



Monthly Financial Report

March 2020



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1. EXECUTIVE SUMMARY

This monthly report illustrates the financial performance and position of Redland City Council compared to its adopted budget at an organisational level for the period ended 31 March 2020. The year to date and annual revised budget referred to in this report incorporates the changes from the first budget review adopted by Council on 12 February 2020.

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)	-	3,067	4,152	1,085	35%	✓
Recurrent Revenue	297,210	222,893	219,876	(3,017)	-1%	✗
Recurrent Expenditure	297,210	219,826	215,724	(4,102)	-2%	✓
Capital Works Expenditure	82,426	56,705	47,454	(9,251)	-16%	✓
Closing Cash & Cash Equivalents	169,514	163,955	161,906	(2,049)	-1%	✗

Council reported a year to date operating surplus of \$4.15M which is favourable to the revised budget by \$1.08M mainly due to less than budget recurrent expenditure. Bulk water consumption is lower than expected, resulting in lower than expected revenue. The favourable variance in recurrent expenditure is mainly due to underspend in bulk water costs and contractor costs. Of note, Interest income is lower than budget due to historically lower interest rates on investments.

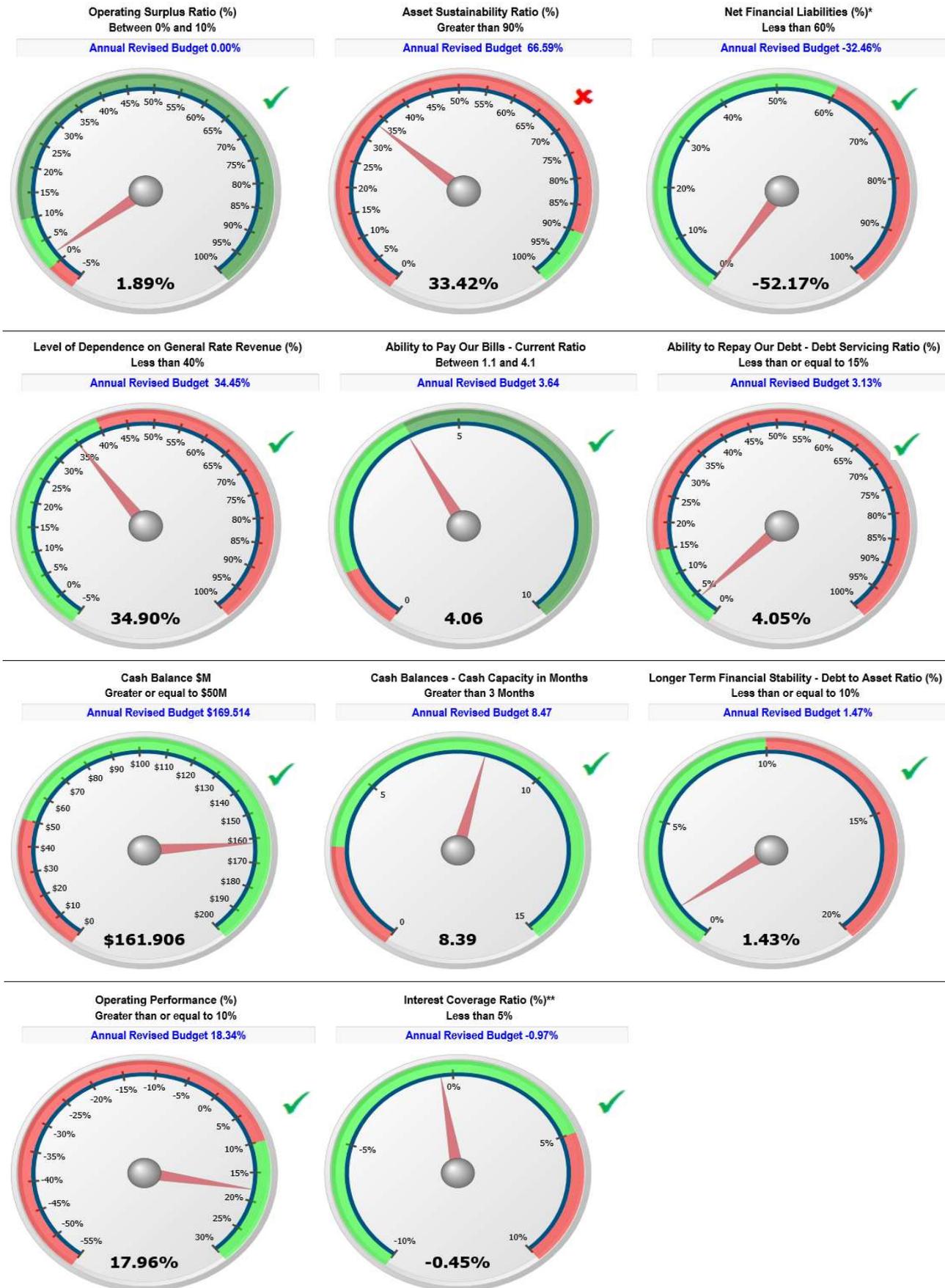
Capital grants, subsidies and contributions are below budget due to timing of developer cash contributions. Loss on disposal of non-current assets is mainly due to sale of fleet assets and replacement of road assets.

Council's capital works expenditure is below budget by \$9.25M due to timing of works for a number of infrastructure projects and assets acquisition.

Constrained cash reserves represent 65% of the cash balance.

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)

3. STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME					
For the period ending 31 March 2020					
	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Recurrent revenue					
Rates charges	104,953	105,253	78,824	78,898	74
Levies and utility charges	152,328	152,728	115,446	114,231	(1,215)
Less: Pensioner remissions and rebates	(3,333)	(3,328)	(2,499)	(2,524)	(25)
Fees	14,632	14,622	10,959	10,416	(543)
Rental income	925	925	701	733	32
Interest received	5,231	5,231	3,819	2,742	(1,077)
Dividend received	-	-	-	-	-
Sales revenue	3,856	3,877	2,731	2,129	(602)
Other income	525	656	551	1,109	558
Grants, subsidies and contributions	18,456	17,246	12,361	12,142	(219)
Total recurrent revenue	297,572	297,210	222,893	219,876	(3,017)
Recurrent expenses					
Employee benefits	90,372	90,486	68,131	68,241	110
Materials and services	140,138	139,805	101,529	97,230	(4,299)
Finance costs	2,809	2,809	2,106	2,022	(84)
Depreciation and amortisation	65,279	65,279	48,959	49,342	383
Other expenditure	514	514	382	130	(252)
Net internal costs	(1,735)	(1,684)	(1,281)	(1,241)	40
Total recurrent expenses	297,377	297,210	219,826	215,724	(4,102)
OPERATING SURPLUS / (DEFICIT)	195	-	3,067	4,152	1,085
Capital revenue					
Grants, subsidies and contributions	24,492	26,869	20,017	13,557	(6,460)
Non-cash contributions	3,480	3,480	2,610	1,019	(1,591)
Total capital revenue	27,973	30,350	22,627	14,576	(8,051)
Capital expenses					
(Gain) / loss on disposal of non-current assets	112	(519)	84	1,810	1,726
Total capital expenses	112	(519)	84	1,810	1,726
TOTAL INCOME	325,545	327,559	245,520	234,452	(11,068)
TOTAL EXPENSES	297,489	296,691	219,910	217,534	(2,376)
NET RESULT	28,056	30,869	25,610	16,918	(8,692)
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	30,869	25,610	16,918	(8,692)

3. STATEMENT OF COMPREHENSIVE INCOME - CONTINUED

LEVIES AND UTILITY CHARGES ANALYSIS For the period ending 31 March 2020

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Levies and utility charges					
Refuse collection rate charge	26,968	26,968	20,178	19,706	(472)
SES separate charge	487	487	365	364	(1)
Environment separate charge	8,721	8,721	6,530	6,520	(10)
Separate charge landfill remediation	2,896	2,896	2,169	2,166	(3)
Wastewater charges	46,347	46,347	34,794	34,171	(623)
Water access charges	19,105	19,105	14,298	14,278	(20)
Water consumption charges	47,804	48,204	37,112	37,026	(86)
Total levies and utility charges	152,328	152,728	115,446	114,231	(1,215)

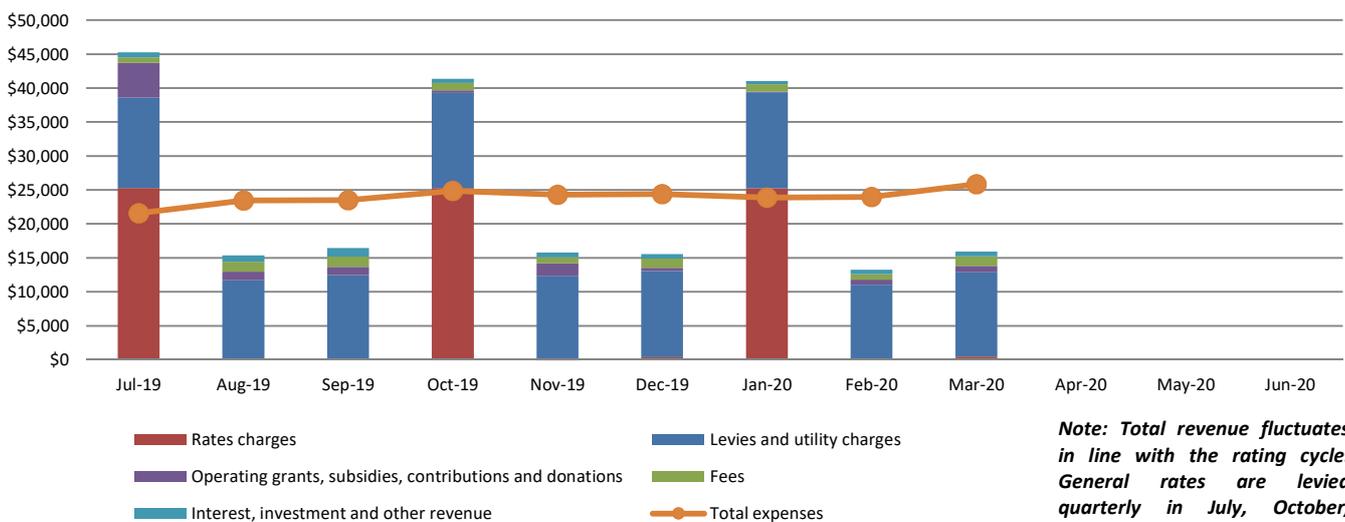
MATERIALS AND SERVICES ANALYSIS For the period ending 31 March 2020

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Materials and services					
Contractors	41,225	41,218	28,276	26,170	(2,106)
Consultants	3,291	3,410	2,155	1,108	(1,047)
Other Council outsourcing costs*	17,527	17,679	12,728	13,172	444
Purchase of materials	50,161	50,173	38,023	36,599	(1,424)
Office administration costs	11,357	11,114	8,205	8,732	527
Electricity charges	6,138	5,688	4,301	4,125	(176)
Plant operations	3,873	3,970	2,931	3,116	185
Information technology resources	3,080	3,039	2,285	1,949	(336)
General insurance	1,195	1,195	899	896	(3)
Community assistance**	1,649	1,699	1,261	909	(352)
Other material and service expenses	642	620	465	454	(11)
Total materials and services	140,138	139,805	101,529	97,230	(4,299)

* 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.

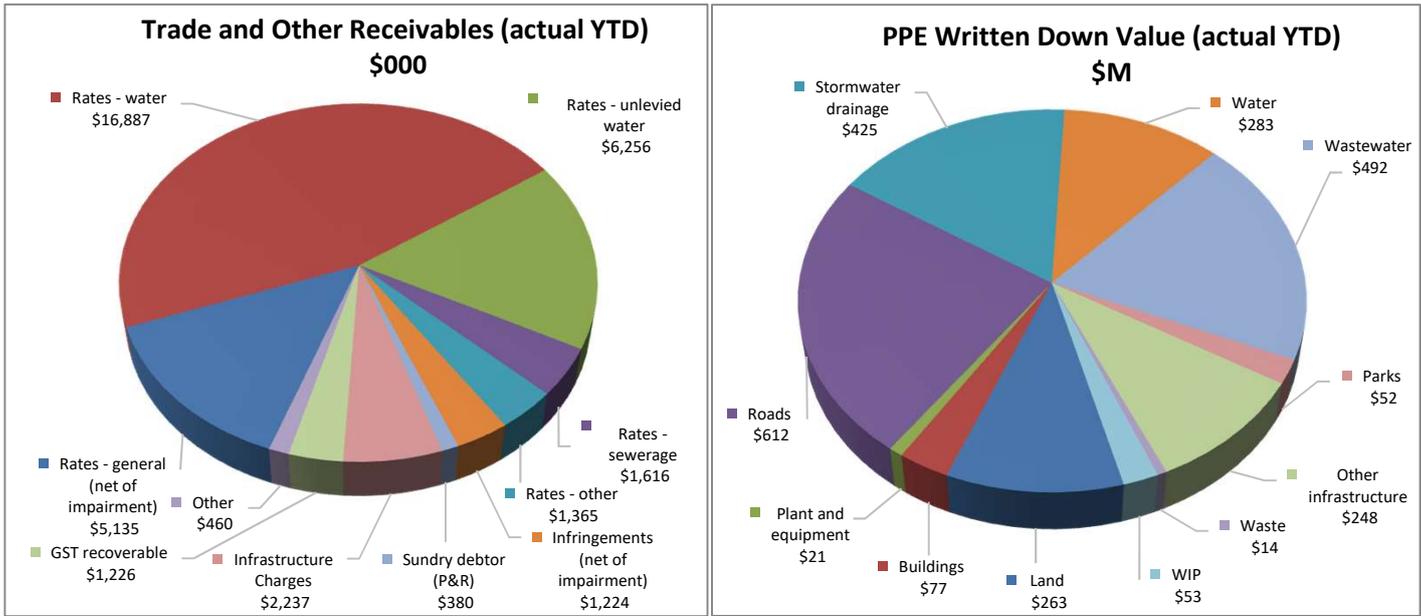
4. STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION As at 31 March 2020

	Annual	Annual	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000
CURRENT ASSETS				
Cash and cash equivalents	170,027	169,514	163,955	161,906
Trade and other receivables	30,532	34,819	34,273	36,786
Inventories	936	923	938	953
Non-current assets held for sale	-	-	-	11,113
Other current assets	1,765	2,340	2,340	2,131
Total current assets	203,260	207,596	201,506	212,889
NON-CURRENT ASSETS				
Investment property	1,091	1,091	1,091	1,091
Property, plant and equipment	2,555,393	2,562,073	2,552,712	2,540,093
Intangible assets	968	712	950	1,167
Right-of-use assets*	8,278	8,278	8,581	8,681
Other financial assets	73	73	73	73
Investment in other entities	25,904	24,214	24,214	13,101
Total non-current assets	2,591,706	2,596,440	2,587,621	2,564,206
TOTAL ASSETS	2,794,966	2,804,036	2,789,127	2,777,095
CURRENT LIABILITIES				
Trade and other payables	23,817	30,981	28,578	25,521
Borrowings - current	7,728	7,845	7,845	7,845
Lease liability - current*	1,039	1,039	1,039	1,051
Provisions - current	7,816	10,351	11,608	13,885
Other current liabilities	2,940	6,803	8,385	4,118
Total current liabilities	43,340	57,018	57,455	52,420
NON-CURRENT LIABILITIES				
Borrowings - non-current	33,400	33,283	22,973	23,025
Lease liability - non-current*	7,412	7,412	7,672	7,782
Provisions - non-current	14,752	13,409	13,409	14,944
Total non-current liabilities	55,563	54,105	44,054	45,751
TOTAL LIABILITIES	98,904	111,123	101,509	98,171
NET COMMUNITY ASSETS	2,696,062	2,692,914	2,687,618	2,678,924
COMMUNITY EQUITY				
Asset revaluation surplus	1,003,168	1,008,120	1,008,120	1,008,120
Retained surplus	1,575,901	1,578,295	1,573,029	1,564,759
Constrained cash reserves	116,993	106,499	106,469	106,045
TOTAL COMMUNITY EQUITY	2,696,062	2,692,914	2,687,618	2,678,924

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

4. STATEMENT OF FINANCIAL POSITION - CONTINUED



RIGHT OF USE ASSETS For the period ending 31 March 2020

	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	3,646	3,734
Land	4,372	4,372	4,509	4,509
Plant and Equipment	415	415	426	438
Closing balance	8,278	8,278	8,581	8,681

PROPERTY, PLANT AND EQUIPMENT (PPE) MOVEMENT* For the period ending 31 March 2020

	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	85,907	59,316	48,209
Depreciation in year	(63,114)	(63,115)	(47,336)	(47,665)
Disposals	(1,531)	(2,600)	(1,149)	(2,567)
Other adjustments**	-	-	-	235
Closing balance	2,555,393	2,562,073	2,552,712	2,540,093

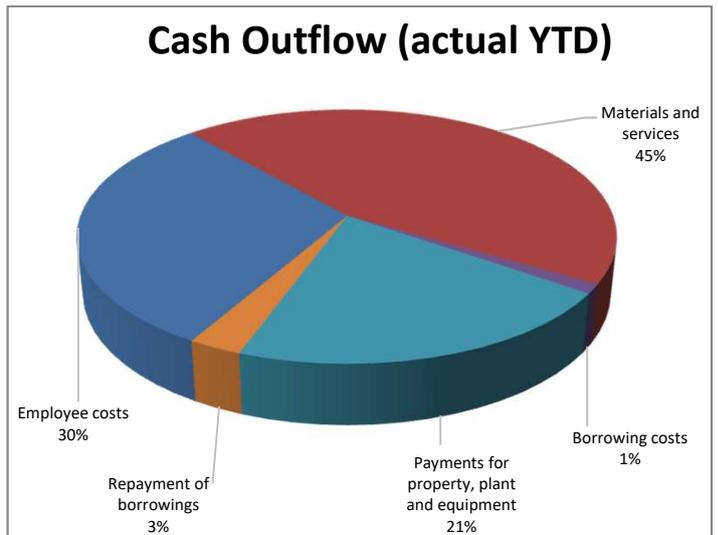
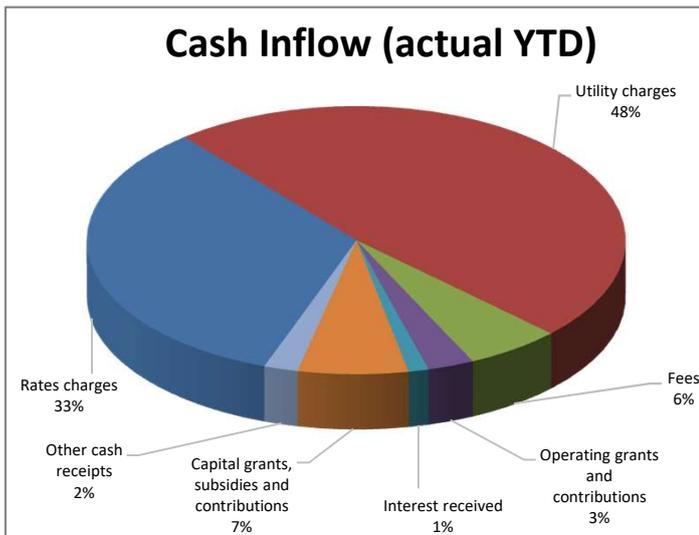
* This table includes movement relating to property, plant and equipment only and is exclusive of intangible assets.

** 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 March 2020

	Annual	Annual	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	272,371	273,008	205,900	201,815
Payments to suppliers and employees*	(237,536)	(237,369)	(178,183)	(171,023)
	34,835	35,640	27,717	30,792
Interest received	5,231	5,231	3,819	2,742
Dividend received	-	-	-	-
Rental income	925	925	701	733
Non-capital grants and contributions	16,097	14,888	11,540	6,358
Borrowing costs*	(2,480)	(2,480)	(2,474)	(2,416)
Right-of-use assets interest expense	(266)	(266)	(200)	(197)
Net cash inflow / (outflow) from operating activities	54,342	53,937	41,103	38,012
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	(58,432)	(79,742)	(54,020)	(47,325)
Payments for intangible assets	-	-	-	(264)
Proceeds from sale of property, plant and equipment	1,419	3,119	1,064	758
Capital grants, subsidies and contributions	24,492	26,869	20,017	15,016
Other cash flows from investing activities	-	-	-	(90)
Net cash inflow / (outflow) from investing activities	(32,521)	(49,753)	(32,939)	(31,905)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of borrowings	9,800	9,800	-	-
Repayment of borrowings*	(5,527)	(5,527)	(5,526)	(5,530)
Right-of-use lease payment	(1,039)	(1,039)	(779)	(767)
Net cash inflow / (outflow) from financing activities	3,234	3,234	(6,305)	(6,297)
Net increase / (decrease) in cash held	25,055	7,418	1,859	(190)
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	169,514	163,955	161,906

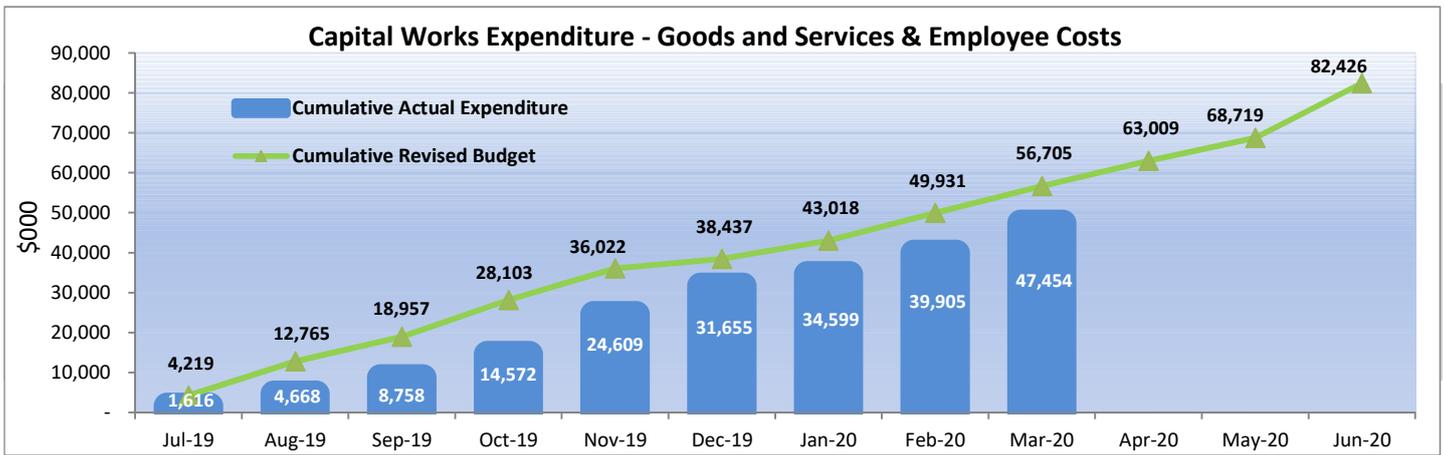


Total Cash Funding (Actual YTD)	227,422
Total Cash Funding (Annual Revised Budget)	333,840
% of Budget Achieved YTD	68%

Total Cash Expenditure (Actual YTD)	227,612
Total Cash Expenditure (Annual Revised Budget)	326,422
% of Budget Achieved YTD	70%

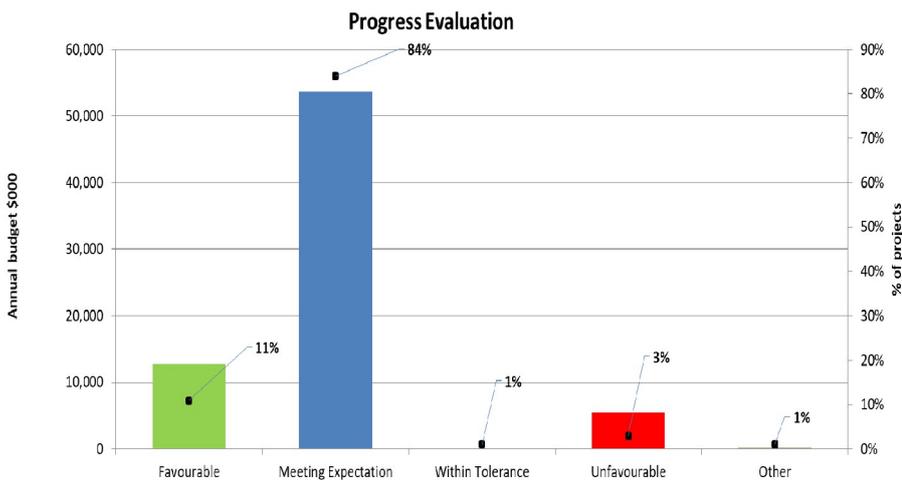
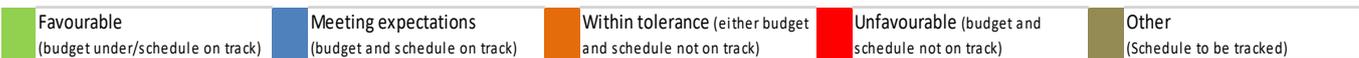
* Reclassified amounts in original budget to align with Annual Financial Statements and permitted by Australian Accounting Standard AASB 107 Statement of Cash Flows.

6. CAPITAL EXPENDITURE



	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000	YTD Variance \$000
Capitalised goods and services	76,540	52,903	42,524	(10,379)
Capitalised employee costs	5,886	3,802	4,930	1,128
Total	82,426	56,705	47,454	(9,251)

7. PROGRAM AND PROJECT UPDATE



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

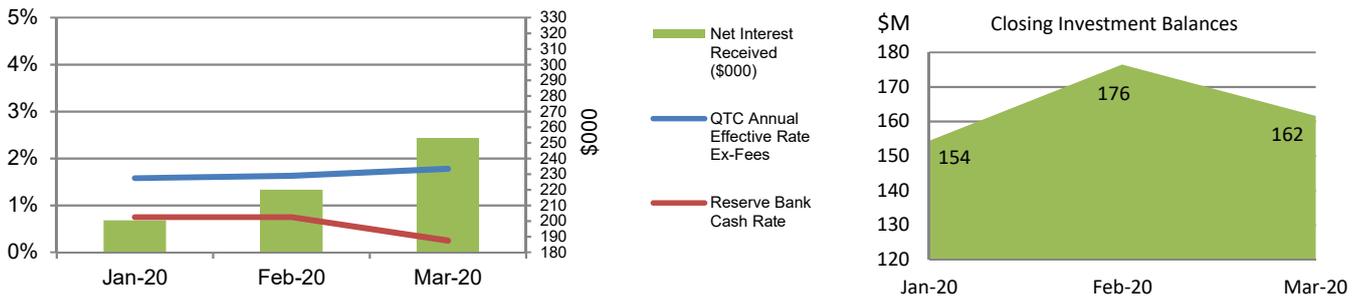
The status of two notable projects are as follows:

Project description	Progress
WWTP Hydrogen Feasibility Study - This project is to undertake a feasibility study for a potential hydrogen project at a Wastewater Treatment Plant .	Meeting Expectations
Melaleuca Street Tree Removal and Replacement - This project is for the removal and replacement with suitable species of trees.	Meeting Expectations

8. INVESTMENT & BORROWINGS REPORT

For the period ending 31 March 2020

INVESTMENT RETURNS - QUEENSLAND TREASURY CORPORATION (QTC)



Total Investment at End of Month was \$161.53M

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

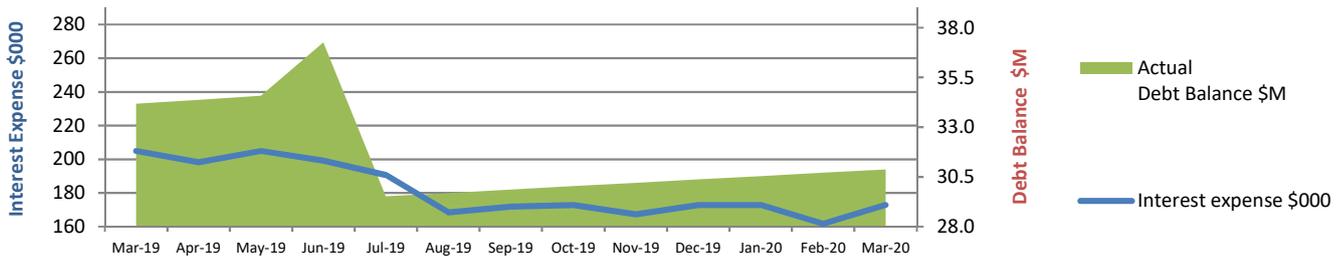
The movement in interest earned is indicative of both the interest rate and the surplus cash balances held, the latter of which is affected by business cash flow requirements on a monthly basis as well as the rating cycle.

Note: the Reserve Bank reduced the cash rate down to 0.25% during the month.

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 1.78%. 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 \$30.87M

General pool allocated to capital works is 99.66% and 0.34% 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 March 2020	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	458	(371)	1,629
Waste Levy Reserve	To fund Waste Levy Program	-	4,646	(3,443)	1,203
Raby Bay Revetment Wall Reserve	To fund Raby Bay revetment wall works program	1,766	2,224	(2,253)	1,737
Aquatic Paradise Revetment Wall Reserve	To fund Aquatic Paradise revetment wall works program	-	20	(5)	15
Fleet Plant & Capital Equipment Reserve	To support the long term fleet replacement program	4,072	2,218	(1,708)	4,582
		7,380	9,566	(7,780)	9,166
Constrained Works Reserve:					
Public Parks Trunk Infrastructure Reserve	Capital projects for public parks trunk infrastructure	7,898	2,158	(1,494)	8,562
Land for Community Facilities Trunk Infrastructure Reserve	Land for community facilities trunk infrastructure	2,551	309	-	2,860
Water Supply Trunk Infrastructure Reserve	Upgrade, expansion or new projects for water supply trunk infrastructure	14,273	343	-	14,616
Sewerage Trunk Infrastructure Reserve	Upgrade, expansion or new projects for sewerage trunk infrastructure	11,414	2,049	(1,440)	12,023
Constrained Works Res-Cap Grants & Contribs	Unexpended capital grants and contributions received for specific projects	327	-	(327)	-
Local Roads Trunk Infrastructure Reserve	Capital projects for local roads trunk infrastructure	33,680	4,798	(4,292)	34,186
Cycleways Trunk Infrastructure Reserve	Capital projects for cycleways trunk infrastructure	12,456	1,598	(2,506)	11,548
Stormwater Trunk Infrastructure Reserve	Capital projects for stormwater trunk infrastructure	9,996	775	-	10,771
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	45	(24)	106
Koala Tree off-set Planting Reserve	Acquisition and planting of trees for koala habitat	142	-	-	142
		93,046	12,075	(10,083)	95,038
Separate Charge Reserve:					
Environment Charge Acquisition Reserve	Acquisitions of land and facilities to support or enhance environmental outcomes	1,457	-	(1,457)	-
Environment Charge Maintenance Reserve	Ongoing conservation and maintenance operations	-	6,520	(5,524)	996
SES Separate Charge Reserve	On-going costs of maintaining the Redland SES	39	364	(414)	(11)
		1,496	6,884	(7,395)	985
Special Charge Reserve - Canals:					
Aquatic Paradise Canal Reserve	Maintenance and repairs of Aquatic Paradise canals	754	4	-	758
Sovereign Waters Lake Reserve	Maintenance and repairs of Sovereign Lake	428	2	-	430
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	6	-	856
TOTALS		102,772	28,531	(25,258)	106,045
		Closing cash and cash equivalents			161,906
		Reserves as percentage of cash balance			65%

10. REDLAND WATER STATEMENTS

REDLAND WATER SUMMARY OPERATING STATEMENT					
For the period ending 31 March 2020					
	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Total revenue	116,436	116,966	88,528	87,745	(783)
Total expenses	66,474	66,681	49,868	49,193	(675)
Earnings before interest, tax and depreciation (EBITD)	49,963	50,285	38,660	38,552	(108)
External interest expense	136	136	102	102	-
Internal interest expense	14,867	14,867	11,150	11,150	-
Depreciation	23,823	23,823	17,867	18,100	233
Operating surplus / (deficit)	11,136	11,458	9,541	9,200	(341)

REDLAND WATER CAPITAL FUNDING STATEMENT					
For the period ending 31 March 2020					
	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	1,903	2,393	490
Net transfer (to) / from constrained capital reserves	(1,982)	495	(647)	(947)	(300)
Non-cash contributions	3,399	3,399	2,549	217	(2,332)
Funding from utility revenue	4,172	8,928	4,244	394	(3,850)
Total sources of capital funding	8,126	15,359	8,049	2,057	(5,992)
Contributed assets	3,399	3,399	2,549	217	(2,332)
Capitalised expenditure	4,179	11,412	5,089	1,480	(3,609)
Loan redemption	549	549	411	360	(51)
Total application of capital funds	8,126	15,359	8,049	2,057	(5,992)

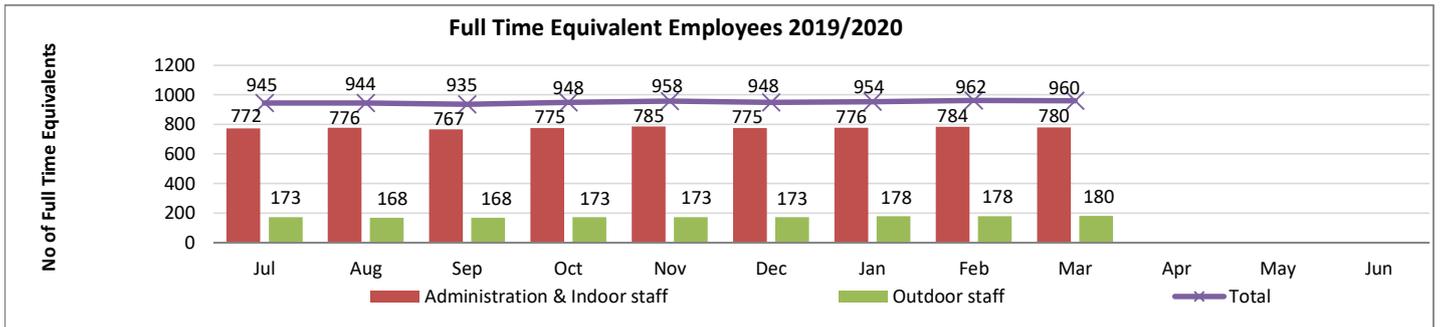
11. REDWASTE STATEMENTS

REDWASTE OPERATING STATEMENT					
For the period ending 31 March 2020					
	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Total revenue	33,701	33,701	26,360	25,958	(402)
Total expenses	26,197	25,862	19,488	19,205	(283)
Earnings before interest, tax and depreciation (EBITD)	7,504	7,839	6,872	6,753	(119)
External interest expense	31	31	23	20	(3)
Depreciation	278	278	209	224	15
Operating surplus / (deficit)	7,195	7,530	6,640	6,509	(131)

REDWASTE CAPITAL FUNDING STATEMENT					
For the period ending 31 March 2020					
	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	3,046	1,382	537	(845)
Total sources of capital funding	746	3,046	1,382	537	(845)
Capitalised expenditure	608	2,908	1,256	441	(815)
Loan redemption	138	138	126	96	(30)
Total application of capital funds	746	3,046	1,382	537	(845)

12. APPENDIX: ADDITIONAL AND NON-FINANCIAL INFORMATION

Workforce Reporting



March 2020: Headcount	Employee Type			
Department Level	Casual	Full Time	Part Time	Total
Office of CEO and People and Culture	5	38	7	50
Organisational Services	8	210	20	238
Community and Customer Services	35	275	75	385
Infrastructure and Operations	13	348	18	379
Total	61	871	120	1,052

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	Mar-20	% Overdue	Mar-19	% Overdue	\$ Variance	% Variance	Comment
0 - 30	\$20,059	0.0%	\$2,260	0.0%	\$17,799	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	\$4,270,171	2.0%	\$4,065,626	2.0%	\$204,545	0.0%	
61 - 90	\$677	0.0%	\$1,571	0.0%	-\$894	0.0%	
91 - 180	\$1,923,295	0.9%	\$1,901,100	0.9%	\$22,195	0.0%	
> 180	\$3,959,201	1.9%	\$3,834,412	1.9%	\$124,789	0.0%	
Total	\$10,173,403	4.8%	\$9,804,969	4.8%	\$368,434	0.0%	

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

* 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.

** Debt includes lease liabilities.

*** Interest expense includes interest on leases.

^ Loan redemption includes lease redemption.