



Monthly Financial Report

October 2019



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1. EXECUTIVE SUMMARY

This monthly report illustrates the financial performance and position of Redland City Council compared to its adopted budget at an organisational level for the period ended 31 October 2019. Council's 2018/2019 financial statements were signed off and certified by the Queensland Audit Office on 8 October 2019.

The year to date and annual revised budget referred to in this report incorporates the changes from budget capital carryovers adopted by Council on 28 August 2019.

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)	195	22,649	25,008	2,359	10%	✓
Recurrent Revenue	297,572	119,832	118,381	(1,451)	-1%	✗
Recurrent Expenditure	297,377	97,183	93,373	(3,810)	-4%	✓
Capital Works Expenditure	81,285	28,103	14,572	(13,531)	-48%	✓
Closing Cash & Cash Equivalents	167,928	158,289	163,581	5,292	3%	✓

Council reported a year to date operating surplus of \$25.01M which is favourable to the revised budget by \$2.36M due to less than budget recurrent expenditure. Bulk water consumption is lower than expected, resulting in lower than expected revenue. Also, grants, subsidies and contributions are behind budget mainly due to timing of grant revenue recognition. Of note, interest income is lower than budget due to lower than expected interest rates on investments. The favourable variance in recurrent expenditure is mainly due to underspend in bulk water costs and contractor costs. The second quarter rate notices were issued in October 2019.

Capital grants, subsidies and contributions are above budget due to timing of developer cash contributions.

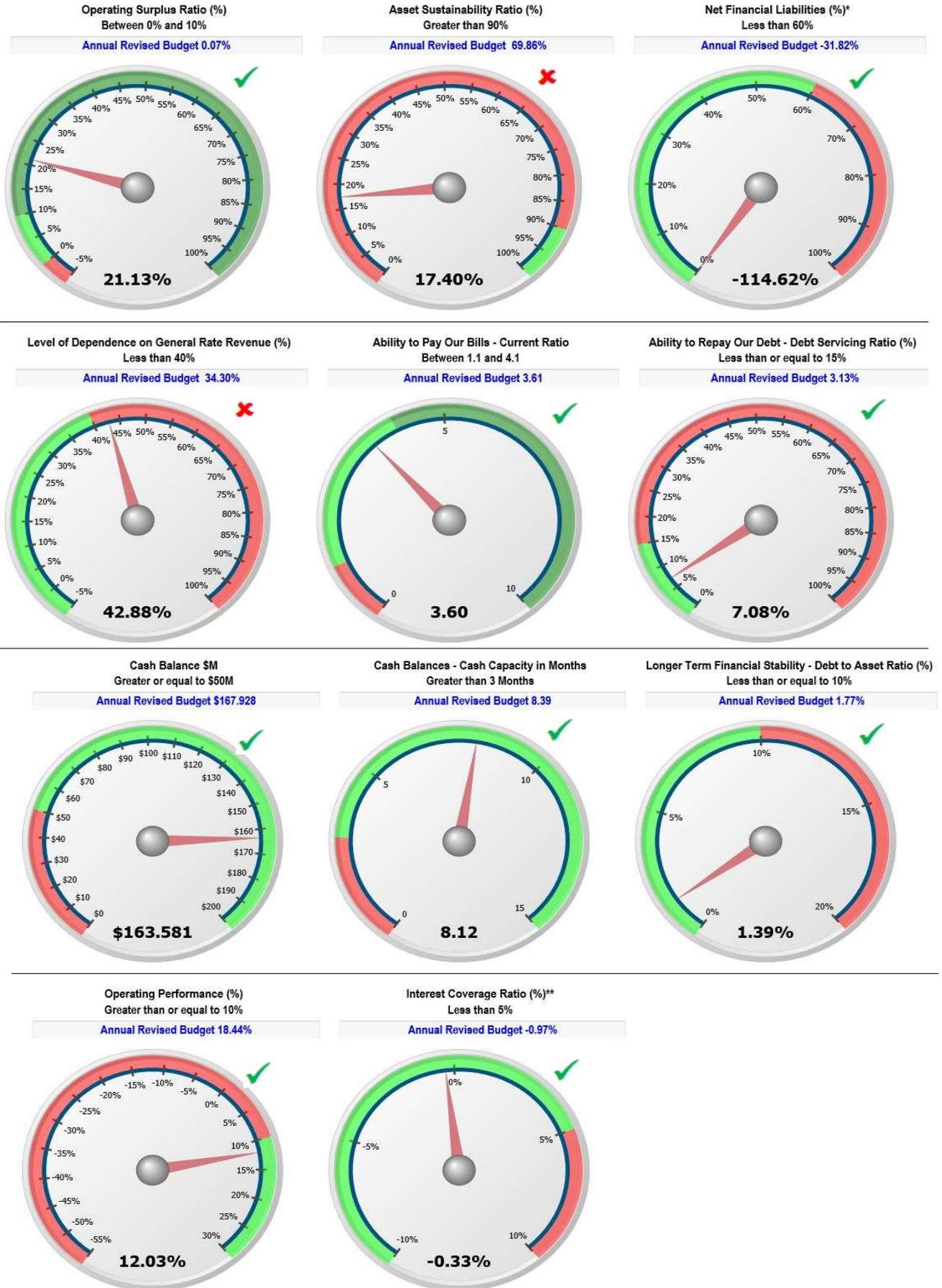
Council's capital works expenditure is below budget by \$13.53M due to timing of works for a number of infrastructure projects and assets acquisition.

Constrained cash reserves represent 68% of the cash balance.

The annual revised budgeted balances for 2019/2020 include the changes from the budget carryovers adopted by Council on 28 August 2019. However, until the first budget review is adopted by Council, the balances will reconcile to the financial management system and may be different to the published carryover budget.

2. KEY PERFORMANCE INDICATORS

■ Target met
 ■ Target exceeded
 ■ Target not met



* 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 targets for 2019/2020 include the changes from the budget carryovers adopted by Council on 28 August 2019. Until the first budget review is adopted by Council, the targets have been calculated in accordance with financial management system, therefore may be different to the published carryover budget.

3. STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME					
For the period ending 31 October 2019					
	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Recurrent revenue					
Rates charges	104,953	104,953	52,015	52,192	177
Levies and utility charges	152,328	152,328	51,829	51,371	(458)
Less: Pensioner remissions and rebates	(3,333)	(3,333)	(1,573)	(1,576)	(3)
Fees	14,632	14,632	4,943	4,864	(79)
Rental income	925	925	297	355	58
Interest received	5,231	5,231	1,616	1,186	(430)
Dividend received	-	-	-	-	-
Sales revenue	3,856	3,856	1,201	1,351	150
Other income	525	525	310	632	322
Grants, subsidies and contributions	18,456	18,456	9,194	8,006	(1,188)
Total recurrent revenue	297,572	297,572	119,832	118,381	(1,451)
Recurrent expenses					
Employee benefits	90,372	90,372	30,797	30,399	(398)
Materials and services	140,138	140,138	44,152	41,527	(2,625)
Finance costs	2,809	2,809	925	892	(33)
Depreciation and amortisation	65,279	65,279	21,760	20,918	(842)
Other expenditure	514	514	127	94	(33)
Net internal costs	(1,735)	(1,735)	(578)	(457)	121
Total recurrent expenses	297,377	297,377	97,183	93,373	(3,810)
OPERATING SURPLUS / (DEFICIT)	195	195	22,649	25,008	2,359
Capital revenue					
Grants, subsidies and contributions	24,492	25,436	8,180	9,270	1,090
Non-cash contributions	3,480	3,480	1,156	-	(1,156)
Total capital revenue	27,973	28,916	9,336	9,270	(66)
Capital expenses					
(Gain) / loss on disposal of non-current assets	112	112	22	290	268
Total capital expenses	112	112	22	290	268
TOTAL INCOME	325,545	326,488	129,168	127,651	(1,517)
TOTAL EXPENSES	297,489	297,489	97,205	93,663	(3,542)
NET RESULT	28,056	28,999	31,963	33,988	2,025
Other comprehensive income / (loss)					
Items that will not be reclassified to a net result					
Revaluation of property, plant and equipment	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	28,056	28,999	31,963	33,988	2,025

3. STATEMENT OF COMPREHENSIVE INCOME - CONTINUED

LEVIES AND UTILITY CHARGES ANALYSIS For the period ending 31 October 2019

	Annual	Annual	YTD	YTD	YTD
	Original	Revised	Revised	Actual	Variance
	Budget	Budget	Budget	\$000	\$000
	\$000	\$000	\$000		
Levies and utility charges					
Refuse collection rate charge	26,968	26,968	8,908	8,698	(210)
SES separate charge	487	487	243	242	(1)
Environment separate charge	8,721	8,721	4,338	4,334	(4)
Separate charge landfill remediation	2,896	2,896	960	959	(1)
Wastewater charges	46,347	46,347	15,284	15,064	(220)
Water access charges	19,105	19,105	6,320	6,318	(2)
Water consumption charges	47,804	47,804	15,776	15,756	(20)
Total levies and utility charges	152,328	152,328	51,829	51,371	(458)

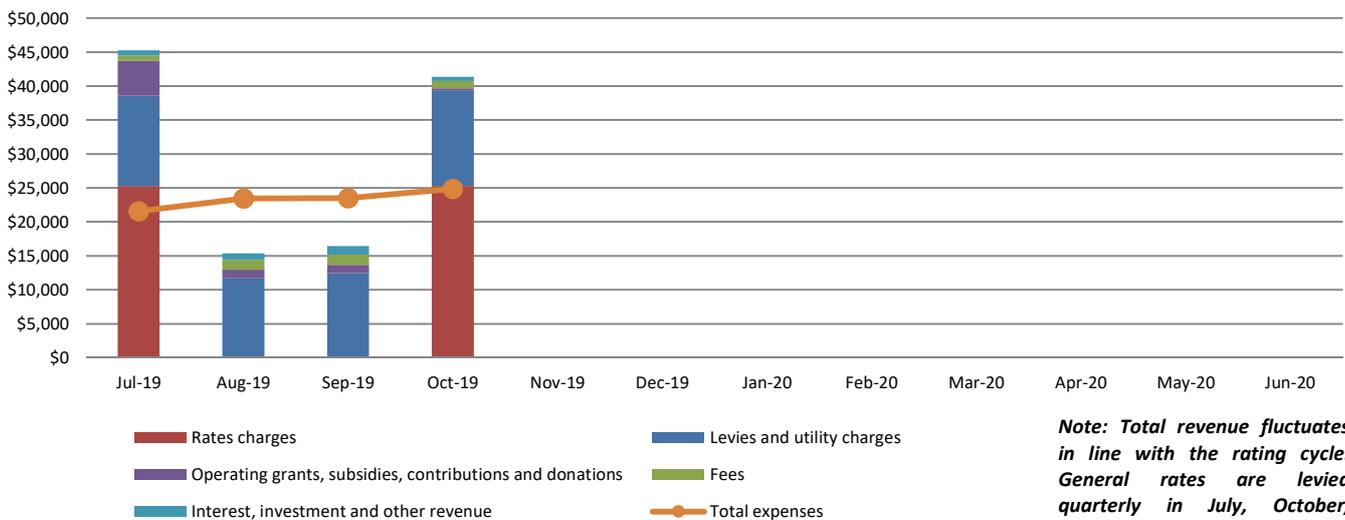
MATERIALS AND SERVICES ANALYSIS For the period ending 31 October 2019

	Annual	Annual	YTD	YTD	YTD
	Original	Revised	Revised	Actual	Variance
	Budget	Budget	Budget	\$000	\$000
	\$000	\$000	\$000		
Materials and services					
Contractors	41,225	40,857	12,146	10,715	(1,431)
Consultants	3,291	3,414	764	337	(427)
Other Council outsourcing costs*	17,527	17,604	5,572	5,493	(79)
Purchase of materials	50,161	50,249	16,628	15,760	(868)
Office administration costs	11,357	11,298	3,609	3,813	204
Electricity charges	6,138	6,138	2,050	1,837	(213)
Plant operations	3,873	3,873	1,165	1,366	201
Information technology resources	3,080	3,140	1,009	958	(51)
General insurance	1,195	1,195	394	384	(10)
Community assistance**	1,649	1,729	555	616	61
Other material and service expenses	642	641	260	248	(12)
Total materials and services	140,138	140,138	44,152	41,527	(2,625)

* 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 and awards, donations and sponsorships.

Actuals - Total Revenue and Expenses (\$000)



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

4. STATEMENT OF FINANCIAL POSITION

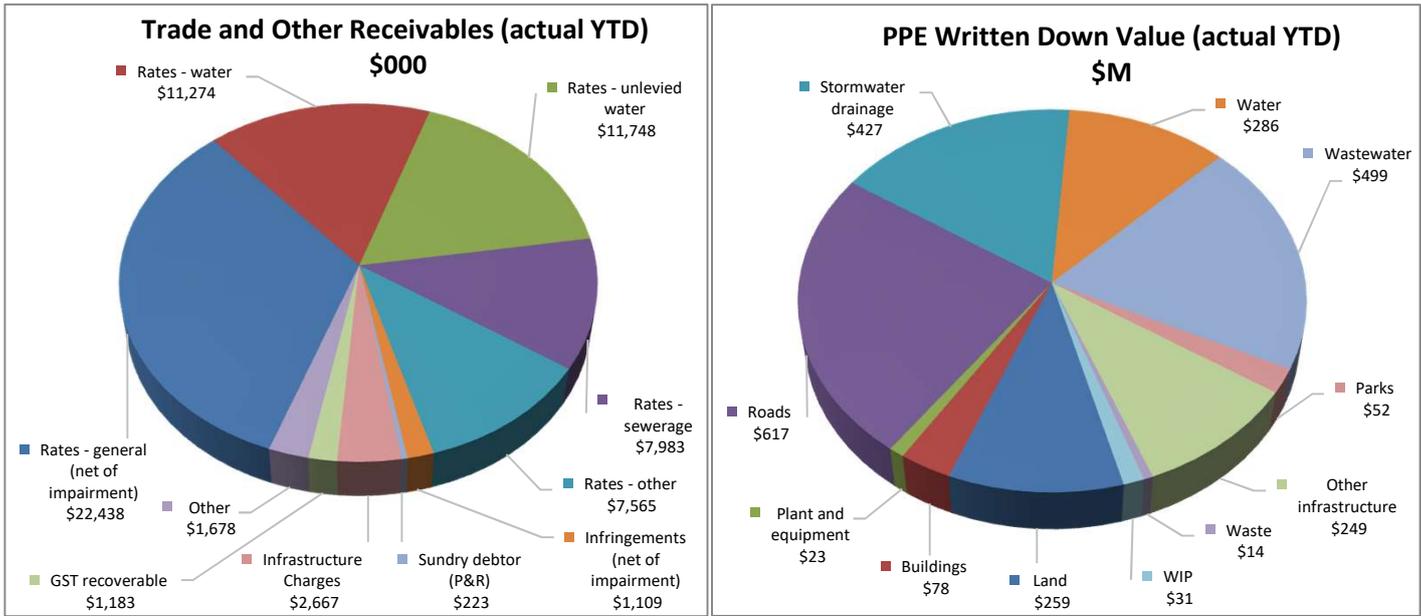
STATEMENT OF FINANCIAL POSITION As at 31 October 2019

	Annual	Annual	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000
CURRENT ASSETS				
Cash and cash equivalents	170,027	167,928	158,289	163,581
Trade and other receivables	30,532	34,609	65,358	67,868
Inventories	936	923	950	913
Non-current assets held for sale	-	-	11,113	11,113
Other current assets	1,765	2,340	2,340	5,720
Total current assets	203,260	205,800	238,050	249,195
NON-CURRENT ASSETS				
Investment property	1,091	1,091	1,091	1,091
Property, plant and equipment	2,555,393	2,562,000	2,549,607	2,535,348
Intangible assets	968	712	1,346	1,639
Right-of-use assets*	8,278	8,278	9,087	9,099
Other financial assets	73	73	73	73
Investment in other entities	25,904	24,214	13,101	13,101
Total non-current assets	2,591,706	2,596,368	2,574,305	2,560,351
TOTAL ASSETS	2,794,966	2,802,168	2,812,355	2,809,546
CURRENT LIABILITIES				
Trade and other payables	23,817	30,981	28,481	28,735
Borrowings - current	7,728	7,845	7,845	7,845
Lease liability - current*	1,039	1,039	1,039	1,037
Provisions - current	7,816	10,351	13,765	14,618
Other current liabilities	2,940	6,803	23,581	16,894
Total current liabilities	43,340	57,019	74,711	69,129
NON-CURRENT LIABILITIES				
Borrowings - non-current	33,400	33,283	22,121	22,177
Lease liability - non-current*	7,412	7,412	8,105	8,118
Provisions - non-current	14,752	13,409	13,409	14,087
Total non-current liabilities	55,563	54,104	43,635	44,382
TOTAL LIABILITIES	98,904	111,123	118,346	113,511
NET COMMUNITY ASSETS	2,696,062	2,691,045	2,694,009	2,696,035
COMMUNITY EQUITY				
Asset revaluation surplus	1,003,168	1,008,120	1,008,120	1,008,120
Retained surplus	1,575,901	1,576,278	1,581,144	1,576,419
Constrained cash reserves	116,993	106,647	104,745	111,496
TOTAL COMMUNITY EQUITY	2,696,062	2,691,045	2,694,009	2,696,035

* From 1 July 2019, Australian Accounting Standard 16 Leases applies.

The annual revised budgeted balances for 2019/2020 include the changes from the budget carryovers adopted by Council on 28 August 2019. However, until the first budget review is adopted by Council, the balances will reconcile to the financial management system and may be different to the published carryover budget.

4. STATEMENT OF FINANCIAL POSITION - CONTINUED



RIGHT OF USE ASSETS For the period ending 31 October 2019

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual Balance \$000
Right of Use Asset				
Buildings	3,491	3,491	3,904	3,904
Land	4,372	4,372	4,737	4,737
Plant and Equipment	415	415	446	458
Closing balance	8,278	8,278	9,087	9,099

PROPERTY, PLANT AND EQUIPMENT (PPE) MOVEMENT* For the period ending 31 October 2019

	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)	2,558,126	2,541,881	2,541,881	2,541,881
Acquisitions and WIP in year movement	61,912	84,764	29,259	14,308
Depreciation in year	(63,114)	(63,114)	(21,038)	(20,226)
Disposals	(1,531)	(1,531)	(495)	(708)
Other adjustments**	-	-	-	93
Closing balance	2,555,393	2,562,000	2,549,607	2,535,348

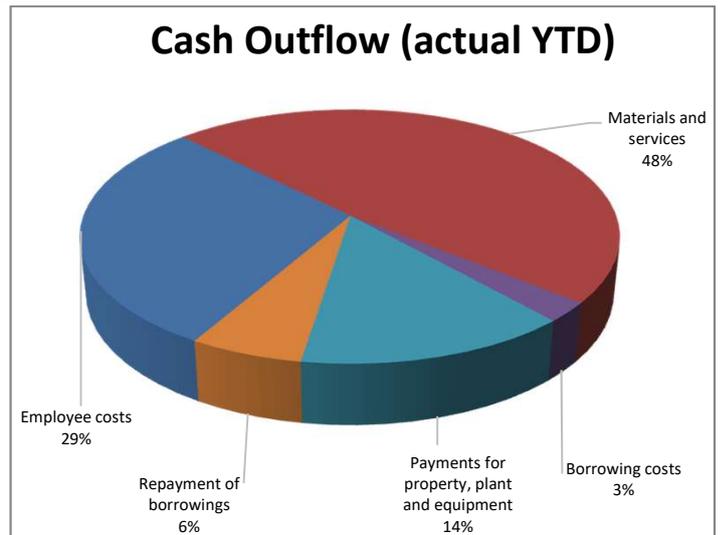
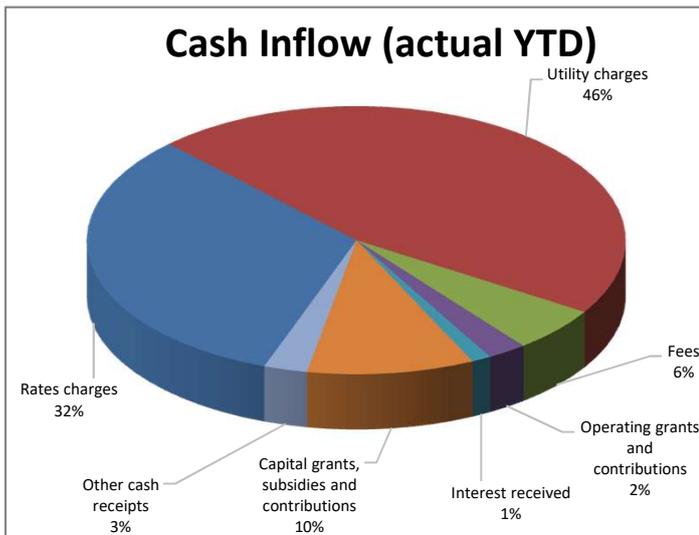
* This table includes movement relating to property, plant and equipment only and is exclusive of intangible assets.

** Other adjustments include transfers between asset classes, revaluation adjustments, prior period adjustments and depreciation thereon.

5. STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS For the period ending 31 October 2019

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	272,371	272,371	92,786	87,618
Payments to suppliers and employees*	(237,536)	(237,536)	(81,531)	(78,072)
	34,835	34,835	11,255	9,546
Interest received	5,231	5,231	1,616	1,186
Dividend received	-	-	-	-
Rental income	925	925	297	355
Non-capital grants and contributions	16,097	16,097	8,215	2,434
Borrowing costs*	(2,480)	(2,480)	(2,463)	(2,416)
Right-of-use assets interest expense	(266)	(266)	(89)	(86)
Net cash inflow / (outflow) from operating activities	54,342	54,342	18,831	11,019
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	(58,432)	(78,599)	(25,418)	(13,960)
Payments for intangible assets	-	-	-	(264)
Proceeds from sale of property, plant and equipment	1,419	1,419	473	419
Capital grants, subsidies and contributions	24,492	25,436	8,180	10,240
Other cash flows from investing activities	-	-	-	(90)
Net cash inflow / (outflow) from investing activities	(32,521)	(51,744)	(16,765)	(3,655)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of borrowings	9,800	9,800	-	-
Repayment of borrowings*	(5,527)	(5,527)	(5,527)	(5,531)
Right-of-use lease payment	(1,039)	(1,039)	(346)	(348)
Net cash inflow / (outflow) from financing activities	3,234	3,234	(5,873)	(5,879)
Net increase / (decrease) in cash held	25,055	5,832	(3,807)	1,485
Cash and cash equivalents at the beginning of the year	144,972	162,096	162,096	162,096
Cash and cash equivalents at the end of the financial year / period	170,027	167,928	158,289	163,581

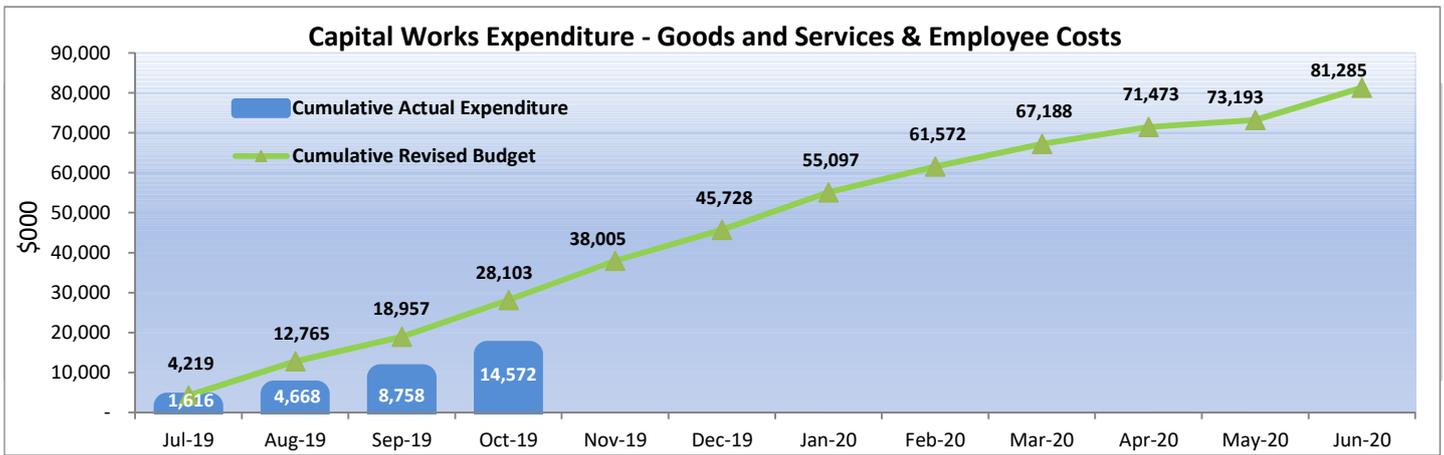


Total Cash Funding (Actual YTD)	102,252
Total Cash Funding (Annual Revised Budget)	331,279
% of Budget Achieved YTD	31%

Total Cash Expenditure (Actual YTD)	100,767
Total Cash Expenditure (Annual Revised Budget)	325,447
% of Budget Achieved YTD	31%

* Reclassified amounts in original budget to align with Annual Financial Statements and permitted by Australian Accounting Standard AASB 107 Statement of Cash Flows.

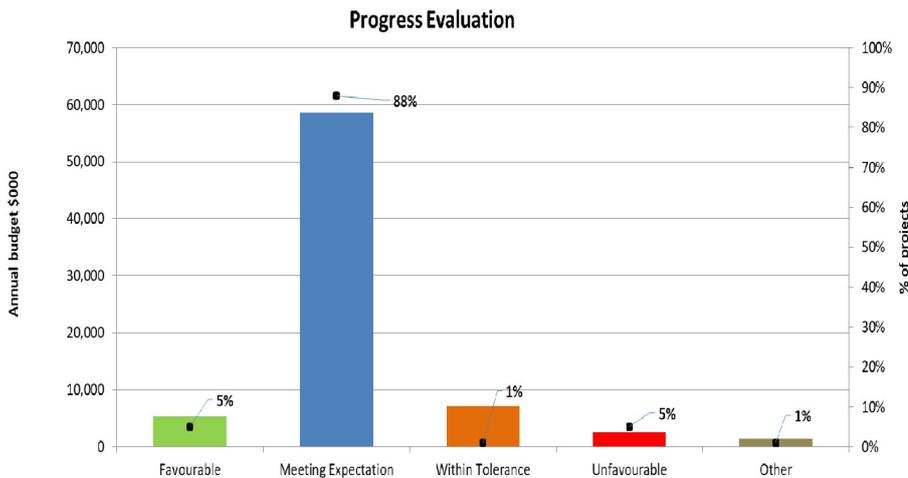
6. CAPITAL EXPENDITURE



	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000	YTD Variance \$000
Capitalised goods and services	73,901	25,765	12,324	(13,441)
Capitalised employee costs	7,384	2,338	2,248	(90)
Total	81,285	28,103	14,572	(13,531)

7. PROGRAM AND PROJECT UPDATE

Favourable (budget under/schedule on track)	Meeting expectations (budget and schedule on track)	Within tolerance (either budget and schedule not on track)	Unfavourable (budget and schedule not on track)	Other (Schedule to be tracked)
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Programs and projects are what Council uses to introduce change to achieve corporate outcomes. They allow new infrastructure, products, systems, procedures and services to be delivered. Projects may be undertaken on a standalone basis or as part of a program. Programs and projects may span multiple financial years.

Council is currently progressing more than 100 programs and projects.

Notable Projects

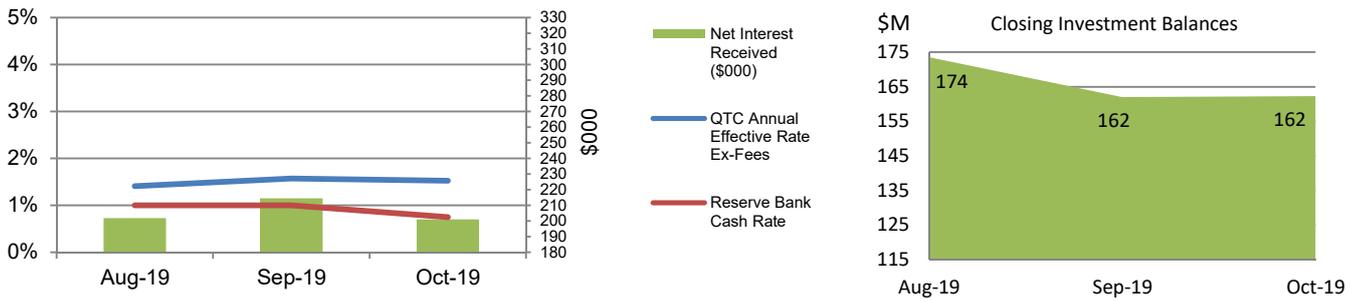
The status of two notable projects are as follows:

Project description	Progress
RPAC Audio System (Concert Hall) - renewal of the Redland Performing Arts Centre audio system, currently in final stage of equipment installation.	Meeting Expectations
Relocation of Visitor Information Centre - the information centre is now open and fully accredited by both Visit Queensland and Tourism and Events Queensland.	Meeting Expectations

8. INVESTMENT & BORROWINGS REPORT

For the period ending 31 October 2019

INVESTMENT RETURNS - QUEENSLAND TREASURY CORPORATION (QTC)



Total Investment at End of Month was \$162.31M

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

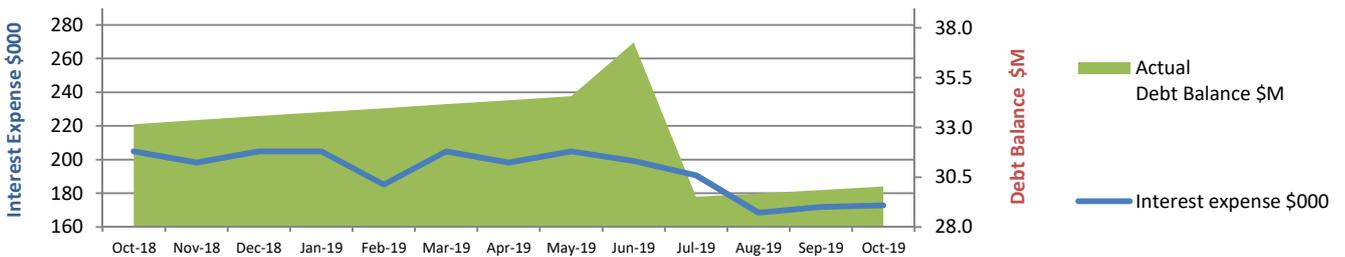
The movement in interest earned is indicative of both the interest rate and the surplus cash balances held, the latter of which is affected by business cash flow requirements on a monthly basis as well as the rating cycle.

Note: the Reserve Bank reduced the cash rate down to 0.75% in the October 2019 sitting.

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 is 1.52%. 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 June 2019 for the 2019/2020 financial year

BORROWINGS AND BORROWING COSTS (QTC)



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, debt repayment of \$7.95M, being \$5.53M principal and \$2.42M interest has been made *annually* for 2019/2020 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 2019. Interest will accrue monthly on a daily balance until next ADSP in July 2020 which is reflected in the increasing debt balance.

Total Borrowings at End of Month were \$30.02M

General pool allocated to capital works is 99.67% and 0.33% is attributable to RedWaste.

Council adopted its revised Debt Policy (POL-1838) in June 2019 for the 2019/2020 financial year

9. CONSTRAINED CASH RESERVES

Reserves as at 31 October 2019	Purpose of reserve	Opening Balance	To Reserve	From Reserve	Closing Balance
		\$000	\$000	\$000	\$000
Special Projects Reserve:					
Weinam Creek Reserve	Maintenance and improvements associated with Weinam Creek projects	1,542	152	(1)	1,693
Waste Levy Reserve	To fund Waste Levy Program	-	4,646	(1,523)	3,123
Raby Bay Revetment Wall Reserve	To fund Raby Bay revetment wall works program	1,765	823	(873)	1,715
Aquatic Paradise Revetment Wall Reserve	To fund Aquatic Paradise revetment wall works program	-	6	(1)	5
Fleet Plant & Capital Equipment Reserve	To support the long term fleet replacement program	4,072	931	(352)	4,651
		7,379	6,558	(2,750)	11,187
Constrained Works Reserve:					
Public Parks Trunk Infrastructure Reserve	Capital projects for public parks trunk infrastructure	7,898	1,431	(158)	9,171
Land for Community Facilities Trunk Infrastructure Reserve	Land for community facilities trunk infrastructure	2,551	225	-	2,776
Water Supply Trunk Infrastructure Reserve	Upgrade, expansion or new projects for water supply trunk infrastructure	14,273	257	-	14,530
Sewerage Trunk Infrastructure Reserve	Upgrade, expansion or new projects for sewerage trunk infrastructure	11,414	1,453	(37)	12,830
Constrained Works Res-Cap Grants & Contribs	Unexpended capital grants and contributions received for specific projects	327	-	(438)	(111)
Local Roads Trunk Infrastructure Reserve	Capital projects for local roads trunk infrastructure	33,680	3,065	(3,153)	33,592
Cycleways Trunk Infrastructure Reserve	Capital projects for cycleways trunk infrastructure	12,456	1,095	(1,725)	11,826
Stormwater Trunk Infrastructure Reserve	Capital projects for stormwater trunk infrastructure	9,996	591	-	10,587
Constrained Works Res-Opr Grants & Contribs	Unexpended operating grants and contributions received for specific projects	224	-	-	224
Tree Planting Reserve	Acquisition and planting of trees on footpaths	85	24	(14)	95
Koala Tree off-set Planting Reserve	Acquisition and planting of trees for koala habitat	142	-	-	142
		93,046	8,141	(5,525)	95,662
Separate Charge Reserve:					
Environment Charge Acquisition Reserve	Acquisitions of land and facilities to support or enhance environmental outcomes	1,457	650	-	2,107
Environment Charge Maintenance Reserve	Ongoing conservation and maintenance operations	-	3,683	(2,050)	1,633
SES Separate Charge Reserve	On-going costs of maintaining the Redland SES	39	242	(227)	54
		1,496	4,575	(2,277)	3,794
Special Charge Reserve - Canals:					
Aquatic Paradise Canal Reserve	Maintenance and repairs of Aquatic Paradise canals	754	2	-	756
Sovereign Waters Lake Reserve	Maintenance and repairs of Sovereign Lake	428	1	-	429
1718 Raby Bay Canal Reserve	Service, facility or activity of works in respect of the canals of the Raby Bay canal estate	219	-	-	219
1718 Aquatic Paradise Canal Reserve	Service, facility or activity of works in respect of the canals of the Aquatic Paradise canal estate	(495)	-	-	(495)
1718 Sovereign Waters Lake Reserve	Service, facility or activity of works in respect of the lake	(56)	-	-	(56)
		850	3	-	853
TOTALS		102,771	19,277	(10,552)	111,496
		Closing cash and cash equivalents			163,581
		Reserves as percentage of cash balance			68%

10. REDLAND WATER STATEMENTS

REDLAND WATER SUMMARY OPERATING STATEMENT					
For the period ending 31 October 2019					
	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Total revenue	116,436	116,436	38,444	38,373	(71)
Total expenses	66,474	66,473	21,752	20,790	(962)
Earnings before interest, tax and depreciation (EBITD)	49,963	49,963	16,692	17,583	891
External interest expense	136	136	45	45	-
Internal interest expense	14,867	14,867	4,956	4,956	-
Depreciation	23,823	23,823	7,941	8,025	84
Operating surplus / (deficit)	11,136	11,136	3,750	4,557	807

REDLAND WATER CAPITAL FUNDING STATEMENT					
For the period ending 31 October 2019					
	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Capital contributions, donations, grants and subsidies	2,537	2,537	846	1,710	864
Net transfer (to) / from constrained capital reserves	(1,982)	295	(586)	(1,668)	(1,082)
Non-cash contributions	3,399	3,399	1,133	-	(1,133)
Funding from utility revenue	4,172	7,576	1,648	450	(1,198)
Total sources of capital funding	8,126	13,807	3,041	492	(2,549)
Contributed assets	3,399	3,399	1,133	-	(1,133)
Capitalised expenditure	4,179	9,859	1,725	372	(1,353)
Loan redemption	549	549	183	120	(63)
Total application of capital funds	8,126	13,807	3,041	492	(2,549)

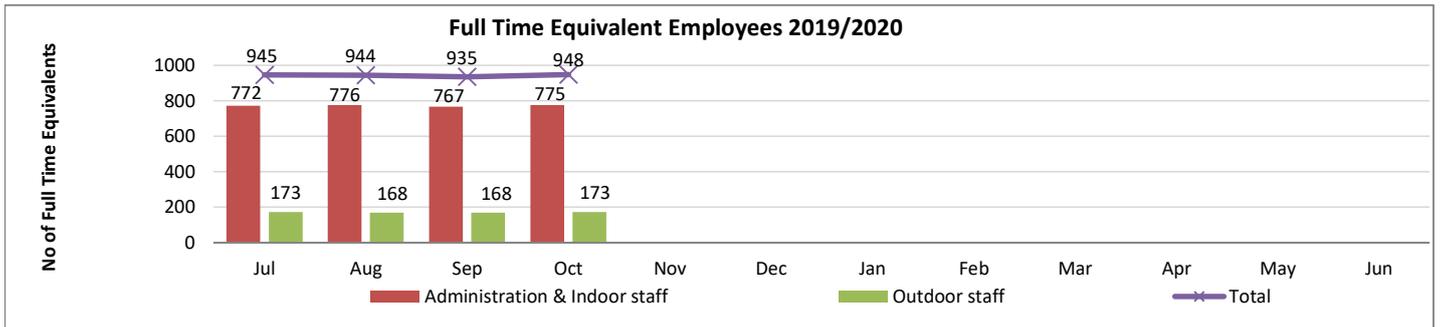
11. REDWASTE STATEMENTS

REDWASTE OPERATING STATEMENT					
For the period ending 31 October 2019					
	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Total revenue	33,701	33,701	14,160	14,109	(51)
Total expenses	26,197	26,197	8,821	8,475	(346)
Earnings before interest, tax and depreciation (EBITD)	7,504	7,504	5,339	5,634	295
External interest expense	31	31	10	9	(1)
Depreciation	278	278	93	99	6
Operating surplus / (deficit)	7,195	7,195	5,236	5,526	290

REDWASTE CAPITAL FUNDING STATEMENT					
For the period ending 31 October 2019					
	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	746	746	415	254	(161)
Total sources of capital funding	746	746	415	254	(161)
Capitalised expenditure	608	608	304	144	(160)
Loan redemption	138	138	111	110	(1)
Total application of capital funds	746	746	415	254	(161)

12. APPENDIX: ADDITIONAL AND NON-FINANCIAL INFORMATION

Workforce Reporting



October 2019: Headcount	Employee Type			
Department Level	Casual	Full Time	Part Time	Total
Office of CEO	5	35	7	47
Organisational Services	5	211	17	233
Community and Customer Services	37	270	83	390
Infrastructure and Operations	14	345	18	377
Total	61	861	125	1,047

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. Following Ourspace, the table includes contract of service and temporary personnel. It includes casual staff in their non-substantive roles as at the end of the period where relevant.

Overdue Rates Debtors

Days Overdue	Oct-19	% Overdue	Oct-18	% Overdue	\$ Variance	% Variance	Comment
0 - 30	\$1,506	0.0%	\$475	0.0%	\$1,031	0.0%	Revenue Collection team continues to monitor and work with ratepayers who are unable to promptly meet their financial obligation to Council.
31 - 60	\$2,290	0.0%	\$1,054	0.0%	\$1,236	0.0%	
61 - 90	\$2,779,503	2.0%	\$2,697,931	2.0%	\$81,572	0.0%	
91 - 180	\$1,491,920	1.0%	\$1,431,646	1.0%	\$60,274	0.0%	
>180	\$3,183,740	2.2%	\$3,130,648	2.3%	\$53,092	-0.1%	
Total	\$7,458,959	5.2%	\$7,261,754	5.3%	\$197,205	-0.1%	

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*:	$\frac{\text{Net Operating Surplus}}{\text{Total Operating Revenue}}$
<i>This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes</i>	
Asset Sustainability Ratio*:	$\frac{\text{Capital Expenditure on Replacement of Infrastructure Assets (Renewals)}}{\text{Depreciation Expenditure on Infrastructure Assets}}$
<i>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</i>	
Net Financial Liabilities*:	$\frac{\text{Total Liabilities - Current Assets}}{\text{Total Operating Revenue}}$
<i>This is an indicator of the extent to which the net financial liabilities of Council can be serviced by operating revenues</i>	
Level of Dependence on General Rate Revenue:	$\frac{\text{General Rates - Pensioner Remissions}}{\text{Total Operating Revenue - Gain on Sale of Developed Land}}$
<i>This ratio measures Council's reliance on operating revenue from general rates (excludes utility revenues)</i>	
Current Ratio:	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
<i>This measures the extent to which Council has liquid assets available to meet short term financial obligations</i>	
Debt Servicing Ratio:	$\frac{\text{Interest Expense** + Loan Redemption}}{\text{Total Operating Revenue - Gain on Sale of Developed Land}}$
<i>This indicates Council's ability to meet current debt instalments with recurrent revenue</i>	
Cash Balance - \$M:	Cash Held at Period End
<i>Cash balance includes cash on hand, cash at bank and other short term investments.</i>	
Cash Capacity in Months:	$\frac{\text{Cash Held at Period End}}{[(\text{Cash Operating Costs} + \text{Interest Expense}) / \text{Period in Year}]}$
<i>This provides an indication as to the number of months cash held at period end would cover operating cash outflows</i>	
Longer Term Financial Stability - Debt to Asset Ratio:	$\frac{\text{Current and Non-current Debt**}}{\text{Total Assets}}$
<i>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</i>	
Operating Performance:	$\frac{\text{Net Cash from Operations} + \text{Interest Revenue and Expense}}{\text{Cash Operating Revenue} + \text{Interest Revenue}}$
<i>This ratio provides an indication of Council's cash flow capabilities</i>	
Interest Coverage Ratio:	$\frac{\text{Net Interest Expense on Debt Service***}}{\text{Total Operating Revenue}}$
<i>This ratio demonstrates the extent to which operating revenues are being used to meet the financing charges</i>	

* 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.

** Debt includes lease liabilities.

*** Interest expense includes interest on leases.