



Monthly Financial Report

October 2022



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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 October 2022. The year to date annual revised budget referred to in this report incorporates the changes from budget capital carryovers adopted by Council on 17 August 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)	(4,102)	43,964	48,828	4,864	11%	✓
Recurrent Revenue	328,711	144,068	146,110	2,042	1%	✓
Recurrent Expenditure	332,813	100,104	97,282	(2,822)	-3%	✓
Capital Works Expenditure	150,226	25,124	16,650	(8,474)	-34%	✓
Closing Cash & Cash Equivalents	203,047	285,474	246,122	(39,352)	-14%	✗

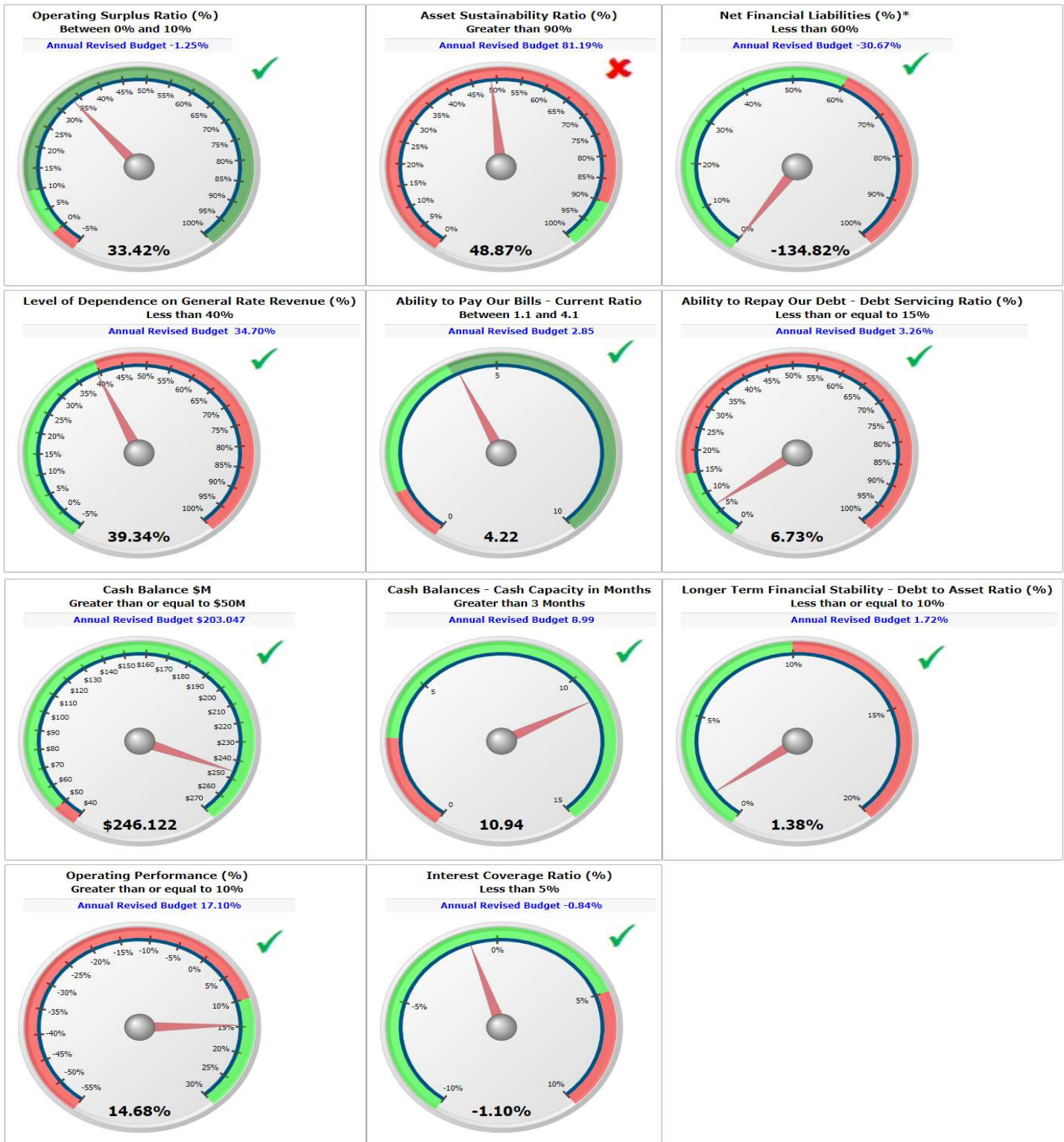
Council reported a year to date operating surplus of \$48.83M which is favourable to budget by \$4.86M. This is mainly due to lower than budgeted employee expenses, lower depreciation, lower materials and services costs, higher interest revenue, higher levies and utility charges as well as higher rates charges.

Council's capital works expenditure is below budget by \$8.47M due to timing of works for a number of infrastructure projects.

Council's cash balance is behind budget mainly due to lower than anticipated receipts from customers and higher than anticipated payments to suppliers, offset by lower than budgeted payments for property, plant and equipment and higher than anticipated receipts for capital grants, subsidies and contributions. Constrained cash reserves represent 49% 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 October 2022					
	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Budget \$000	Actual \$000	Variance \$000
Recurrent revenue					
Rates charges	117,211	117,211	58,439	59,003	564
Levies and utility charges	177,511	177,511	75,658	76,317	659
Less: Pensioner remissions and rebates	(3,661)	(3,661)	(1,758)	(1,737)	21
Fees	18,412	18,412	6,925	6,989	64
Rental income	1,140	1,140	376	382	6
Interest received	4,196	4,196	1,404	2,124	720
Sales revenue	3,989	3,989	1,492	1,595	103
Other income	465	465	276	469	193
Grants, subsidies and contributions	9,053	9,448	1,256	968	(288)
Total recurrent revenue	328,316	328,711	144,068	146,110	2,042
Recurrent expenses					
Employee benefits	101,228	101,228	33,421	31,952	(1,469)
Materials and services	160,436	160,820	43,134	42,527	(607)
Finance costs	1,980	1,980	682	639	(43)
Depreciation and amortisation	70,578	70,578	23,529	22,826	(703)
Other expenditure	525	525	110	164	54
Net internal costs	(2,314)	(2,318)	(772)	(826)	(54)
Total recurrent expenses	332,434	332,813	100,104	97,282	(2,822)
OPERATING SURPLUS / (DEFICIT)	(4,118)	(4,102)	43,964	48,828	4,864
Capital revenue					
Grants, subsidies and contributions	39,249	45,793	4,963	4,083	(880)
Non-cash contributions	2,250	2,250	-	-	-
Total capital revenue	41,499	48,043	4,963	4,083	(880)
Capital expenses					
(Gain) / loss on disposal of non-current assets	289	289	50	173	123
Total capital expenses	289	289	50	173	123
TOTAL INCOME	369,815	376,754	149,031	150,193	1,162
TOTAL EXPENSES	332,722	333,102	100,154	97,455	(2,699)
NET RESULT	37,093	43,652	48,877	52,738	3,861
Other comprehensive income / (loss)					
Items that will not be reclassified to a net result					
Revaluation of property, plant and equipment	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	37,093	43,652	48,877	52,738	3,861

3. STATEMENT OF COMPREHENSIVE INCOME - CONTINUED

LEVIES AND UTILITY CHARGES ANALYSIS

For the period ending 31 October 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	33,206	33,206	10,999	10,913	(86)
SES separate charge	500	500	249	250	1
Environment & Coastal Management Separate Charge	11,762	11,762	5,858	5,866	8
Separate charge landfill remediation	3,545	3,545	1,767	1,768	1
Wastewater charges	53,189	53,189	26,572	26,703	131
Water access charges	21,740	21,740	10,870	10,869	(1)
Water consumption charges	53,569	53,569	19,343	19,948	605
Total levies and utility charges	177,511	177,511	75,658	76,317	659

MATERIALS AND SERVICES ANALYSIS

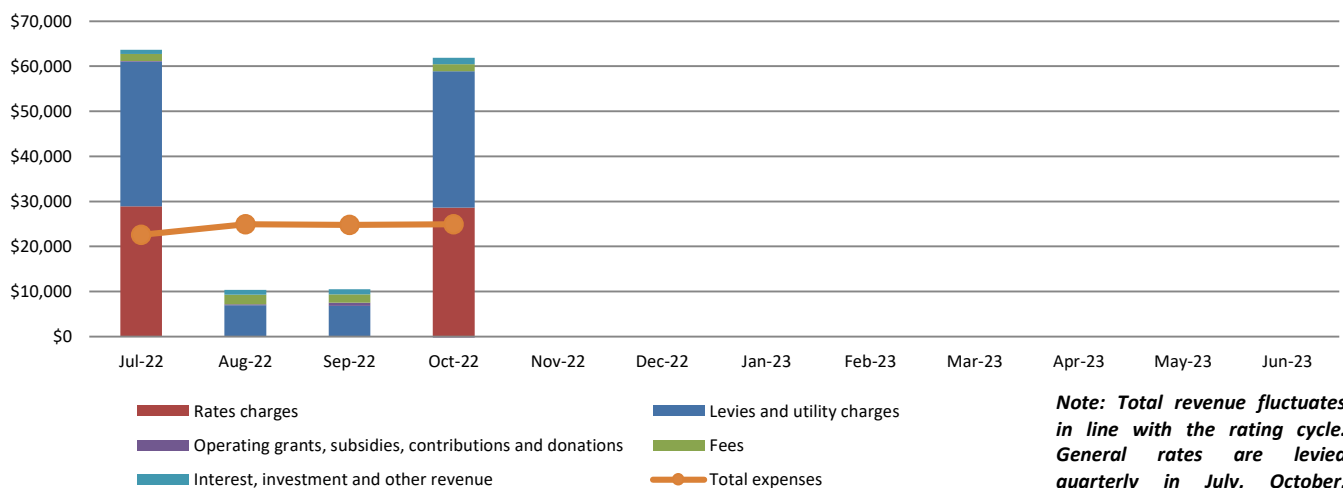
For the period ending 31 October 2022

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Materials and services					
Contractors	39,275	42,409	7,265	8,640	1,375
Consultants	5,435	5,359	1,238	985	(253)
Other Council outsourcing costs*	33,279	30,580	8,440	8,071	(369)
Purchase of materials	56,766	56,778	17,745	16,932	(813)
Office administration costs	7,181	7,208	2,373	2,165	(208)
Electricity charges	5,921	5,921	1,990	1,852	(138)
Plant operations	3,682	3,672	1,215	1,372	157
Information technology resources	4,493	4,490	1,604	1,478	(126)
General insurance	1,785	1,785	595	537	(58)
Community assistance**	1,975	1,975	419	257	(162)
Other material and service expenses	644	643	250	238	(12)
Total materials and services	160,436	160,820	43,134	42,527	(607)

* 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)

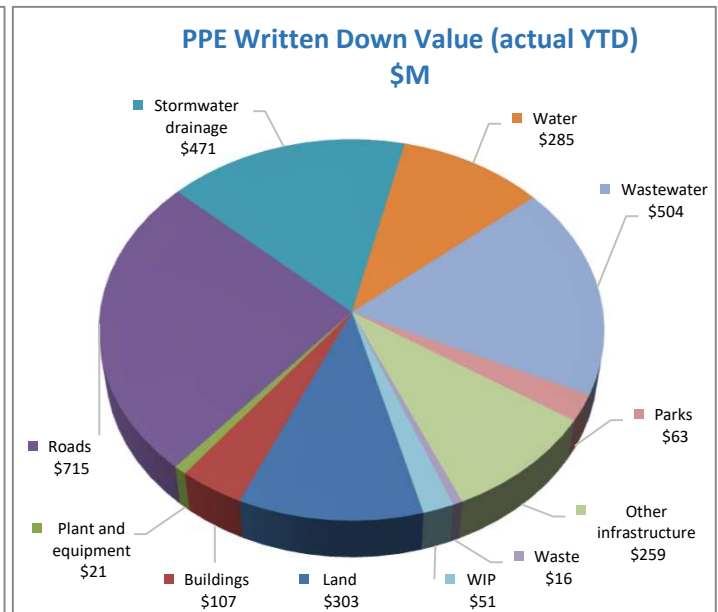
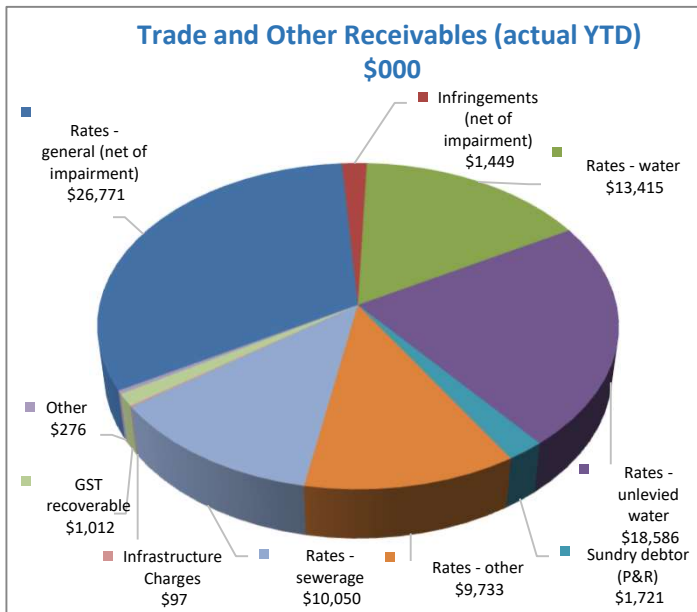


4. STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION As at 31 October 2022

	Annual	Annual	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Budget \$000	Actual \$000
CURRENT ASSETS				
Cash and cash equivalents	208,298	203,047	285,474	246,122
Short-term investment - CBA	-	10,068	10,068	10,122
Trade and other receivables	43,669	43,794	77,299	83,110
Inventories	818	928	895	1,109
Other current assets	4,172	5,486	5,486	6,832
Total current assets	256,956	263,323	379,222	347,295
NON-CURRENT ASSETS				
Investment property	1,225	1,293	1,293	1,293
Property, plant and equipment	2,735,181	2,882,797	2,802,472	2,794,718
Intangible assets	584	1,285	1,677	1,570
Right-of-use assets	3,963	4,017	4,688	4,716
Other financial assets	73	73	73	73
Investment in other entities	12,657	12,657	12,657	12,657
Total non-current assets	2,753,683	2,902,122	2,822,860	2,815,027
TOTAL ASSETS	3,010,640	3,165,445	3,202,082	3,162,322
CURRENT LIABILITIES				
Trade and other payables	43,417	49,354	54,149	37,948
Borrowings - current	8,919	9,355	9,355	9,355
Lease liability - current	1,130	1,044	1,044	1,044
Provisions - current	16,125	18,257	19,371	18,909
Other current liabilities	3,569	14,426	43,555	15,056
Total current liabilities	73,160	92,436	127,474	82,312
NON-CURRENT LIABILITIES				
Borrowings - non-current	40,684	40,262	28,590	28,633
Lease liability - non-current	3,742	3,689	4,448	4,466
Provisions - non-current	22,073	15,499	17,065	18,545
Other non-current liabilities	-	10,628	16,350	16,350
Total non-current liabilities	66,498	70,078	66,453	67,994
TOTAL LIABILITIES	139,658	162,514	193,927	150,306
NET COMMUNITY ASSETS	2,870,982	3,002,931	3,008,155	3,012,016
COMMUNITY EQUITY				
Asset revaluation surplus	1,106,353	1,225,400	1,225,400	1,225,400
Retained surplus	1,667,474	1,683,624	1,667,457	1,667,217
Constrained cash reserves	97,154	93,907	115,298	119,399
TOTAL COMMUNITY EQUITY	2,870,982	3,002,931	3,008,155	3,012,016

4. STATEMENT OF FINANCIAL POSITION - CONTINUED



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

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual Balance \$000
Right-of-use asset				
Buildings	1,548	1,282	1,678	1,702
Land	2,134	2,451	2,699	2,703
Plant and Equipment	281	284	311	311
Closing balance	3,963	4,017	4,688	4,716

PROPERTY, PLANT AND EQUIPMENT (PPE) MOVEMENT* For the period ending 31 October 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)	2,687,627	2,800,792	2,800,792	2,800,792
Acquisitions and WIP in year movement	118,025	152,476	25,124	16,648
Depreciation in year	(68,978)	(68,978)	(22,993)	(22,209)
Disposals	(1,493)	(1,493)	(451)	(513)
Closing balance	2,735,181	2,882,797	2,802,472	2,794,718

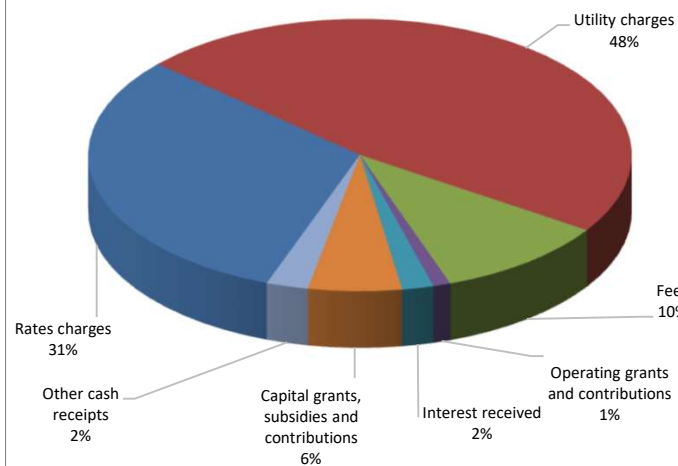
* This table includes movement relating to property, plant and equipment only and is exclusive of intangible assets.

5. STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS For the period ending 31 October 2022

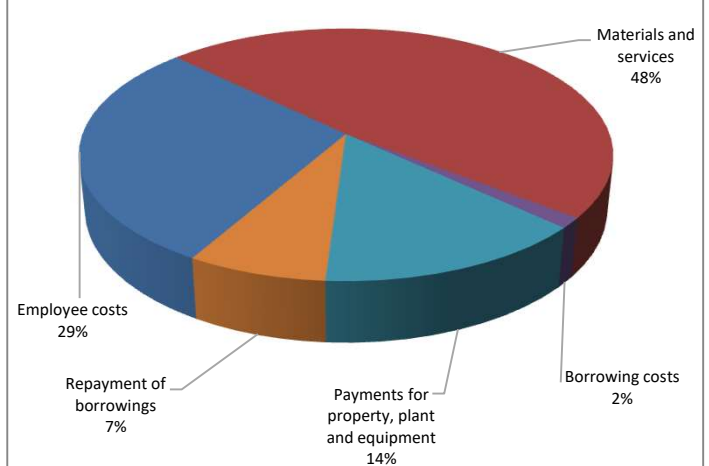
	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	312,698	312,698	137,218	101,880
Payments to suppliers and employees	(269,244)	(269,599)	(73,665)	(88,503)
	43,454	43,099	63,553	13,377
Interest received	4,196	4,196	1,404	2,094
Rental income	1,140	1,140	376	382
Non-capital grants and contributions	14,301	9,074	1,104	1,159
Borrowing costs	(1,466)	(1,466)	(1,466)	(1,483)
Right-of-use assets interest expense	(114)	(114)	(38)	(37)
Net cash inflow / (outflow) from operating activities	61,511	55,929	64,933	15,492
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	(115,776)	(150,226)	(25,124)	(16,242)
Proceeds from sale of property, plant and equipment	1,205	1,205	402	340
Capital grants, subsidies and contributions	39,249	45,793	4,963	6,229
Net cash inflow / (outflow) from investing activities	(75,322)	(103,228)	(19,759)	(9,673)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of borrowings	10,805	10,805	-	-
Repayment of borrowings	(7,982)	(7,982)	(7,982)	(7,952)
Right-of-use lease payment	(1,143)	(1,143)	(385)	(412)
Net cash inflow / (outflow) from financing activities	1,679	1,679	(8,367)	(8,364)
Net increase / (decrease) in cash held	(12,132)	(45,620)	36,807	(2,545)
Cash and cash equivalents at the beginning of the year	220,429	248,667	248,667	248,667
Cash and cash equivalents at the end of the financial year / period	208,298	203,047	285,474	246,122

Cash Inflow (actual YTD)



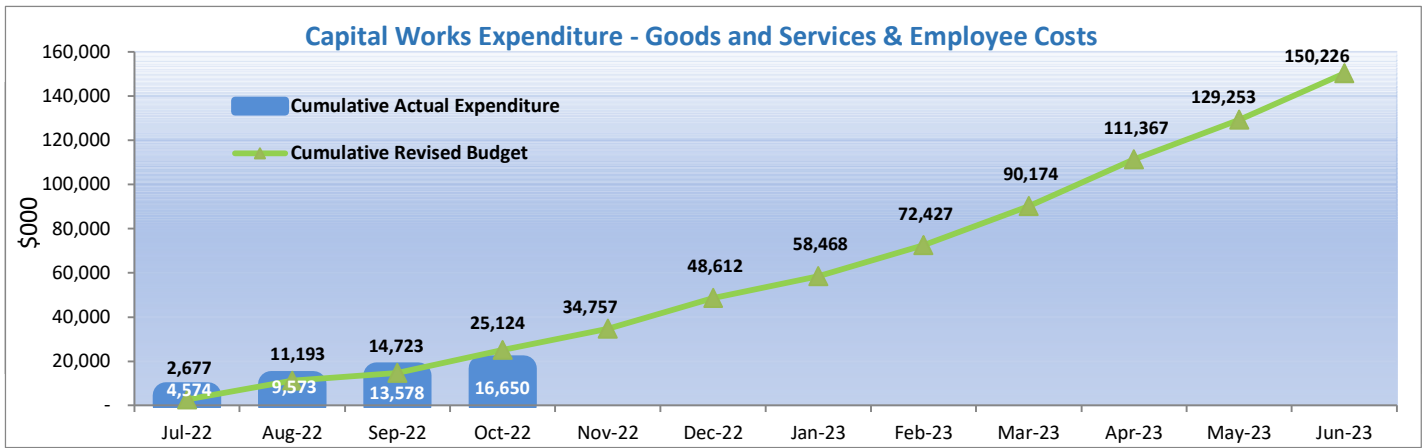
Total Cash Funding (Actual YTD)	112,084
Total Cash Funding (Annual Revised Budget)	384,910
% of Budget Achieved YTD	29%

Cash Outflow (actual YTD)



Total Cash Expenditure (Actual YTD)	114,629
Total Cash Expenditure (Annual Revised Budget)	430,530
% of Budget Achieved YTD	27%

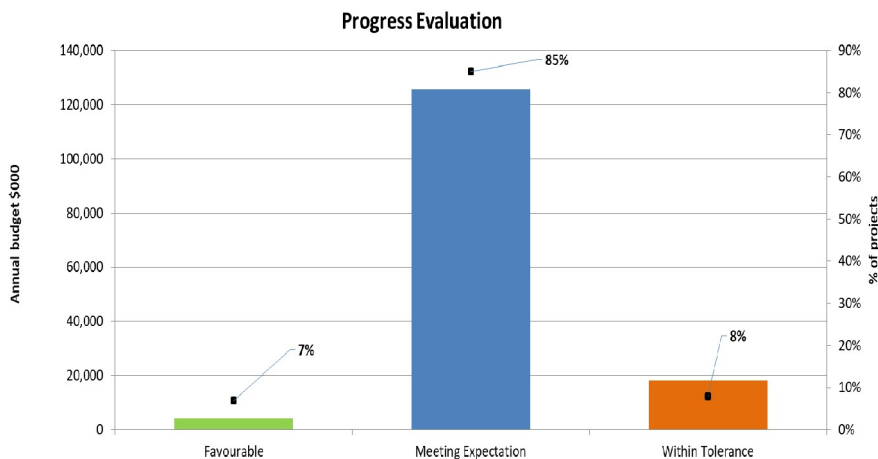
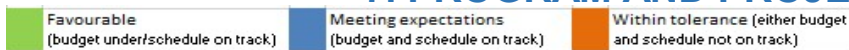
6. CAPITAL EXPENDITURE



	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Capitalised goods and services*	139,092	23,007	14,207	(8,800)
Capitalised employee costs	11,134	2,117	2,443	326
Total	150,226	25,124	16,650	(8,474)

* 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

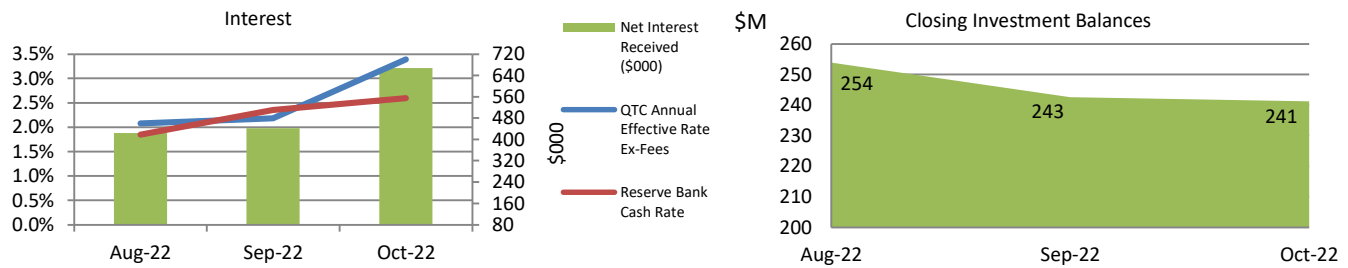
The status of two notable projects are as follows:

Project description	Progress
Pedestrian Bridge Renewal Program - this project is to renew pedestrian bridges across the City. Crystal Waters Wetlands, Thornlands, is programmed for construction this financial year.	Meeting Expectations
Footpaths and Pathways Renewal Program - the program is to renew existing footpaths and pathways within the City. Footpaths to be constructed this financial year include: Jock Kennedy Park Russell Island, Riley Peter Place Cleveland, Amity Point Recreation Reserve and Old Cleveland Road East Birkdale.	Meeting Expectations

8. INVESTMENT & BORROWINGS REPORT

For the period ending 31 October 2022

INVESTMENT RETURNS - QUEENSLAND TREASURY CORPORATION (QTC)



Total QTC Investment at End of Month was \$241.20M

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 2022 \$10.12M was re-invested in a term deposit of Commonwealth Bank of Australia (CBA) to maximise interest earnings.

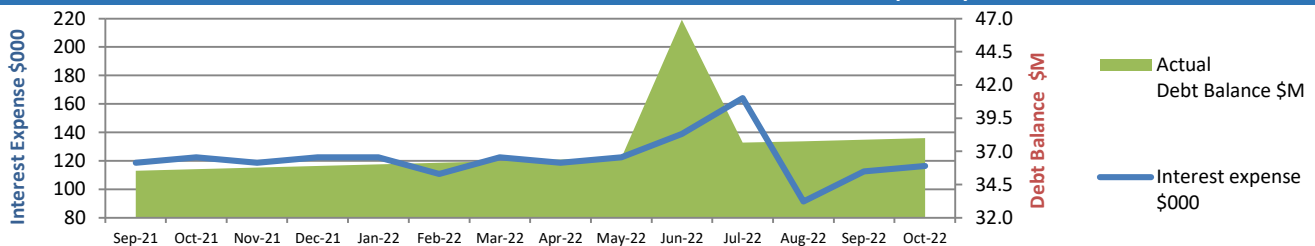
The movement in interest earned is indicative of both the interest rate and the surplus cash balances held, the latter of which is affected by business cash flow requirements on a monthly basis as well as the rating cycle. The interest income increased from August to October due to increase in QTC annual effective rate (excluding fee) from 2.08% to 3.39%.

Note: the Reserve Bank increased the cash rate to 2.60% during October 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 3.39%. 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 2022 for the 2022/2023 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 \$9.43M, being \$7.95M principal and \$1.48M interest has been made in July 2022 for 2022/2023, which will result in the loans being repaid approximately one year earlier.

The debt balance increased in June 2022 due to new borrowings of \$10.30M as part of Council's Capital Works Plan.

In July 2022 the debt balance showed a decrease due to the Annual Debt Service Payment (ADSP). Interest will accrue monthly on a daily balance until next ADSP in July 2023 which is reflected in the increasing debt balance.

Total Borrowings at End of Month were \$37.99M

Council adopted its Debt Policy (FIN-009-P) in June 2022 for the 2022/2023 financial year

BORROWINGS

For the period ending 31 October 2022

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual Balance \$000
Borrowings				
Opening balance	(46,924)	(46,938)	(46,938)	(46,938)
Accrued interest on borrowings	(1,322)	(1,322)	(455)	(485)
Interest paid on borrowings	1,466	1,466	1,466	1,483
Principal repaid	7,982	7,982	7,982	7,952
Loan drawdown	(10,805)	(10,805)	-	-
Closing balance	(49,603)	(49,617)	(37,945)	(37,988)

9. CONSTRAINED CASH RESERVES

Reserves as at 31 October 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	-	16	(1)	15
Weinam Creek Reserve	Maintenance and improvements associated with Weinam Creek projects	652	163	(2)	813
Waste Levy Reserve	To fund Waste Levy Program	379	1,875	(1,810)	444
Raby Bay Revetment Wall Reserve	To fund Raby Bay revetment wall works program	3,677	1,415	(241)	4,851
Fleet Plant & Capital Equipment Reserve*	To support the long term fleet replacement program	4,599	-	(4,599)	-
		9,307	3,469	(6,653)	6,123
Constrained Works Reserve:					
Public Parks Trunk Infrastructure Reserve	Capital projects for public parks trunk infrastructure	4,309	446	(665)	4,090
Land for Community Facilities Trunk Infrastructure Reserve	Land for community facilities trunk infrastructure	5,297	-	-	5,297
Water Supply Trunk Infrastructure Reserve	Upgrade, expansion or new projects for water supply trunk infrastructure	14,952	487	-	15,439
Sewerage Trunk Infrastructure Reserve	Upgrade, expansion or new projects for sewerage trunk infrastructure	13,341	635	(19)	13,957
Local Roads Trunk Infrastructure Reserve	Capital projects for local roads trunk infrastructure	40,631	1,459	(163)	41,927
Cycleways Trunk Infrastructure Reserve	Capital projects for cycleways trunk infrastructure	14,819	230	(1)	15,048
Stormwater Trunk Infrastructure Reserve	Capital projects for stormwater trunk infrastructure	10,559	71	-	10,630
Tree Planting Reserve	Acquisition and planting of trees on footpaths	259	32	-	291
Koala Tree off-set Planting Reserve	Acquisition and planting of trees for koala habitat	259	-	(1)	258
Special Property Reserve	Acquisition of property in line with the strategic property framework	1,654	427	-	2,081
		106,080	3,787	(849)	109,018
Separate Charge Reserve:					
Environment & Coastal Management Separate Charge Reserve	Ongoing conservation and maintenance operations	2	5,866	(2,672)	3,196
SES Separate Charge Reserve	On-going costs of maintaining the Redland SES	119	250	(167)	202
		121	6,116	(2,839)	3,398
Special Charge Reserve - Canals:					
Aquatic Paradise Canal Reserve	Maintenance and repairs of Aquatic Paradise canals	758	2	-	760
Sovereign Waters Lake Reserve	Maintenance and repairs of Sovereign Lake	430	1	-	431
1718 Raby Bay Canal Reserve	Service, facility or activity of works in respect of the canals of the Raby Bay canal estate	219	1	-	220
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)
		856	4	-	860
TOTALS		116,364	13,376	(10,341)	119,399
		Closing cash and cash equivalents			246,122
		Reserves as percentage of cash balance			49%

*Council does not require to constrain cash for fleet plant and capital equipment. The cash has been made available for general use and the reserve was closed following the end of year accounts finalisation.

10. CITY WATER STATEMENTS

CITY WATER SUMMARY OPERATING STATEMENT

For the period ending 31 October 2022

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Total revenue	134,826	134,889	58,809	59,931	1,122
Total expenses	78,703	78,766	24,489	23,145	(1,344)
Earnings before interest, tax and depreciation (EBITD)	56,123	56,123	34,320	36,786	2,466
External interest expense	355	228	77	77	-
Internal interest expense	14,750	14,750	4,917	4,917	-
Depreciation	25,587	25,587	8,529	8,544	15
Operating surplus / (deficit)	15,432	15,559	20,797	23,248	2,451

CITY WATER CAPITAL FUNDING STATEMENT

For the period ending 31 October 2022

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Capital contributions, donations, grants and subsidies	4,847	6,307	1,058	1,122	64
Net transfer (to) / from constrained capital reserves	(502)	909	(495)	(1,103)	(608)
Non-cash contributions	652	652	-	-	-
New loans	-	-	-	-	-
Funding from utility revenue	11,941	17,552	4,823	2,283	(2,540)
Total sources of capital funding	16,937	25,419	5,386	2,302	(3,084)
Contributed assets	652	652	-	-	-
Capitalised expenditure	15,512	23,989	4,775	1,681	(3,094)
Loan redemption	774	779	611	621	10
Total application of capital funds	16,937	25,419	5,386	2,302	(3,084)

11. CITY WASTE STATEMENTS

CITY WASTE OPERATING STATEMENT

For the period ending 31 October 2022

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Total revenue	35,765	35,765	11,926	12,074	148
Total expenses	26,515	26,539	7,863	8,234	371
Earnings before interest, tax and depreciation (EBITD)	9,249	9,226	4,063	3,840	(223)
External interest expense	6	6	2	2	-
Depreciation	556	556	185	144	(41)
Operating surplus / (deficit)	8,687	8,663	3,876	3,694	(182)

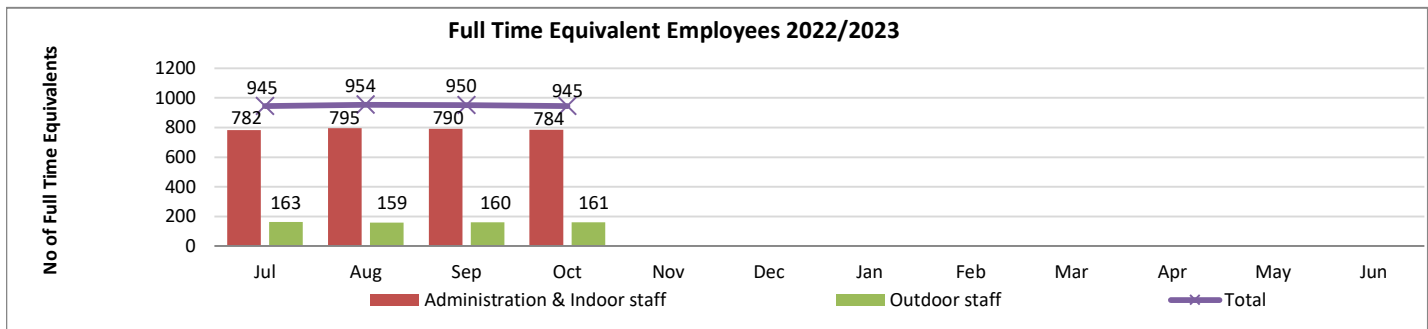
CITY WASTE CAPITAL FUNDING STATEMENT

For the period ending 31 October 2022

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Budget \$000	YTD Actual \$000	YTD Variance \$000
Capital contributions, donations, grants and subsidies	1,577	1,577	-	-	-
Funding from utility revenue	828	1,145	105	85	(20)
Total sources of capital funding	2,405	2,722	105	85	(20)
Capitalised expenditure	2,366	2,683	92	74	(18)
Loan redemption	39	39	13	11	(2)
Total application of capital funds	2,405	2,722	105	85	(20)

12. APPENDIX: ADDITIONAL AND NON-FINANCIAL INFORMATION

Workforce Reporting



October 2022: Headcount	Employee Type			
Department Level	Casual	Full Time	Part Time	Total
Office of CEO and People and Culture	5	41	9	55
Organisational Services	2	176	22	200
Community and Customer Services	64	280	70	414
Infrastructure and Operations	2	327	18	347
Advocacy Major Projects and Economic Development	1	31	-	32
Total	74	855	119	1,048

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 October 2022 to October 2021

Days Overdue	Oct-22	% Overdue	Oct-21	% Overdue	\$ Variance	% Variance	Rates & Charges Statistics	Oct-22	Oct-21
0 - 30	\$0	0.0%	\$5,852	0.0%	-\$5,852	0.0%	Levied (Billed) Rates & Charges since 1 July 2022	\$153,506,759	\$146,505,535
31 - 60	\$4,173	0.0%	\$1,039	0.0%	\$3,134	0.0%	Rate arrears b/fwd 1 July 2022	\$9,031,746	\$10,693,344
61 - 90	\$2,947,194	1.9%	\$2,578,362	1.6%	\$368,832	0.3%	Total	\$162,538,505	\$157,198,879
91 - 180	\$1,342,974	0.8%	\$1,351,364	0.9%	-\$8,390	-0.1%	Balance of overdue rates & charges	\$7,403,282	\$7,237,282
>180	\$3,108,941	1.9%	\$3,300,665	2.1%	-\$191,724	-0.2%	Percentage Overdue	4.6%	4.6%
Total	\$7,403,282	4.6%	\$7,237,282	4.6%	\$166,000	0.0%			

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*:

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.