

ADDENDUM

11.3.4 ANNUAL REPORT 2019-20

LOCATION/ADDRESS	Shire of Augusta Margaret River
APPLICANT/LANDOWNER	Shire of Augusta Margaret River
FILE REFERENCE	COR/133
REPORT AUTHOR	Stacey Hutt, Community and Corporate Business Planner
AUTHORISING OFFICER	James Shepherd, Director Corporate and Community Services

This addendum provides an amended attachment

Minor amendments have been made to page 18 of the Annual Report.

ATTACHMENTS

Page 18 of Attachment 1 – Annual Report 2019-20

Budget spend

The audited Annual Financial Report for 2019-20 shows a net result of a surplus of \$10,801,210 which is higher than the previous year's net result of a surplus of \$3,895,408. The main reason for this increase is the recognition of the value of donated assets in non-operating grants. From a cash flow perspective, the Shire increased the amount of cash and cash equivalents at the end of the year by \$1,309,479 to \$12,646,535.

The Shire's Statement of Financial Position at 30 June 2020 shows net assets are similar to last year. A change to the Local Government (Financial Management) Regulations 1996 gazetted on 9 November 2020 required an accounting adjustment to remove the value of land vested in and under the control of Council. This reduced the value of the Shire's property, plant and equipment by over \$5 million. The Shire is responsible for the management of net assets valued at over \$464 million. Of this total, over \$460 million represents the value of fixed or capital assets.

The Shire's closing financial position for the year of \$2,405,479 was an improvement on the budgeted breakeven position. However, this improvement is largely attributable to the number and value of projects being carried forward to the 2020-21 budget as well as the advance payment by the Federal Government of the 2020-21 Financial Assistance Grant.

Financial ratios are calculated to help guide the financial sustainability of local government over the long term.

Key Financial Indicator	2019-20	2018-19	2017-18	2016-17
Financial Health Indicator Score A measurement of a local government's overall financial health, calculates from the below seven financial ratios. An FHI result of 70 and above indicates sound financial health. The maximum result achievable is 100	<i>Not yet available</i>	71	73	70
Operating Surplus Ratio A measure of a local government's ability to cover its operational costs and have money left for capital projects and other purposes. Industry benchmark is between 0% and 15%	-16%	-8%	-12%	-1%
Own Source Revenue Coverage Ratio A measure of a local government's ability to cover its operating costs through revenue it generates itself. Industry benchmark is greater than 60%	81%	86%	88%	89%
Current Ratio A measure of the ability of a local government to meet its short-term financial obligations with funds it can access quickly (also known as 'liquidity'). Industry benchmark is greater than 100%	122%	122%	137%	134%
Debt Service Cover Ratio A measure of a local government's ability to repay its debt based on how much cash it can access compared to the total of its debt obligations. Industry benchmark is greater than 5	3.43	5.44	5.64	8.11
Asset Sustainability Ratio A measure of the extent to which assets managed by a local government are being replaced as they reach the end of their useful lives. Industry benchmark is between 90% and 110%	91%	87%	88%	81%
Asset Consumption Ratio A measure of the condition of a local government's physical assets, by comparing their age with their replacement cost. The ratio highlights the aged condition of a local government's stock of physical assets. Industry benchmark is between 50% and 75%	95%	78%	99%	97%
Asset Renewal Funding Ratio A measure of a local government's ability to fund asset renewal and replacements in the future. Industry benchmark is between 75% and 105%	111%	117%	121%	136%

Read the full Annual Financial Report at the end of this document.