



Monthly Financial Report

May 2022



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.	City Water Statements	12
11.	City Waste 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 May 2022. The year to date annual revised budget referred to in this report incorporates the changes from budget review adopted by Council on 16 February 2022.

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)	(386)	25,428	33,021	7,593	30%	✓
Recurrent Revenue	314,224	309,389	307,482	(1,907)	-1%	✗
Recurrent Expenditure	314,610	283,961	274,461	(9,500)	-3%	✓
Capital Works Expenditure	106,621	84,219	58,437	(25,782)	-31%	✓
Closing Cash & Cash Equivalents	195,979	213,090	229,218	16,128	8%	✓

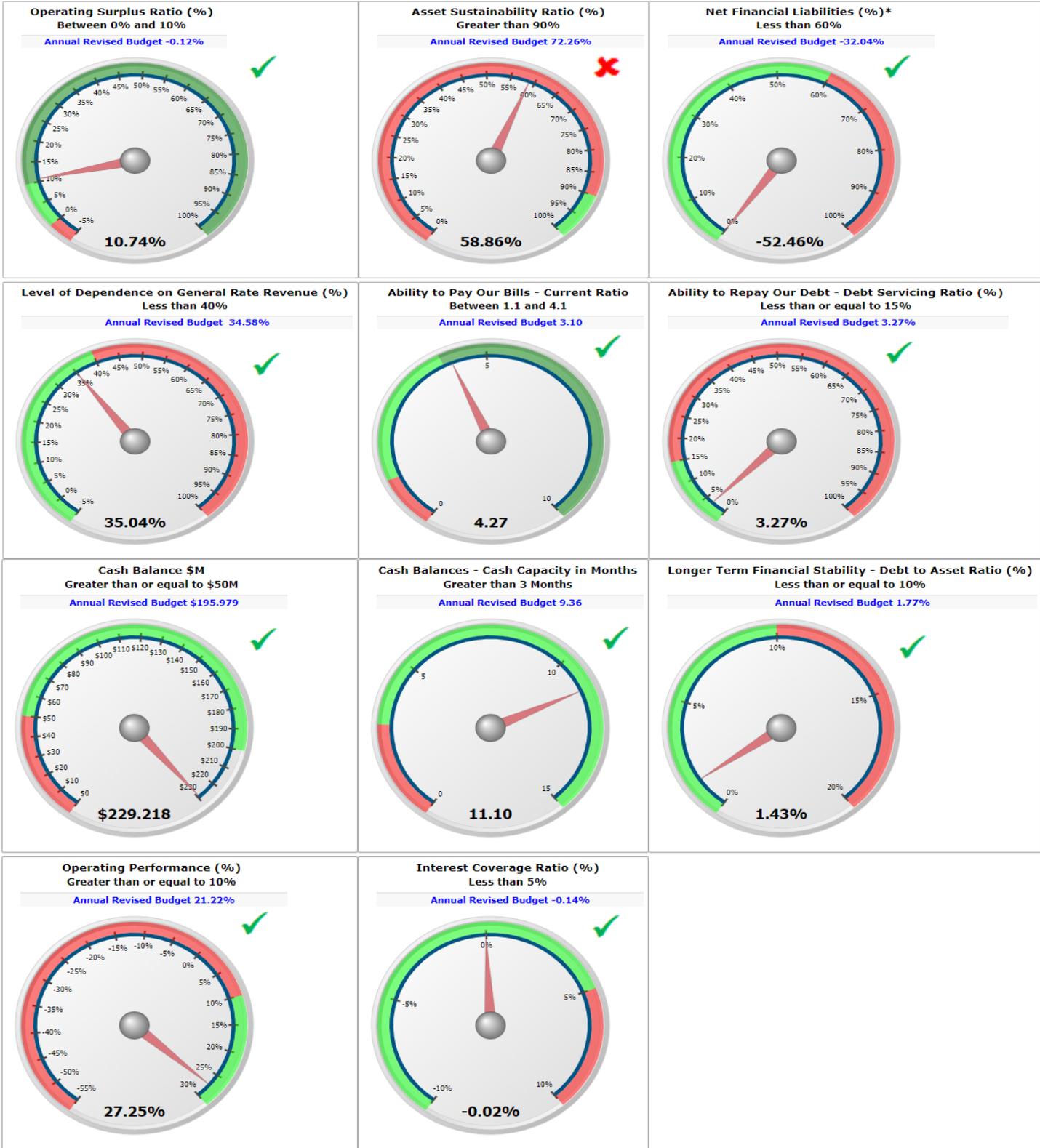
Council reported a year to date operating surplus of \$33.02M which is favourable to budget by \$7.59M mainly on account of lower than budgeted expenditure on materials and services and lower depreciation due to timing of asset capitalisations, offset by lower levies and utility charges.

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 lower payments for property, plant and equipment and higher capital grants, subsidies and contributions, offset by lower receipts from customers and higher payments to suppliers. Constrained cash reserves represent 52% of the cash balance.

2. KEY PERFORMANCE INDICATORS

Target met Target exceeded Target not met



* The net financial liabilities ratio is negative as current assets are greater than total liabilities.

3. STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME

For the period ending 31 May 2022

	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	111,382	110,821	(561)
Levies and utility charges	170,378	170,378	163,475	159,296	(4,179)
Less: Pensioner remissions and rebates	(3,486)	(3,486)	(3,446)	(3,546)	(100)
Fees	15,337	17,797	16,261	16,731	470
Rental income	1,067	1,214	1,133	1,136	3
Interest received	2,037	2,016	1,854	1,518	(336)
Sales revenue	3,682	4,147	3,790	4,454	664
Other income	469	546	524	659	135
Grants, subsidies and contributions	9,496	9,962	14,416	16,413	1,997
Total recurrent revenue	310,554	314,224	309,389	307,482	(1,907)
Recurrent expenses					
Employee benefits	97,172	97,872	89,134	89,117	(17)
Materials and services	145,459	148,858	132,677	125,703	(6,974)
Finance costs	2,007	2,007	1,748	1,743	(5)
Depreciation and amortisation	67,563	67,563	61,933	59,555	(2,378)
Other expenditure	522	522	472	373	(99)
Net internal costs	(2,213)	(2,213)	(2,003)	(2,030)	(27)
Total recurrent expenses	310,511	314,610	283,961	274,461	(9,500)
OPERATING SURPLUS / (DEFICIT)	43	(386)	25,428	33,021	7,593
Capital revenue					
Grants, subsidies and contributions	22,133	30,721	16,567	18,280	1,713
Non-cash contributions	2,461	2,461	2,246	30	(2,216)
Total capital revenue	24,594	33,182	18,813	18,310	(503)
Capital expenses					
(Gain) / loss on disposal of non-current assets	289	(50)	(99)	2,078	2,177
Total capital expenses	289	(50)	(99)	2,078	2,177
TOTAL INCOME	335,148	347,407	328,202	325,792	(2,410)
TOTAL EXPENSES	310,799	314,560	283,862	276,539	(7,323)
NET RESULT	24,349	32,847	44,340	49,253	4,913
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	32,847	44,340	49,253	4,913

3. STATEMENT OF COMPREHENSIVE INCOME - CONTINUED

LEVIES AND UTILITY CHARGES ANALYSIS

For the period ending 31 May 2022

	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	28,314	28,388	74
SES separate charge	514	514	514	513	(1)
Environment & Coastal Management Separate Charge	10,802	10,802	10,719	10,751	32
Separate charge landfill remediation	3,473	3,473	3,473	3,456	(17)
Wastewater charges	50,354	50,354	50,267	50,348	81
Water access charges	20,949	20,949	20,949	20,877	(72)
Water consumption charges	53,355	53,355	49,239	44,963	(4,276)
Total levies and utility charges	170,378	170,378	163,475	159,296	(4,179)

MATERIALS AND SERVICES ANALYSIS

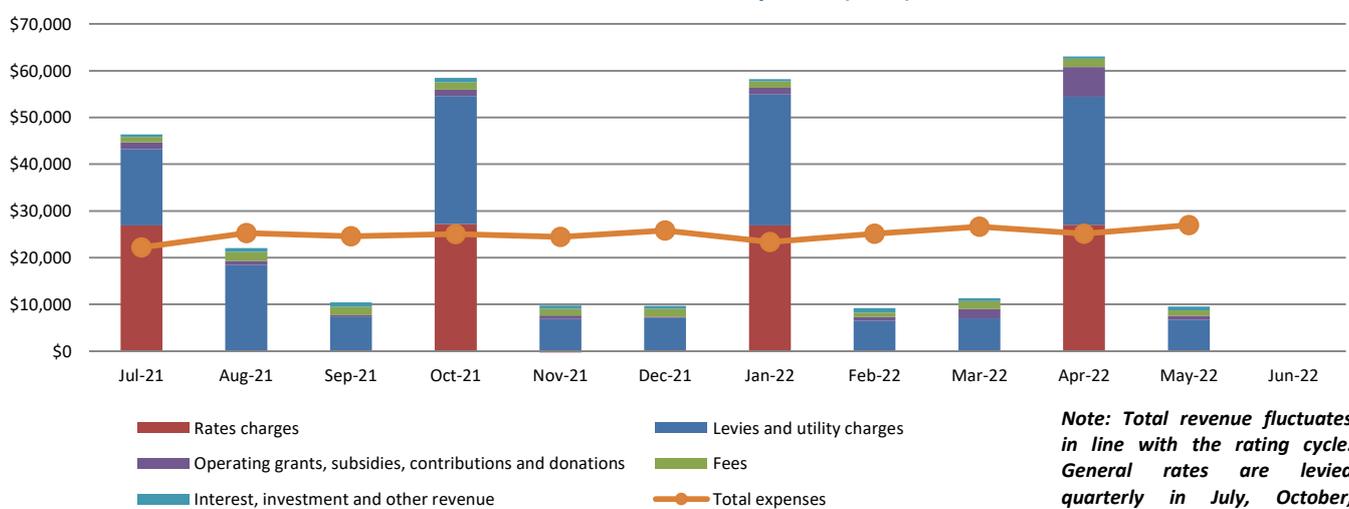
For the period ending 31 May 2022

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Materials and services					
Contractors	37,448	40,053	30,790	29,442	(1,348)
Consultants	2,775	4,748	3,815	3,382	(433)
Other Council outsourcing costs*	26,444	23,736	20,972	20,028	(944)
Purchase of materials	54,490	55,818	50,073	47,070	(3,003)
Office administration costs	7,194	7,366	11,305	10,548	(757)
Electricity charges	5,723	5,755	5,258	5,133	(125)
Plant operations	3,458	3,481	3,146	3,171	25
Information technology resources	3,686	3,698	3,474	3,585	111
General insurance	1,467	1,399	1,277	1,282	5
Community assistance**	1,716	1,736	1,591	1,166	(425)
Other material and service expenses	1,058	1,068	976	896	(80)
Total materials and services	145,459	148,858	132,677	125,703	(6,974)

* 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)

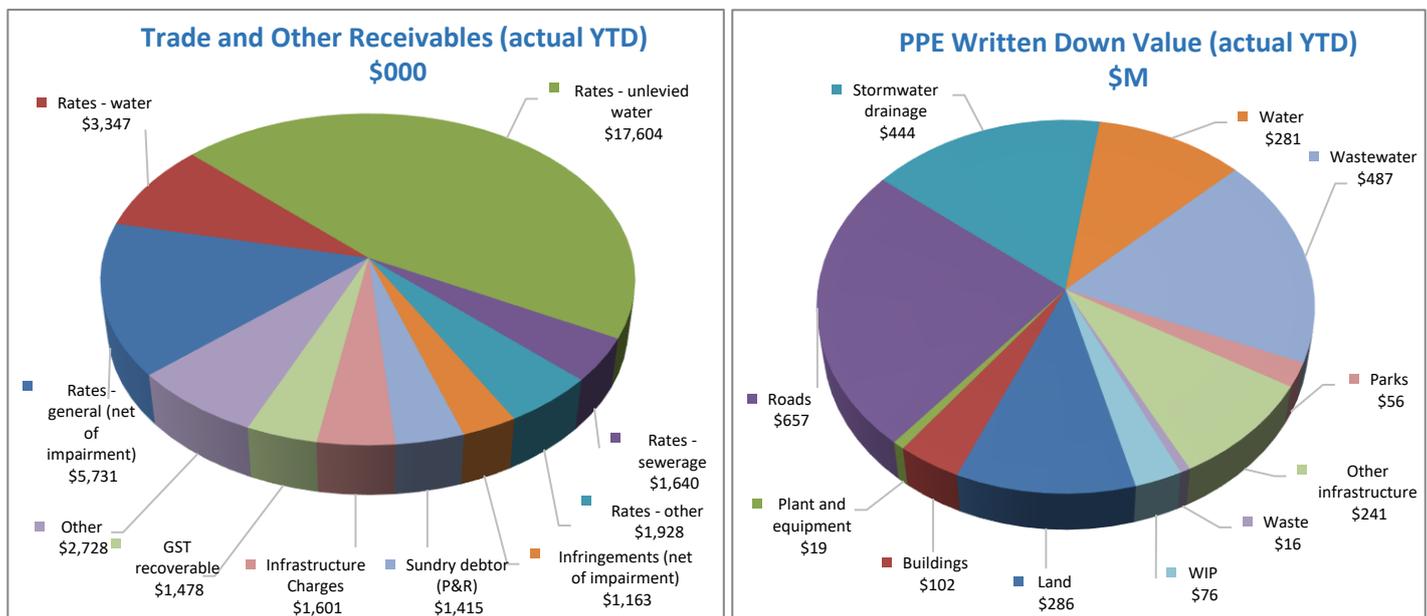


4. STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION
As at 31 May 2022

	Annual	Annual	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Budget \$000	Actual \$000
CURRENT ASSETS				
Cash and cash equivalents	198,990	195,979	213,090	229,218
Short-term investment - CBA	-	-	10,000	10,068
Trade and other receivables	42,672	43,012	49,076	38,635
Inventories	916	1,024	1,011	666
Other current assets	1,810	4,967	4,967	4,987
Total current assets	244,389	244,982	278,144	283,574
NON-CURRENT ASSETS				
Investment property	1,225	1,225	1,225	1,225
Property, plant and equipment	2,619,909	2,709,572	2,692,637	2,665,216
Intangible assets	1,135	1,160	1,206	1,221
Right-of-use assets	4,723	4,984	5,071	5,060
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	2,729,671	2,712,869	2,685,452
TOTAL ASSETS	2,884,111	2,974,652	2,991,013	2,969,026
CURRENT LIABILITIES				
Trade and other payables	37,171	45,927	49,317	33,640
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	17,207	15,170	14,018
Other current liabilities	1,911	5,758	20,810	8,706
Total current liabilities	63,972	78,941	95,346	66,413
NON-CURRENT LIABILITIES				
Borrowings - non-current	38,659	37,990	27,584	27,579
Lease liability - non-current	4,377	4,704	4,799	4,910
Provisions - non-current	21,539	22,675	21,446	23,374
Total non-current liabilities	64,576	65,370	53,829	55,863
TOTAL LIABILITIES	128,547	144,311	149,175	122,276
NET COMMUNITY ASSETS	2,755,563	2,830,341	2,841,838	2,846,750
COMMUNITY EQUITY				
Asset revaluation surplus	1,035,840	1,106,353	1,106,353	1,106,353
Retained surplus	1,619,513	1,620,669	1,627,529	1,621,287
Constrained cash reserves	100,210	103,319	107,956	119,110
TOTAL COMMUNITY EQUITY	2,755,563	2,830,341	2,841,838	2,846,750

4. STATEMENT OF FINANCIAL POSITION - CONTINUED



RIGHT-OF-USE ASSETS For the period ending 31 May 2022

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual Balance \$000
Right-of-use asset				
Buildings	2,109	2,152	2,200	2,189
Land	2,435	2,508	2,543	2,546
Plant and Equipment	179	324	328	325
Closing balance	4,723	4,984	5,071	5,060

PROPERTY, PLANT AND EQUIPMENT (PPE) MOVEMENT* For the period ending 31 May 2022

	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	109,081	86,465	58,468
Depreciation in year	(65,977)	(65,977)	(60,479)	(58,106)
Disposals	(1,511)	(1,511)	(1,328)	(3,313)
Other adjustments**	-	-	-	188
Closing balance	2,619,909	2,709,572	2,692,637	2,665,216

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

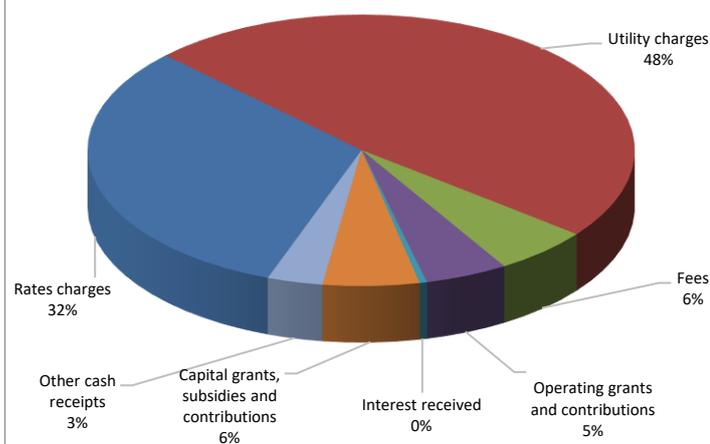
** Other adjustments include transfers between asset classes, revaluation adjustments, prior period adjustments and depreciation thereon.

5. STATEMENT OF CASH FLOWS

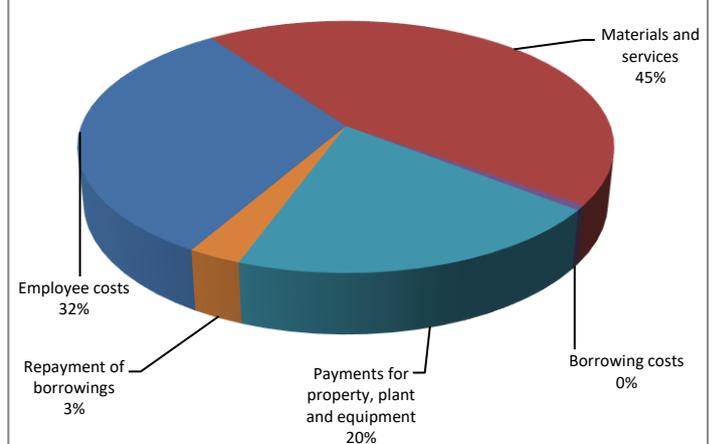
STATEMENT OF CASH FLOWS For the period ending 31 May 2022

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	297,941	301,019	300,684	293,313
Payments to suppliers and employees	(246,606)	(249,290)	(219,224)	(225,299)
	51,334	51,729	81,460	68,014
Interest received	2,037	2,016	1,854	1,464
Rental income	1,067	1,214	1,133	1,136
Non-capital grants and contributions	14,109	14,575	14,292	16,384
Borrowing costs	(1,763)	(1,763)	(1,759)	(1,769)
Right-of-use assets interest expense	(131)	(131)	(120)	(116)
Net cash inflow / (outflow) from operating activities	66,654	67,641	96,860	85,113
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	(70,498)	(106,620)	(84,219)	(58,783)
Proceeds from sale of property, plant and equipment	1,222	1,562	1,426	1,234
Capital grants, subsidies and contributions	22,133	30,721	16,568	19,083
Other cash flows from investing activities*	3,500	3,500	3,500	3,500
Net cash inflow / (outflow) from investing activities	(43,642)	(70,838)	(62,725)	(34,966)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of borrowings	10,324	10,324	-	-
Repayment of borrowings	(7,243)	(7,243)	(7,235)	(7,230)
Right-of-use lease payment	(1,145)	(1,145)	(1,050)	(939)
Net cash inflow / (outflow) from financing activities	1,936	1,936	(8,285)	(8,169)
Net increase / (decrease) in cash held	24,947	(1,261)	25,850	41,978
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	195,979	213,090	229,218

Cash Inflow (actual YTD)



Cash Outflow (actual YTD)

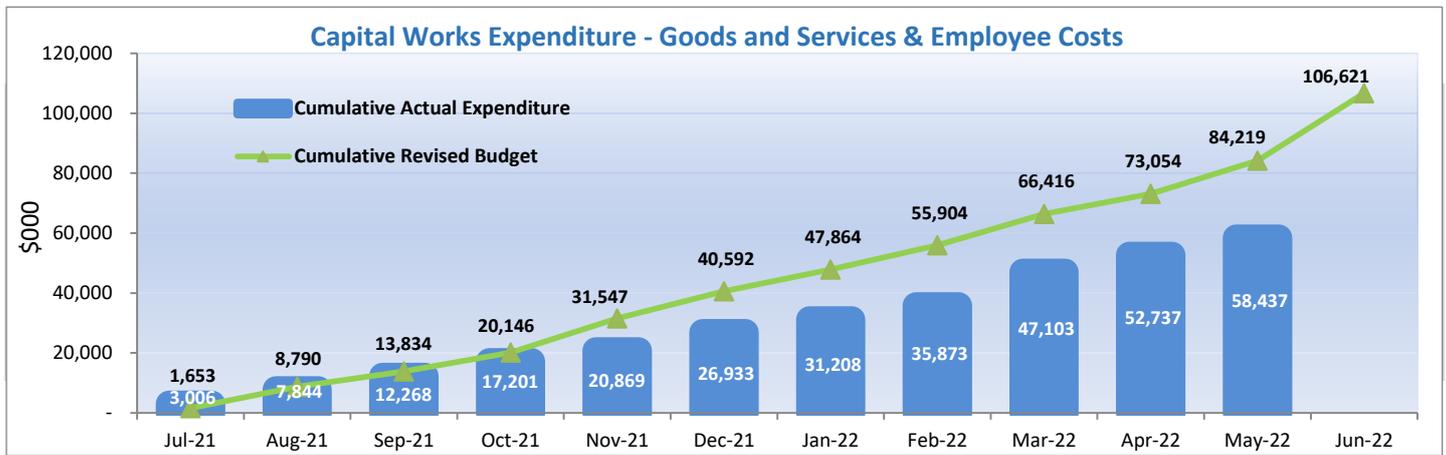


Total Cash Funding (Actual YTD)	336,114
Total Cash Funding (Annual Revised Budget)	364,931
% of Budget Achieved YTD	92%

Total Cash Expenditure (Actual YTD)	294,136
Total Cash Expenditure (Annual Revised Budget)	366,192
% of Budget Achieved YTD	80%

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

6. CAPITAL EXPENDITURE



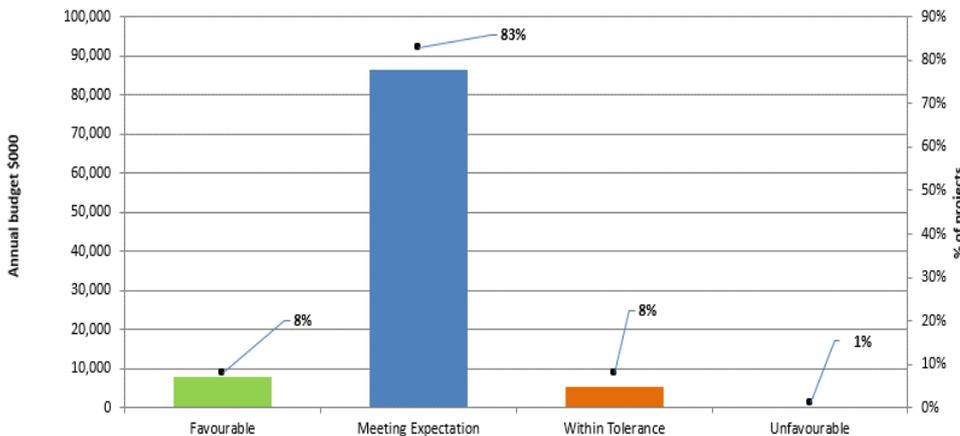
	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Capitalised goods and services*	98,763	76,043	51,355	(24,688)
Capitalised employee costs	7,858	8,176	7,082	(1,094)
Total	106,621	84,219	58,437	(25,782)

* Excludes capital prepayments.

7. PROGRAM AND PROJECT UPDATE



Progress Evaluation



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

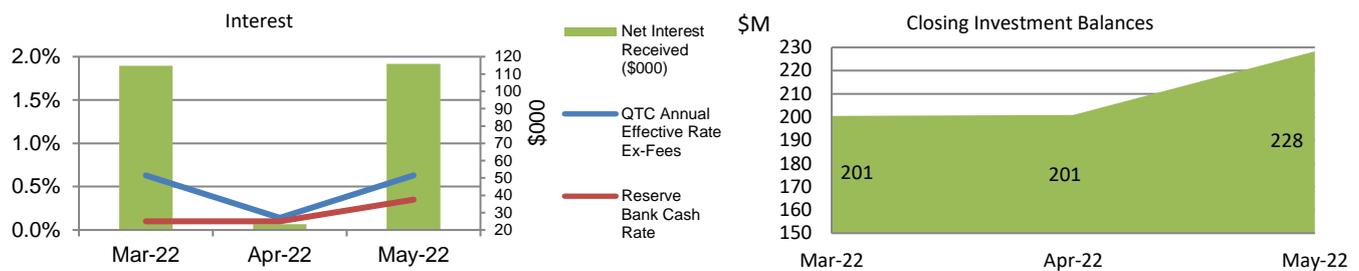
The status of two notable projects are as follows:

Project description	Progress
The Cleveland Library Building Renewal Project	Meeting Expectations
Carpark Upgrade and Expansion Program-this program involves new and upgrading car parking at Council-owned parkland, sport and recreation venues and community halls.	Meeting Expectations

8. INVESTMENT & BORROWINGS REPORT

For the period ending 31 May 2022

INVESTMENT RETURNS - QUEENSLAND TREASURY CORPORATION (QTC)



Total QTC Investment at End of Month was \$228.31M

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.

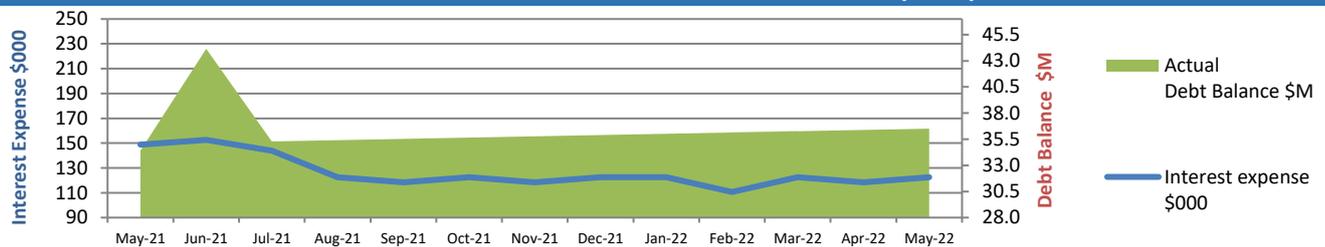
The movement in interest earned is indicative of both the interest rate and the surplus cash balances held, the latter of which is affected by business cash flow requirements on a monthly basis as well as the rating cycle. The interest income of April was lower, due to decrease of QTC annual effective rate (excluding fee) to 0.14%. This has returned to March levels in May.

Note: the Reserve Bank increased the cash rate to 0.35% during May 2022.

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 0.63%. 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 in July 2021, for 2021/2022, which will result in the loans being repaid approximately one year earlier.

The debt balance increased in June 2021 due to new borrowings of \$9.61M as part of Council's Capital Works Plan.

In July 2021 the debt balance shows a decrease due to the Annual Debt Service Payment (ADSP). Interest will accrue monthly on a daily balance until next ADSP in July 2022 which is reflected in the increasing debt balance.

Total Borrowings at End of Month were \$36.5M

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

BORROWINGS

For the period ending 31 May 2022

	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)	(1,345)	(1,345)
Interest paid on borrowings	1,763	1,763	1,759	1,769
Principal repaid	7,243	7,243	7,236	7,231
Loan drawdown	(10,324)	(10,324)	-	-
Closing balance	(46,985)	(46,909)	(36,503)	(36,498)

9. CONSTRAINED CASH RESERVES

Reserves as at 31 May 2022	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	-	26	(26)	-
Weinam Creek Reserve	Maintenance and improvements associated with Weinam Creek projects	-	494	(2)	492
Waste Levy Reserve	To fund Waste Levy Program	-	5,259	(4,700)	559
Raby Bay Revetment Wall Reserve	To fund Raby Bay revetment wall works program	4,265	2,749	(2,673)	4,341
Fleet Plant & Capital Equipment Reserve	To support the long term fleet replacement program	3,716	2,326	(754)	5,288
		7,981	10,854	(8,155)	10,680
Constrained Works Reserve:					
Public Parks Trunk Infrastructure Reserve	Capital projects for public parks trunk infrastructure	6,148	3,354	(4,959)	4,543
Land for Community Facilities Trunk Infrastructure Reserve	Land for community facilities trunk infrastructure	4,829	120	-	4,949
Water Supply Trunk Infrastructure Reserve	Upgrade, expansion or new projects for water supply trunk infrastructure	14,760	161	-	14,921
Sewerage Trunk Infrastructure Reserve	Upgrade, expansion or new projects for sewerage trunk infrastructure	11,165	2,787	(1,488)	12,464
Local Roads Trunk Infrastructure Reserve	Capital projects for local roads trunk infrastructure	36,517	4,965	(555)	40,927
Cycleways Trunk Infrastructure Reserve	Capital projects for cycleways trunk infrastructure	13,288	1,797	(573)	14,512
Stormwater Trunk Infrastructure Reserve	Capital projects for stormwater trunk infrastructure	9,898	538	-	10,436
Tree Planting Reserve	Acquisition and planting of trees on footpaths	169	89	(10)	248
Koala Tree off-set Planting Reserve	Acquisition and planting of trees for koala habitat	226	11	(90)	147
Special Property Reserve	Acquisition of property in line with the strategic property framework	-	1,695	-	1,695
		97,000	15,517	(7,675)	104,842
Separate Charge Reserve:					
Environment & Coastal management Separate Charge Reserve	Ongoing conservation and maintenance operations	-	10,751	(8,175)	2,576
SES Separate Charge Reserve	On-going costs of maintaining the Redland SES	70	513	(428)	155
		70	11,264	(8,603)	2,731
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	37,635	(24,433)	119,110
					Closing cash and cash equivalents
					229,218
					Reserves as percentage of cash balance
					52%

*No interest charged for these reserves in May 2022 year to date due to low prevailing interest rate.

10. CITY WATER STATEMENTS

CITY WATER SUMMARY OPERATING STATEMENT

For the period ending 31 May 2022

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Total revenue	128,167	128,331	123,812	119,570	(4,242)
Total expenses	75,785	76,235	67,278	63,230	(4,048)
Earnings before interest, tax and depreciation (EBITD)	52,382	52,096	56,534	56,340	(194)
External interest expense	224	224	222	217	(5)
Internal interest expense	15,139	15,139	13,877	13,877	-
Depreciation	24,711	24,711	22,652	22,435	(217)
Operating surplus / (deficit)	12,309	12,022	19,783	19,811	28

CITY WATER CAPITAL FUNDING STATEMENT

For the period ending 31 May 2022

	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	2,710	2,948	238
Net transfer (to) / from constrained capital reserves	1,019	(1,498)	(1,534)	(2,872)	(1,338)
Non-cash contributions	2,379	2,379	2,181	-	(2,181)
New loans	3,368	3,368	-	-	-
Funding from utility revenue	(2,699)	7,529	7,908	4,764	(3,144)
Total sources of capital funding	7,023	14,733	11,265	4,840	(6,425)
Contributed assets	2,379	2,379	2,181	-	(2,181)
Capitalised expenditure	3,982	11,692	8,471	4,202	(4,269)
Loan redemption	662	662	613	638	25
Total application of capital funds	7,023	14,733	11,265	4,840	(6,425)

11. CITY WASTE STATEMENTS

CITY WASTE OPERATING STATEMENT

For the period ending 31 May 2022

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Total revenue	32,893	32,904	35,154	35,337	183
Total expenses	23,973	24,033	26,542	26,516	(26)
Earnings before interest, tax and depreciation (EBITD)	8,920	8,870	8,612	8,821	209
External interest expense	7	7	7	7	-
Depreciation	423	423	388	365	(23)
Operating surplus / (deficit)	8,490	8,440	8,217	8,449	232

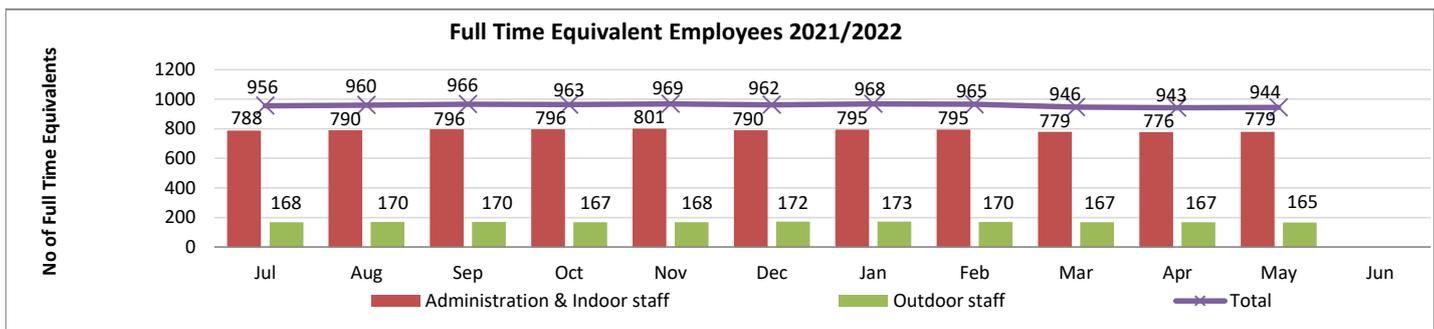
CITY WASTE CAPITAL FUNDING STATEMENT

For the period ending 31 May 2022

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Funding from utility revenue	755	1,329	928	592	(336)
Total sources of capital funding	755	1,329	928	592	(336)
Capitalised expenditure	600	1,174	777	483	(294)
Loan redemption	155	155	151	109	(42)
Total application of capital funds	755	1,329	928	592	(336)

12. APPENDIX: ADDITIONAL AND NON-FINANCIAL INFORMATION

Workforce Reporting



May 2022: Headcount		Employee Type			
Department Level	Casual	Full Time	Part Time	Total	
Office of CEO and People and Culture	3	41	10	54	
Organisational Services	2	205	21	228	
Community and Customer Services	51	278	62	391	
Infrastructure and Operations	8	345	15	368	
Total	64	869	108	1,041	

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 May 2022 to May 2021									
Days Overdue	May-22	% Overdue	May-21	% Overdue	\$ Variance	% Variance	Rates & Charges Statistics	May-22	May-21
0 - 30	\$6,728,420	2.2%	\$8,007,912	2.7%	-\$1,279,492	-0.5%	Levied (Billed) Rates & Charges since 1 July	\$294,926,630	\$282,747,735
31 - 60	\$1,036	0.0%	\$0	0.0%	\$1,036	0.0%	Rate arrears b/fwd 1 July	\$10,693,344	\$12,988,652
61 - 90	\$932	0.0%	\$350	0.0%	\$582	0.0%	Total	\$305,619,974	\$295,736,387
91 - 180	\$2,071,860	0.7%	\$2,185,146	0.7%	-\$113,286	0.0%	Balance of overdue rates & charges	\$12,748,997	\$15,583,199
>180	\$3,946,749	1.3%	\$5,389,791	1.8%	-\$1,443,042	-0.5%	Percentage Overdue	4.2%	5.2%
Total	\$12,748,997	4.2%	\$15,583,199	5.2%	-\$2,834,204	-1.0%			

13. GLOSSARY

Key Terms

Written Down Value:

This is the value of an asset after accounting for depreciation or amortisation, and it is also called book value or net book value.

Work In Progress:

This represents an unfinished project that costs are still being added to. When a project is completed, the costs will be either capitalised (allocated to relevant asset class) or written off.

Definition of Ratios

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

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

** Debt includes lease liabilities.

*** Interest expense includes interest on leases.

^ Loan redemption includes lease redemption.