

Monthly Financial Report

August 2020



CONTENTS

1.	Executive Summary	2
2.	Key Performance Indicators	3
3.	Statement of Comprehensive Income	4
4.	Statement of Financial Position	6
5.	Statement of Cash Flows	8
6.	Capital Expenditure	9
7.	Program and Project Update	9
8.	Investment & Borrowings Report	10
9.	Constrained Cash Reserves	11
10.	Redland Water Statements	12
11.	RedWaste Statements	12
12.	Appendix: Additional and Non-financial Information	13
13.	Glossary	14

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 August 2020. The year to date annual revised budget referred to in this report incorporates the changes from budget capital carryovers adopted by Council on 19 August 2020.

The opening balances for the current year are still to be finalised and audited. As such, the financial position for the month of August may adjust over the coming months until Council receives Queensland Audit Office (QAO) certification in September 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)	(1,473)	10,992	12,360	1,368	12%	✓
Recurrent Revenue	304,795	59,204	58,289	(915)	-2%	✗
Recurrent Expenditure	306,268	48,212	45,929	(2,283)	-5%	✓
Capital Works Expenditure	91,150	8,051	5,329	(2,722)	-34%	✓
Closing Cash & Cash Equivalents	171,713	190,829	186,431	(4,398)	-2%	✗

Council reported a year to date operating surplus of \$12.36M which is favourable to budget by \$1.37M. 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. As this is the second month of the year, trends will start to emerge as the first quarter progresses.

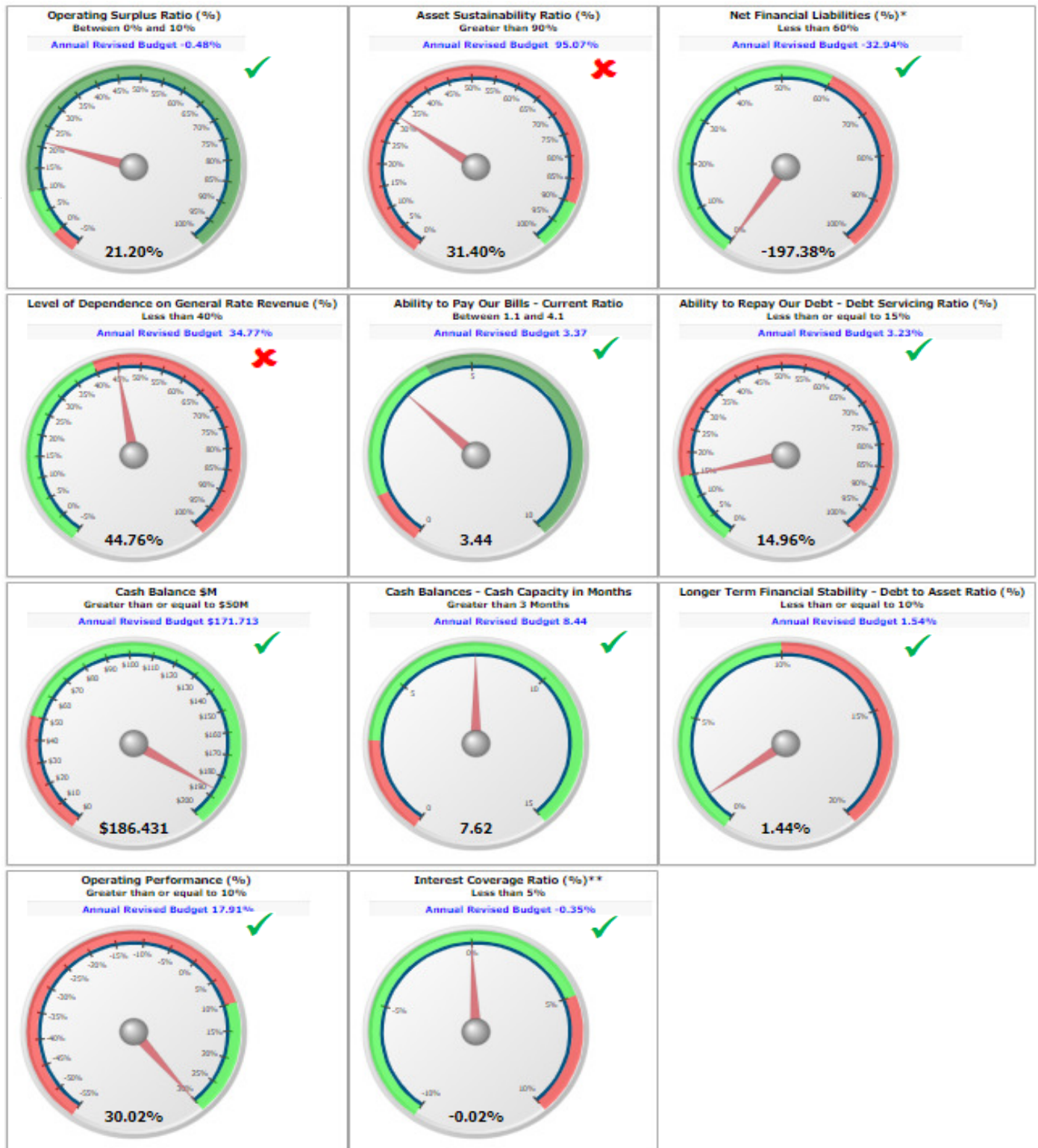
Capital grants, subsidies and contributions are below budget due to timing of developer cash contributions.

Council's capital works expenditure is below budget by \$2.72M due to timing of works for a number of infrastructure projects.

Council's cash balance is behind budget due to higher than anticipated payments to suppliers. Constrained cash reserves represent 54% 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 August 2020					
	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Recurrent revenue					
Rates charges	108,926	108,926	27,020	26,829	(191)
Levies and utility charges	160,082	160,082	27,382	26,595	(787)
Less: Pensioner remissions and rebates	(3,430)	(3,430)	(793)	(863)	(70)
Fees	13,554	13,554	2,304	2,439	135
Rental income	956	956	165	172	7
Interest received	2,999	2,999	500	355	(145)
Sales revenue	3,630	3,630	475	475	-
Other income	533	533	21	83	62
Grants, subsidies and contributions	14,896	17,545	2,130	2,204	74
Total recurrent revenue	302,146	304,795	59,204	58,289	(915)
Recurrent expenses					
Employee benefits	91,988	92,088	15,778	15,275	(503)
Materials and services	145,591	148,140	21,413	19,931	(1,482)
Finance costs	2,382	2,382	412	402	(10)
Depreciation and amortisation	64,938	64,938	10,823	10,681	(142)
Other expenditure	520	520	59	22	(37)
Net internal costs	(1,800)	(1,800)	(273)	(382)	(109)
Total recurrent expenses	303,619	306,268	48,212	45,929	(2,283)
OPERATING SURPLUS / (DEFICIT)	(1,473)	(1,473)	10,992	12,360	1,368
Capital revenue					
Grants, subsidies and contributions	25,922	32,449	4,068	2,982	(1,086)
Non-cash contributions	3,480	3,480	14	-	(14)
Total capital revenue	29,402	35,930	4,082	2,982	(1,100)
Capital expenses					
(Gain) / loss on disposal of non-current assets	289	289	48	(256)	(304)
Total capital expenses	289	289	48	(256)	(304)
TOTAL INCOME	331,548	340,725	63,286	61,271	(2,015)
TOTAL EXPENSES	303,908	306,557	48,260	45,673	(2,587)
NET RESULT	27,641	34,168	15,026	15,598	572
Other comprehensive income / (loss)					
Items that will not be reclassified to a net result					
Revaluation of property, plant and equipment	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	27,641	34,168	15,026	15,598	572

3. STATEMENT OF COMPREHENSIVE INCOME - CONTINUED

LEVIES AND UTILITY CHARGES ANALYSIS For the period ending 31 August 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	29,127	29,127	4,791	4,851	60
SES separate charge	497	497	123	123	-
Environment separate charge	8,387	8,388	2,097	2,084	(13)
Separate charge landfill remediation	2,163	2,163	357	358	1
Wastewater charges	47,842	47,842	7,832	7,896	64
Water access charges	20,120	20,120	3,315	3,344	29
Water consumption charges	51,945	51,945	8,867	7,939	(928)
Total levies and utility charges	160,082	160,082	27,382	26,595	(787)

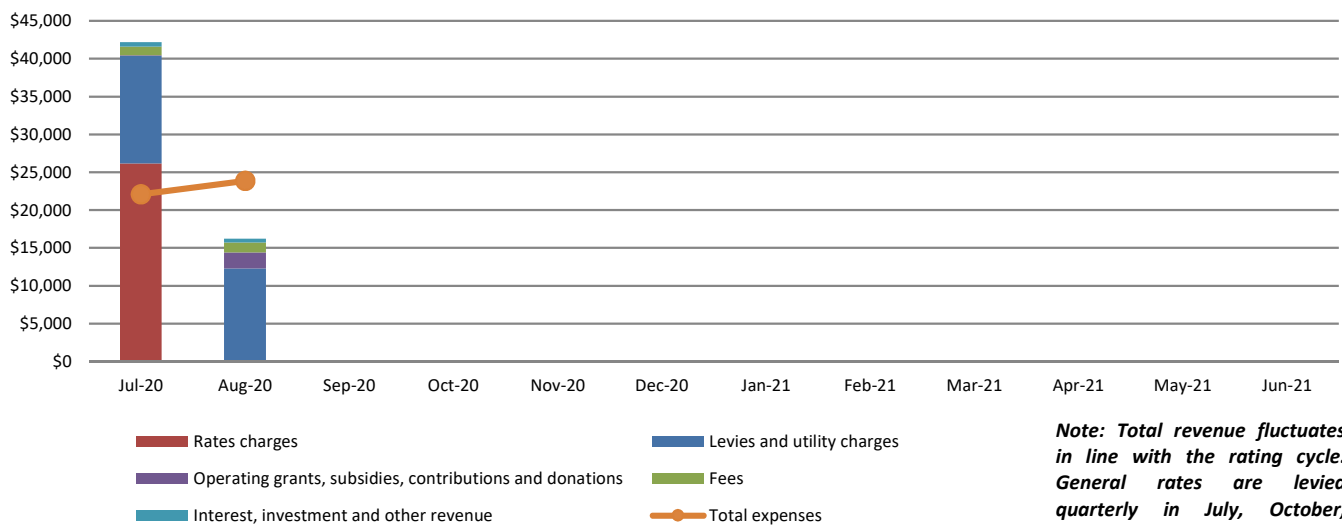
MATERIALS AND SERVICES ANALYSIS For the period ending 31 August 2020

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Materials and services					
Contractors	38,549	39,313	5,017	4,335	(682)
Consultants	2,813	3,283	262	230	(32)
Other Council outsourcing costs*	23,063	21,623	3,110	3,269	159
Purchase of materials	53,059	55,534	8,488	7,900	(588)
Office administration costs	11,685	11,748	1,884	1,801	(83)
Electricity charges	5,748	5,748	950	889	(61)
Plant operations	3,548	3,548	484	419	(65)
Information technology resources	3,067	3,284	527	476	(51)
General insurance	1,646	1,646	273	226	(47)
Community assistance**	1,777	1,777	308	271	(37)
Other material and service expenses	636	636	110	115	5
Total materials and services	145,591	148,140	21,413	19,931	(1,482)

* 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)

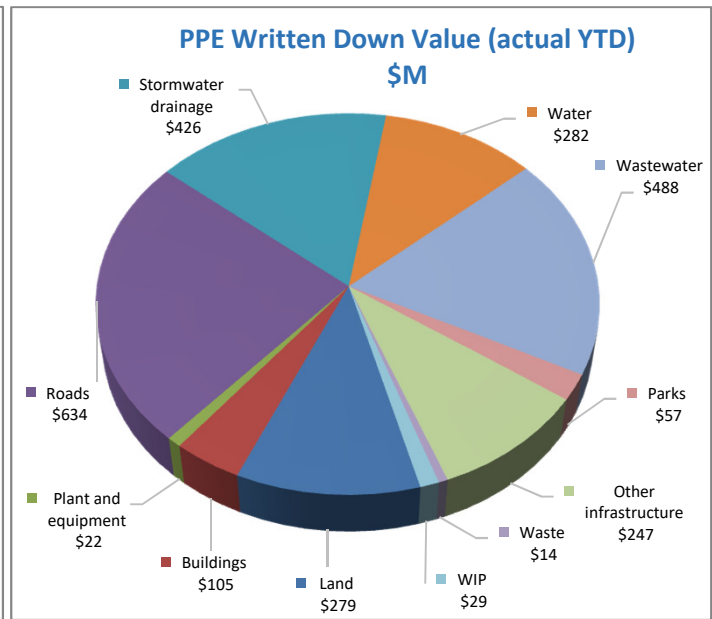
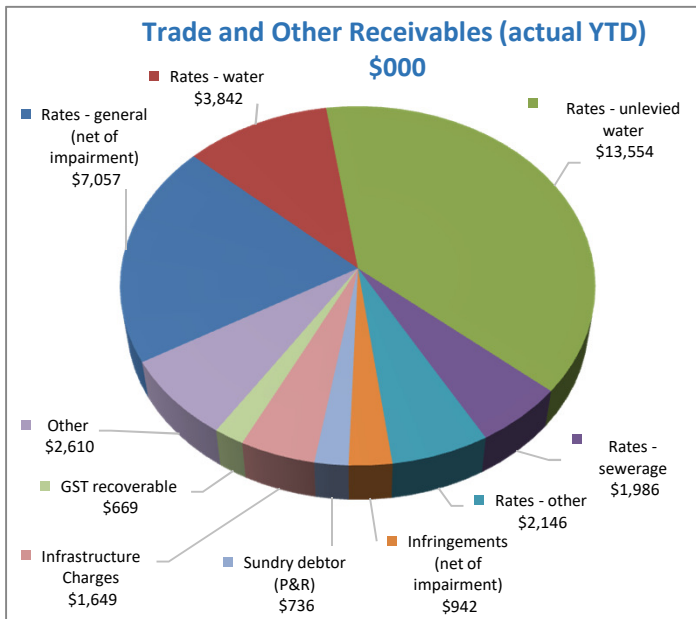


4. STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION As at 31 August 2020

	Annual	Annual	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000
CURRENT ASSETS				
Cash and cash equivalents	169,264	171,713	190,829	186,431
Trade and other receivables	45,924	45,900	43,047	35,191
Inventories	918	853	878	909
Non-current assets held for sale	-	118	118	35
Other current assets	1,955	2,956	2,956	3,641
Total current assets	218,061	221,539	237,828	226,207
NON-CURRENT ASSETS				
Investment property	1,091	1,225	1,225	1,225
Property, plant and equipment	2,572,288	2,617,957	2,585,927	2,583,409
Intangible assets	486	1,682	2,050	2,022
Right-of-use assets	5,919	5,911	6,890	6,890
Other financial assets	73	73	73	73
Investment in other entities	13,101	13,101	13,101	13,101
Total non-current assets	2,592,958	2,639,948	2,609,266	2,606,720
TOTAL ASSETS	2,811,018	2,861,487	2,847,094	2,832,927
CURRENT LIABILITIES				
Trade and other payables	28,839	41,895	46,398	29,036
Borrowings - current	6,361	8,326	8,326	8,326
Lease liability - current*	1,302	1,294	1,294	1,294
Provisions - current	10,769	12,188	14,043	14,409
Other current liabilities	-	1,960	10,409	12,684
Total current liabilities	47,271	65,663	80,470	65,749
NON-CURRENT LIABILITIES				
Borrowings - non-current	37,900	35,840	24,737	24,751
Lease liability - non-current*	5,481	5,481	6,525	6,495
Provisions - non-current	15,120	14,162	14,162	14,162
Total non-current liabilities	58,501	55,483	45,424	45,408
TOTAL LIABILITIES	105,772	121,146	125,894	111,157
NET COMMUNITY ASSETS	2,705,246	2,740,341	2,721,200	2,721,770
COMMUNITY EQUITY				
Asset revaluation surplus	1,008,120	1,035,840	1,035,840	1,035,840
Retained surplus	1,580,316	1,597,694	1,584,004	1,584,356
Constrained cash reserves	116,810	106,807	101,356	101,574
TOTAL COMMUNITY EQUITY	2,705,246	2,740,341	2,721,200	2,721,770

4. STATEMENT OF FINANCIAL POSITION - CONTINUED



RIGHT-OF-USE ASSETS For the period ending 31 August 2020

	Annual Original Budget \$'000	Annual Revised Budget \$'000	YTD Revised Budget \$'000	YTD Actual Balance \$'000
Right-of-use asset				
Buildings	2,780	2,697	3,212	3,216
Land	2,763	2,847	3,181	3,177
Plant and Equipment	376	367	497	497
Closing balance	5,919	5,911	6,890	6,890

PROPERTY, PLANT AND EQUIPMENT (PPE) MOVEMENT* For the period ending 31 August 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)	2,556,325	2,588,458	2,588,458	2,588,458
Acquisitions and WIP in year movement	81,096	94,632	8,064	5,329
Depreciation in year	(63,282)	(63,282)	(10,547)	(10,344)
Disposals	(1,851)	(1,851)	(48)	(34)
Closing balance	2,572,288	2,617,957	2,585,927	2,583,409

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

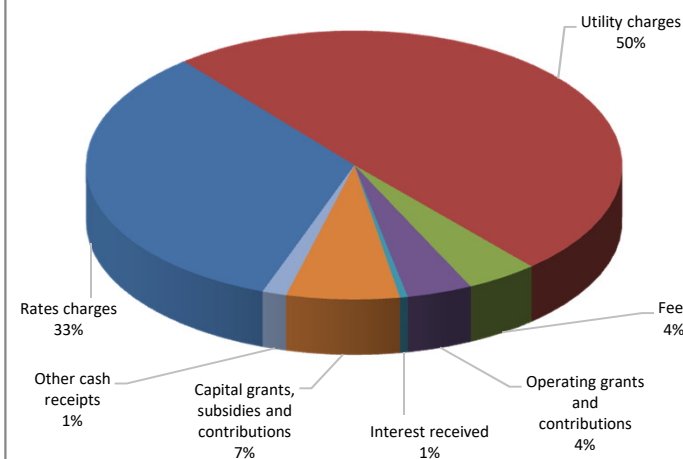
** Other adjustments include transfers between asset classes, revaluation adjustments, prior period adjustments and depreciation thereon.

5. STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS For the period ending 31 August 2020

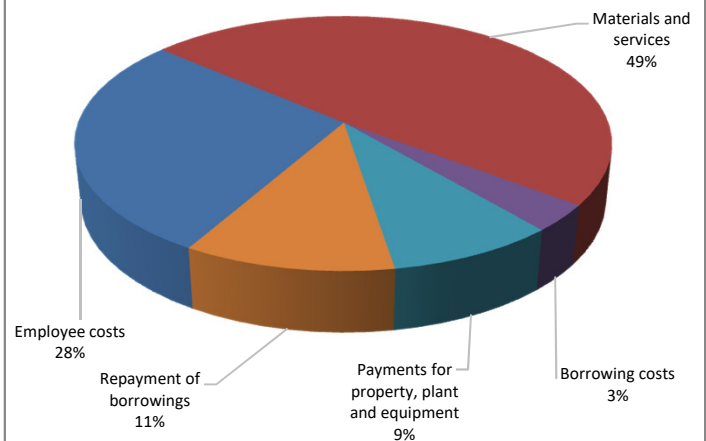
	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	276,486	276,486	60,479	66,443
Payments to suppliers and employees	(239,435)	(242,084)	(33,296)	(46,873)
	37,051	34,402	27,183	19,570
Interest received	2,999	2,999	500	356
Rental income	956	956	165	171
Non-capital grants and contributions	14,483	17,132	2,050	2,976
Borrowing costs	(2,052)	(2,052)	(2,052)	(2,048)
Right-of-use assets interest expense	(144)	(144)	(24)	(24)
Net cash inflow / (outflow) from operating activities	53,294	53,294	27,822	21,001
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	(77,614)	(91,150)	(8,051)	(5,329)
Proceeds from sale of property, plant and equipment	1,562	1,562	-	374
Capital grants, subsidies and contributions	25,922	34,149	5,768	5,133
Net cash inflow / (outflow) from investing activities	(50,131)	(55,439)	(2,283)	178
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of borrowings	9,612	9,612	-	-
Repayment of borrowings	(6,361)	(6,361)	(6,361)	(6,369)
Right-of-use lease payment	(1,294)	(1,294)	(250)	(280)
Net cash inflow / (outflow) from financing activities	1,957	1,957	(6,611)	(6,649)
Net increase / (decrease) in cash held	5,120	(188)	18,928	14,530
Cash and cash equivalents at the beginning of the year	164,145	171,901	171,901	171,901
Cash and cash equivalents at the end of the financial year / period	169,264	171,713	190,829	186,431

Cash Inflow (actual YTD)



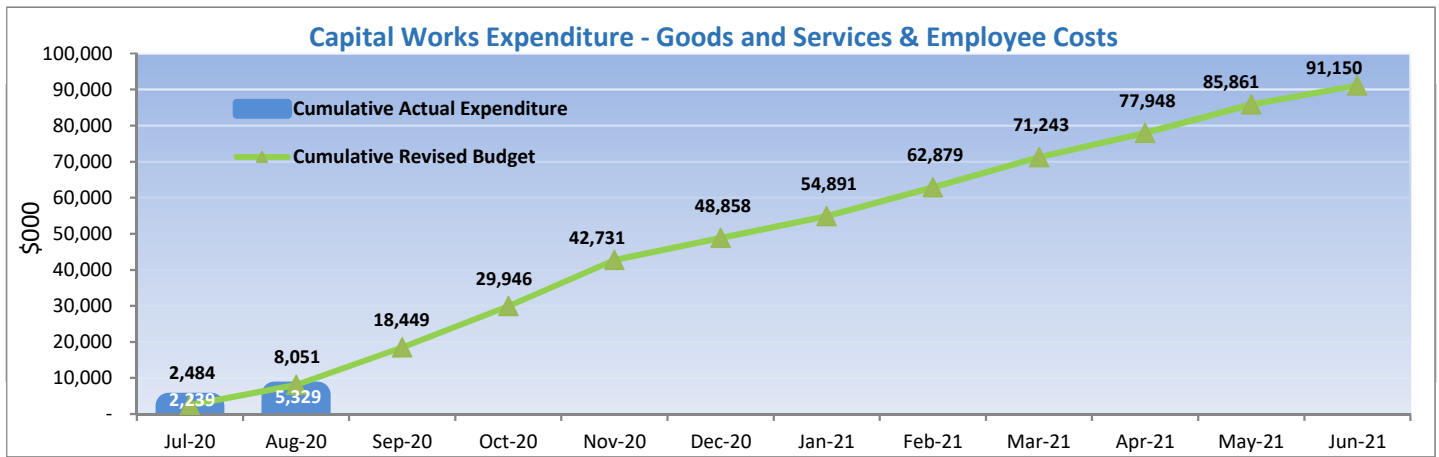
Total Cash Funding (Actual YTD)	75,453
Total Cash Funding (Annual Revised Budget)	342,897
% of Budget Achieved YTD	22%

Cash Outflow (actual YTD)



Total Cash Expenditure (Actual YTD)	60,923
Total Cash Expenditure (Annual Revised Budget)	343,085
% of Budget Achieved YTD	18%

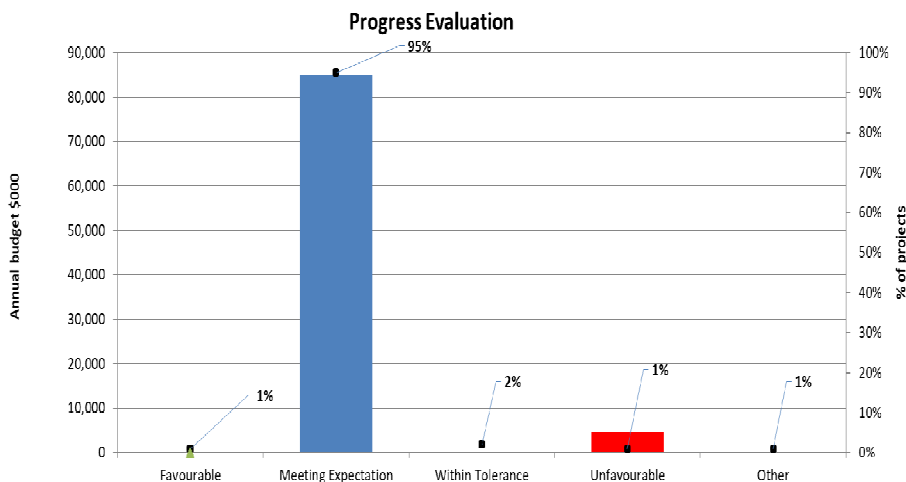
6. CAPITAL EXPENDITURE



	Annual Revised Budget \$'000	YTD Revised Budget \$'000	YTD Actual \$'000	YTD Variance \$'000
Capitalised goods and services	82,717	6,734	4,230	(2,504)
Capitalised employee costs	8,433	1,317	1,099	(218)
Total	91,150	8,051	5,329	(2,722)

7. PROGRAM AND PROJECT UPDATE

■ Favourable (budget under/schedule on track)	■ Meeting expectations (budget and schedule on track)	■ Within tolerance (either budget and schedule on track or not on track)	■ Unfavourable (budget and schedule not on track)	■ Other (Schedule to be tracked)
---	--	--	--	---



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

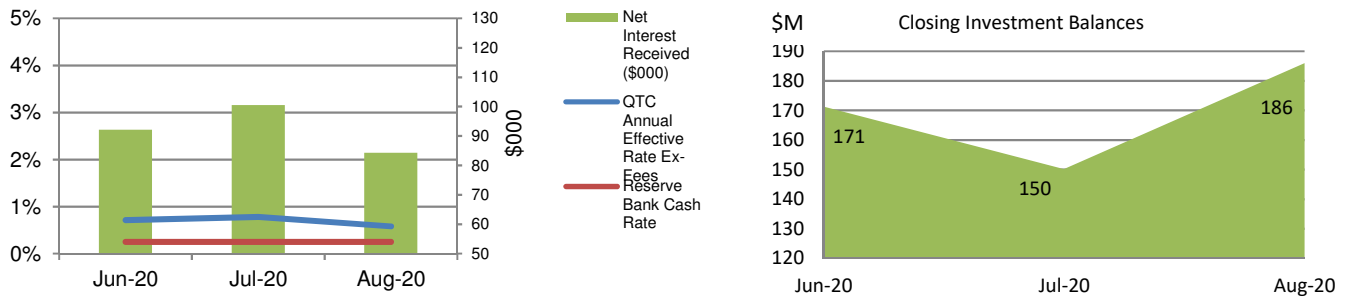
The status of two notable projects are as follows:

Project description	Progress
Minor Capital Improvements - This project will improve waste & resource recovery facilities by fencing, safety provisions & improved customer services at the facilities.	Meeting Expectations
Sewerage Pump Station 028 Upgrade (1-29 St. Andrews Avenue Birkdale) - This project involves hydraulics upgrade, switchboard replacement and pipework repairs to sewerage pump station.	Meeting Expectations

8. INVESTMENT & BORROWINGS REPORT

For the period ending 31 August 2020

INVESTMENT RETURNS - QUEENSLAND TREASURY CORPORATION (QTC)



Total Investment at End of Month was \$186.02M

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

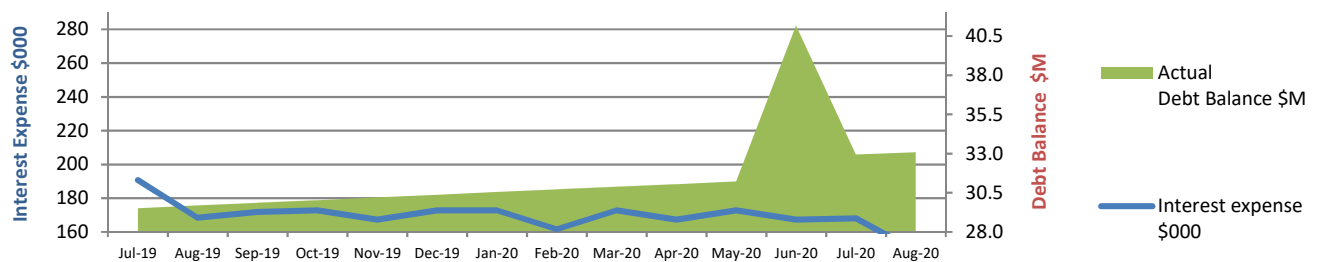
The movement in interest earned is indicative of both the interest rate and the surplus cash balances held, the latter of which is affected by business cash flow requirements on a monthly basis as well as the rating cycle.

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 0.58%. Term deposit rates are being monitored to identify investment opportunities to ensure Council maximises its interest earnings.

Council adopted its Investment Policy (POL-3013) in June 2020 for the 2020/2021 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 \$8.42M, being \$6.37M principal and \$2.05M interest has been made *annually* for 2020/2021 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 2020. Interest will accrue monthly on a daily balance until next ADSP in July 2021 which is reflected in the increasing debt balance.

In June 2020 additional borrowings of \$9.80M were undertaken as part of Council's Capital Works Plan.

Total Borrowings at End of Month were \$33.08M

Council adopted its Debt Policy (POL-1838) in June 2020 for the 2020/2021 financial year

BORROWINGS

For the period ending 31 August 2020

	Annual Original Budget \$'000	Annual Revised Budget \$'000	YTD Revised Budget \$'000	YTD Actual Balance \$'000
Borrowings				
Opening balance	(41,273)	(41,178)	(41,178)	(41,178)
Accrued interest on borrowings	(1,789)	(1,789)	(298)	(316)
Interest paid on borrowings	2,052	2,052	2,052	2,048
Principal repaid	6,361	6,361	6,361	6,369
Loan drawdown	(9,612)	(9,612)	-	-
Closing balance	(44,261)	(44,166)	(33,063)	(33,077)

9. CONSTRAINED CASH RESERVES

Reserves as at 31 August 2020	Purpose of reserve	Opening Balance \$000	To Reserve \$000	From Reserve \$000	Closing Balance \$000
Special Projects Reserve:					
Aquatic Paradise Revetment Wall Reserve	To fund Aquatic Paradise revetment wall works program	2	7	-	9
Waste Levy Reserve	To fund Waste Levy Program	-	1,084	(642)	442
Raby Bay Revetment Wall Reserve	To fund Raby Bay revetment wall works program	2,093	712	(109)	2,696
Fleet Plant & Capital Equipment Reserve	To support the long term fleet replacement program	2,536	720	(10)	3,246
		4,631	2,523	(761)	6,393
Constrained Works Reserve:					
Public Parks Trunk Infrastructure Reserve	Capital projects for public parks trunk infrastructure	6,662	768	(167)	7,263
Land for Community Facilities Trunk Infrastructure Reserve	Land for community facilities trunk infrastructure	3,086	27	-	3,113
Water Supply Trunk Infrastructure Reserve	Upgrade, expansion or new projects for water supply trunk infrastructure	14,626	35	-	14,661
Sewerage Trunk Infrastructure Reserve	Upgrade, expansion or new projects for sewerage trunk infrastructure	10,909	459	(538)	10,830
Local Roads Trunk Infrastructure Reserve	Capital projects for local roads trunk infrastructure	33,731	1,154	(334)	34,551
Cycleways Trunk Infrastructure Reserve	Capital projects for cycleways trunk infrastructure	11,923	411	(63)	12,271
Stormwater Trunk Infrastructure Reserve	Capital projects for stormwater trunk infrastructure	10,842	110	(511)	10,441
Tree Planting Reserve	Acquisition and planting of trees on footpaths	103	13	(3)	113
Koala Tree off-set Planting Reserve	Acquisition and planting of trees for koala habitat	12	-	-	12
		91,894	2,977	(1,616)	93,255
Separate Charge Reserve:					
Environment Charge Maintenance Reserve	Ongoing conservation and maintenance operations	-	2,089	(1,075)	1,014
SES Separate Charge Reserve	On-going costs of maintaining the Redland SES	38	123	(106)	55
		38	2,212	(1,181)	1,069
Special Charge Reserve - Canals:					
Aquatic Paradise Canal Reserve*	Maintenance and repairs of Aquatic Paradise canals	758	-	-	758
Sovereign Waters Lake Reserve*	Maintenance and repairs of Sovereign Lake	431	-	-	431
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)
		857	-	-	857
TOTALS		97,420	7,712	(3,558)	101,574
		Closing cash and cash equivalents			186,431
		Reserves as percentage of cash balance			54%

*No interest charged for these reserves August 2020 year to date due to low prevailing interest rate.

10. REDLAND WATER STATEMENTS

REDLAND WATER SUMMARY OPERATING STATEMENT For the period ending 31 August 2020

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000	YTD Variance \$000
Total revenue	122,970	122,970	20,460	19,689	(771)
Total expenses	71,469	71,469	11,483	11,108	(375)
Earnings before interest, tax and depreciation (EBITD)	51,501	51,501	8,977	8,581	(396)
External interest expense	71	71	12	19	7
Internal interest expense	10,621	10,621	1,770	1,770	-
Depreciation	24,142	24,142	4,024	4,041	17
Operating surplus / (deficit)	16,667	16,667	3,171	2,751	(420)

REDLAND WATER CAPITAL FUNDING STATEMENT For the period ending 31 August 2020

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000	YTD Variance \$000
Capital contributions, donations, grants and subsidies	2,537	2,537	423	495	72
Net transfer (to) / from constrained capital reserves	(2,365)	(374)	258	43	(215)
Non-cash contributions	3,399	3,399	-	-	-
Funding from utility revenue	8,568	10,151	1,265	407	(858)
Total sources of capital funding	12,138	15,714	1,946	945	(1,001)
Contributed assets	3,399	3,399	-	-	-
Capitalised expenditure	8,258	11,833	1,866	407	(1,459)
Loan redemption	482	482	80	538	458
Total application of capital funds	12,138	15,714	1,946	945	(1,001)

11. REDWASTE STATEMENTS

REDWASTE OPERATING STATEMENT For the period ending 31 August 2020

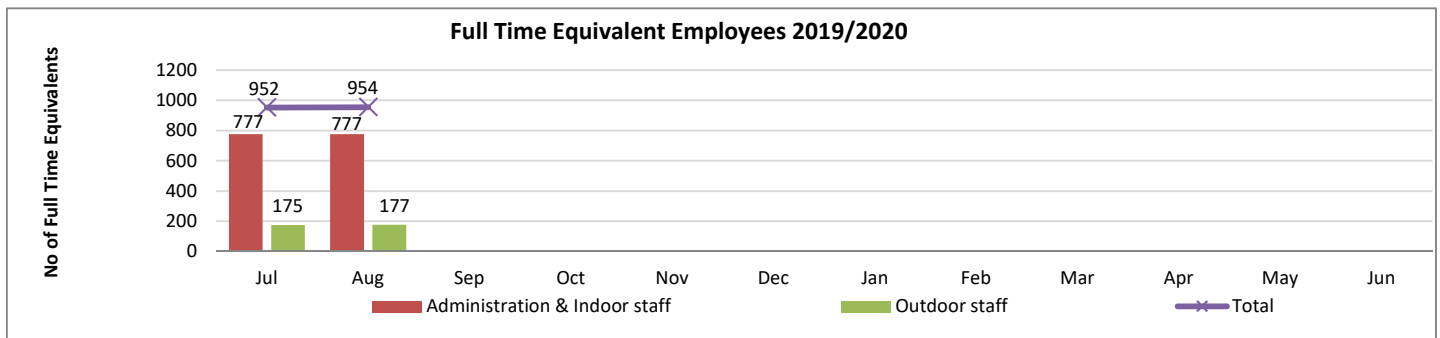
	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000	YTD Variance \$000
Total revenue	35,715	35,715	6,298	6,194	(104)
Total expenses	27,427	27,427	4,533	4,557	24
Earnings before interest, tax and depreciation (EBITD)	8,288	8,288	1,765	1,637	(128)
External interest expense	17	17	3	3	-
Depreciation	327	327	54	57	3
Operating surplus / (deficit)	7,943	7,943	1,708	1,577	(131)

REDWASTE CAPITAL FUNDING STATEMENT For the period ending 31 August 2020

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000	YTD Variance \$000
Non-cash contributions	-	-	-	-	-
Funding from utility revenue	924	2,729	1,921	290	(1,631)
Total sources of capital funding	924	2,729	1,921	290	(1,631)
Capitalised expenditure	779	2,584	1,800	177	(1,623)
Loan redemption	145	145	121	113	(8)
Total application of capital funds	924	2,729	1,921	290	(1,631)

12. APPENDIX: ADDITIONAL AND NON-FINANCIAL INFORMATION

Workforce Reporting



August 2020: Headcount	Employee Type			
Department Level	Casual	Full Time	Part Time	Total
Office of CEO and People and Culture	32	273	69	374
Organisational Services	5	37	6	48
Community and Customer Services	8	356	16	380
Infrastructure and Operations	9	206	19	234
Total	54	872	110	1,036

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 & Statistics

Days Overdue	Aug-20	% Overdue	Aug-19	% Overdue	\$ Variance	% Variance	Rates & Charges Statistics	August 2020	August 2019
0 - 30	\$7,929,802	9.5%	\$7,241,298	9.5%	\$688,504	0.0%	Levied (Billed) Rates & Charges since 1 July 2020	\$70,924,518	\$66,619,491
31 - 60	\$0	0.0%	\$2,959	0.0%	-\$2,959	0.0%	Rate arrears brought forward 1 July 2020	\$12,988,652	\$9,452,770
61 - 90	\$2,616,681	3.1%	\$389	0.0%	\$2,616,292	3.1%	Total	\$83,913,170	\$76,072,261
91 - 180	\$11,081	0.0%	\$2,255,536	3.0%	-\$2,244,455	-3.0%	Balance of overdue rates & charges	\$15,101,870	\$13,499,310
>180	\$4,544,306	5.4%	\$3,999,128	5.3%	\$545,178	0.1%	% Overdue	18.0%	17.8%
Total	\$15,101,870	18.0%	\$13,499,310	17.8%	\$1,602,560	0.2%			

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.