



Monthly Financial Report

April 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 30 April 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)	-	20,373	19,451	(922)	-5%	✗
Recurrent Revenue	297,210	264,506	260,654	(3,852)	-1%	✗
Recurrent Expenditure	297,210	244,133	241,203	(2,930)	-1%	✓
Capital Works Expenditure	82,426	63,509	51,812	(11,697)	-18%	✓
Closing Cash & Cash Equivalents	169,514	163,314	156,422	(6,892)	-4%	✗

Council reported a year to date operating surplus of \$19.45M. The fourth quarter rate notices were issued in April 2020. Recurrent revenue is below budget mainly due to levies and utility charges, fees, and grants and subsidies below budget. Of note, Interest income is lower than budget due to historically lower interest rates on investments. This was partially offset by a favourable variance in materials and services which is primarily due to underspend in contractor costs.

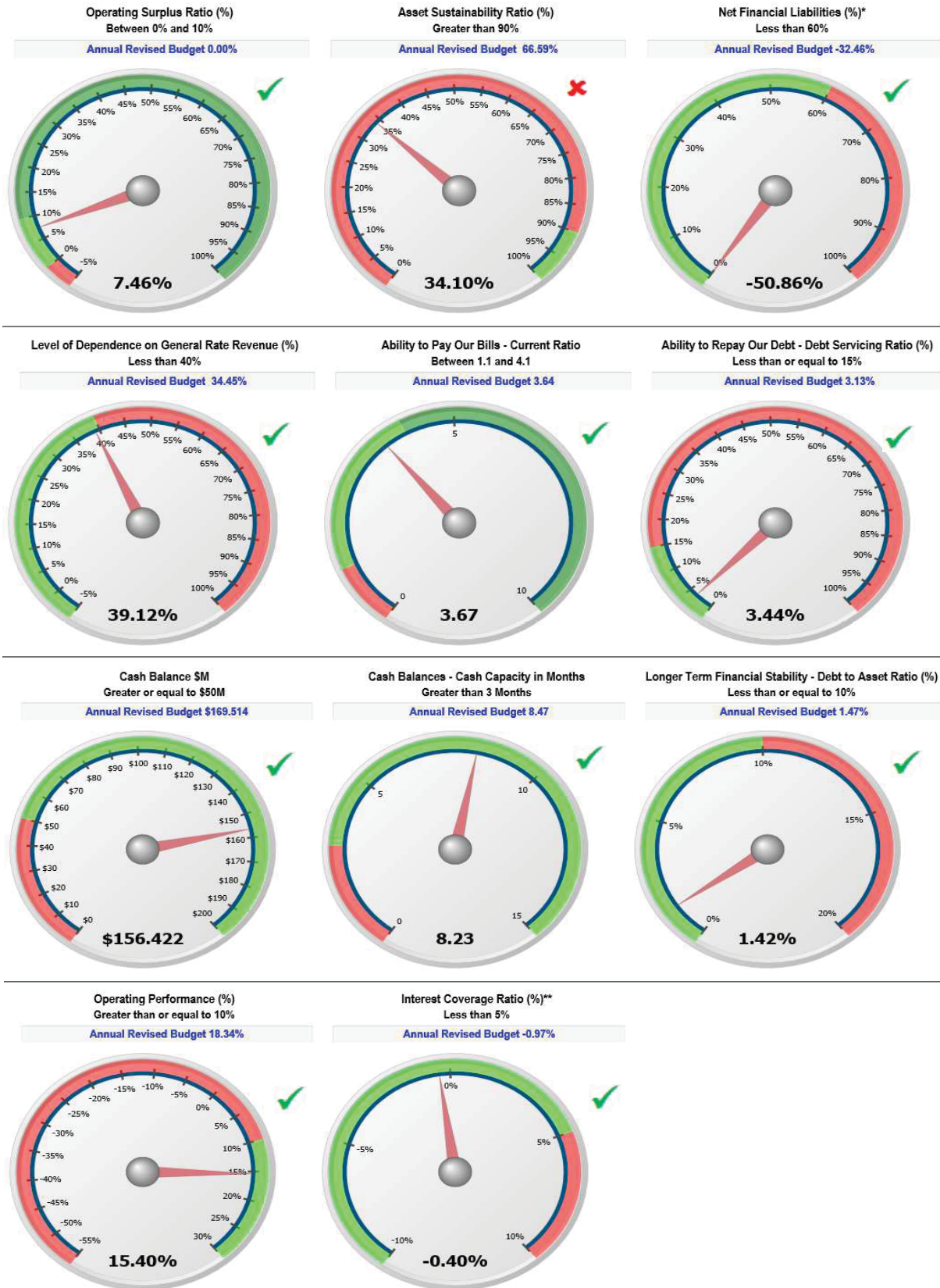
Capital grants, subsidies and contributions are below budget due to timing of developer cash contributions, hence a lower cash and cash equivalents balance. Additionally, non-cash contributions are below budget due to timing of developer non-cash contributions. Loss on disposal of non-current assets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

Council's capital works expenditure is below budget by \$11.70M due to timing of works for a number of infrastructure projects and assets acquisition.

Constrained cash reserves represent 68% 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 30 April 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	104,959	104,833	(126)
Levies and utility charges	152,328	152,728	129,220	128,379	(841)
Less: Pensioner remissions and rebates	(3,333)	(3,328)	(3,263)	(3,280)	(17)
Fees	14,632	14,622	12,008	11,055	(953)
Rental income	925	925	784	770	(14)
Interest received	5,231	5,231	4,255	2,979	(1,276)
Dividend received	-	-	-	-	-
Sales revenue	3,856	3,877	2,968	2,317	(651)
Other income	525	656	568	1,440	872
Grants, subsidies and contributions	18,456	17,246	13,007	12,161	(846)
Total recurrent revenue	297,572	297,210	264,506	260,654	(3,852)
Recurrent expenses					
Employee benefits	90,372	90,486	75,610	75,975	365
Materials and services	140,138	139,805	112,806	109,539	(3,267)
Finance costs	2,809	2,809	2,330	2,230	(100)
Depreciation and amortisation	65,279	65,279	54,399	54,683	284
Other expenditure	514	514	403	158	(245)
Net internal costs	(1,735)	(1,684)	(1,415)	(1,382)	33
Total recurrent expenses	297,377	297,210	244,133	241,203	(2,930)
OPERATING SURPLUS / (DEFICIT)	195	-	20,373	19,451	(922)
Capital revenue					
Grants, subsidies and contributions	24,492	26,869	22,276	15,309	(6,967)
Non-cash contributions	3,480	3,480	2,901	1,019	(1,882)
Total capital revenue	27,973	30,350	25,177	16,328	(8,849)
Capital expenses					
(Gain) / loss on disposal of non-current assets	112	(519)	95	1,887	1,792
Total capital expenses	112	(519)	95	1,887	1,792
TOTAL INCOME	325,545	327,559	289,683	276,982	(12,701)
TOTAL EXPENSES	297,489	296,691	244,228	243,090	(1,138)
NET RESULT	28,056	30,869	45,455	33,892	(11,563)
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	45,455	33,892	(11,563)

3. STATEMENT OF COMPREHENSIVE INCOME - CONTINUED

LEVIES AND UTILITY CHARGES ANALYSIS

For the period ending 30 April 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	22,432	21,910	(522)
SES separate charge	487	487	487	486	(1)
Environment separate charge	8,721	8,721	8,715	8,701	(14)
Separate charge landfill remediation	2,896	2,896	2,411	2,407	(4)
Wastewater charges	46,347	46,347	38,617	37,979	(638)
Water access charges	19,105	19,105	15,893	15,869	(24)
Water consumption charges	47,804	48,204	40,665	41,027	362
Total levies and utility charges	152,328	152,728	129,220	128,379	(841)

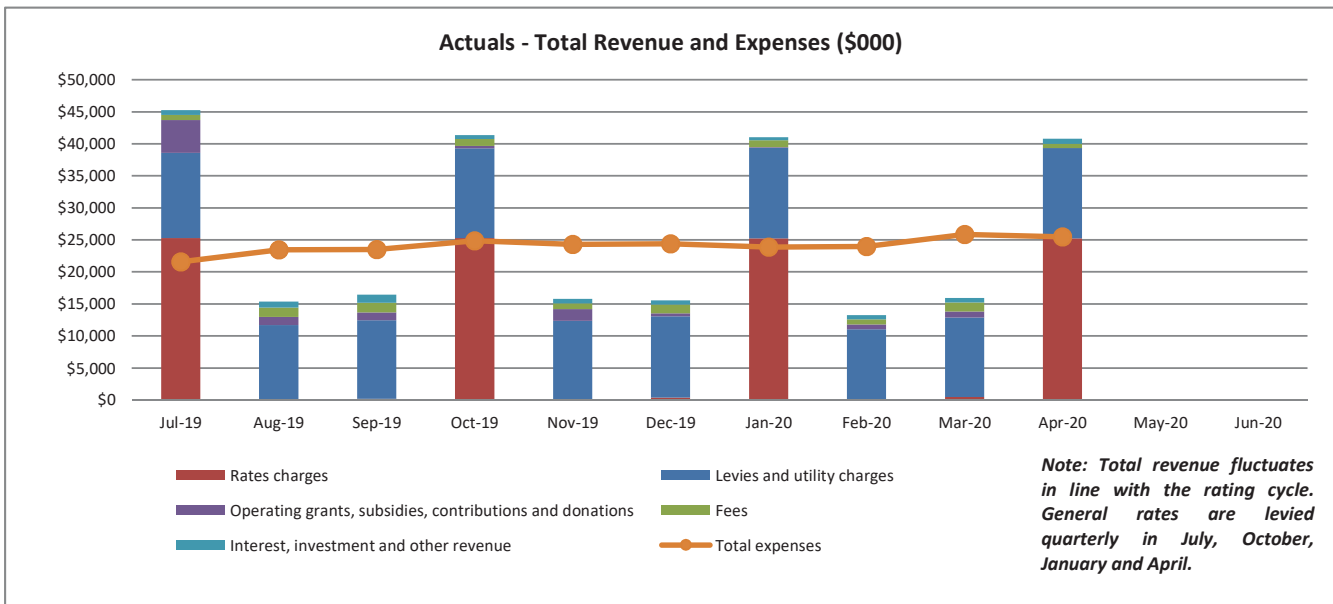
MATERIALS AND SERVICES ANALYSIS

For the period ending 30 April 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	41,253	31,688	29,730	(1,958)
Consultants	3,291	3,415	2,472	1,247	(1,225)
Other Council outsourcing costs*	17,527	17,639	14,081	14,650	569
Purchase of materials	50,161	50,173	42,044	41,521	(523)
Office administration costs	11,357	11,114	9,074	9,701	627
Electricity charges	6,138	5,688	4,765	4,624	(141)
Plant operations	3,873	3,970	3,240	3,356	116
Information technology resources	3,080	3,039	2,506	2,205	(301)
General insurance	1,195	1,195	998	994	(4)
Community assistance**	1,649	1,699	1,389	987	(402)
Other material and service expenses	642	620	549	524	(25)
Total materials and services	140,138	139,805	112,806	109,539	(3,267)

* 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.

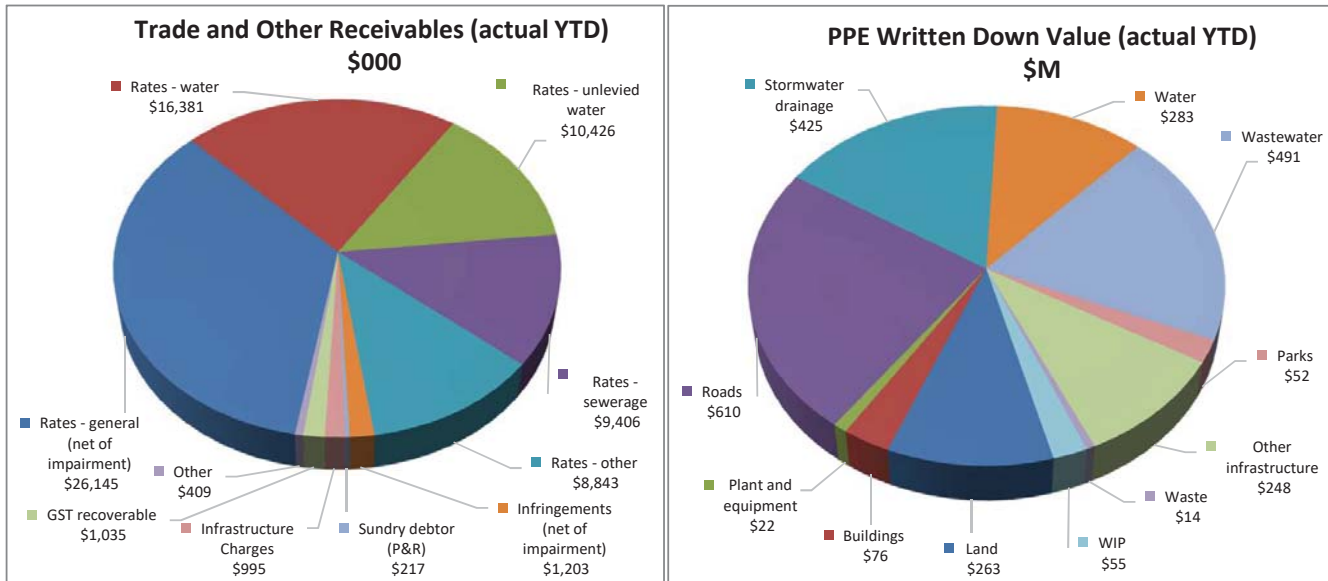


4. STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION				
As at 30 April 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	163,314	156,422
Trade and other receivables	30,532	34,819	70,348	75,060
Inventories	936	923	935	960
Non-current assets held for sale	-	-	-	11,113
Other current assets	1,765	2,340	2,340	1,955
Total current assets	203,260	207,596	236,937	245,510
NON-CURRENT ASSETS				
Investment property	1,091	1,091	1,091	1,091
Property, plant and equipment	2,555,393	2,562,073	2,554,418	2,539,219
Intangible assets	968	712	871	1,086
Right-of-use assets*	8,278	8,278	8,480	8,578
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	2,589,147	2,563,148
TOTAL ASSETS	2,794,966	2,804,036	2,826,084	2,808,658
CURRENT LIABILITIES				
Trade and other payables	23,817	30,981	30,424	28,653
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	11,263	13,907
Other current liabilities	2,940	6,803	23,875	15,426
Total current liabilities	43,340	57,018	74,446	66,882
NON-CURRENT LIABILITIES				
Borrowings - non-current	33,400	33,283	23,143	23,192
Lease liability - non-current*	7,412	7,412	7,585	7,751
Provisions - non-current	14,752	13,409	13,409	15,120
Total non-current liabilities	55,563	54,105	44,137	46,063
TOTAL LIABILITIES	98,904	111,123	118,583	112,945
NET COMMUNITY ASSETS	2,696,062	2,692,914	2,707,501	2,695,713
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	1,591,154	1,580,762
Constrained cash reserves	116,993	106,499	108,227	106,831
TOTAL COMMUNITY EQUITY	2,696,062	2,692,914	2,707,501	2,695,713

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

4. STATEMENT OF FINANCIAL POSITION - CONTINUED



RIGHT OF USE ASSETS For the period ending 30 April 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	3,594	3,680
Land	4,372	4,372	4,464	4,464
Plant and Equipment	415	415	422	434
Closing balance	8,278	8,278	8,480	8,578

PROPERTY, PLANT AND EQUIPMENT (PPE) MOVEMENT* For the period ending 30 April 2020

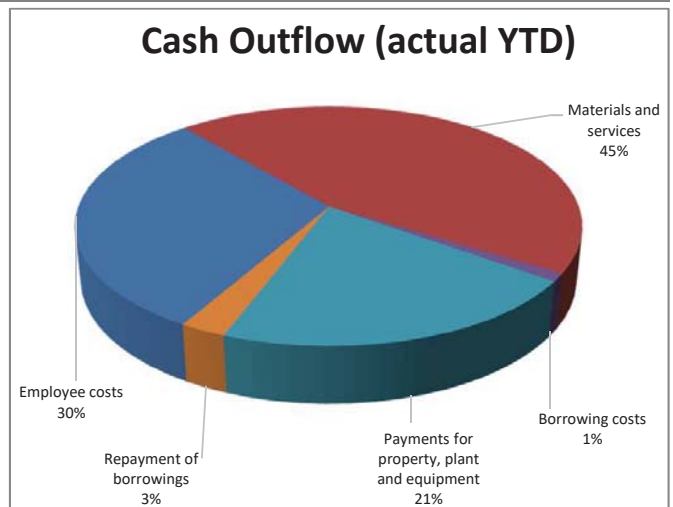
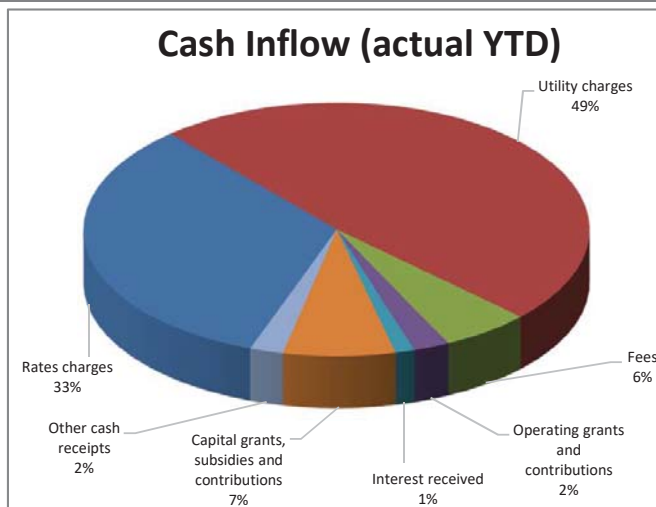
	Annual Original Budget \$'000	Annual Revised Budget \$'000	YTD Revised Budget \$'000	YTD Actual Balance \$'000
PPE movement				
Opening balance (includes WIP from previous years)	2,558,126	2,541,881	2,541,881	2,541,881
Acquisitions and WIP in year movement	61,912	85,907	66,411	52,567
Depreciation in year	(63,114)	(63,115)	(52,596)	(52,820)
Disposals	(1,531)	(2,600)	(1,278)	(2,644)
Other adjustments**	-	-	-	235
Closing balance	2,555,393	2,562,073	2,554,418	2,539,219

* 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

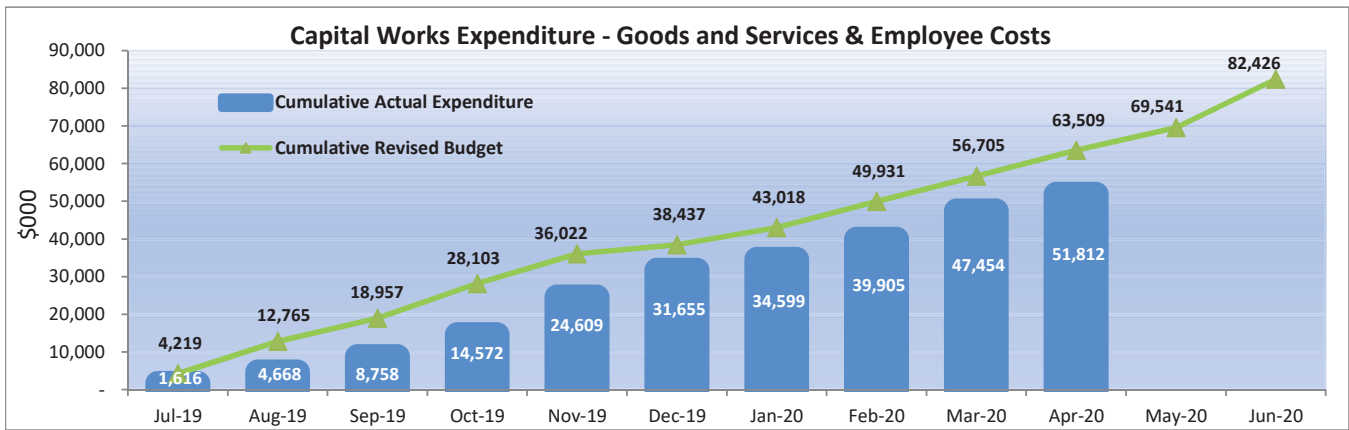
STATEMENT OF CASH FLOWS				
For the period ending 30 April 2020				
	Annual	Annual	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	272,371	273,008	226,205	215,309
Payments to suppliers and employees*	(237,536)	(237,369)	(195,397)	(187,397)
	34,835	35,640	30,808	27,912
Interest received	5,231	5,231	4,255	2,979
Dividend received	-	-	-	-
Rental income	925	925	784	770
Non-capital grants and contributions	16,097	14,888	11,827	5,577
Borrowing costs*	(2,480)	(2,480)	(2,476)	(2,416)
Right-of-use assets interest expense	(266)	(266)	(222)	(219)
Net cash inflow / (outflow) from operating activities	54,342	53,937	44,976	34,603
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	(58,432)	(79,742)	(60,824)	(51,683)
Payments for intangible assets	-	-	-	(264)
Proceeds from sale of property, plant and equipment	1,419	3,119	1,183	758
Capital grants, subsidies and contributions	24,492	26,869	22,276	17,330
Other cash flows from investing activities	-	-	-	(90)
Net cash inflow / (outflow) from investing activities	(32,521)	(49,753)	(37,365)	(33,949)
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)	(866)	(797)
Net cash inflow / (outflow) from financing activities	3,234	3,234	(6,393)	(6,328)
Net increase / (decrease) in cash held	25,055	7,418	1,218	(5,674)
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	163,314	156,422



Total Cash Funding (Actual YTD)	242,723	Total Cash Expenditure (Actual YTD)	248,397
Total Cash Funding (Annual Revised Budget)	333,840	Total Cash Expenditure (Annual Revised Budget)	326,422
% of Budget Achieved YTD	73%	% of Budget Achieved YTD	76%

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

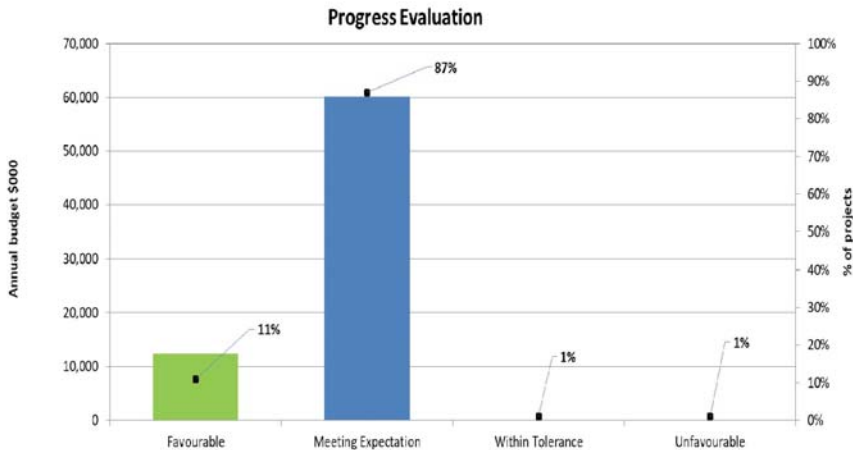
6. CAPITAL EXPENDITURE



	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000	YTD Variance \$000
Capitalised goods and services	76,540	59,344	46,311	(13,033)
Capitalised employee costs	5,886	4,165	5,501	1,336
Total	82,426	63,509	51,812	(11,697)

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)
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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

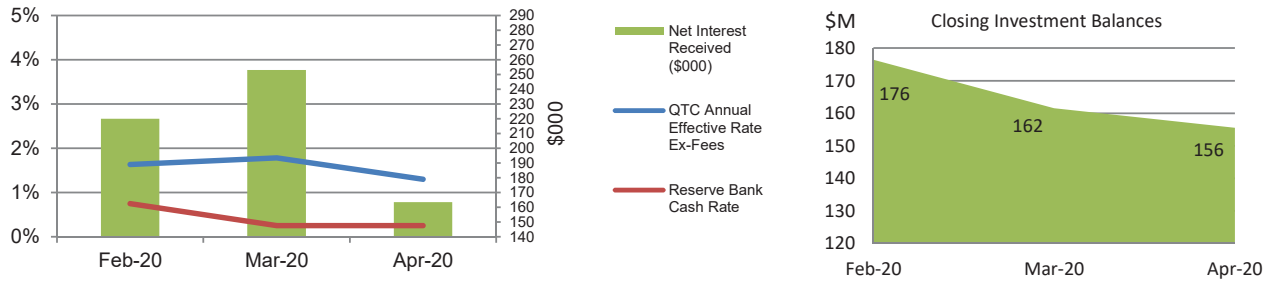
The status of two notable projects are as follows:

Project description	Progress
Redland Art Gallery (RAG) Collection Storage Climate Control System - This project is to move the RAG Collection into the new storage area at the South Street Depot, and install the art rack system and climate control system.	Meeting Expectations
Aquatic Paradise Maintenance Dredging - This project is for the maintenance dredging and bed-levelling in the Aquatic Paradise Canal Estate.	Meeting Expectations

8. INVESTMENT & BORROWINGS REPORT

For the period ending 30 April 2020

INVESTMENT RETURNS - QUEENSLAND TREASURY CORPORATION (QTC)



Total Investment at End of Month was \$155.53M

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

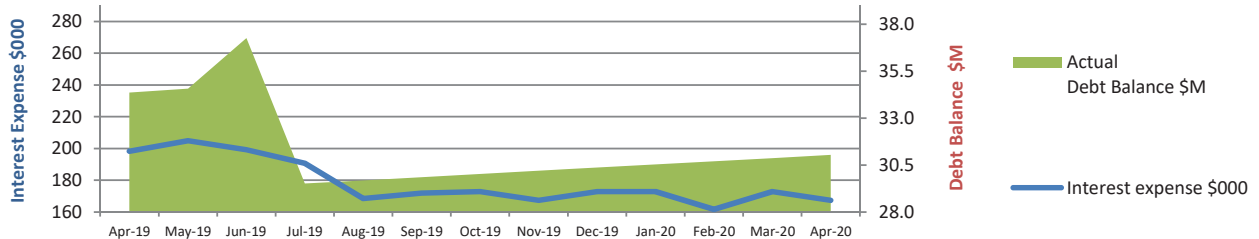
The movement in interest earned is indicative of both the interest rate and the surplus cash balances held, the latter of which is affected by business cash flow requirements on a monthly basis as well as the rating cycle.

Note: the Reserve Bank reduced the cash rate down to 0.25% during March 2020.

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 1.30%. 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 \$31.04M

General pool allocated to capital works is 99.65% and 0.35% 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 30 April 2020	Purpose of reserve	Opening Balance \$000	To Reserve \$000	From Reserve \$000	Closing Balance \$000	
Special Projects Reserve:						
Weinam Creek Reserve	Maintenance and improvements associated with Weinam Creek projects	1,542	457	(543)	1,456	
Waste Levy Reserve	To fund Waste Levy Program	-	4,646	(3,866)	780	
Raby Bay Revetment Wall Reserve	To fund Raby Bay revetment wall works program	1,766	2,925	(2,378)	2,313	
Aquatic Paradise Revetment Wall Reserve	To fund Aquatic Paradise revetment wall works program	-	26	(5)	21	
Fleet Plant & Capital Equipment Reserve	To support the long term fleet replacement program	4,072	2,386	(2,031)	4,427	
		7,380	10,440	(8,823)	8,997	
Constrained Works Reserve:						
Public Parks Trunk Infrastructure Reserve	Capital projects for public parks trunk infrastructure	7,898	2,158	(2,024)	8,032	
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	(1,672)	11,791	
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	(4,325)	34,153	
Cycleways Trunk Infrastructure Reserve	Capital projects for cycleways trunk infrastructure	12,456	1,598	(2,576)	11,478	
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	46	(24)	107	
Koala Tree off-set Planting Reserve	Acquisition and planting of trees for koala habitat	142	-	-	142	
		93,046	12,076	(10,948)	94,174	
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	-	8,701	(6,001)	2,700	
SES Separate Charge Reserve	On-going costs of maintaining the Redland SES	39	486	(421)	104	
		1,496	9,187	(7,879)	2,804	
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	31,709	(27,650)	106,831	
		Closing cash and cash equivalents				156,422
		Reserves as percentage of cash balance				68%

10. REDLAND WATER STATEMENTS

REDLAND WATER SUMMARY OPERATING STATEMENT					
For the period ending 30 April 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	97,743	97,432	(311)
Total expenses	66,474	66,681	54,781	54,651	(130)
Earnings before interest, tax and depreciation (EBITD)	49,963	50,285	42,962	42,781	(181)
External interest expense	136	136	114	114	-
Internal interest expense	14,867	14,867	12,389	12,389	-
Depreciation	23,823	23,823	19,852	20,070	218
Operating surplus / (deficit)	11,136	11,458	10,607	10,208	(399)

REDLAND WATER CAPITAL FUNDING STATEMENT					
For the period ending 30 April 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	2,114	2,393	279
Net transfer (to) / from constrained capital reserves	(1,982)	495	(203)	(716)	(513)
Non-cash contributions	3,399	3,399	2,832	217	(2,615)
Funding from utility revenue	4,172	8,928	4,627	443	(4,184)
Total sources of capital funding	8,126	15,359	9,370	2,337	(7,033)
Contributed assets	3,399	3,399	2,832	217	(2,615)
Capitalised expenditure	4,179	11,412	6,081	1,760	(4,321)
Loan redemption	549	549	457	360	(97)
Total application of capital funds	8,126	15,359	9,370	2,337	(7,033)

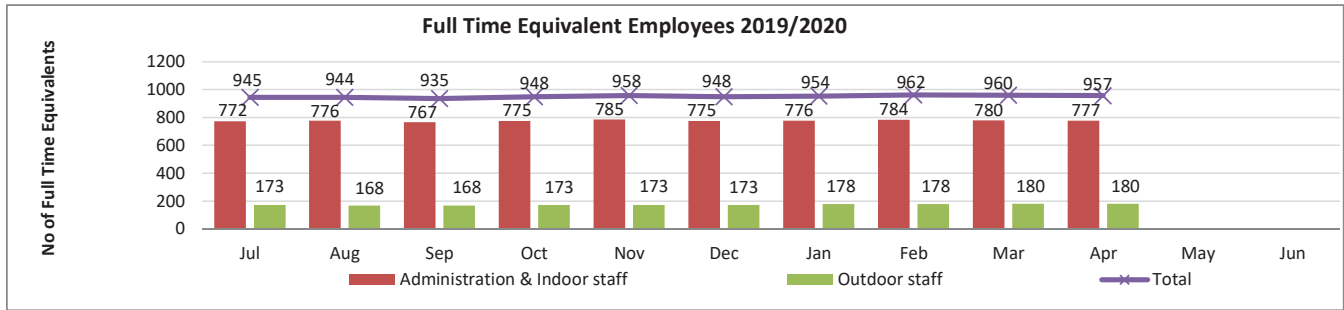
11. REDWASTE STATEMENTS

REDWASTE OPERATING STATEMENT					
For the period ending 30 April 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	28,769	28,426	(343)
Total expenses	26,197	25,862	21,589	21,645	56
Earnings before interest, tax and depreciation (EBITD)	7,504	7,839	7,180	6,781	(399)
External interest expense	31	31	26	23	(3)
Depreciation	278	278	232	248	16
Operating surplus / (deficit)	7,195	7,530	6,922	6,510	(412)

REDWASTE CAPITAL FUNDING STATEMENT					
For the period ending 30 April 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	2,038	594	(1,444)
Total sources of capital funding	746	3,046	2,038	594	(1,444)
Capitalised expenditure	608	2,908	1,908	500	(1,408)
Loan redemption	138	138	130	94	(36)
Total application of capital funds	746	3,046	2,038	594	(1,444)

12. APPENDIX: ADDITIONAL AND NON-FINANCIAL INFORMATION

Workforce Reporting



April 2020: Headcount		Employee Type			
Department Level	Casual	Full Time	Part Time	Total	
Office of CEO and People and Culture	8	40	5	53	
Organisational Services	7	207	21	235	
Community and Customer Services	31	277	70	378	
Infrastructure and Operations	14	349	17	380	
Total	60	873	113	1,046	

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	Apr-20	% Overdue	Apr-19	% Overdue	\$ Variance	% Variance	Comment
0 - 30	\$377	0.0%	\$4,603	0.0%	-\$4,226	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	\$16,449	0.0%	\$2,397	0.0%	\$14,052	0.0%	
61 - 90	\$3,030,510	1.1%	\$2,926,521	1.1%	\$103,989	0.0%	
91 - 180	\$1,618,015	0.6%	\$1,491,402	0.6%	\$126,613	0.0%	
>180	\$3,647,539	1.3%	\$3,349,719	1.2%	\$297,820	0.1%	
Total	\$8,312,890	3.0%	\$7,774,642	2.9%	\$538,248	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*:

This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes

Net Operating Surplus
Total Operating Revenue

Asset Sustainability Ratio*:

This ratio indicates whether Council is renewing or replacing existing non-financial assets at the same rate that its overall stock of assets is wearing out

Capital Expenditure on Replacement of Infrastructure Assets (Renewals)
Depreciation Expenditure on Infrastructure Assets

Net Financial Liabilities*:

This is an indicator of the extent to which the net financial liabilities of Council can be serviced by operating revenues

Total Liabilities - Current Assets
Total Operating Revenue

Level of Dependence on General Rate Revenue:

This ratio measures Council's reliance on operating revenue from general rates (excludes utility revenues)

General Rates - Pensioner Remissions
Total Operating Revenue - Gain on Sale of Developed Land

Current Ratio:

This measures the extent to which Council has liquid assets available to meet short term financial obligations

Current Assets
Current Liabilities

Debt Servicing Ratio:

This indicates Council's ability to meet current debt instalments with recurrent revenue

Interest Expense*** + Loan Redemption^
Total Operating Revenue - Gain on Sale of Developed Land

Cash Balance - \$M:

Cash balance includes cash on hand, cash at bank and other short term investments.

Cash Held at Period End

Cash Capacity in Months:

This provides an indication as to the number of months cash held at period end would cover operating cash outflows

Cash Held at Period End
[[Cash Operating Costs + Interest Expense] / Period in Year]

Longer Term Financial Stability - Debt to Asset Ratio:

This is total debt as a percentage of total assets, i.e. to what extent will our long term debt be covered by total assets

Current and Non-current Debt**
Total Assets

Operating Performance:

This ratio provides an indication of Council's cash flow capabilities

Net Cash from Operations + Interest Revenue and Expense
Cash Operating Revenue + Interest Revenue

Interest Coverage Ratio:

This ratio demonstrates the extent to which operating revenues are being used to meet the financing charges

Net Interest Expense on Debt Service***
Total Operating Revenue

* These targets are set to be achieved on average over the longer term and therefore are not necessarily expected to be met on a monthly basis.

** Debt includes lease liabilities.

*** Interest expense includes interest on leases.

^ Loan redemption includes lease redemption.