

SRV APPLICATION ATTACHMENT O
2016/17 Financial Statement Summary



2016/17 Financial Summary

Financial Statements Summary for year ending 30 June 2017

This is a short summary of the 2016/17 result and key issues identified as part of the annual audit. The full 2016/17 Financial Statements, which include more technical detail, provide a comprehensive picture of the Council's financial position.

Financial Statements are prepared according to the Australian Accounting Standards and the NSW Local Government Code of Accounting Practice. These Statements are independently audited each year, placed on public exhibition, reported to Council and are to be lodged with the Office of Local Government by 31 October 2017.

Total Income

↓ 8.9% to \$31M

Total Op. Expenses

↓ 2.9% to \$28.7M

Total Assets

↓ 1.3% to \$466.1M

Net Assets

↓ 1.2% to \$451.2M

Asset per head of population

\$34,998 State average (2016) \$34,675

Liabilities

↓ 2.5% to \$14.87M

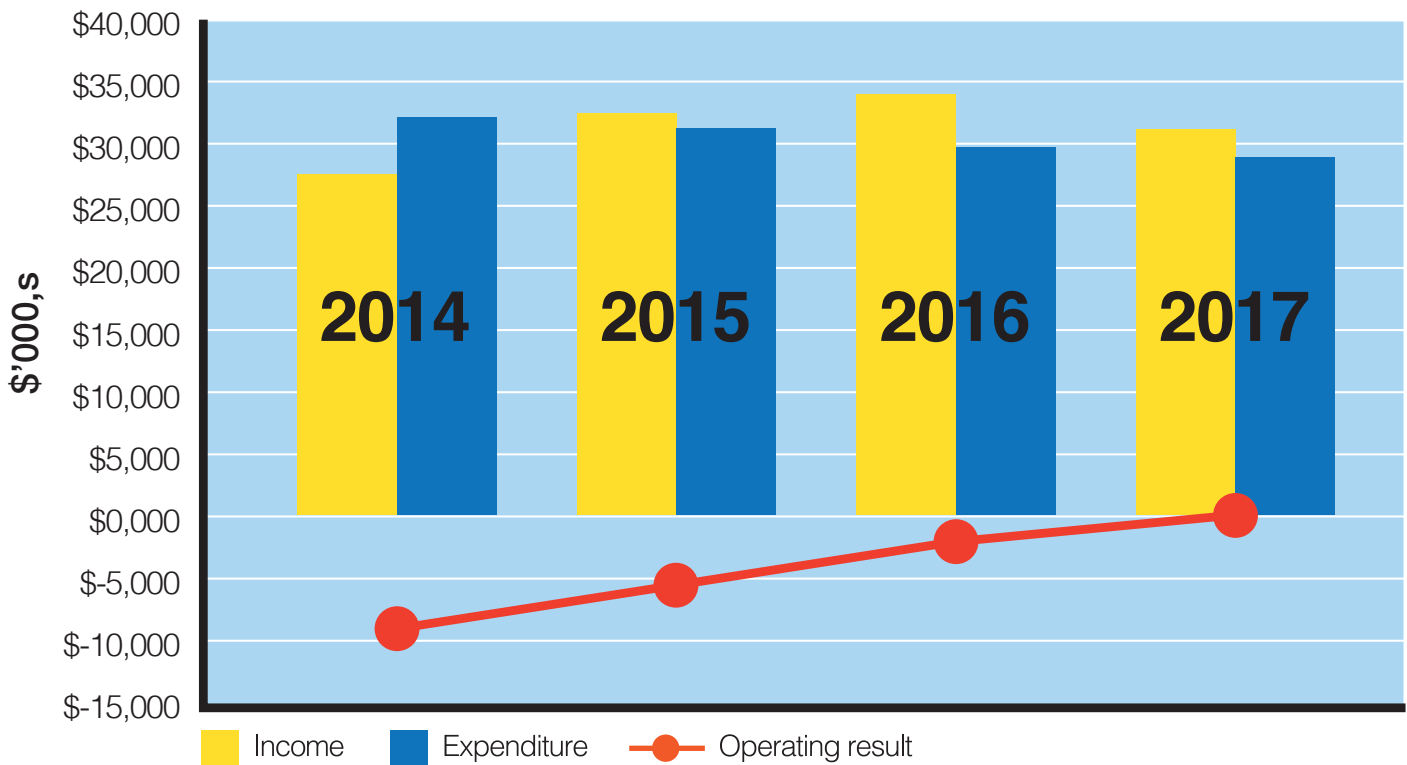
Liabilities per head of population

\$1,153 State average (2016) \$1,315

Infrastructure, Property, Plant and Equipment

↓ 1.3% to \$424.3M

Summary of Income and Expenditure



	2014	2015	2016	2017
Income/Expense Summary	\$'000,s	\$'000,s	\$'000,s	\$'000,s
Total Income (Incl. Capital)	27,276	32,486	33,966	30,951
Total Expenditure	32,152	31,604	29,571	28,699
Operating Result (Excl. Capital Income)	-8,963	-5,438	-919	277

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.

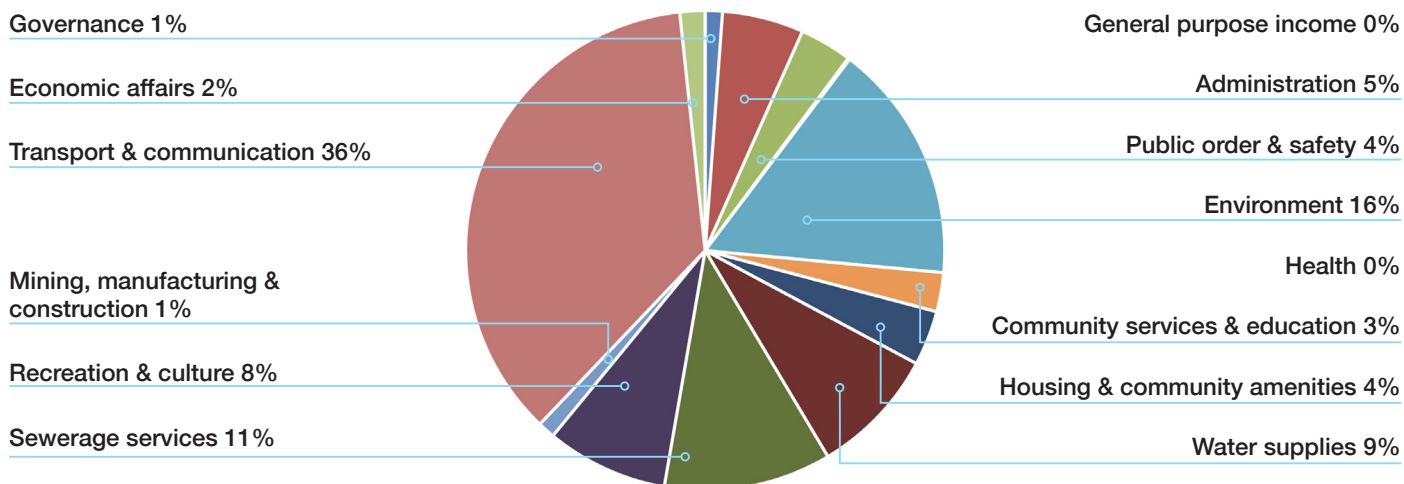
As can be seen in the above Summary of Income and Expenditure figures

Councils overall operating result has improved from a deficit of \$9M in 2014 to a surplus of \$0.3M in 2017, a net improvement of \$9.3M.

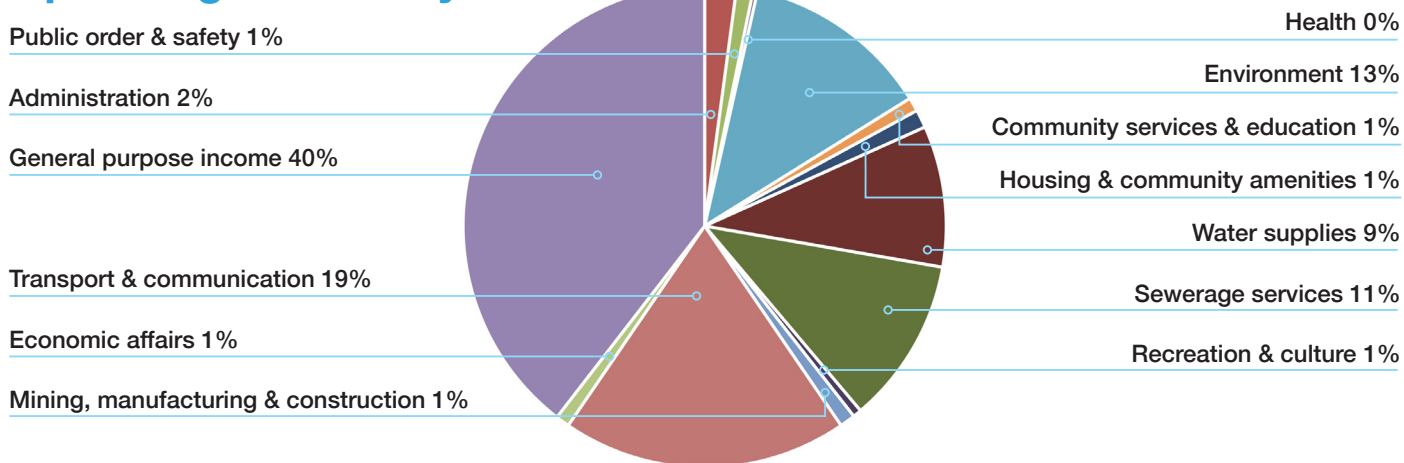
Significant achievements impacting the improvement in results have included:

- 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, reduction in Workers compensation
- Increase in Roads and Maritime Services state road works
- Shift in operational works to capital works
- Energy efficiency initiatives
- 2018 Financial Assistance Grant early payment

Operating Expenditure by Source



Operating Income by Source



Income Statement

The income statement shows how Council has performed for the 12 month period from 1 July 2016 to 30 June 2017.

Income Statement Summary	2016 \$'000,s	2017 \$'000,s
Total Revenue	33,966	30,951
Less Operating Expenses	29,571	28,699
Net Operating Result	4,395	2,252
Less Capital Income	5,314	1,975
Net Operating Result after Capital Income Profit/(Loss)	(919)	277

Balance Sheet

The Balance Sheet at right shows the value of the community's assets as at 30 June 2017. This is calculated by Total Assets – Total Liabilities = Net Community Assets.

Simplified Balance Sheet Summary	2016 \$M	2017 \$M
Cash and Investments	34.8	35.1
Infrastructure, Property, Plant and Equipment	430	424.3
Receivables and Other Assets	7.4	6.7
Total Assets	472.2	466.1
Payables	6.2	6.5
Borrowings	9	8.4
Total Liabilities	15.2	14.9
Net Community Assets	456.9	451.2

Financial Ratios

Ratios are a useful tool for getting a snapshot of the financial status and trends of an organisation. Ratios can also be useful in comparing Bellingen Shire Council to other councils to get a sense of relative financial strength.

A list of key financial ratios from Council's financial statements is included here:

Operating Performance Ratio

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

Industry Benchmark: Minimum breakeven result

Minimum benchmark Achieved? 

	2014	2015	2016	2017
Operating Performance %	-39.07	-21.38	-3.63	0.68

Unrestricted Current Ratio

Purpose of this ratio is to assess the adequacy of cash funds and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Industry Benchmark: Minimum greater or equal to 1.5

Minimum benchmark Achieved? 

	2014	2015	2016	2017
Unrestricted Current Ratio	2.76	1.92	2.58	2.47

Debt Service Cover Ratio

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

Industry Benchmark: Minimum greater or equal to 2.0

Minimum benchmark Achieved? 

	2014	2015	2016	2017
Debt Service Cover Ratio	0.77	6.05	5.04	6.29

Rates and Annual Charges Outstanding

Purpose of this ratio is to assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Industry Benchmark: Maximum of 10%

Minimum benchmark Achieved? 

	2014	2015	2016	2017
Rates & Annual Charges %	8.14	7.37	6.99	5.78

Summary of Capital Works Achievements for 2016/17 Financial Year

The following is a summary of the significant capital works achieved in the 2016/17 financial year across Council Local Road and Bridge network.

Sealed Roads

Wearing surface repairs - 25.96 km of road resealing works, total expenditure \$1,338,877;

Funding Sources – Special Rate Variation (SRV) \$685,900 and Roads to Recovery (R2R) grant funds \$355,089. Infrastructure loan \$297,888.

Resurfacing Works 2016-17		
Whiskey Creek Road, Dorrigo	2.20	km
Summervilles Road, Thora	2.49	km
Promised Land Road, Gleniffer	1.89	km
Timboon Road, Gleniffer end	0.63	km
Roses Road, Gleniffer	1.60	km
Gleniffer Road, Gleniffer	1.67	km
Hydes Creek Road, Bellingen	1.29	km
Bowraville Road, Brierfield	5.01	km
Valery Road, Valery	1.64	km
Mylestom Drive, Mylestom	3.60	km
North Bank Road, Bellingen	1.24	km
Hungry Head Road	2.70	km
Total	25.96	km

Pavement Corrections - 23 km of road deformation correction works, total expenditure \$772,744;

Funding Sources - SRV \$285,900, R2R grant funds \$192,000 and the balance from Council revenue.

Renewals - 2.5 km of road rehabilitation and pavement renewal works, total expenditure \$1,137,562;

Funding Sources - \$54,309 SRV, \$600,000 R2R grant and the balance from Council revenue.

Shire Road Renewal 2016-17		
North Bank road	0.34	km
Yellow rock road	0.60	km
Bellingen street	0.50	km
Hickory street	0.41	km
South Arm road	0.65	km
Total	2.50	km

Unsealed Roads

Gravel Resheeting – Gravel pavement was added to 20 local gravel roads approximately 26 km in length, total expenditure \$442,707

Funding Source - SRV.

Formation Renewal – Heavy formation grading of 31 local gravel roads approximately 35 km in length, total expenditure \$376,846;

Funding Source - \$200,000 Special Roads Levy (SRL) and the balance from SRV.

New Construction

Shared Cycleway – Urunga to Hungry Head Cycleway Stage 3 constructed 0.7km of concrete path and 1 bridge, total \$458,898;

Funding Source - \$193,000 NSW Transport Connecting Centres grant funds and the balance from Council revenue.

Bridge Renewal

Timber Bridge Assessment Program –

All 88 local timber bridges have undergone a full condition and structural assessment 85 bridges were assessed in 2016/17, the total expenditure was \$270,000;

Funding Source - 50/50 from Council revenue and NSW Government Fixing Country Roads grant.

Timber Bridge Replacement – A new two lane concrete bridge was constructed over Reids Creek on Kalang Road, total expenditure \$528,630;

Funding Source - Federal Bridge Renewal Grant \$192,000 & balance funded from Council revenue

Timber Bridge Replacements in progress –

Two further timber bridge replacements have commenced in the 2016/17 financial year; the replacement of Cooks Creek Bridge on Kalang Road and McFadyen's Bridge on Gordonville Road. Both bridges sustained significant structural damage in the 2015 flood event. Each will be replaced with single lane steel and concrete composite construction.

Cooks Creek Bridge is expected to cost \$1,063,750 which is 100% funded from the National Disaster Recovery Relief Assistance (NDRRA).

McFadyen's Bridge is expected to cost \$1,150,000; which is funded from \$246,000 R2R grant, \$55,000 Council revenue and the balance from NDRRA.