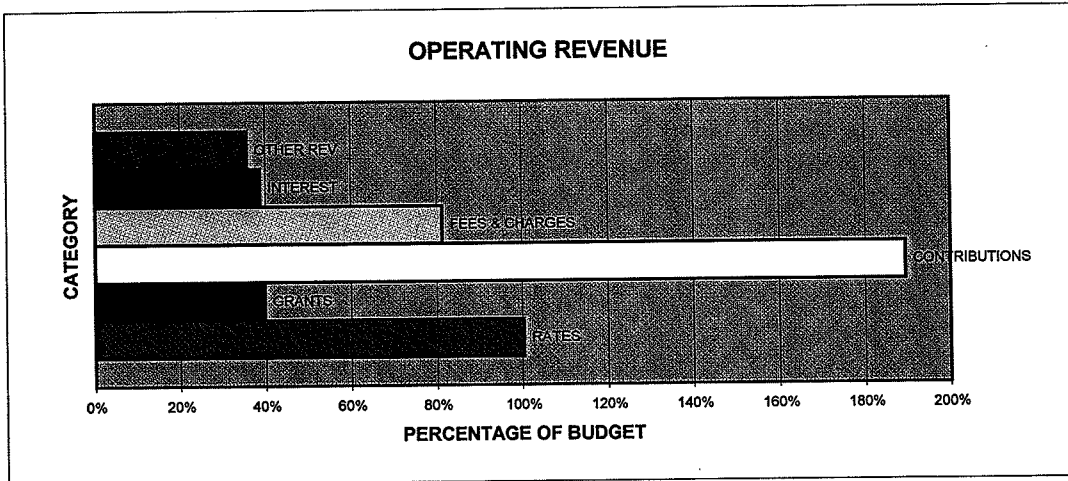
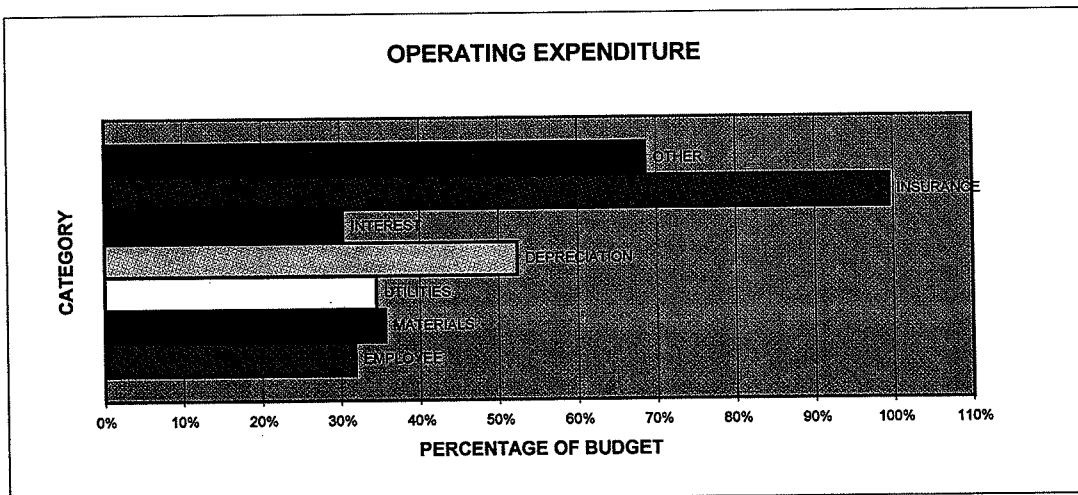


**Financial Commentary**

Operating income is currently 87.85% of annual budgeted amounts with a number of operating grants for projects yet to be received. Interest earnings currently exceed budget, though the amount of invested funds is decreasing. Further investments are set to mature in November. Falling interest rates will have an impact upon interest revenue performance to budget as most term deposits are for 90 day terms and will be rolled over at significantly lower rates. Unbudgeted cash in lieu of public open space contributions received have lead to actual contribution performance exceeding annual budget, though these funds are restricted in nature.



Operating expenditure is exceeding budget year to date. This is mainly affected by depreciation charges being greater than 50% of the annual budget (currently being investigated) and the timing of upfront annual expenditure on licenses / subscriptions and insurance.



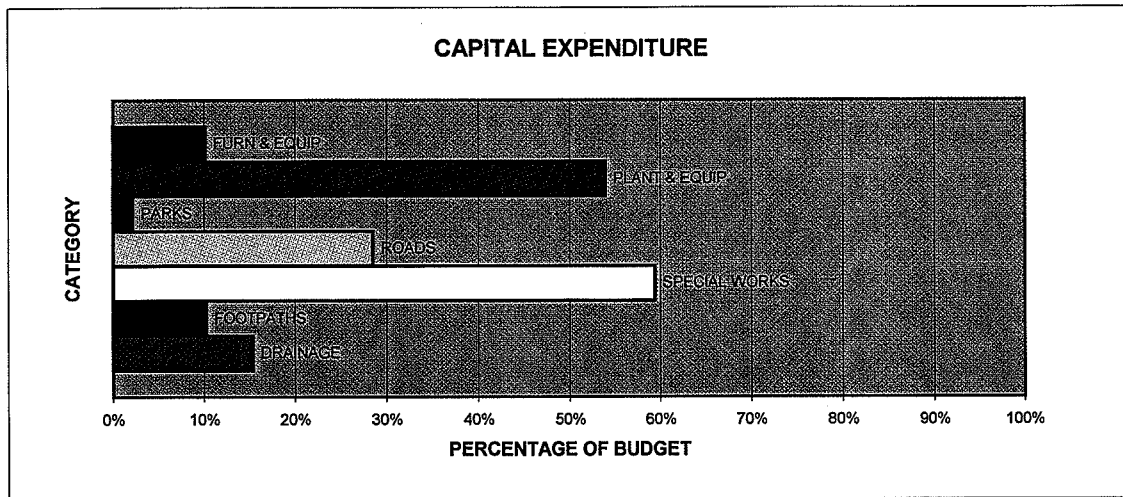
Key reporting area:

**Salaries and Wages**

These continue to be reported as being under year to date budget, except for workers' compensation insurance which is paid annually in advance. Overall is a result of expenditure timing.

## Capital Expenditure

Capital Expenditure is at 23.83% of annual budget, though this is largely affected by the timing of invoice receipts and the lead time required in commencing projects.



FINANCIAL RATIOS	2008/09	2007/08
Current Ratio	10.4 : 1	1.21 : 1
Untied Cash to Trade Creditors Ratio	11.5 : 1	0.37 : 1
Debt Ratio	1.25%	1.61%
Debt Service Ratio	0.19%	0.37%
Gross Debt to Revenue Ratio	2.50%	2.20%
Gross Debt to Economically Realisable Assets Ratio	0.31%	0.36%
Rate Coverage Ratio	54.86%	49.41%
Outstanding Rates Ratio	43.76%	3.06%

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Trade Creditors Ratio	$\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$
Debt Ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Debt Service Ratio	$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{Gross debt}}{\text{Total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{Gross debt}}{\text{Economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$