



Monthly Financial Report

September 2021



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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 September 2021. The year to date annual revised budget referred to in this report incorporates the changes from budget capital carryovers adopted by Council on 18 August 2021.

The Queensland Audit Office audited Council's 2020-21 financial statements and issued an unmodified audit opinion on 23 September 2021. 30 June 2021 audited balances will be updated in the finance system in October 2021. As such, the financial position for the month of September may adjust over the next month.

Key Financial Highlights and Overview

Key Financial Results (\$000)	Annual Revised Budget	YTD Budget	YTD Actual	YTD Variance	YTD Variance %	Status Favourable ✓ Unfavourable ✗
Operating Surplus / (Deficit)	43	3,627	6,774	3,147	87%	✓
Recurrent Revenue	310,942	78,116	78,758	642	1%	✓
Recurrent Expenditure	310,899	74,489	71,984	(2,505)	-3%	✓
Capital Works Expenditure	102,732	13,834	12,268	(1,566)	-11%	✓
Closing Cash & Cash Equivalents	196,457	195,795	186,249	(9,546)	-5%	✗

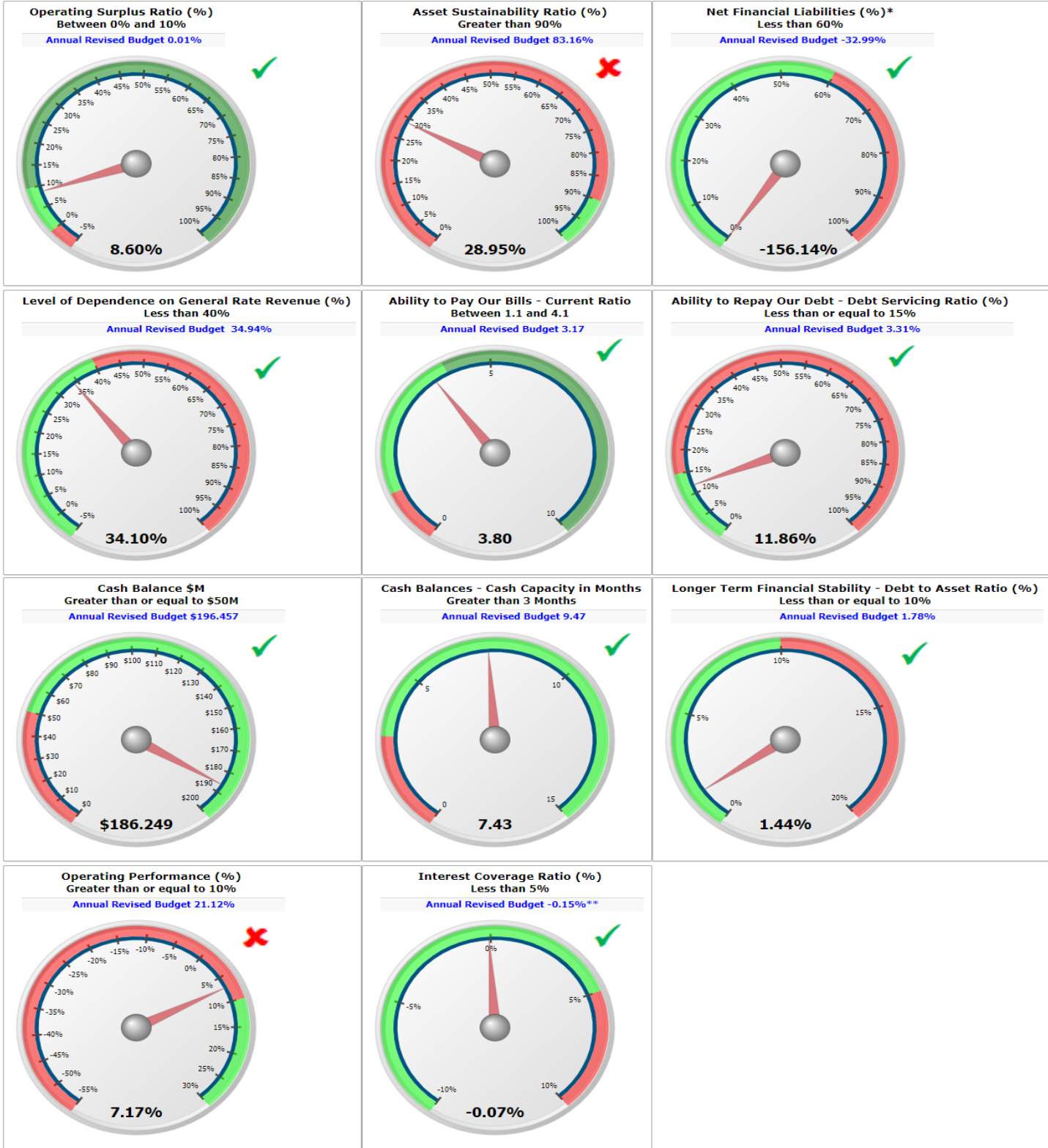
Council reported a year to date operating surplus of \$6.77M which is favourable to budget by \$3.15M mainly on account of lower than budgeted expenditure on materials and services.

The Infrastructure and Operations (I&O) Department is actively monitoring the current FY 2021-22 capital works portfolio and has identified potential impacts leading to forecast underspend which may lead to increased carryover for FY 2022-23. Supply chain issues are currently being experienced, and material orders are being placed as soon as practicable. Market movements, trends and opportunities are being reviewed and monitored while mitigation strategies are developed to address identified risks. I&O will present a briefing to Council on the above mentioned strategies.

Council's cash balance is behind budget mainly due to higher than anticipated payments to suppliers. Constrained cash reserves represent 59% 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 September 2021

	Annual	Annual	YTD	YTD	YTD
	Original	Revised	Budget	Actual	Variance
	Budget	Budget	\$000	\$000	\$000
	\$000	\$000			
Recurrent revenue					
Rates charges	111,574	111,650	27,802	27,626	(176)
Levies and utility charges	170,378	170,378	42,313	42,096	(217)
Less: Pensioner remissions and rebates	(3,486)	(3,486)	(858)	(869)	(11)
Fees	15,337	15,337	4,279	4,878	599
Rental income	1,067	1,067	265	304	39
Interest received	2,037	2,037	485	474	(11)
Sales revenue	3,682	3,682	1,120	1,378	258
Other income	469	469	48	151	103
Grants, subsidies and contributions	9,496	9,808	2,662	2,720	58
Total recurrent revenue	310,554	310,942	78,116	78,758	642
Recurrent expenses					
Employee benefits	97,172	97,295	24,442	24,590	148
Materials and services	145,459	145,725	33,099	31,222	(1,877)
Finance costs	2,007	2,007	486	469	(17)
Depreciation and amortisation	67,563	67,563	16,892	16,231	(661)
Other expenditure	522	522	106	72	(34)
Net internal costs	(2,213)	(2,213)	(536)	(600)	(64)
Total recurrent expenses	310,511	310,899	74,489	71,984	(2,505)
OPERATING SURPLUS / (DEFICIT)	43	43	3,627	6,774	3,147
Capital revenue					
Grants, subsidies and contributions	22,133	28,638	4,081	3,736	(345)
Non-cash contributions	2,461	2,461	595	-	(595)
Total capital revenue	24,594	31,099	4,676	3,736	(940)
Capital expenses					
(Gain) / loss on disposal of non-current assets	289	289	31	(295)	(326)
Total capital expenses	289	289	31	(295)	(326)
TOTAL INCOME	335,148	342,041	82,792	82,494	(298)
TOTAL EXPENSES	310,799	311,188	74,520	71,689	(2,831)
NET RESULT	24,349	30,853	8,272	10,805	2,533
Other comprehensive income / (loss)					
Items that will not be reclassified to a net result					
Revaluation of property, plant and equipment	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	24,349	30,853	8,272	10,805	2,533

3. STATEMENT OF COMPREHENSIVE INCOME - CONTINUED

LEVIES AND UTILITY CHARGES ANALYSIS

For the period ending 30 September 2021

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Levies and utility charges					
Refuse collection rate charge	30,931	30,931	7,668	7,711	43
SES separate charge	514	514	128	128	-
Environment separate charge	10,802	10,802	2,689	2,677	(12)
Separate charge landfill remediation	3,473	3,473	927	860	(67)
Wastewater charges	50,354	50,354	12,497	12,514	17
Water access charges	20,949	20,949	5,208	5,184	(24)
Water consumption charges	53,355	53,355	13,196	13,022	(174)
Total levies and utility charges	170,378	170,378	42,313	42,096	(217)

MATERIALS AND SERVICES ANALYSIS

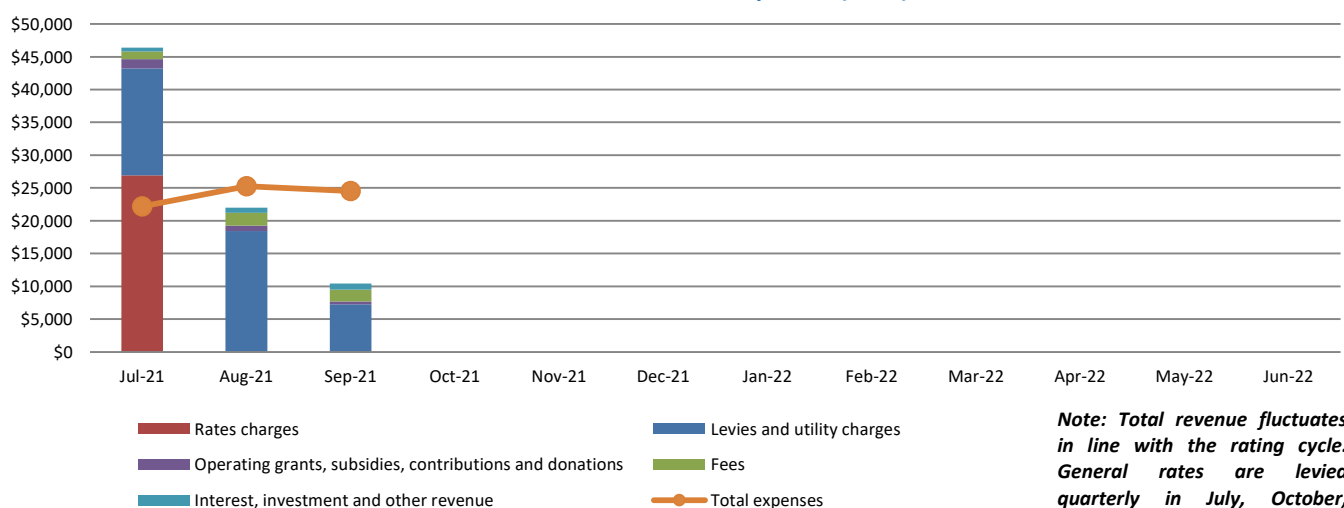
For the period ending 30 September 2021

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Materials and services					
Contractors	37,447	37,796	6,192	6,206	14
Consultants	2,775	3,030	588	323	(265)
Other Council outsourcing costs*	26,444	25,253	5,840	5,260	(580)
Purchase of materials	54,490	55,245	13,124	12,625	(499)
Office administration costs	7,194	7,195	3,009	2,779	(230)
Electricity charges	5,723	5,723	1,441	1,373	(68)
Plant operations	3,458	3,458	1,040	754	(286)
Information technology resources	3,685	3,665	964	982	18
General insurance	1,467	1,467	367	370	3
Community assistance**	1,716	1,836	341	339	(2)
Other material and service expenses	1,057	1,057	193	211	18
Total materials and services	145,459	145,725	33,099	31,222	(1,877)

* 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)



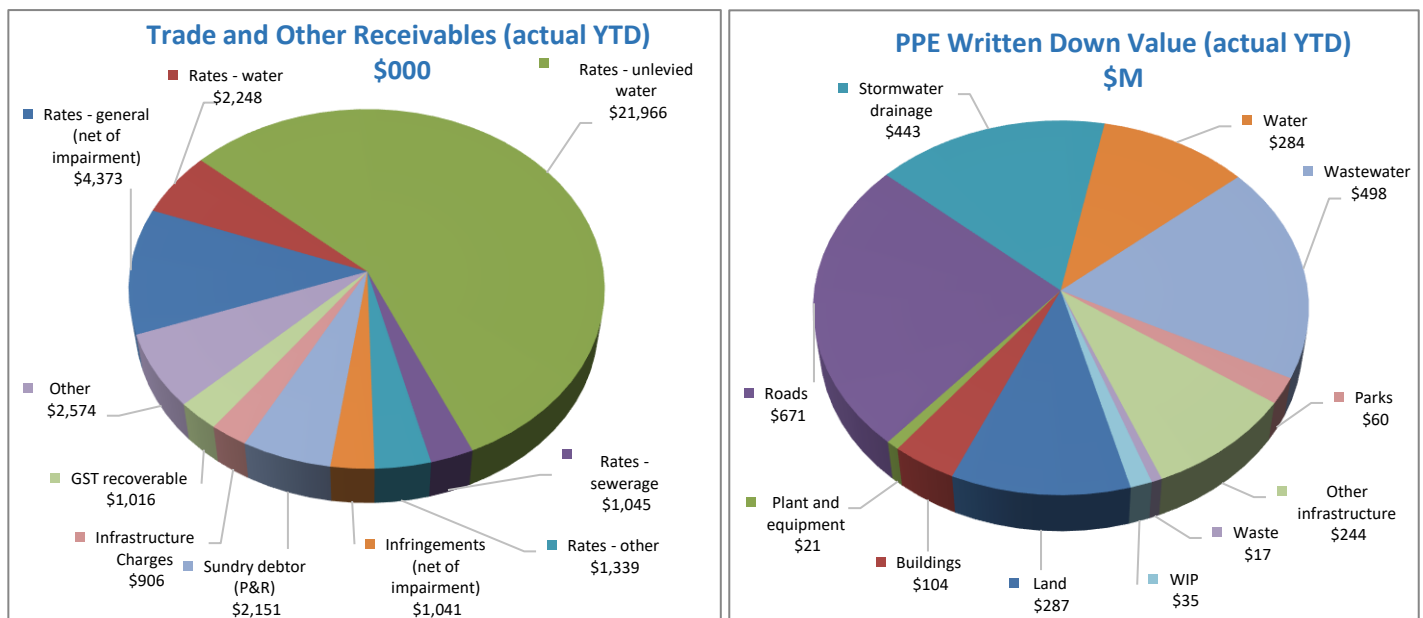
Note: Total revenue fluctuates in line with the rating cycle. General rates are levied quarterly in July, October, January and April.

4. STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION
As at 30 September 2021

	Annual	Annual	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Budget \$000	Actual \$000
CURRENT ASSETS				
Cash and cash equivalents	198,990	196,457	195,795	186,249
Short-term investment - CBA	-	-	10,000	10,000
Trade and other receivables	42,672	43,012	43,341	38,659
Inventories	916	1,024	904	921
Other current assets	1,810	4,967	4,967	4,518
Total current assets	244,389	245,460	255,007	240,347
NON-CURRENT ASSETS				
Investment property	1,225	1,225	1,225	1,225
Property, plant and equipment	2,619,909	2,705,684	2,665,555	2,664,049
Intangible assets	1,135	1,160	1,567	1,557
Right-of-use assets	4,723	4,984	5,766	5,764
Other financial assets	73	73	73	73
Investment in other entities	12,657	12,657	12,657	12,657
Total non-current assets	2,639,722	2,725,782	2,686,843	2,685,325
TOTAL ASSETS	2,884,111	2,971,242	2,941,850	2,925,672
CURRENT LIABILITIES				
Trade and other payables	37,171	45,927	50,002	25,972
Borrowings - current	8,326	8,919	8,919	8,919
Lease liability - current	1,294	1,130	1,130	1,130
Provisions - current	15,270	15,791	16,433	16,779
Other current liabilities	1,911	5,758	5,904	10,434
Total current liabilities	63,972	77,525	82,388	63,234
NON-CURRENT LIABILITIES				
Borrowings - non-current	38,659	37,990	26,686	26,619
Lease liability - non-current	4,377	4,704	5,562	5,538
Provisions - non-current	21,539	22,676	21,446	21,983
Total non-current liabilities	64,576	65,370	53,694	54,140
TOTAL LIABILITIES	128,547	142,895	136,082	117,374
NET COMMUNITY ASSETS	2,755,563	2,828,347	2,805,768	2,808,298
COMMUNITY EQUITY				
Asset revaluation surplus	1,035,840	1,106,353	1,106,353	1,106,353
Retained surplus	1,619,513	1,623,314	1,591,336	1,592,126
Constrained cash reserves	100,210	98,681	108,079	109,819
TOTAL COMMUNITY EQUITY	2,755,563	2,828,347	2,805,768	2,808,298

4. STATEMENT OF FINANCIAL POSITION - CONTINUED



RIGHT-OF-USE ASSETS For the period ending 30 September 2021

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual Balance \$000
Right-of-use asset				
Buildings	2,109	2,127	2,582	2,585
Land	2,435	2,533	2,827	2,822
Plant and Equipment	179	324	357	357
Closing balance	4,723	4,984	5,766	5,764

PROPERTY, PLANT AND EQUIPMENT (PPE) MOVEMENT* For the period ending 30 September 2021

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual Balance \$000
PPE movement				
Opening balance (includes WIP from previous years)	2,614,439	2,667,979	2,667,979	2,667,979
Acquisitions and WIP in year movement	72,958	105,193	14,429	12,267
Depreciation in year	(65,977)	(65,977)	(16,494)	(15,822)
Disposals	(1,511)	(1,511)	(359)	(380)
Other adjustments**	-	-	-	5
Closing balance	2,619,909	2,705,684	2,665,555	2,664,049

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

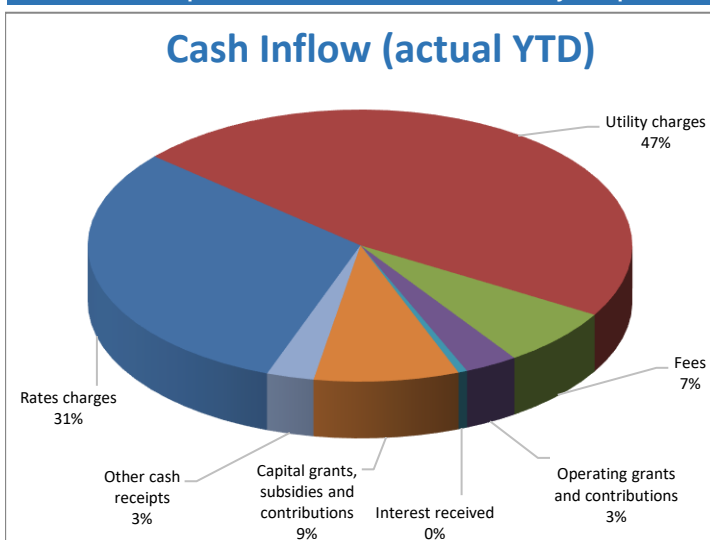
** Other adjustments include transfers between asset classes, revaluation adjustments, prior period adjustments and depreciation thereon.

5. STATEMENT OF CASH FLOWS

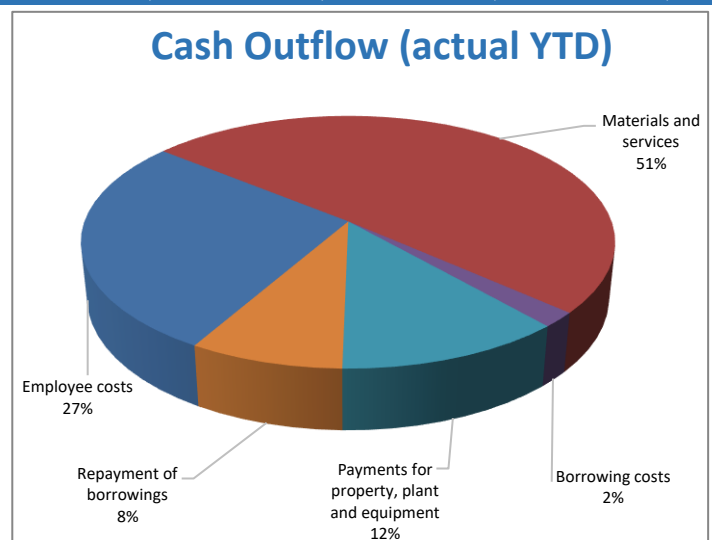
STATEMENT OF CASH FLOWS For the period ending 30 September 2021

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	297,941	298,017	77,618	77,447
Payments to suppliers and employees	(246,606)	(246,995)	(53,732)	(73,431)
Interest received	2,037	2,037	485	475
Rental income	1,067	1,067	265	303
Non-capital grants and contributions	14,109	14,421	2,571	2,821
Borrowing costs	(1,763)	(1,763)	(1,733)	(1,769)
Right-of-use assets interest expense	(131)	(131)	(33)	(32)
Net cash inflow / (outflow) from operating activities	66,654	66,654	25,441	5,814
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	(70,498)	(102,732)	(13,834)	(11,130)
Proceeds from sale of property, plant and equipment	1,222	1,222	328	675
Capital grants, subsidies and contributions	22,133	28,638	4,081	7,691
Other cash flows from investing activities*	3,500	3,500	-	3,500
Net cash inflow / (outflow) from investing activities	(43,642)	(69,372)	(9,425)	736
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of borrowings	10,324	10,324	-	-
Repayment of borrowings	(7,243)	(7,243)	(7,174)	(7,230)
Right-of-use lease payment	(1,145)	(1,145)	(287)	(311)
Net cash inflow / (outflow) from financing activities	1,936	1,936	(7,461)	(7,541)
Net increase / (decrease) in cash held	24,947	(782)	8,555	(991)
Cash and cash equivalents at the beginning of the year	174,043	197,240	187,240	187,240
Cash and cash equivalents at the end of the financial year / period	198,990	196,457	195,795	186,249

Cash Inflow (actual YTD)



Cash Outflow (actual YTD)

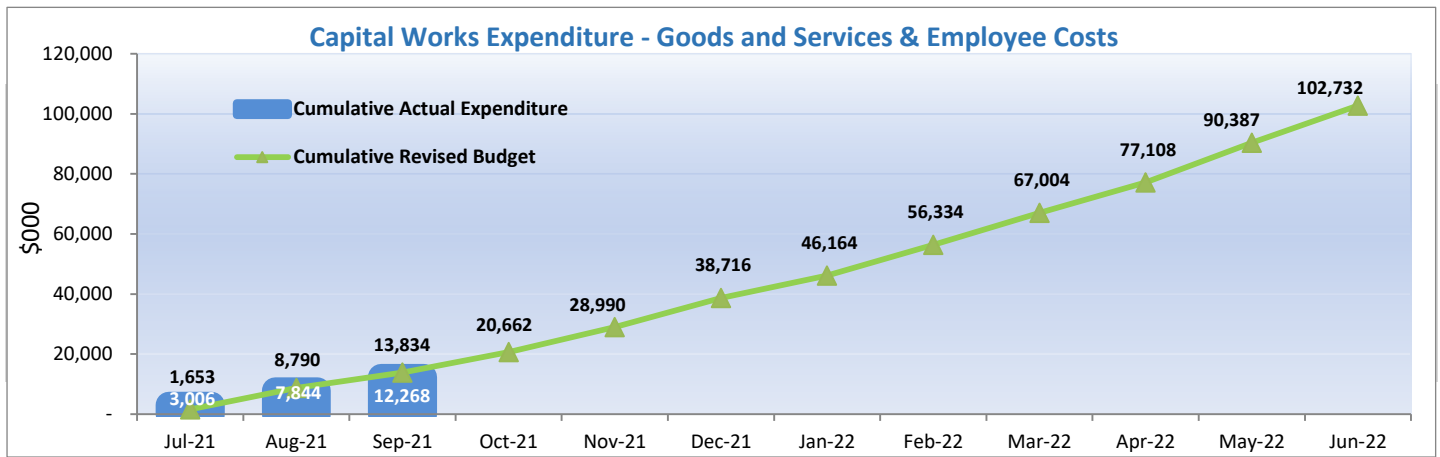


Total Cash Funding (Actual YTD)	92,912
Total Cash Funding (Annual Revised Budget)	359,226
% of Budget Achieved YTD	26%

Total Cash Expenditure (Actual YTD)	93,903
Total Cash Expenditure (Annual Revised Budget)	360,008
% of Budget Achieved YTD	26%

* Loan drawn down by RIC from February to June 2021 has been repaid in July 2021.

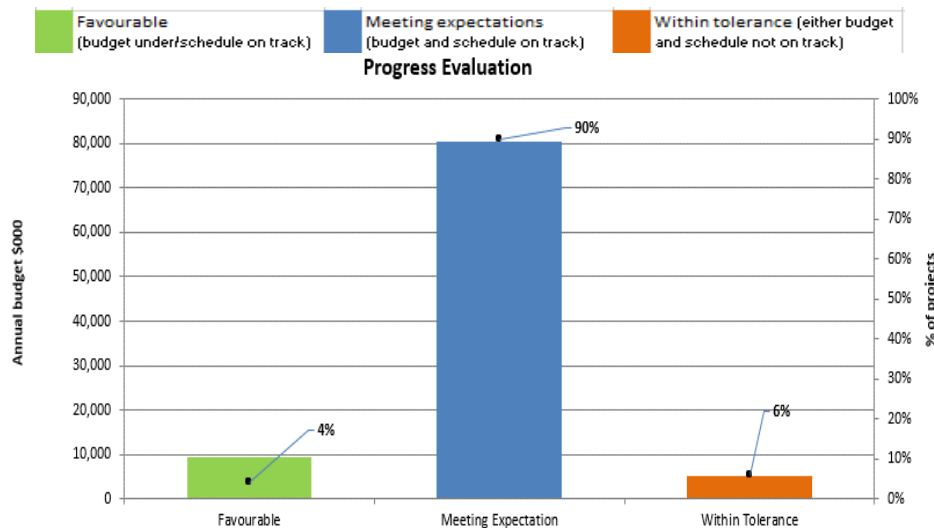
6. CAPITAL EXPENDITURE



	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Capitalised goods and services*	95,085	12,550	10,258	(2,292)
Capitalised employee costs	7,647	1,284	2,010	726
Total	102,732	13,834	12,268	(1,566)

* Excludes capital prepayments.

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

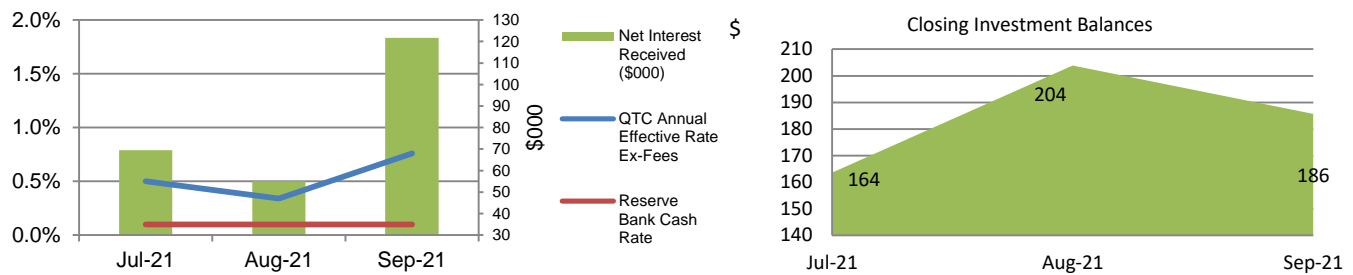
The status of two notable projects are as follows:

Project description	Progress
RPAC RCCC Lighting Renewal Project - Stage 1- Internal and external lighting to enable system to be more energy efficient and meet industry standards.	Meeting Expectations
Vehicular Bridges & Large Culverts Renewal Program - Replacement of degraded components including guardrails, stormwater components and repair cracking and structural damage on Vehicular bridges and large culverts.	Meeting Expectations

8. INVESTMENT & BORROWINGS REPORT

For the period ending 30 September 2021

INVESTMENT RETURNS - QUEENSLAND TREASURY CORPORATION (QTC)



Total QTC Investment at End of Month was \$185.69M

Council investments are currently held predominantly in the Capital Guaranteed Cash Fund, which is a fund operated by the Queensland Treasury Corporation (QTC). In October 2020 \$10M was invested in a term deposit of Commonwealth Bank of Australia (CBA) to maximise interest earnings.

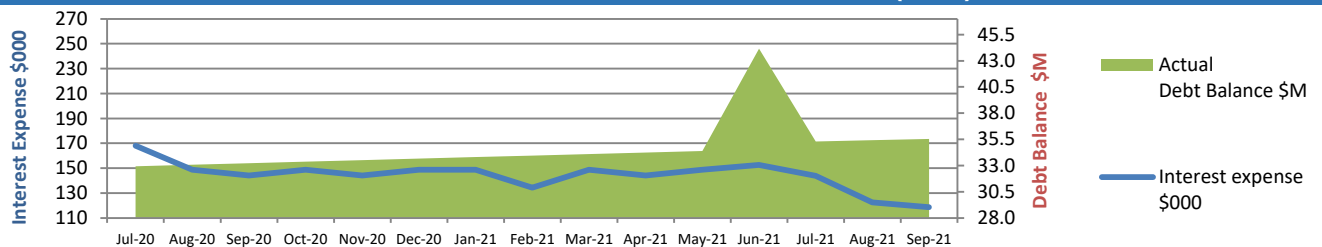
The movement in interest earned is indicative of both the interest rate and the surplus cash balances held, the latter of which is affected by business cash flow requirements on a monthly basis as well as the rating cycle.

Note: the Reserve Bank reduced the cash rate down to 0.10% during November 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 0.76%. Term deposit rates are being monitored to identify investment opportunities to ensure Council maximises its interest earnings.

Council adopted its Investment Policy (FIN-001-P) in June 2021 for the 2021/2022 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 \$9.00M, being \$7.23M principal and \$1.77M interest has been made *annually* for 2021/2022 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 2021. Interest will accrue monthly on a daily balance until next ADSP in July 2022 which is reflected in the increasing debt balance.

In June 2021 borrowings of \$9.61M were undertaken as part of Council's Capital Works Plan.

Total Borrowings at End of Month were \$35.54M

Council adopted its Debt Policy (FIN-009-P) in June 2021 for the 2021/2022 financial year

BORROWINGS

For the period ending 30 September 2021

	Annual Original Budget \$'000	Annual Revised Budget \$'000	YTD Budget \$'000	YTD Actual Balance \$'000
Borrowings				
Opening balance	(44,228)	(44,153)	(44,153)	(44,153)
Accrued interest on borrowings	(1,439)	(1,438)	(360)	(384)
Interest paid on borrowings	1,763	1,763	1,733	1,769
Principal repaid	7,243	7,243	7,175	7,230
Loan drawdown	(10,324)	(10,324)	-	-
Closing balance	(46,985)	(46,909)	(35,605)	(35,538)

9. CONSTRAINED CASH RESERVES

Reserves as at 30 September 2021	Purpose of reserve	Opening Balance	To Reserve	From Reserve	Closing Balance
		\$000	\$000	\$000	\$000
Special Projects Reserve:					
Aquatic Paradise Revetment Wall Reserve	To fund Aquatic Paradise revetment wall works program	-	6	-	6
Weinam Creek Reserve	Maintenance and improvements associated with Weinam Creek projects	-	163	(2)	161
Waste Levy Reserve	To fund Waste Levy Program	-	1,335	(1,203)	132
Raby Bay Revetment Wall Reserve	To fund Raby Bay revetment wall works program	4,265	687	(45)	4,907
Fleet Plant & Capital Equipment Reserve	To support the long term fleet replacement program	3,716	737	(243)	4,210
		7,981	2,928	(1,493)	9,416
Constrained Works Reserve:					
Public Parks Trunk Infrastructure Reserve	Capital projects for public parks trunk infrastructure	6,148	925	(841)	6,232
Land for Community Facilities Trunk Infrastructure Reserve	Land for community facilities trunk infrastructure	4,829	33	-	4,862
Water Supply Trunk Infrastructure Reserve	Upgrade, expansion or new projects for water supply trunk infrastructure	14,760	33	-	14,793
Sewerage Trunk Infrastructure Reserve	Upgrade, expansion or new projects for sewerage trunk infrastructure	11,165	496	(165)	11,496
Local Roads Trunk Infrastructure Reserve	Capital projects for local roads trunk infrastructure	36,517	1,504	(322)	37,699
Cycleways Trunk Infrastructure Reserve	Capital projects for cycleways trunk infrastructure	13,288	521	(239)	13,570
Stormwater Trunk Infrastructure Reserve	Capital projects for stormwater trunk infrastructure	9,898	132	-	10,030
Tree Planting Reserve	Acquisition and planting of trees on footpaths	169	30	(7)	192
Koala Tree off-set Planting Reserve	Acquisition and planting of trees for koala habitat	226	-	(13)	213
		97,000	3,674	(1,587)	99,087
Separate Charge Reserve:					
Environment Charge Maintenance Reserve	Ongoing conservation and maintenance operations	-	2,676	(2,312)	364
SES Separate Charge Reserve	On-going costs of maintaining the Redland SES	70	127	(102)	95
		70	2,803	(2,414)	459
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		105,908	9,405	(5,494)	109,819
					Closing cash and cash equivalents
					186,249
					Reserves as percentage of cash balance
					59%

*No interest charged for these reserves in September 2021 year to date due to low prevailing interest rate.

10. CITY WATER STATEMENTS

CITY WATER SUMMARY OPERATING STATEMENT

For the period ending 30 September 2021

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Total revenue	128,647	128,647	32,017	32,034	17
Total expenses	76,264	76,465	18,281	17,759	(522)
Earnings before interest, tax and depreciation (EBITD)	52,382	52,182	13,736	14,275	539
External interest expense	224	224	56	60	4
Internal interest expense	15,139	15,139	3,785	3,785	-
Depreciation	24,711	24,711	6,178	6,156	(22)
Operating surplus / (deficit)	12,309	12,109	3,717	4,274	557

CITY WATER CAPITAL FUNDING STATEMENT

For the period ending 30 September 2021

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Capital contributions, donations, grants and subsidies	2,956	2,956	739	529	(210)
Net transfer (to) / from constrained capital reserves	1,019	1,019	(739)	(510)	229
Non-cash contributions	5,747	5,747	595	-	(595)
Funding from utility revenue	(2,699)	7,450	1,970	1,708	(262)
Total sources of capital funding	7,023	17,173	2,565	1,727	(838)
Contributed assets	2,379	2,379	595	-	(595)
Capitalised expenditure	3,982	14,132	1,600	1,273	(327)
Loan redemption	662	662	370	454	84
Total application of capital funds	7,023	17,173	2,565	1,727	(838)

11. CITY WASTE STATEMENTS

CITY WASTE OPERATING STATEMENT

For the period ending 30 September 2021

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Total revenue	33,057	33,057	9,430	9,540	110
Total expenses	24,137	24,137	6,995	6,743	(252)
Earnings before interest, tax and depreciation (EBITD)	8,920	8,920	2,435	2,797	362
External interest expense	7	7	2	2	-
Depreciation	423	423	106	84	(22)
Operating surplus / (deficit)	8,490	8,490	2,327	2,711	384

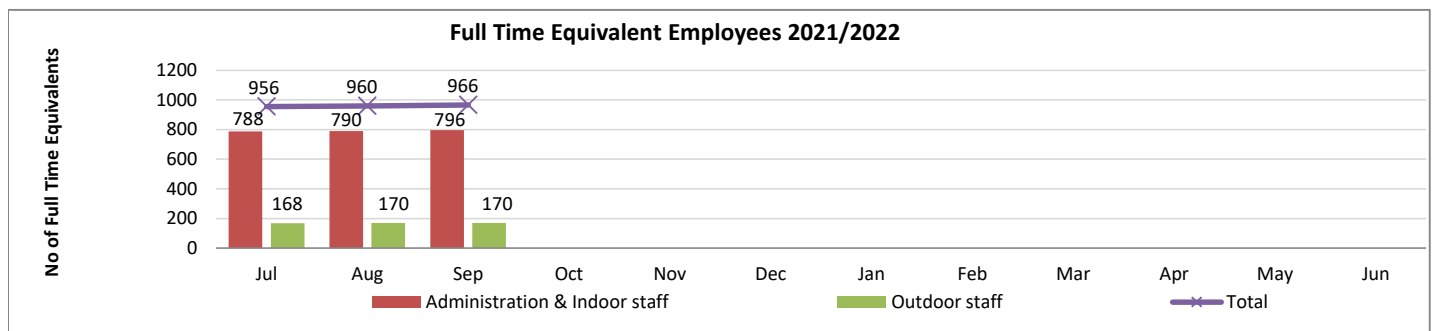
CITY WASTE CAPITAL FUNDING STATEMENT

For the period ending 30 September 2021

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Funding from utility revenue	755	1,005	474	396	(78)
Total sources of capital funding	755	1,005	474	396	(78)
Capitalised expenditure	600	850	348	282	(66)
Loan redemption	155	155	126	114	(12)
Total application of capital funds	755	1,005	474	396	(78)

12. APPENDIX: ADDITIONAL AND NON-FINANCIAL INFORMATION

Workforce Reporting



September 2021: Headcount	Employee Type			
Department Level	Casual	Full Time	Part Time	Total
Office of CEO and People and Culture	6	43	8	57
Organisational Services	3	204	24	231
Community and Customer Services	47	285	66	398
Infrastructure and Operations	8	349	16	373
Total	64	881	114	1,059

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

Comparison September 2021 to September 2020									
Days Overdue	Sep-21	% Overdue	Sep-20	% Overdue	\$ Variance	% Variance	Rates & Charges Statistics	Sep-21	Sep-20
0 - 30	\$1,117	0.0%	\$1,266	0.0%	-\$149	0.0%	Levied (Billed) Rates & Charges since 1 July 2021	\$85,151,757	\$70,903,107
31 - 60	\$3,493,915	3.6%	\$4,279,772	5.1%	-\$785,857	-1.5%	Rate arrears b/fwd 1 July 2021	\$10,693,344	\$12,988,652
61 - 90	\$1,942	0.0%	\$0	0.0%	\$1,942	0.0%	Total	\$95,845,101	\$83,891,759
91 - 180	\$1,621,174	1.7%	\$2,023,956	2.4%	-\$402,782	-0.7%	Balance of overdue rates & charges	\$9,220,385	\$10,367,504
>180	\$4,102,237	4.3%	\$4,062,510	4.8%	\$39,727	-0.5%	Percentage Overdue	9.6%	12.3%
Total	\$9,220,385	9.6%	\$10,367,504	12.3%	-\$1,147,119	-2.7%			

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

* 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.