its interest on a *daily* basis by depositing surplus funds at QTC for a higher rate than is achieved from the bank transaction account.

Council has adopted an Investment of Surplus Funds Policy POL-3013 as part of the 13/14 annual budget development

BORROWING COSTS

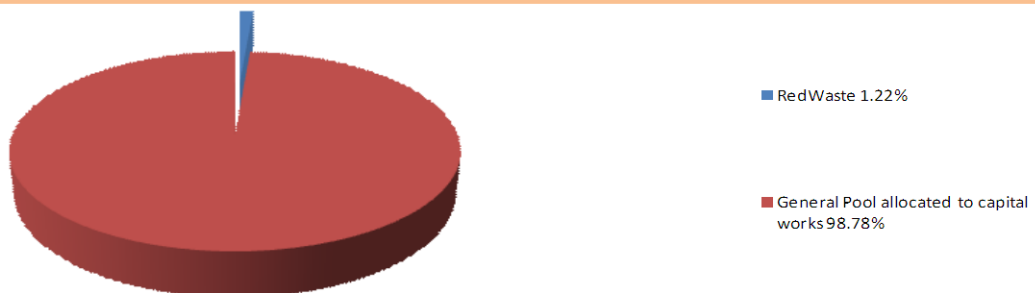


Current Position

Debt is split into 9, 12, and 15 year pools with repayment made *quarterly* in advance. The rates shown are for any new borrowings. The movements in borrowing rates relate to the yield on QTC bonds which are its principal source of funding.

A book rate review was conducted on 1 July 2013 by QTC and the changes to the split between principal and interest repayments were not significant enough to warrant a change to the current debt service payment. In other words, the allocation of Council's quarterly payment between interest expense and principal repayment is presently adequate.

Total Borrowings at End of Month was \$61.76M



Future Strategy

The Tax and Treasury Team is presently analysing options in conjunction with QTC of *annual* payment advances of some borrowings. This would reduce the interest expense in the year without realising any early repayment fees in the form of market realisation costs (early repayment of debt has penalties). Analysis is presently being conducted as to whether debt repayment, offsetting the loans or investment of surplus funds (or a blend) would have the best net gain without exposing Council to significant risk as interest rates decrease. Additionally, a debt service payment review will be conducted in coming months to ensure the amount paid each quarter is maintaining adequate loan terms.

Council has adopted a Debt Policy POL-1838 as part of the 13/14 annual budget development



7. CASH RESERVES

| Reserves as at 31 October 2013 | Opening Balance | To Reserve | From Reserve | Closing Balance |
|---|-----------------|--------------|---------------|-----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Special Projects Reserve: | | | | |
| Cemetery Reserve * | 399 | 0 | 0 | 399 |
| State Emergency Service Reserve * | 20 | 0 | 0 | 20 |
| Weinam Creek Reserve | 2,335 | 0 | -7 | 2,328 |
| Road Maintenance Reserve * | 155 | 0 | 0 | 155 |
| Redland Work Cover Reserve | 5,147 | 224 | -233 | 5,137 |
| Contribution Raby Bay Land Sales * | 278 | 0 | -23 | 254 |
| Red Art Gallery Commissions & Donations Res | 14 | 0 | 0 | 14 |
| Interest Free Loans Reserve * | 487 | 0 | 0 | 487 |
| Halls Reserve * | 2 | 0 | 0 | 2 |
| Raby Bay Maintenance Reserve *** | 336 | 3 | -3 | 336 |
| Aquatic Paradise Maintenance Reserve *** | 936 | 8 | 0 | 944 |
| Sovereign Waters Maintenance Reserve *** | 118 | 1 | 0 | 119 |
| | 10,228 | 235 | -266 | 10,197 |
| Special Capital Projects Reserve: | | | | |
| SMBI Capital Reserve | 3,317 | 0 | -93 | 3,224 |
| | 3,317 | 0 | -93 | 3,224 |
| Cleansing Reserve: | | | | |
| RedWaste Reserve | 2,497 | 254 | -38 | 2,712 |
| | 2,497 | 254 | -38 | 2,712 |
| Constrained Works Capital Reserve: | | | | |
| Tree Planting Reserve | 50 | 14 | 0 | 64 |
| Parks Reserve | 254 | 1,025 | -217 | 1,062 |
| SP1 Wellington Pt Rd Infra Reserve | 463 | 0 | 0 | 463 |
| Redland Bay Sth Rd Infra Reserve | 443 | 0 | 0 | 443 |
| East Thornlands Road Infra Reserve | 674 | 0 | 0 | 674 |
| Contributions to Car Parking Reserve | 340 | 0 | 0 | 340 |
| Contributions to Street Lighting Reserve * | 13 | 0 | 0 | 13 |
| Quarry Reserve * | 358 | 0 | 0 | 358 |
| Contrib to R/Wks Infrastructure Reserve ** | 2,030 | 0 | 0 | 2,030 |
| Community Facility Infrastructure Reserve | 148 | 60 | 0 | 208 |
| Retail Water Renewal & Purchase Reserve | 4,385 | 633 | -142 | 4,875 |
| Sewerage Renewal & Purchase Reserve | 5,641 | 643 | -570 | 5,714 |
| Constrained Works Res-Cap Grants & Contribs | 3,743 | 0 | -529 | 3,214 |
| Transport Trunk Infrastructure Reserve | 1,316 | 885 | -326 | 1,875 |
| Cycling Trunk Infrastructure Reserve | 407 | 192 | -189 | 410 |
| Stormwater Infrastructure Reserve | 1,072 | 176 | 0 | 1,248 |
| | 21,336 | 3,628 | -1,973 | 22,991 |
| Separate Charge Reserve - Environment: | | | | |
| Environment Charge Acquisition Reserve | 7,036 | 0 | 0 | 7,036 |
| Environment Charge Maintenance Reserve | 1,254 | 2,143 | -1,021 | 2,376 |
| Landfill Remediation Charge Reserve * | 5,738 | 989 | -970 | 5,757 |
| | 14,027 | 3,132 | -1,991 | 15,169 |
| Special Charge Reserve - Other: | | | | |
| Bay Island Rural Fire Levy Reserve | 0 | 21 | -13 | 8 |
| SMBI Translink Reserve | 0 | 462 | 0 | 462 |
| | 0 | 483 | -13 | 469 |
| Special Charge Reserve - Canals: | | | | |
| Raby Bay Canal Reserve | 0 | 0 | 0 | 0 |
| Aquatic paradise Canal Reserve | 559 | 300 | -4 | 855 |
| Sovereign Waters Lake Reserve | 386 | 26 | -9 | 403 |
| Raby Bay Tidal Works Non CTS Reserve *** | 2,882 | 997 | -215 | 3,664 |
| Raby Bay Tidal Works CTS Reserve *** | 246 | 85 | -17 | 314 |
| Raby Bay Marina Reserve *** | 210 | 63 | -15 | 258 |
| Aquatic Paradise Marina Reserve *** | 64 | 17 | 0 | 81 |
| | 4,347 | 1,488 | -259 | 5,576 |
| Constrained Works Recurrent Reserve: | | | | |
| Constrained Works Res-Opr Grants & Contribs | 4,005 | 0 | -51 | 3,953 |
| | 4,005 | 0 | -51 | 3,953 |
| TOTALS | 59,757 | 9,219 | -4,685 | 64,291 |

* These reserves will be closed during the 2013-14 financial year.

** This reserve will be closed during 2013-14 and funds transferred into the Transport Trunk Infrastructure Reserve.

*** These reserves will be amalgamated into the 3 existing canal & lake reserves during the 2013-14 financial year.

8. OVERDUE RATES DEBTORS

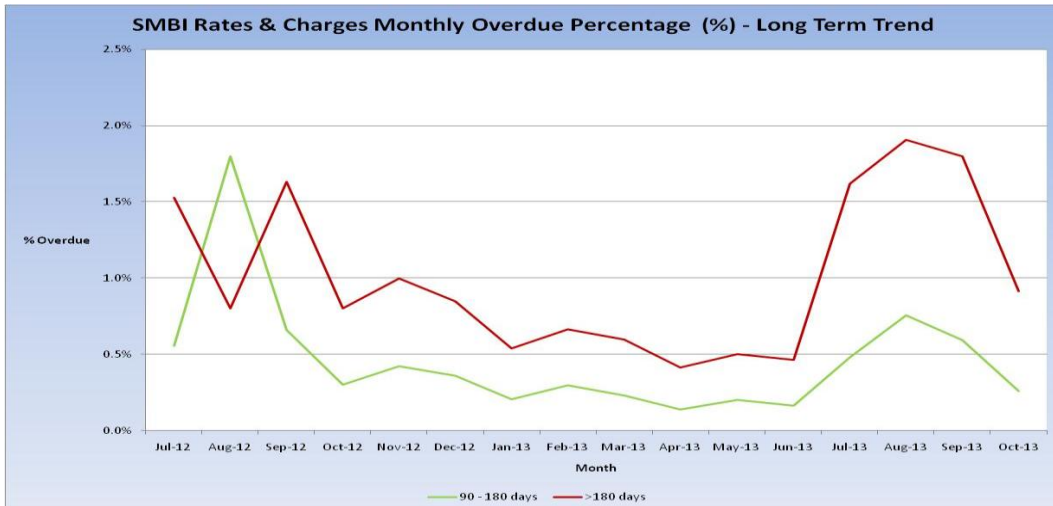
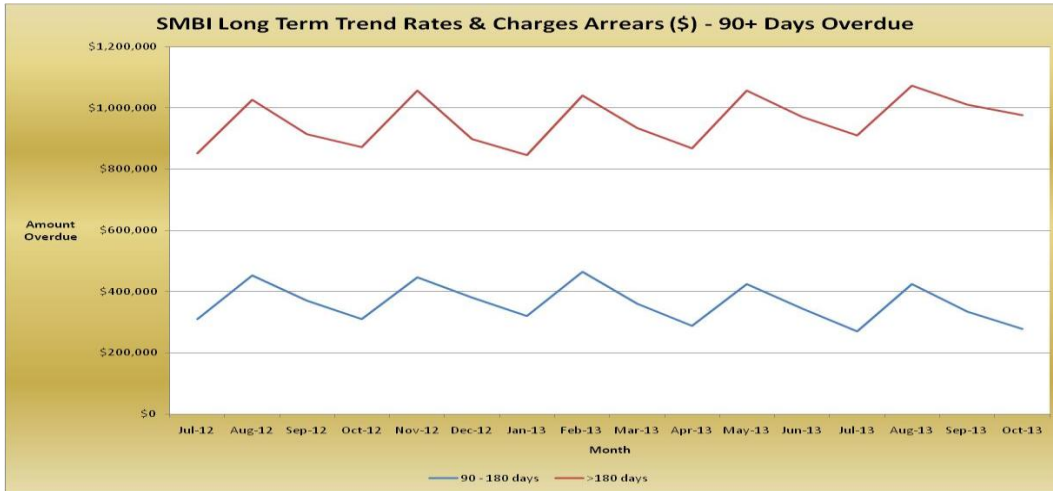
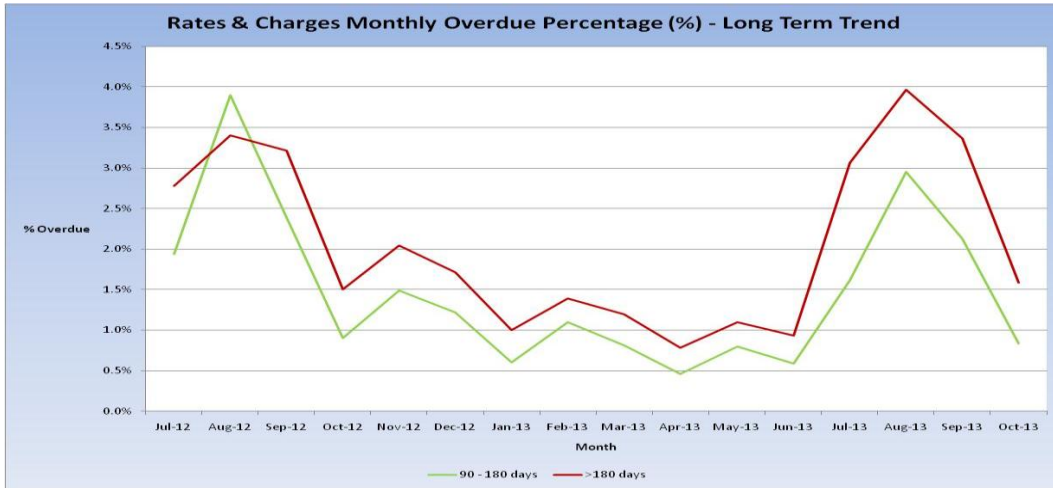
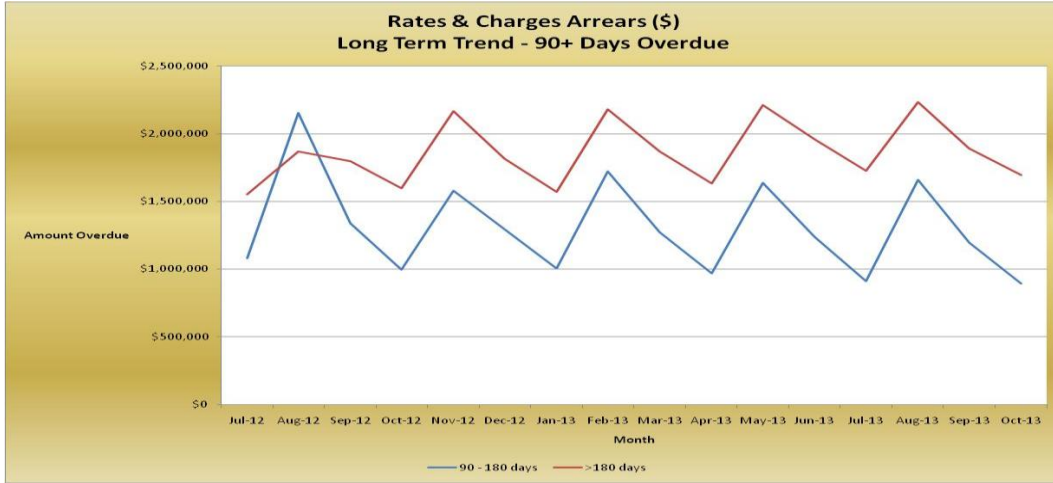
Comparison October 2012 to October 2013

In comparison to October 2012 the overdue percentage for rates and charges debt is a more favourable position than the preceding 12 month period. The amount of debt less than 90 days and greater than 90 days but less than 180 days is lower. However, the amount of debt greater than 180 days continues to be marginally more than the preceding 12 month period.

Overall Trend September 2013 to October 2013

The overall percentage overdue has decreased by 6.16% from the end of September to the end of October. Rate notices issued on Friday, 4 October, and carried a due date of Monday, 4 November.

| Comparison October 2012 to October 2013 | | | | | | | | | | | | | |
|---|--------------------|---------------|--------------------|--------------|---------------------|---------------|---------------|--------------------|--------------|--------------------|--------------|---------------------|---------------|
| Total | | | | | | | Mainland | | | | | | |
| Days Overdue | Oct-12 | % Overdue | Oct-13 | % Overdue | \$ Variance | % Increase | Days Overdue | Oct-12 | % Overdue | Oct-13 | % Overdue | \$ Variance | % Increase |
| <90 | \$2,173,961 | 2.1% | \$1,983,008 | 1.9% | -\$190,953 | -0.19% | <90 | \$1,553,591 | 1.5% | \$1,398,251 | 1.3% | -\$155,340 | -0.16% |
| 90 - 180 days | \$993,718 | 0.9% | \$893,671 | 0.8% | -\$100,047 | -0.10% | 90 - 180 days | \$641,442 | 0.6% | \$593,890 | 0.6% | -\$47,553 | -0.05% |
| >180 days | \$1,595,673 | 1.5% | \$1,692,947 | 1.6% | \$97,274 | 0.08% | >180 days | \$667,853 | 0.6% | \$687,074 | 0.6% | \$19,221 | 0.01% |
| Total | \$4,763,352 | 4.49% | \$4,569,626 | 4.28% | -\$193,726 | -0.21% | Total | \$2,862,887 | 2.70% | \$2,679,215 | 2.51% | -\$183,672 | -0.19% |
| Nth Stradbroke Is / Coochiemudlo Is / Garden Is | | | | | | | SMBI | | | | | | |
| Days Overdue | Oct-12 | % Overdue | Oct-13 | % Overdue | \$ Variance | % Increase | Days Overdue | Oct-12 | % Overdue | Oct-13 | % Overdue | \$ Variance | % Increase |
| <90 | \$77,493 | 0.1% | \$57,886 | 0.1% | -\$19,607 | -0.02% | <90 | \$542,876 | 0.5% | \$526,871 | 0.5% | -\$16,005 | -0.02% |
| 90 - 180 days | \$42,668 | 0.0% | \$21,777 | 0.0% | -\$20,890 | -0.02% | 90 - 180 days | \$309,608 | 0.3% | \$278,004 | 0.3% | -\$31,604 | -0.03% |
| >180 days | \$55,817 | 0.1% | \$29,397 | 0.0% | -\$26,420 | -0.03% | >180 days | \$872,002 | 0.8% | \$976,476 | 0.9% | \$104,473 | 0.09% |
| Total | \$175,978 | 0.17% | \$109,061 | 0.10% | -\$66,917 | -0.06% | Total | \$1,724,487 | 1.63% | \$1,781,351 | 1.67% | \$56,864 | 0.04% |
| Trend - September 2013 to October 2013 | | | | | | | | | | | | | |
| Total | | | | | | | Mainland | | | | | | |
| Days Overdue | Sep-13 | % Overdue | Oct-13 | % Overdue | \$ Variance | % Increase | Days Overdue | Sep-13 | % Overdue | Oct-13 | % Overdue | \$ Variance | % Increase |
| <90 | \$2,788,784 | 5.0% | \$1,983,008 | 1.9% | -\$805,775 | -3.10% | <90 | \$2,042,738 | 3.6% | \$1,398,251 | 1.3% | -\$644,486 | -2.32% |
| 90 - 180 days | \$1,194,432 | 2.1% | \$893,671 | 0.8% | -\$300,761 | -1.29% | 90 - 180 days | \$829,009 | 1.5% | \$593,890 | 0.6% | -\$235,120 | -0.92% |
| >180 days | \$1,892,513 | 3.4% | \$1,692,947 | 1.6% | -\$199,566 | -1.78% | >180 days | \$849,721 | 1.5% | \$687,074 | 0.6% | -\$162,647 | -0.87% |
| Total | \$5,875,729 | 10.44% | \$4,569,626 | 4.28% | -\$1,306,102 | -6.16% | Total | \$3,721,468 | 6.61% | \$2,679,215 | 2.51% | -\$1,042,253 | -4.10% |
| Nth Stradbroke Is / Coochiemudlo Is / Garden Is | | | | | | | SMBI | | | | | | |
| Days Overdue | Sep-13 | % Overdue | Oct-13 | % Overdue | \$ Variance | % Increase | Days Overdue | Sep-13 | % Overdue | Oct-13 | % Overdue | \$ Variance | % Increase |
| <90 | \$80,640 | 0.1% | \$57,886 | 0.1% | -\$22,754 | -0.09% | <90 | \$665,406 | 1.2% | \$526,871 | 0.5% | -\$138,535 | -0.69% |
| 90 - 180 days | \$31,097 | 0.1% | \$21,777 | 0.0% | -\$9,320 | -0.03% | 90 - 180 days | \$334,325 | 0.6% | \$278,004 | 0.3% | -\$56,321 | -0.33% |
| >180 days | \$32,099 | 0.1% | \$29,397 | 0.0% | -\$2,702 | -0.03% | >180 days | \$1,010,693 | 1.8% | \$976,476 | 0.9% | -\$34,217 | -0.88% |
| Total | \$143,836 | 0.26% | \$109,061 | 0.10% | -\$34,776 | -0.15% | Total | \$2,010,424 | 3.57% | \$1,781,351 | 1.67% | -\$229,073 | -1.90% |



9. STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME For the period ending 31 October 2013

| | Annual Original Budget \$000 | Annual Revised Budget \$000 | YTD Revised Budget \$000 | YTD Actual \$000 | YTD Variance \$000 |
|--|---------------------------------------|--------------------------------------|-----------------------------------|------------------------|--------------------------|
| Recurrent Revenue | | | | | |
| Rates Charges | 77,623 | 77,623 | 38,824 | 37,931 | (893) |
| Levies & Charges | 119,189 | 119,189 | 40,951 | 40,435 | (516) |
| <i>Less: Pensioner Remissions</i> | (2,670) | (2,670) | (1,326) | (1,326) | 0 |
| Fees & Charges | 9,775 | 9,775 | 3,360 | 3,649 | 289 |
| Operating Grants & Subsidies | 10,016 | 10,016 | 1,744 | 1,553 | (191) |
| Operating Contributions and Donations | 0 | 0 | 0 | 76 | 76 |
| Interest External | 4,104 | 4,104 | 1,368 | 1,260 | (108) |
| Other Revenue | 3,681 | 3,681 | 1,325 | 2,177 | 852 |
| Total Recurrent Revenue | 221,718 | 221,718 | 86,246 | 85,755 | (491) |
| Capital revenue | | | | | |
| Grants, Subsidies and Contributions | 9,157 | 9,179 | 2,780 | 4,511 | 1,731 |
| Non-cash Contributions | 3,154 | 3,154 | 51 | 3 | (49) |
| Increase/(Decrease) in Investment Property | 0 | 0 | 0 | 0 | 0 |
| Total Capital Revenue | 12,311 | 12,333 | 2,831 | 4,513 | 1,682 |
| TOTAL REVENUE | 234,029 | 234,051 | 89,077 | 90,268 | 1,191 |
| Recurrent Expenses | | | | | |
| Employee Costs | 74,422 | 74,422 | 24,850 | 25,646 | 796 |
| Goods & Services | 96,076 | 96,093 | 29,825 | 30,000 | 175 |
| Finance Costs | 4,109 | 4,109 | 1,370 | 1,403 | 33 |
| Depreciation and Amortisation | 46,794 | 46,794 | 15,598 | 16,252 | 654 |
| Total Recurrent Expenses | 221,401 | 221,418 | 71,643 | 73,302 | 1,658 |
| Capital Expenses | | | | | |
| Loss on Disposal of Non-current Assets | (1,120) | (1,120) | (451) | 603 | 1,054 |
| TOTAL EXPENSES | 220,281 | 220,298 | 71,192 | 73,905 | 2,713 |
| NET RESULT | 13,748 | 13,752 | 17,885 | 16,364 | (1,522) |
| Other Comprehensive Income/(Loss) | | | | | |
| Increase/(decrease) in asset revaluation surplus | 0 | 0 | 0 | (20) | 0 |
| TOTAL COMPREHENSIVE INCOME | 13,748 | 13,752 | 17,885 | 16,343 | (1,522) |

The first quarter budget review is currently underway which should address some of the significant variances in this report.

10. OPERATING STATEMENT

OPERATING STATEMENT For the period ending 31 October 2013

| | Annual | Annual | YTD | YTD | YTD |
|---|----------------|----------------|---------------|---------------|----------------|
| | Original | Revised | Revised | Actual | Variance |
| | Budget | Budget | Budget | \$000 | \$000 |
| | \$000 | \$000 | \$000 | | |
| Revenue | | | | | |
| Rates Charges | 77,623 | 77,623 | 38,824 | 37,931 | (893) |
| Utility Charges | 119,189 | 119,189 | 40,951 | 40,435 | (516) |
| <i>Less: Pensioner Remissions</i> | (2,670) | (2,670) | (1,326) | (1,326) | 0 |
| Fees & Charges | 9,775 | 9,775 | 3,360 | 3,649 | 289 |
| Operating Grants & Subsidies | 10,016 | 10,016 | 1,744 | 1,553 | (191) |
| Operating Contributions and Donations | 0 | 0 | 0 | 76 | 76 |
| Interest External | 4,104 | 4,104 | 1,368 | 1,260 | (108) |
| Other Revenue | 3,681 | 3,681 | 1,325 | 2,177 | 852 |
| Total Revenue | 221,718 | 221,718 | 86,246 | 85,755 | (491) |
| Expenses | | | | | |
| Employee Costs | 74,422 | 74,422 | 24,850 | 25,646 | 796 |
| Goods & Services | 96,879 | 96,897 | 30,057 | 30,168 | 111 |
| Finance Costs Other | 311 | 311 | 104 | 84 | (20) |
| Other Expenditure | 293 | 293 | 130 | 181 | 51 |
| Net Internal Costs | (1,096) | (1,096) | (363) | (349) | 13 |
| Total Expenses | 170,809 | 170,827 | 54,779 | 55,730 | 951 |
| Earnings Before Interest, Tax and Depreciation (EBITD) | 50,909 | 50,891 | 31,467 | 30,025 | (1,442) |
| Interest Expense | 3,798 | 3,798 | 1,266 | 1,319 | 53 |
| Depreciation | 46,794 | 46,794 | 15,598 | 16,252 | 654 |
| Operating Surplus/(Deficit) | 317 | 300 | 14,603 | 12,454 | (2,149) |
| Transfers to Constrained Operating Reserves | (13,639) | (13,572) | (4,700) | (5,592) | (892) |
| Transfer from Constrained Operating Reserves | 11,128 | 11,274 | 3,089 | 2,377 | (712) |

The first quarter budget review is currently underway which should address some of the significant variances in this report.

11. CAPITAL FUNDING STATEMENT

CAPITAL FUNDING STATEMENT For the period ending 31 October 2013

| | Annual | Annual | YTD | YTD | YTD |
|--|---------------|---------------|---------------|---------------|----------------|
| | Original | Revised | Revised | Actual | Variance |
| | Budget | Budget | Budget | Actual | Variance |
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| Sources of Capital Funding | | | | | |
| Capital Contributions & Donations | 4,896 | 4,896 | 2,130 | 3,631 | 1,501 |
| Capital Grants & Subsidies | 4,261 | 4,283 | 649 | 880 | 230 |
| Proceeds on Disposal of Non Current Assets | 1,424 | 1,424 | 475 | 996 | 522 |
| Capital Transfers (To) From Reserves | 3,975 | 6,198 | 2,463 | (1,320) | (3,783) |
| Non Cash Contributions | 3,154 | 3,154 | 51 | 3 | (49) |
| New Loans | 10,581 | 10,581 | 2,509 | 0 | (2,509) |
| Funding from General Revenue | 35,897 | 40,300 | 11,601 | 13,348 | 1,747 |
| Total Sources of Capital Funding | 64,188 | 70,836 | 19,878 | 17,538 | (2,341) |
| Applications of Capital Funds | | | | | |
| Contributed Assets | 3,154 | 3,154 | 1,051 | 3 | (1,049) |
| Capitalised Goods & Services | 48,623 | 55,271 | 15,502 | 15,209 | (293) |
| Capitalised Employee Costs | 8,294 | 8,294 | 1,953 | 987 | (966) |
| Loan Redemption | 4,118 | 4,118 | 1,372 | 1,339 | (33) |
| Total Applications of Capital Funds | 64,188 | 70,836 | 19,878 | 17,538 | (2,341) |
| Other Budgeted Items | | | | | |
| WDV of Assets Disposed | (304) | (304) | (23) | (1,600) | (1,576) |
| Tax and Dividends | 0 | 0 | 0 | 0 | 0 |
| Internal Capital Structure Financing | 0 | 0 | 0 | 0 | 0 |

The first quarter budget review is currently underway which should address some of the significant variances in this report.

12. STATEMENT OF FINANCIAL POSITION

| STATEMENT OF FINANCIAL POSITION | | | |
|--|-----------------------------|----------------------------|----------------------------|
| As at 31 October 2013 | | | |
| | Annual | Annual | YTD |
| | Original Budget \$000 | Revised Budget \$000 | Actual Balance \$000 |
| CURRENT ASSETS | | | |
| Cash & Investments | 80,139 | 75,598 | 83,411 |
| Accounts Receivable | 14,832 | 23,117 | 44,078 |
| Inventories | 991 | 943 | 914 |
| Prepaid Expenses | 1,035 | 1,298 | 3,932 |
| Assets - Held for Sale | 29 | 467 | 467 |
| Total Current Assets | 97,027 | 101,423 | 132,802 |
| NON CURRENT ASSETS | | | |
| Property, Plant and Equipment | 1,820,678 | 1,966,776 | 1,990,854 |
| Accounts Receivable | 9 | 0 | 0 |
| Shares in Other Companies | 0 | 73 | 73 |
| Total Non Current Assets | 1,820,687 | 1,966,849 | 1,990,927 |
| TOTAL ASSETS | 1,917,714 | 2,068,272 | 2,123,729 |
| CURRENT LIABILITIES | | | |
| Accounts Payable | 24,209 | 13,177 | 11,452 |
| Current Employee Provisions | 6,510 | 6,410 | 5,977 |
| Current Loans | 5,979 | 4,124 | 4,124 |
| Current Landfill Rehabilitation Provisions | 435 | 572 | 3,560 |
| Other Liabilities | 1,474 | 1,159 | 18,603 |
| Total Current Liabilities | 38,608 | 25,441 | 43,715 |
| NON CURRENT LIABILITIES | | | |
| Non Current Loans | 65,284 | 65,442 | 57,639 |
| Non Current Employee Provisions | 9,754 | 10,722 | 10,096 |
| Non Current Landfill Rehabilitation Provisions | 28,558 | 28,379 | 34,655 |
| Non Current Trade & Other Payables | 1,027 | 693 | 693 |
| Total Non Current Liabilities | 104,623 | 105,236 | 103,083 |
| TOTAL LIABILITIES | 143,231 | 130,677 | 146,799 |
| NET ASSETS | 1,774,483 | 1,937,595 | 1,976,930 |
| COMMUNITY EQUITY | | | |
| Retained Earnings | 1,728,791 | 1,880,049 | 1,912,639 |
| Cash Reserves | 45,692 | 57,546 | 64,291 |
| TOTAL COMMUNITY EQUITY | 1,774,483 | 1,937,595 | 1,976,930 |

As the financial statements for 2012/13 financial year have been certified by Queensland Audit Office, the opening balances on the 2013/14 Statement of Financial Position are now finalised.

13. STATEMENT OF CASH FLOWS

| STATEMENT OF CASH FLOWS | | | |
|--|-----------------------------|----------------------------|-----------------|
| For the period ending 31 October 2013 | | | |
| | Annual | Annual | YTD |
| | Original Budget \$000 | Revised Budget \$000 | Actual \$000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Rates Charges & Utility Charges | 194,141 | 194,141 | 65,548 |
| Other Operating Cash Flow | 18,374 | 18,374 | 8,454 |
| Receipts from Customers | 212,516 | 212,516 | 74,002 |
| Employee costs | (72,412) | (72,412) | (25,776) |
| Materials & services | (100,287) | (100,304) | (33,734) |
| Other expenses | (604) | (604) | (265) |
| Payments to Suppliers & Employees | (173,303) | (173,320) | (59,776) |
| Interest Received | 4,104 | 4,104 | 1,260 |
| Borrowing Costs | (3,798) | (3,798) | (1,968) |
| Net Cash Inflow from Operating Activities | 39,519 | 39,502 | 13,519 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments - Property, Plant & Equipment | (56,916) | (63,564) | (16,196) |
| Proceeds - Capital Subsidies, Grants & Contributions | 9,157 | 9,179 | 4,511 |
| Proceeds - Sales of Property, Plant & Equipment | 1,424 | 1,424 | 996 |
| Net Cash Outflow from Investing Activities | (46,336) | (52,962) | (10,689) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds of Borrowings | 10,581 | 10,581 | 0 |
| Repayment of borrowings | (4,118) | (4,118) | (2,014) |
| Net Cash Outflow from Financing Activities | 6,463 | 6,463 | (2,014) |
| Net Increase / (Decrease) in Cash Held | (353) | (6,996) | 816 |
| Cash at Beginning of Year | 80,492 | 82,595 | 82,595 |
| Cash at End of Financial Year / Period | 80,139 | 75,598 | 83,411 |

14. GLOSSARY

Definition of Ratios

| | |
|--|--|
| Level of Dependence on General Rate Revenue: Target less than 37.5% | General Rates - Pensioner Remissions Total Operating Revenue - Gain on Sale of Developed Land |
| Current Ratio: Target between 1.1 and 4.1 | Current Assets Current Liabilities |
| Debt Servicing Ratio: Target less than or equal to 10% | Interest Expense + Loan Redemption Total Operating Revenue - Gain on Sale of Developed Land |
| Cash Balance - \$M: | Cash Held at Period End |
| Cash Capacity in Months: Target 3 to 4 Months | Cash Held at Period End [[Cash Operating Costs + Interest Expense] / Period in Year] |
| Debt to Asset Ratio: Target less than or equal to 10% | Current and Non-current loans Total Assets |
| Operating Performance: Target greater than or equal to 20% | Net Cash from Operations + Interest Revenue and Expense Cash Operating Revenue + Interest Revenue |
| Operating Surplus Ratio*: Target between 0% and 10% (on average over the long-term) | Net Operating Surplus Total Operating Revenue |
| Net Financial Liabilities*: Target less than 60% (on average over the long-term) | Total Liabilities - Current Assets Total Operating Revenue |
| Interest Cover Ratio: Target between 0% and 5% | Net Interest Expense on Debt Service Total Operating Revenue |
| Asset Sustainability Ratio*: Target greater than 90% (on average over the long-term) | Capital Expenditure on Replacement of Assets (Renewals) Depreciation Expenditure |
| Asset Consumption Ratio: Target between 40% and 80% | WDV of Infrastructure Assets Gross Current Replacement Cost of Infrastructure Assets |

*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.