

Annual Report 2015/16

Part C Financial Summary

Bellingen Shire
COUNCIL



This is Part C of Council's Annual Report, containing a Financial Summary covering some key points from the full audited financial statements.

The full 2015/16 Financial Statements and Auditor's Report which include more technical detail and provide a comprehensive picture of the Council's financial position are contained in Part D of the Annual Report.

Financial Summary

Total Income

↑ **4.6% to \$34M**

Total Op. Expenses

↓ **6.4% to \$29.57M**

Total Assets

↑ **2.25% to \$472.2M**

Net Assets

↑ **2.58% to \$456.9M**

Infrastructure, Property, Plant and Equipment

↑ **2.38% to \$430M**

Liabilities

↓ **6.7% to \$15.3M**

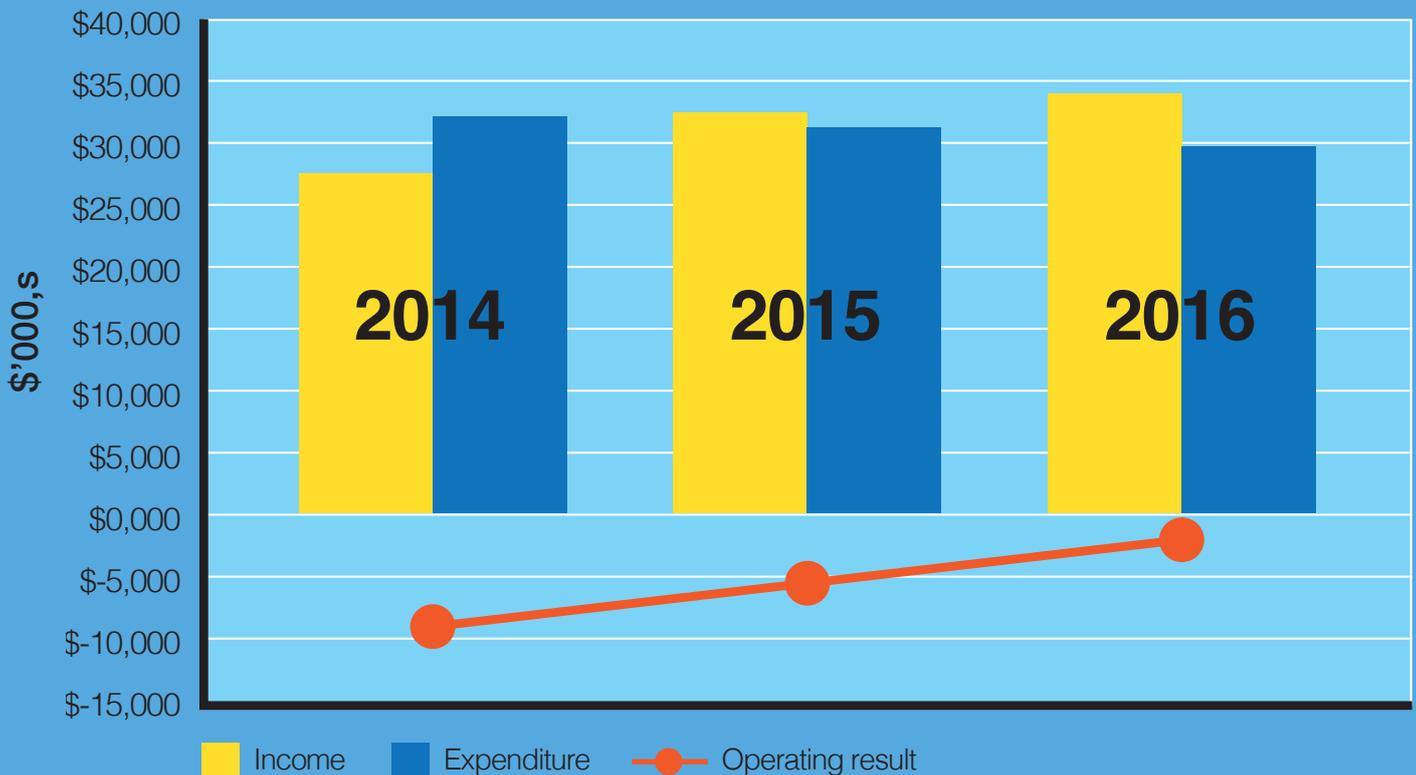
Liabilities per head of population

\$1,173 State average (2015) \$1,289

Asset per head of population

\$35,148 State average (2015) \$35,067

Summary of Income and Expenditure



Income/Expense Summary	2014	2015	2016
	\$'000,s	\$'000,s	\$'000,s
Total Income (Incl. Capital)	27,276	32,486	33,966
Total Expenditure	32,152	31,604	29,571
Operating Result (Excl. Capital Income)	-8,963	-5,438	-919

Improvement in Operating Result

Council has seen a steady improvement in operating result over the past few years due to a number of initiatives that Council has undertaken including in more recent years those commitments in its Fit For the Future (FFF) submissions.

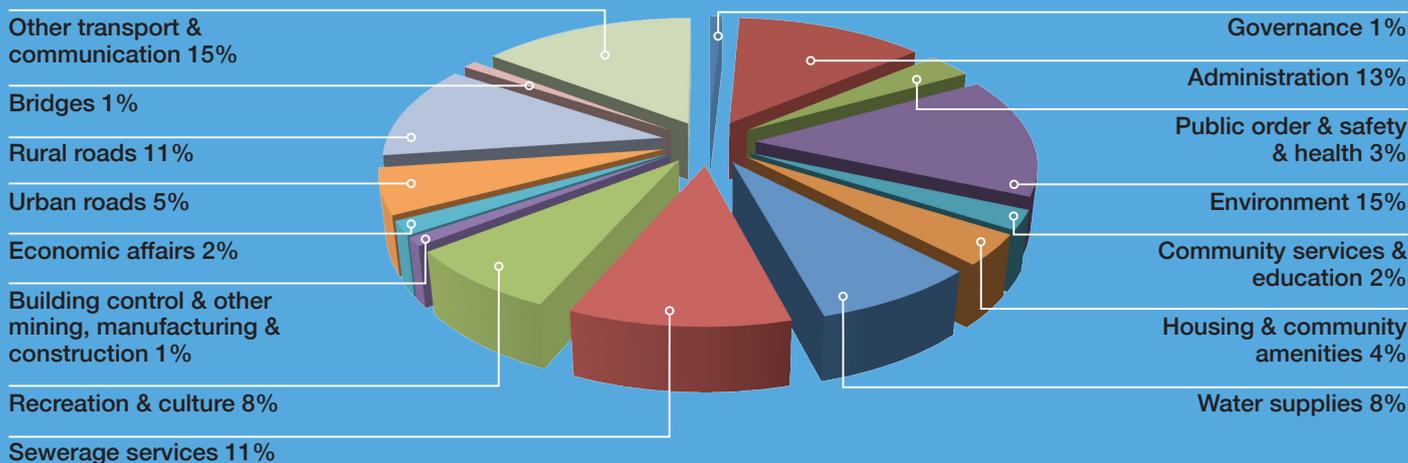
As can be seen in the above Summary of Income and Expenditure figures

Council's overall operating result has improved from a deficit of \$9M in 2014 to a deficit of \$0.9M in 2016, a net decrease of \$8.1M.

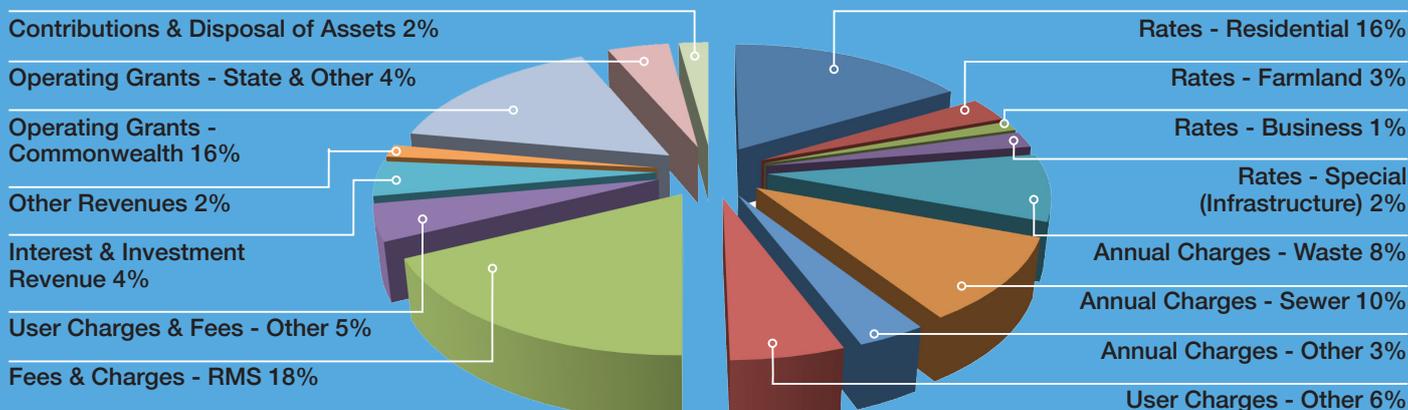
Significant achievements impacting the improvement in results have included:

- Special Rate Variation 2015
- Revaluation of Roads, Bridges, Footpaths and Drainage
- Derecognition of Rural Fire Service assets
- Review of fees and charges
- Achievement of Fit for the Future expenditure reduction commitments
- Staffing initiatives including monitoring staff overtime and leave liabilities
- Increase in Roads and Maritime Services state road works
- Shift in operational works to capital works
- Energy efficiency initiatives

Operating Expenditure



Operating Income



Income Statement

The income statement shows how Council has performed for the 12 month period from 1 July 2015 to 30 June 2016.

Income Statement Summary	2015 \$'000,s	2016 \$'000,s
Total Revenue	32,486	33,966
Less Operating Expenses	31,604	29,571
Net Operating Result	882	4,395
Less Capital Income	6,320	5,314
Net Operating Result after Capital Income Profit/(Loss)	(5,438)	(919)

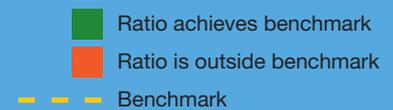
Balance Sheet

The Balance Sheet at right shows the value of the community's assets as at 30 June 2016. This is calculated by Total Assets – Total Liabilities = Net Community Assets.

Simplified Balance Sheet Summary	2015 \$M	2016 \$M
Cash and Investments	34.4	34.8
Infrastructure, Property, Plant and Equipment	419.9	430.0
Receivables and Other Assets	7.4	7.4
Total Assets	461.7	472.2
Payables	6.7	6.2
Borrowings	9.6	9.0
Total Liabilities	16.3	15.2
Net Community Assets	445.4	456.9

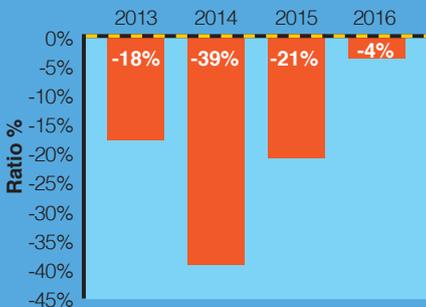
Local Government Industry Indicators

Source for benchmarks:
Code of Accounting Practice
and Financial Reporting #24



1. Operating performance ratio

Purpose: This ratio measures Council's achievement of containing operating expenditure within operating revenue.



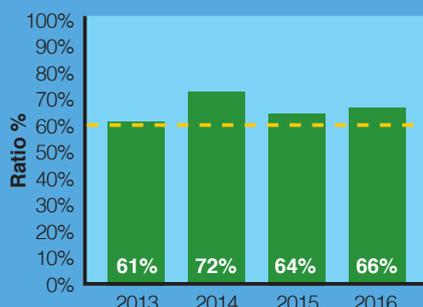
Benchmark minimum $\geq 0.00\%$

Commentary on 2015/16 result:
2015/16 ratio -3.63%

Council has seen a steady improvement in operating result over the past few years due to a number of initiatives that Council has undertaken including in more recent years those commitments in its Fit For the Future (FFF) submissions.

2. Own source operating revenue ratio

Purpose: This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.



Benchmark minimum $\geq 60.00\%$

Commentary on 2015/16 result:
2015/16 ratio 65.98%

This ratio exceeds the industry benchmark of 60% indicating Councils ability to generate own source revenue, primarily through rating revenue.

3. Unrestricted current ratio

Purpose: To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.



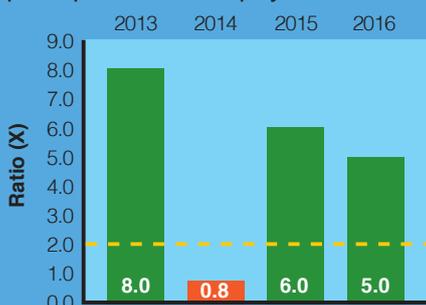
Benchmark minimum ≥ 1.50

Commentary on 2015/16 result:
2015/16 ratio 2.58x

Councils unrestricted current ratio exceeds the industry benchmark of 1.5, indicating that Council is comfortably able to satisfy its short term debts as and when they fall due.

4. Debt service cover ratio

Purpose: This ratio measures the availability of operating cash to service debt including interest, principal and lease payments.



Benchmark minimum ≥ 2.00

Commentary on 2015/16 result:
2015/16 ratio 5.04x

This ratio indicates that Council has sufficient operating cash to service its debts.

5. Rates, annual charges, interest and extra charges outstanding percentage

Purpose: To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.



Benchmark maximum $< 10.00\%$

Commentary on 2015/16 result:
2015/16 ratio 6.99%

Councils result shows a continual improvement over the past four years to this ratio. Council staff will continue to maintain its recovery efforts throughout 2016/17 in an attempt to reduce outstanding rates and charges even further to continue to improve Councils liquidity.

6. Cash expense cover ratio

Purpose: This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.



Benchmark minimum ≥ 3.00

Commentary on 2015/16 result:
2015/16 ratio 15.16mths

This ratio is well above industry benchmark indicating that Council has sufficient liquidity to mitigate any unforeseen future events.