



Appendix seven – OLG's performance indicators from the audited financial statement - Descriptions

Audited performance indicator	Formula	Description
Operating performance	Total continuing operating revenue [#] excluding capital grants and contributions less operating expenses	The 'operating performances ratio' measures how well local councils contained expenses within revenue.
	Total continuing operating revenue [#] excluding capital grants and contributions	The benchmark set by the Office of Local Government (OLG) for the ratio is greater than zero per cent.
Own source operating revenue	Total continuing operating revenue [#] excluding all grants and contributions	The 'own source operating revenue ratio' measures a council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions.
	Total continuing operating revenue [#] inclusive of all grants and contributions	The benchmark set by OLG for the ratio is greater than 60 per cent.
Unrestricted current ratio	Current assets less all external restrictions	The 'unrestricted current ratio' is specific to the local government sector and represents a council's ability to meet its short-term obligations as they fall due.
	Current liabilities less specific-purpose liabilities	The benchmark set by OLG for the ratio is greater than 1.5 times.
Debt service cover ratio	Operating result [#] before capital excluding interest and impairment, depreciation and amortisation	The 'debt service cover ratio' measures the operating cash available to service debt including interest, principal and lease payments.
	Principal repayments plus borrowing costs	The benchmark set by OLG for the ratio is greater than two times.
Rates and annual charges outstanding percentage	Rates and annual charges outstanding	The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on a council's liquidity and the adequacy of debt recovery efforts.
	Rates and annual charges collectible	The benchmark set by OLG for the ratio is less than five per cent for metropolitan and less than ten per cent for rural councils.
Cash expense cover ratio	Current year cash and cash equivalents, and term deposits *12	The 'cash expense cover ratio' indicates the number of months a council can continue paying its expenses without additional cash inflows.
	Payments from cash flow of operating and financing activities	The benchmark set by OLG for the ratio is greater than three months.

Excludes fair value adjustments, reversal of revaluation decrements, net gain/loss on sale of assets, and net share/loss of interests in joint ventures.

Source: Local Government Code of Accounting Practice and Financial Reporting.