

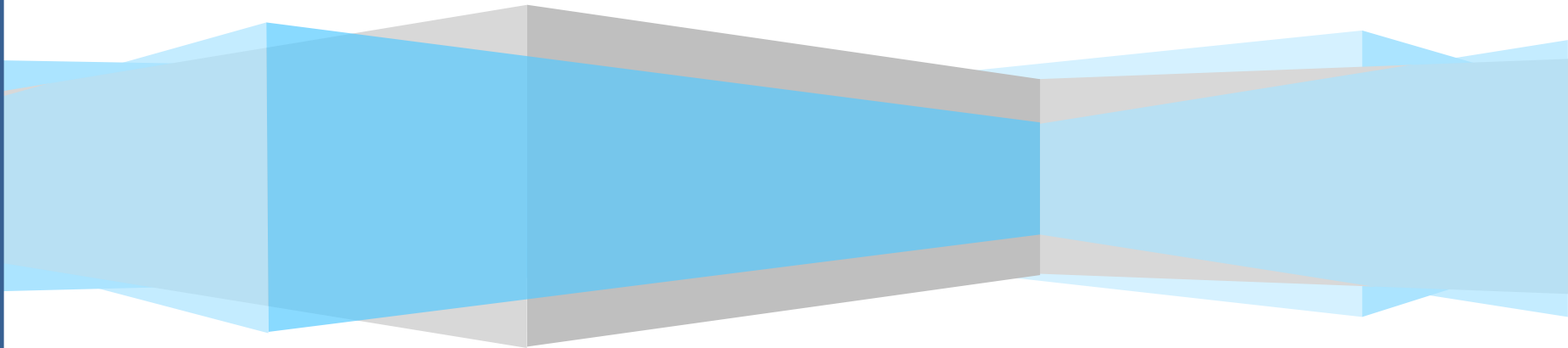
Hill Rogers  
Spencer Steer

# **Greater Hume Shire Council**

**Financial Results & Position 2014**

**Hill Rogers Spencer Steer Assurance Partners**

**19 November 2014**



# Statutory Requirements

The Annual Financial Statements have been drawn up in accordance with relevant legislation:

- The Local Government Act 1993 (as amended) and the Regulations
- The Local Government Code of Accounting Practice and Financial Reporting
- Australian Accounting Standards

# Statutory Requirements

Council adopted the accounts and certified to the best of their knowledge that they:

- Present fairly the operating result;
- Financial position; and
- Are in accordance with the books & records with Council.

Audit opinion was provided on 16 October 2014

# Operating Result

	2014		Change
	\$'000		\$'000
<b>Total Revenues</b>	29,808	↓	(3,649)
<b>Total Expenses</b>	31,584	↓	(1,103)
<b>Operating Surplus (Deficit)</b>	(1,776)	↓	(2,546)
<b>Rates &amp; DWM - 31% of revenues</b>	8,430	↑	471
<b>Other Revenues</b>	21,378	↓	(4,120)
<b>Employee Costs - 31% of total costs</b>	9,848	↑	17
<b>Other Costs</b>	13,228	↓	(1,372)
<b>Depreciation</b>	8,235	↑	235
<b>Borrowing Costs</b>	273	↑	17

## Funding Result \$861k

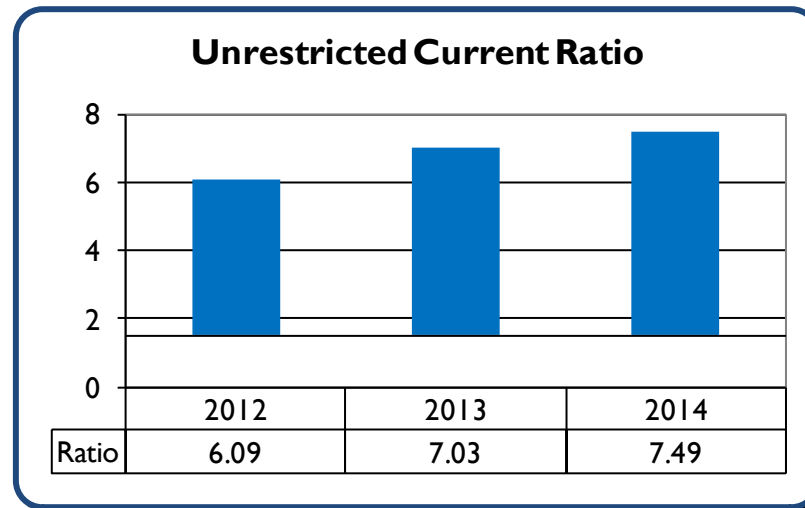
Funds Provided By		\$'000
Result + non-cash		6,735
Use of external restrictions (net)		3,852
Use of reserves funds (net)		281
Repayments from deferred debtors		29
Changes to/from current/non-current (net)		589
Funds Applied To		
Purchase and construction of assets		(9,902)
Repay loans & finance leases		(723)
Increasing Available Working Capital		(861)

## Available Working Capital \$6.452M

<b>Arrived at as follows</b>	<b>\$'000</b>
<b>Net available current assets</b>	<b>23,031</b>
<b>plus Provided for in next year's budget &amp; liabilities included in reserves</b>	<b>1,309</b>
<b>less External Restrictions</b>	<b>(4,645)</b>
<b>less Internal Restrictions (Reserves)</b>	<b>(13,243)</b>
<b>equals Available Working Capital</b>	<b>6,452</b>

# Liquidity

Councils ability to operate and meet it's obligations in the short term without assistance from externally restricted funds

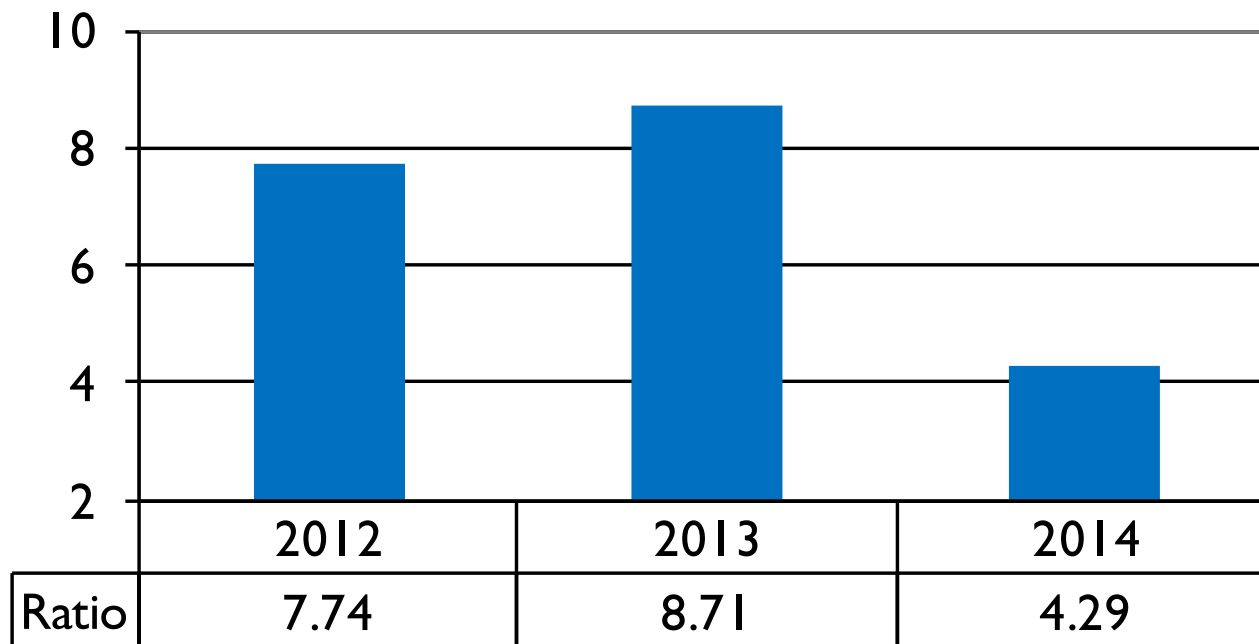


Current assets exceeded current payables by 7.49 to 1

OR

For every \$1 Council owed it has \$7.49 to cover it

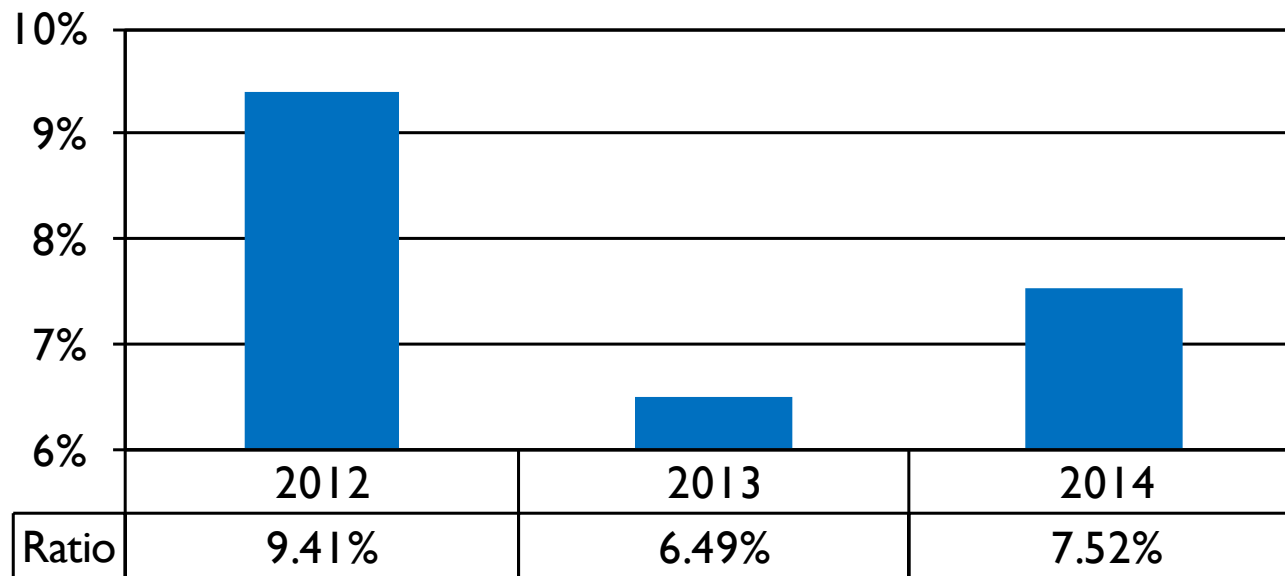
## Debt Service Cover Ratio



**the availability of operating cash to service debt**  
debt serving payments are covered by at least 4 times compared  
to the benchmark of 2



## Rates, Annual & Extra Charges Outstanding



Collection Performance

\$8.529M raised

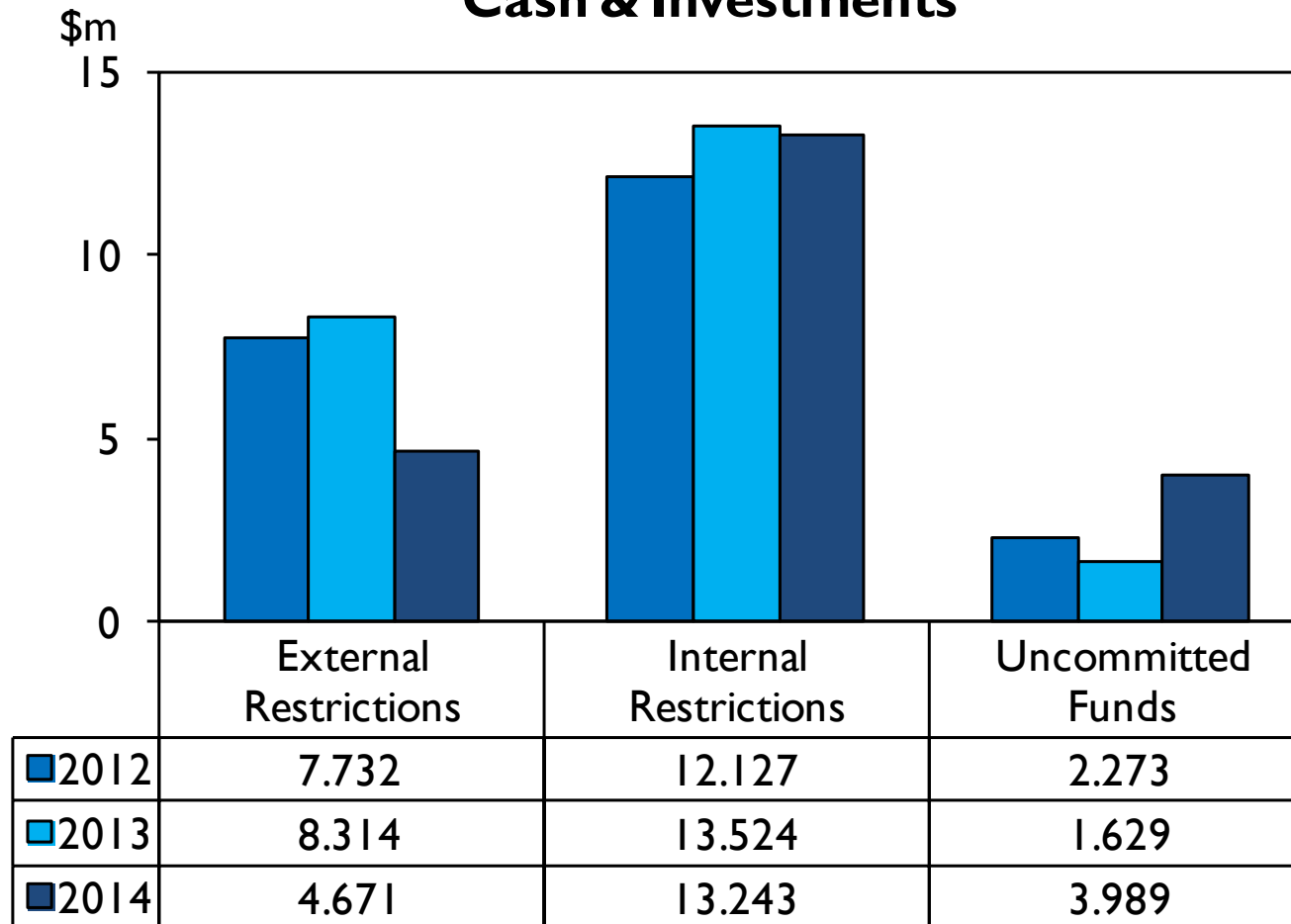
\$9.105M receivable

\$685,000 in arrears

OR

7.52%

## Cash & Investments



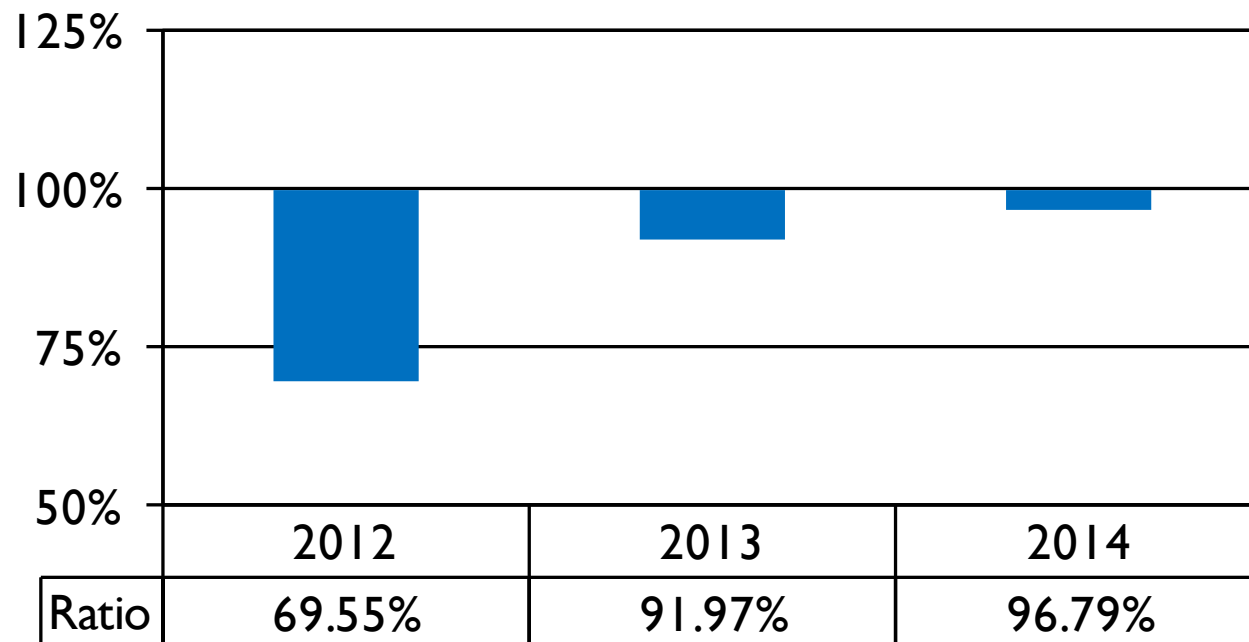
# Payables

Employee's leave liability - \$3.164M

- Cash reserves \$799,000 funded to meet unbudgeted leave & retirements 25%

Principal repaid on loans - \$723,000

## Building & Infrastructure Renewals Ratio



- Measures the amount spent on the renewal of buildings & infrastructure to depreciation expensed
- For every \$1.00 of the depreciation charge \$0.97 was spent on renewals

# Summary

**We concluded that the financial position was satisfactory**

Unrestricted Current Ratio 7.49 to 1

- The LG industry optimum benchmark is 2 to 1

Available Working Capital \$6.452M

- Considering healthy Reserve Funds
- Sufficient to cover hardcore debtors & stores
- Buffer for unforeseen & unbudgeted expenditures

Payables

- Employee Leave Entitlements – Cash Reserve 25% of liability