



Monthly Financial Report

December 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 31 December 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.

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	3,784	9,133	5,349	141%	✓
Recurrent Revenue	310,942	155,857	156,393	536	0%	✓
Recurrent Expenditure	310,899	152,073	147,260	(4,813)	-3%	✓
Capital Works Expenditure	102,732	40,592	26,933	(13,659)	-34%	✓
Closing Cash & Cash Equivalents	196,457	190,976	202,311	11,335	6%	✓

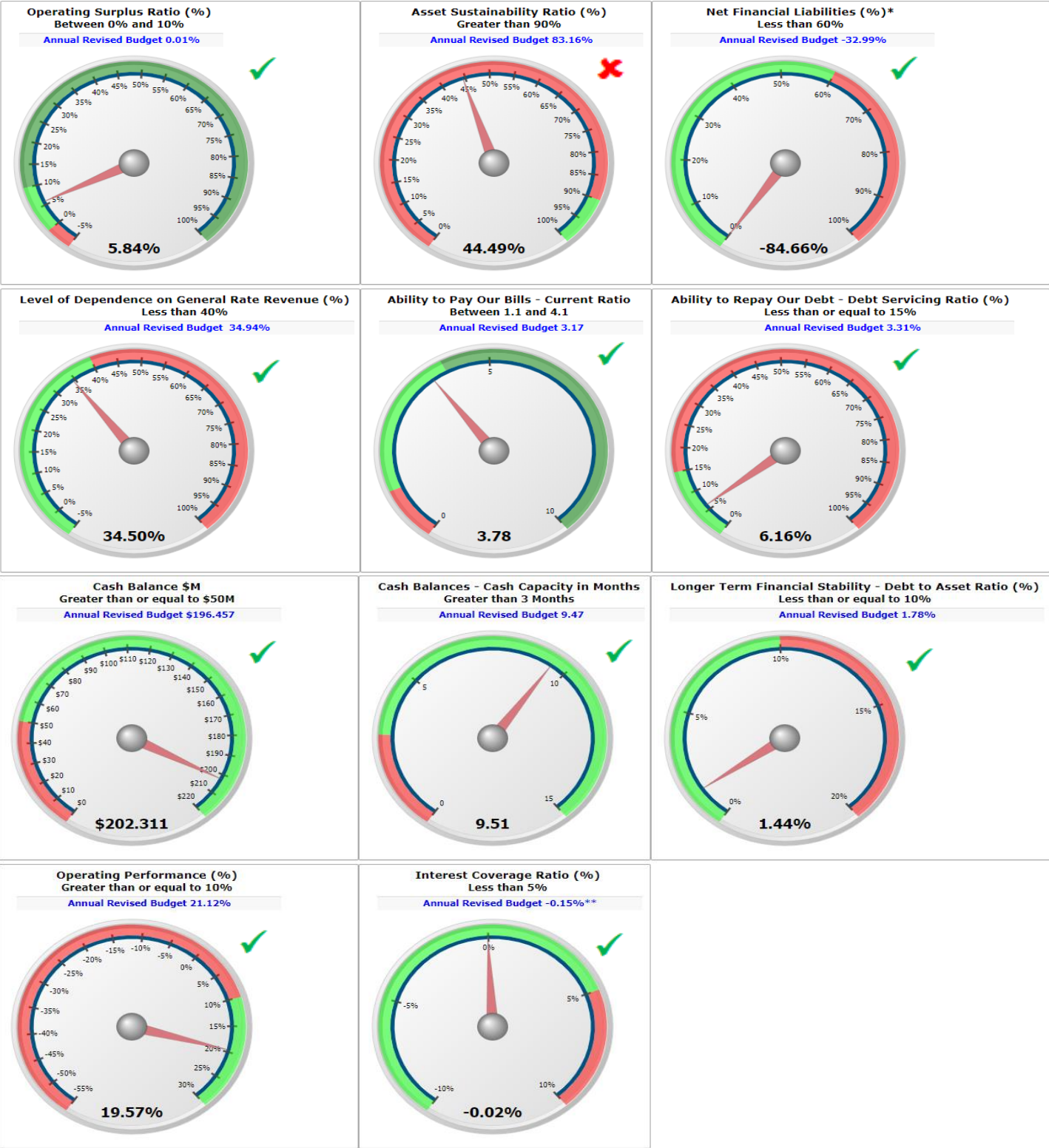
Council reported a year to date operating surplus of \$9.13M which is favourable to budget by \$5.35M mainly on account of higher fees income, lower than budgeted expenditure on materials and services and lower depreciation due to timing of asset capitalisations.

The Infrastructure and Operations (I&O) Department presented a briefing to Council that addressed the supply chain issues that are contributing to forecast underspends to the FY2021-22 capital works portfolio. This briefing included mitigation strategies that addressed the risks to delivering the capital works which was agreed to and resolved by Council at the General Meeting held on 20 October 2021.

Council's cash balance is over budget mainly due to higher than expected receipts from the customers, higher capital grants, subsidies and contributions and lower payments for property plant and equipment offset by higher payments for suppliers. Constrained cash reserves represent 57% 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 December 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	55,696	55,495	(201)
Levies and utility charges	170,378	170,378	84,883	83,386	(1,497)
Less: Pensioner remissions and rebates	(3,486)	(3,486)	(1,748)	(1,810)	(62)
Fees	15,337	15,337	7,890	9,624	1,734
Rental income	1,067	1,067	523	600	77
Interest received	2,037	2,037	967	845	(122)
Sales revenue	3,682	3,682	2,081	2,528	447
Other income	469	469	381	584	203
Grants, subsidies and contributions	9,496	9,808	5,184	5,141	(43)
Total recurrent revenue	310,554	310,942	155,857	156,393	536
Recurrent expenses					
Employee benefits	97,172	97,295	48,914	49,162	248
Materials and services	145,459	145,725	69,174	65,338	(3,836)
Finance costs	2,007	2,007	988	959	(29)
Depreciation and amortisation	67,563	67,563	33,783	32,603	(1,180)
Other expenditure	522	522	301	306	5
Net internal costs	(2,213)	(2,213)	(1,087)	(1,108)	(21)
Total recurrent expenses	310,511	310,899	152,073	147,260	(4,813)
OPERATING SURPLUS / (DEFICIT)	43	43	3,784	9,133	5,349
Capital revenue					
Grants, subsidies and contributions	22,133	28,638	10,287	8,923	(1,364)
Non-cash contributions	2,461	2,461	1,190	30	(1,160)
Total capital revenue	24,594	31,099	11,477	8,953	(2,524)
Capital expenses					
(Gain) / loss on disposal of non-current assets	289	289	48	228	180
Total capital expenses	289	289	48	228	180
TOTAL INCOME	335,148	342,041	167,334	165,346	(1,988)
TOTAL EXPENSES	310,799	311,188	152,121	147,488	(4,633)
NET RESULT	24,349	30,853	15,213	17,858	2,645
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	15,213	17,858	2,645

3. STATEMENT OF COMPREHENSIVE INCOME - CONTINUED

LEVIES AND UTILITY CHARGES ANALYSIS

For the period ending 31 December 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	15,376	15,460	84
SES separate charge	514	514	256	256	-
Environment separate charge	10,802	10,802	5,387	5,367	(20)
Separate charge landfill remediation	3,473	3,473	1,736	1,725	(11)
Wastewater charges	50,354	50,354	25,095	25,171	76
Water access charges	20,949	20,949	10,442	10,417	(25)
Water consumption charges	53,355	53,355	26,591	24,990	(1,601)
Total levies and utility charges	170,378	170,378	84,883	83,386	(1,497)

MATERIALS AND SERVICES ANALYSIS

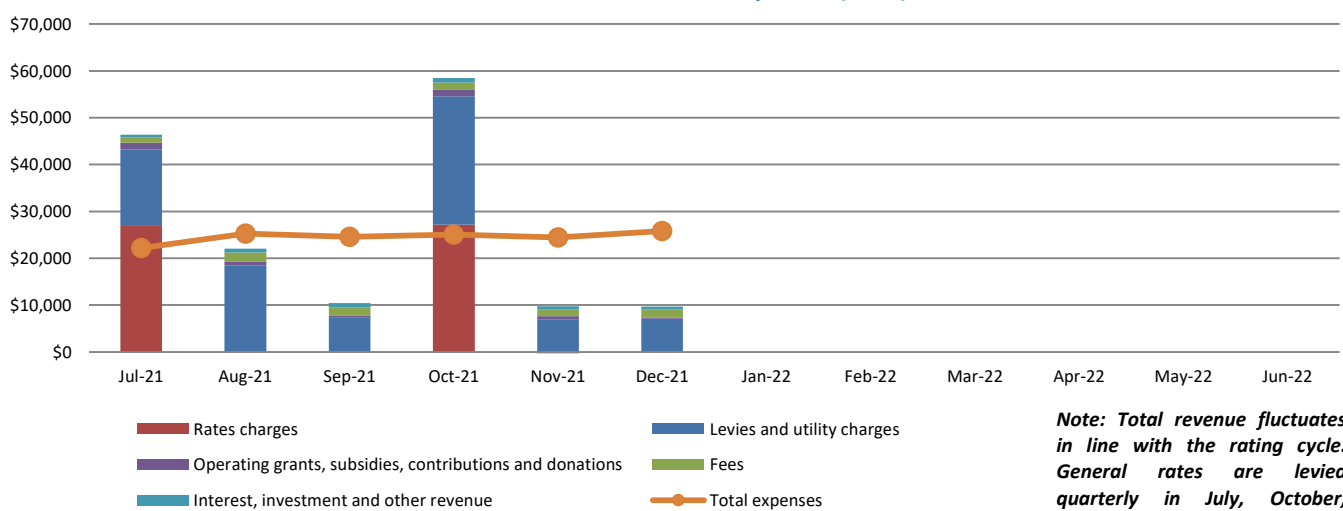
For the period ending 31 December 2021

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Materials and services					
Contractors	37,447	38,137	15,573	15,019	(554)
Consultants	2,775	3,231	1,005	805	(200)
Other Council outsourcing costs*	26,444	24,724	11,163	10,285	(878)
Purchase of materials	54,490	55,251	26,748	25,394	(1,354)
Office administration costs	7,194	7,175	6,127	5,574	(553)
Electricity charges	5,723	5,723	2,878	2,735	(143)
Plant operations	3,458	3,458	1,643	1,657	14
Information technology resources	3,685	3,666	1,932	1,964	32
General insurance	1,467	1,467	734	699	(35)
Community assistance**	1,716	1,836	885	713	(172)
Other material and service expenses	1,057	1,057	486	493	7
Total materials and services	145,459	145,725	69,174	65,338	(3,836)

* 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)



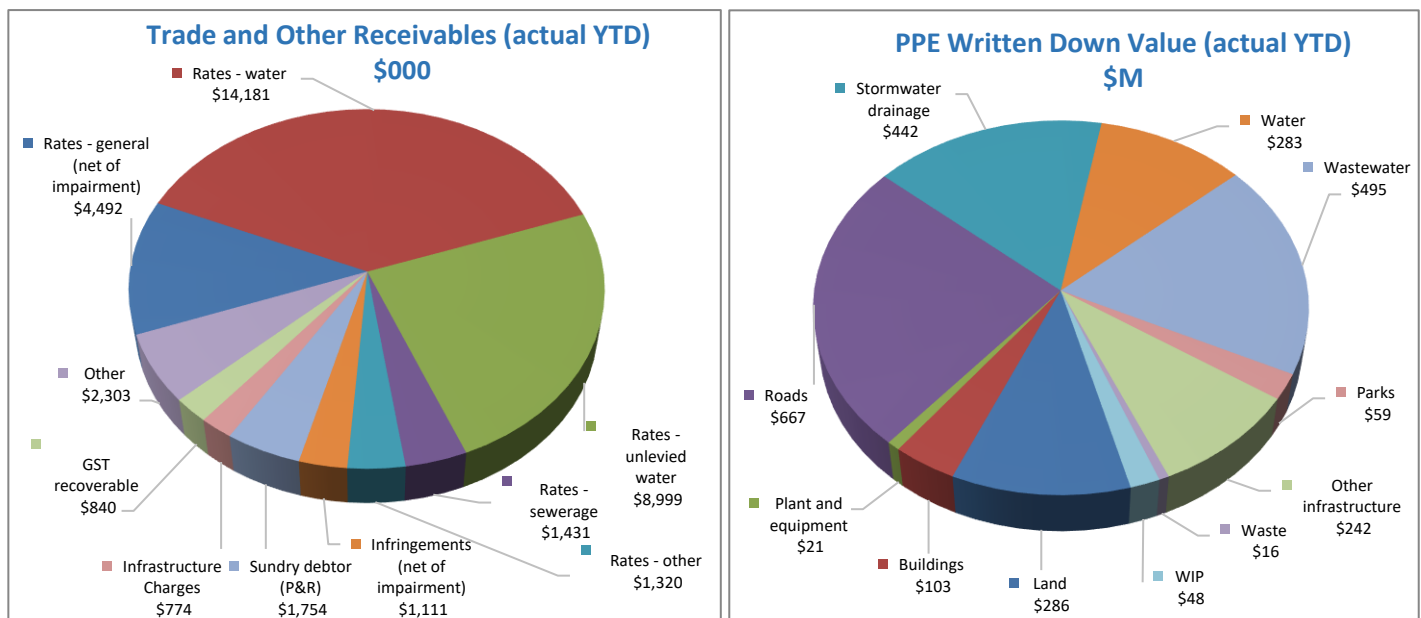
Note: Total revenue fluctuates in line with the rating cycle. General rates are levied quarterly in July, October, January and April.

4. STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Annual	Annual	YTD	YTD
	Original	Revised	Budget	Actual
	Budget	Budget	\$000	\$000
	\$000	\$000		
CURRENT ASSETS				
Cash and cash equivalents	198,990	196,457	190,976	202,311
Short-term investment - CBA	-	-	10,000	10,068
Trade and other receivables	42,672	43,012	43,536	37,205
Inventories	916	1,024	944	826
Other current assets	1,810	4,967	4,967	4,158
Total current assets	244,389	245,460	250,423	254,568
NON-CURRENT ASSETS				
Investment property	1,225	1,225	1,225	1,225
Property, plant and equipment	2,619,909	2,705,684	2,676,132	2,662,076
Intangible assets	1,135	1,160	1,431	1,426
Right-of-use assets	4,723	4,984	5,504	5,500
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	2,725,783	2,697,022	2,682,957
TOTAL ASSETS	2,884,111	2,971,243	2,947,445	2,937,525
CURRENT LIABILITIES				
Trade and other payables	37,171	45,927	49,708	32,332
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	15,424	15,904
Other current liabilities	1,911	5,758	5,792	9,114
Total current liabilities	63,972	77,525	80,973	67,399
NON-CURRENT LIABILITIES				
Borrowings - non-current	38,659	37,990	27,042	26,982
Lease liability - non-current	4,377	4,704	5,275	5,276
Provisions - non-current	21,539	22,676	21,446	22,515
Total non-current liabilities	64,576	65,370	53,763	54,773
TOTAL LIABILITIES	128,547	142,895	134,736	122,172
NET COMMUNITY ASSETS	2,755,563	2,828,348	2,812,709	2,815,353
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	1,596,948	1,594,234
Constrained cash reserves	100,210	98,681	109,408	114,766
TOTAL COMMUNITY EQUITY	2,755,563	2,828,348	2,812,709	2,815,353

4. STATEMENT OF FINANCIAL POSITION - CONTINUED



RIGHT-OF-USE ASSETS For the period ending 31 December 2021

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual Balance \$000
Right-of-use asset				
Buildings	2,109	2,152	2,443	2,437
Land	2,435	2,508	2,716	2,718
Plant and Equipment	179	324	345	345
Closing balance	4,723	4,984	5,504	5,500

PROPERTY, PLANT AND EQUIPMENT (PPE) MOVEMENT* For the period ending 31 December 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	41,781	26,964
Depreciation in year	(65,977)	(65,977)	(32,989)	(31,799)
Disposals	(1,511)	(1,511)	(639)	(1,087)
Other adjustments**	-	-	-	19
Closing balance	2,619,909	2,705,684	2,676,132	2,662,076

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

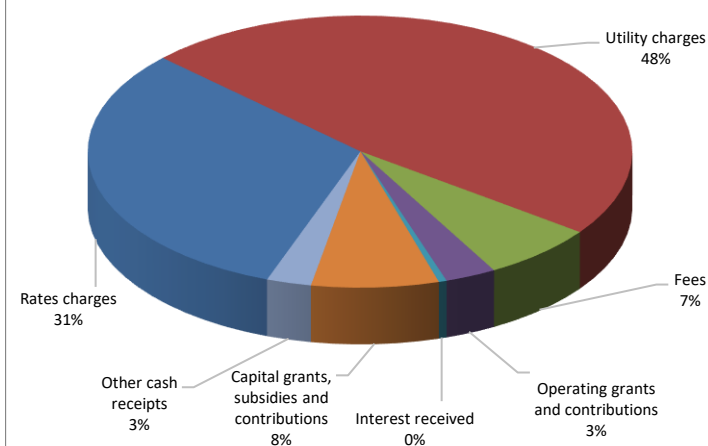
** Other adjustments include transfers between asset classes, revaluation adjustments, prior period adjustments and depreciation thereon.

5. STATEMENT OF CASH FLOWS

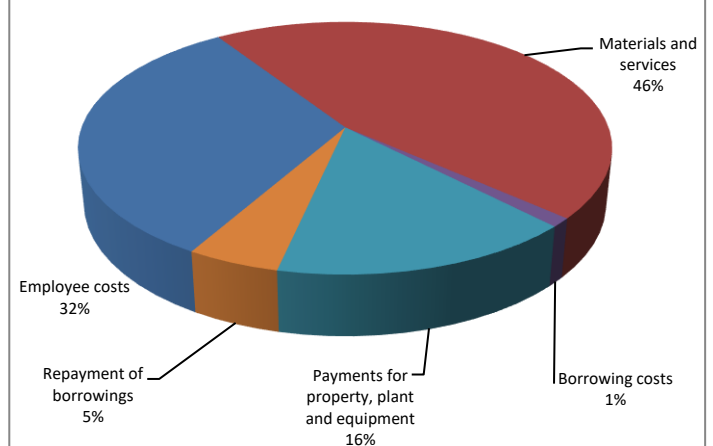
STATEMENT OF CASH FLOWS For the period ending 31 December 2021

	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	148,408	151,986
Payments to suppliers and employees	(246,606)	(246,995)	(115,375)	(125,748)
	51,334	51,022	33,033	26,238
Interest received	2,037	2,037	967	813
Rental income	1,067	1,067	523	600
Non-capital grants and contributions	14,109	14,421	5,004	5,217
Borrowing costs	(1,763)	(1,763)	(1,743)	(1,769)
Right-of-use assets interest expense	(131)	(131)	(65)	(63)
Net cash inflow / (outflow) from operating activities	66,654	66,654	37,719	31,036
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	(70,498)	(102,732)	(40,591)	(25,532)
Proceeds from sale of property, plant and equipment	1,222	1,222	592	858
Capital grants, subsidies and contributions	22,133	28,638	10,287	13,011
Other cash flows from investing activities*	3,500	3,500	3,500	3,500
Net cash inflow / (outflow) from investing activities	(43,642)	(69,372)	(26,212)	(8,163)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of borrowings	10,323	10,323	-	-
Repayment of borrowings	(7,243)	(7,243)	(7,197)	(7,230)
Right-of-use lease payment	(1,145)	(1,145)	(574)	(572)
Net cash inflow / (outflow) from financing activities	1,936	1,935	(7,771)	(7,802)
Net increase / (decrease) in cash held	24,947	(783)	3,736	15,071
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	190,976	202,311

Cash Inflow (actual YTD)



Cash Outflow (actual YTD)

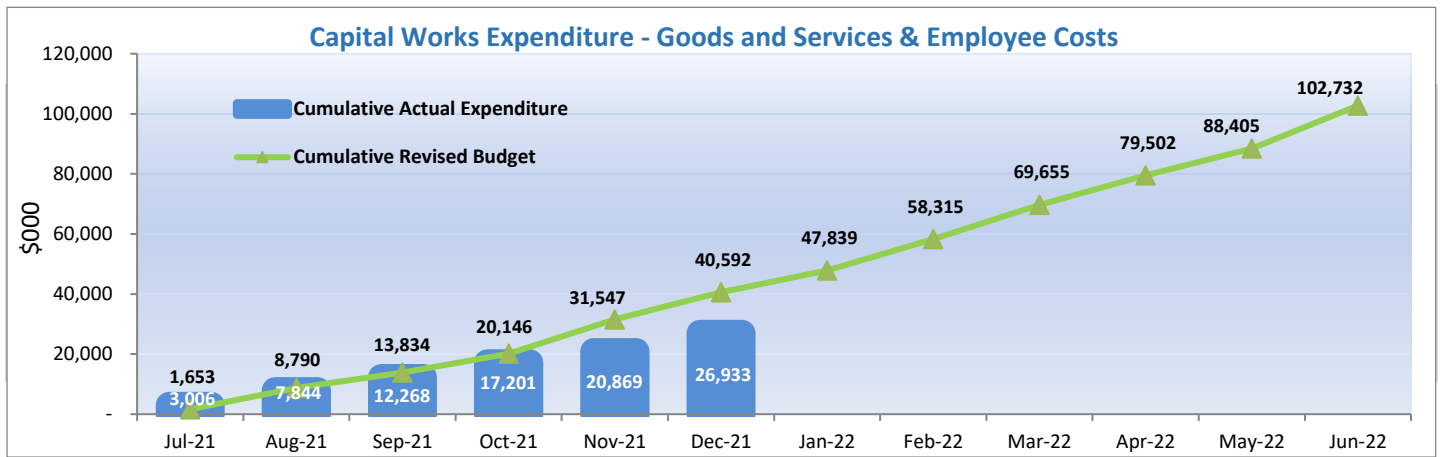


Total Cash Funding (Actual YTD)	175,985
Total Cash Funding (Annual Revised Budget)	359,226
% of Budget Achieved YTD	49%

Total Cash Expenditure (Actual YTD)	160,914
Total Cash Expenditure (Annual Revised Budget)	360,009
% of Budget Achieved YTD	45%

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

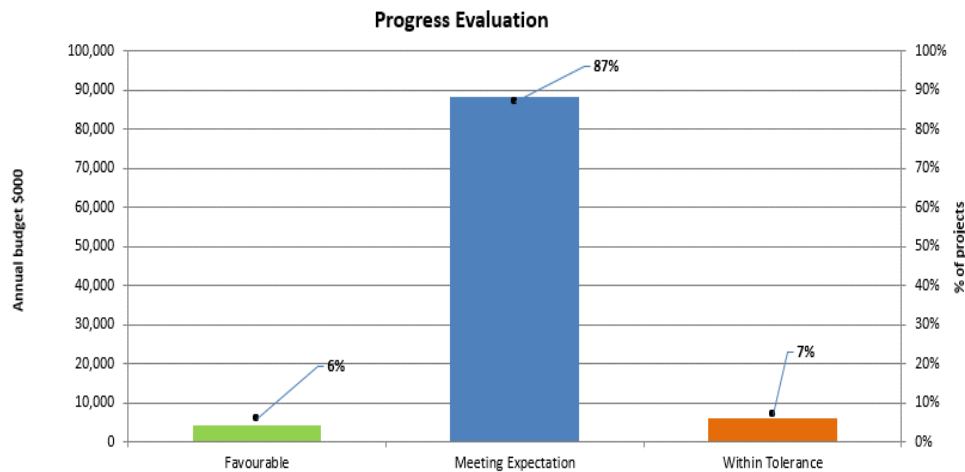
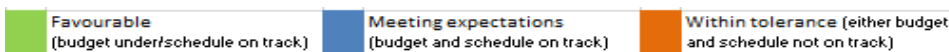
6. CAPITAL EXPENDITURE



	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Capitalised goods and services*	95,085	36,964	22,908	(14,056)
Capitalised employee costs	7,647	3,628	4,025	397
Total	102,732	40,592	26,933	(13,659)

* 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

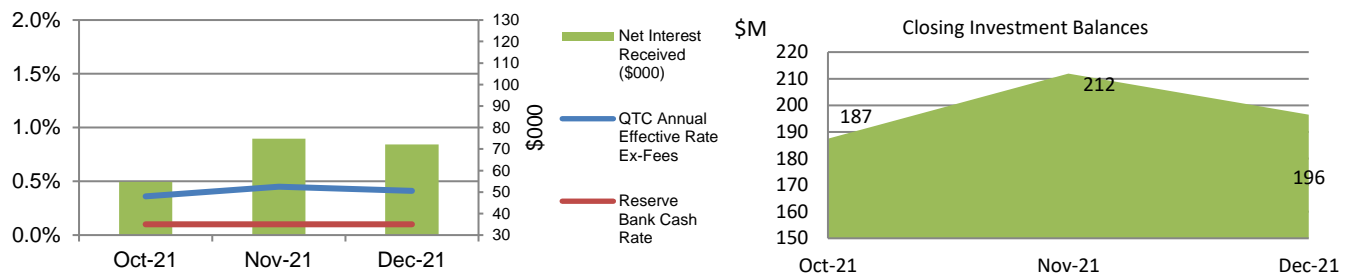
The status of two notable projects are as follows:

Project description	Progress
IndigiScapes Minor Works 2021-22 Project - Supply and installation of recycled tables & chairs within the grounds of IndigiScapes. Supply and installation of shade structure and fencing at IndigiScapes Nursery	Meeting Expectations
Redland Performing Arts Centre Technical Equipment Renewal Program - Renew of Concert Hall Cabled Microphone, Lighting Desk and event hall PA system	Meeting Expectations

8. INVESTMENT & BORROWINGS REPORT

For the period ending 31 December 2021

INVESTMENT RETURNS - QUEENSLAND TREASURY CORPORATION (QTC)



Total QTC Investment at End of Month was \$196.44M

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 2021 \$10.068M was re-invested in a term deposit of Commonwealth Bank of Australia (CBA) to maximise interest earnings.

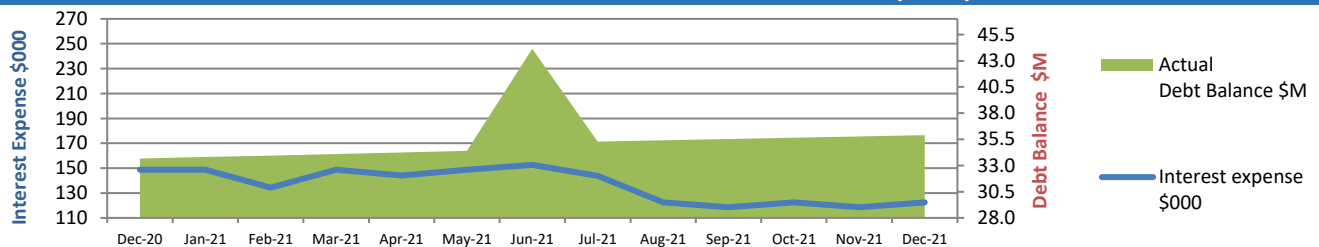
The movement in interest earned is indicative of both the interest rate and the surplus cash balances held, the latter of which is affected by business cash flow requirements on a monthly basis as well as the rating cycle.

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 0.41%. 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 \$35.90M

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

BORROWINGS

For the period ending 31 December 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)	(748)	(748)
Interest paid on borrowings	1,763	1,763	1,743	1,769
Principal repaid	7,243	7,243	7,197	7,231
Loan drawdown	(10,324)	(10,324)	-	-
Closing balance	(46,985)	(46,909)	(35,961)	(35,901)

9. CONSTRAINED CASH RESERVES

Reserves as at 31 December 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	-	13	(13)	-
Weinam Creek Reserve	Maintenance and improvements associated with Weinam Creek projects	-	186	(2)	184
Waste Levy Reserve	To fund Waste Levy Program	-	2,643	(2,384)	259
Raby Bay Revetment Wall Reserve	To fund Raby Bay revetment wall works program	4,265	1,375	(690)	4,950
Fleet Plant & Capital Equipment Reserve	To support the long term fleet replacement program	3,716	1,401	(480)	4,637
		7,981	5,618	(3,569)	10,030
Constrained Works Reserve:					
Public Parks Trunk Infrastructure Reserve	Capital projects for public parks trunk infrastructure	6,148	2,169	(2,031)	6,286
Land for Community Facilities Trunk Infrastructure Reserve	Land for community facilities trunk infrastructure	4,829	77	-	4,906
Water Supply Trunk Infrastructure Reserve	Upgrade, expansion or new projects for water supply trunk infrastructure	14,760	84	-	14,844
Sewerage Trunk Infrastructure Reserve	Upgrade, expansion or new projects for sewerage trunk infrastructure	11,165	1,714	(1,288)	11,591
Local Roads Trunk Infrastructure Reserve	Capital projects for local roads trunk infrastructure	36,517	3,173	(495)	39,195
Cycleways Trunk Infrastructure Reserve	Capital projects for cycleways trunk infrastructure	13,288	1,162	(432)	14,018
Stormwater Trunk Infrastructure Reserve	Capital projects for stormwater trunk infrastructure	9,898	326	-	10,224
Tree Planting Reserve	Acquisition and planting of trees on footpaths	169	61	(7)	223
Koala Tree off-set Planting Reserve	Acquisition and planting of trees for koala habitat	226	45	(32)	239
Special Property Reserve	Acquisition of property in line with the strategic property framework	-	888	-	888
		97,000	9,699	(4,285)	102,414
Separate Charge Reserve:					
Environment Charge Maintenance Reserve	Ongoing conservation and maintenance operations	-	5,367	(4,021)	1,346
SES Separate Charge Reserve	On-going costs of maintaining the Redland SES	70	256	(207)	119
		70	5,623	(4,228)	1,465
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	20,940	(12,082)	114,766
					Closing cash and cash equivalents
					202,311
					Reserves as percentage of cash balance
					57%

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

10. CITY WATER STATEMENTS

CITY WATER SUMMARY OPERATING STATEMENT

For the period ending 31 December 2021

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Total revenue	128,647	128,647	64,258	62,883	(1,375)
Total expenses	(76,264)	(76,465)	(36,542)	(35,363)	1,179
Earnings before interest, tax and depreciation (EBITD)	52,382	52,182	27,716	27,520	(196)
External interest expense	(224)	(224)	(122)	(119)	3
Internal interest expense	(15,139)	(15,139)	(7,569)	(7,569)	-
Depreciation	(24,711)	(24,711)	(12,356)	(12,313)	43
Operating surplus / (deficit)	12,309	12,109	7,669	7,519	(150)

CITY WATER CAPITAL FUNDING STATEMENT

For the period ending 31 December 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	1,478	1,799	321
Net transfer (to) / from constrained capital reserves	1,019	1,019	(1,478)	(1,759)	(281)
Non-cash contributions	5,747	5,747	1,190	-	(1,190)
Funding from utility revenue	(2,699)	7,450	4,369	2,604	(1,765)
Total sources of capital funding	7,023	17,173	5,559	2,644	(2,915)
Contributed assets	(2,379)	(2,379)	(1,190)	-	1,190
Capitalised expenditure	(3,982)	(14,132)	(3,911)	(2,134)	1,777
Loan redemption	(662)	(662)	(458)	(510)	(52)
Total application of capital funds	(7,023)	(17,173)	(5,559)	(2,644)	2,915

11. CITY WASTE STATEMENTS

CITY WASTE OPERATING STATEMENT

For the period ending 31 December 2021

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Total revenue	33,057	33,057	18,901	19,128	227
Total expenses	(24,137)	(24,137)	(14,331)	(13,977)	354
Earnings before interest, tax and depreciation (EBITD)	8,920	8,920	4,570	5,151	581
External interest expense	(7)	(7)	(4)	(4)	-
Depreciation	(423)	(423)	(211)	(188)	23
Operating surplus / (deficit)	8,490	8,490	4,355	4,959	604

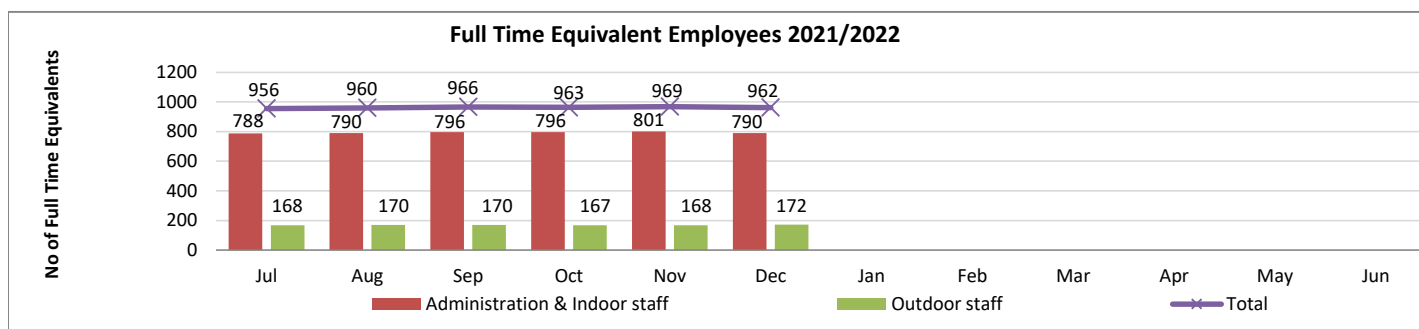
CITY WASTE CAPITAL FUNDING STATEMENT

For the period ending 31 December 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	564	442	(122)
Total sources of capital funding	755	1,005	564	442	(122)
Capitalised expenditure	(600)	(850)	(429)	(330)	99
Loan redemption	(155)	(155)	(135)	(112)	23
Total application of capital funds	(755)	(1,005)	(564)	(442)	122

12. APPENDIX: ADDITIONAL AND NON-FINANCIAL INFORMATION

Workforce Reporting



December 2021: Headcount	Employee Type			
	Casual	Full Time	Part Time	Total
Office of CEO and People and Culture	9	41	8	58
Organisational Services	2	209	19	230
Community and Customer Services	44	288	58	390
Infrastructure and Operations	8	350	16	374
Total	63	888	101	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 & Statistics

Comparison December 2021 to December 2020									
Days Overdue	Dec-21	% Overdue	Dec-20	% Overdue	\$ Variance	% Variance	Rates & Charges Statistics	Dec-21	Dec-20
0 - 30	\$910	0.0%	\$0	0.0%	\$910	0.0%	Levied (Billed) Rates & Charges since 1 July 2021	\$146,439,795	\$153,367,040
31 - 60	\$3,761,695	2.4%	\$4,072,896	2.5%	-\$311,201	-0.1%	Rate arrears b/fwd 1 July 2021	\$10,693,344	\$12,988,652
61 - 90	\$2,343	0.0%	\$0	0.0%	\$2,342	0.0%	Total	\$157,133,139	\$166,355,692
91 - 180	\$1,570,834	1.0%	\$1,898,531	1.1%	-\$327,697	-0.1%	Balance of overdue rates & charges	\$8,838,672	\$10,320,392
>180	\$3,502,890	2.2%	\$4,348,965	2.6%	-\$846,075	-0.4%	Percentage Overdue	5.6%	6.2%
Total	\$8,838,672	5.6%	\$10,320,392	6.2%	-\$1,481,720	-0.6%			

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.