



Inverell Shire Council

Audit Report 2016

The logo for Forsyths features a yellow arc above the word "Forsyths" in a blue, serif font.

Forsyths



INCOME STATEMENT	Budget	Actual	Actual	Variance	
	2016	2016	2015	Actual	Budget
	\$'000	\$'000	\$'000		%
INCOME FROM CONTINUING OPERATIONS					
Rates & annual charges	16,944	16,640	15,843	5.0%	-1.8%
User charges & fees	3,385	5,254	5,909	-11.1%	55.2%
Interest income	1,087	2,639	1,508	75.0%	142.8%
Other revenues from ordinary activities	441	1,028	1,367	-24.8%	133.1%
Grants & contributions for operating purposes	11,796	12,827	11,486	11.7%	8.7%
Grants & contributions for capital purposes	2,018	1,841	3,155	-41.6%	-8.8%
Gain from sale of assets	160	150	0	0.0%	-6.3%
Total income from continuing operations	35,831	40,379	39,268	2.8%	12.7%
EXPENSES FROM CONTINUING OPERATIONS					
Employee benefits & oncosts	12,961	12,073	12,881	-6.3%	-6.9%
Borrowing costs	251	270	226	19.5%	7.6%
Materials and contracts	6,202	7,133	8,071	-11.6%	15.0%
Depreciation & amortisation	8,208	7,593	9,232	-17.8%	-7.5%
Other expenses from ordinary activities	4,211	3,212	3,347	-4.0%	-23.7%
Loss on sale of assets	0	0	33	0.0%	0.0%
Total Expenses from continuing operations	31,833	30,281	33,790	-10.4%	-4.9%
OPERATING RESULT FROM CONTINUING OPERATIONS	3,998	10,098	5,478	84.3%	152.6%
NET OPERATING RESULT FOR THE YEAR	3,998	10,098	5,478	84.3%	152.6%
NET OPERATING RESULT BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	1,980	8,257	2,323	255.4%	317.0%



SCHEDULE OF ASSETS & LIABILITIES			
	2016	2015	Variance
	\$'000	\$'000	%
CURRENT ASSETS			
Cash and cash equivalents	3,824	3,023	26.5%
Investments	43,010	35,518	21.1%
Receivables	4,785	4,132	15.8%
Inventories	605	594	1.9%
Other	83	502	-83.5%
Available for sale non-current assets	481	481	0.0%
TOTAL CURRENT ASSETS	52,788	44,250	19.3%
CURRENT LIABILITIES			
Payables	2,969	2,750	8.0%
Borrowings	529	337	57.0%
Provisions	4,024	3,893	3.4%
TOTAL CURRENT LIABILITIES	7,522	6,980	7.8%
NET CURRENT ASSETS	45,266	37,270	21.5%
NON-CURRENT ASSETS			
Investments	5,000	8,000	-37.5%
Investment Properties	2,725	2,667	2.2%
Receivables	250	195	28.2%
Infrastructure, Property Plant & Equipment	615,575	607,279	1.4%
TOTAL NON-CURRENT ASSETS	623,550	618,141	0.9%
NON-CURRENT LIABILITIES			
Provisions	1,704	1,608	6.0%
Borrowings	4,692	3,221	45.7%
TOTAL NON-CURRENT LIABILITIES	6,396	4,829	32.4%
NET ASSETS	662,420	650,582	1.8%





	Water \$'000	Sewerage \$'000	Dom Waste \$'000	General \$'000	Total \$'000
Current Assets	7,427	7,811	117	37,433	52,788
Current Liabilities	589	326	-	6,607	7,522
Net Current Assets	6,838	7,485	117	30,826	45,266
Plus: Non-Current Investments	-	-	-	5,000	5,000
Plus: Employee Entitlements Payable >12mths	-	-	-	2,855	2,855
Total Funds before Restrictions	6,838	7,485	117	38,681	53,121
LESS: Restricted Cash & Investments (Included in Revenue)					
Developer Contributions	-	-	-	369	369
Bonds and deposits				748	748
RMS Contributions				1,076	1,076
Specific Purpose Grants & Contributions and other minor restrictions	14	1,805	-	1,401	3,220
	14	1,805	-	3,594	5,413
NET FUNDS AVAILABLE	6,824	5,680	117	35,087	47,708
LESS Internal Restrictions	-	-	-	17,071	17,071
Net Funds After All Restrictions	6,824	5,680	117	18,016	30,637



RATIO	PURPOSE	2016	2015	2014	2013	2012	Benchmark
OPERATING PERFORMANCE RATIO	To assess councils ability to meet operating expenditure within operating reveune.	18.8%	6.8%	3.2%	6.1%	7.0%	>0%(3yrs)
OWN SOURCE OPERATING REVENUE	To assess the degree of reliance on external funding sources.	62.5%	62.8%	68.0%	65.0%	60.0%	>60%(3yrs)
UNRESTRICTED CURRENT RATIO	To assess the adequacy of working capital after excluding all restricted assets and liabilities.	11.21	7.68	8.36	14.08	10.59	>1.5
DEBT SERVICE COVER RATIO	To assess the availability of operaqting cash to service debt including interest, principle and lease payments.	24.49	25.28	16.40	24.95	31.85	>20(3yrs)
OUTSTANDING RATES	To assess the impact of uncollected rates and charges on liquidity and the adequacy of recovery efforts.	5.3%	5.9%	5.6%	5.4%	5.2%	<10%
CASH EXPENSE COVER RATIO	To assess the number of months council can pay its expenses without additional cash inflow.	24.77	20.68	20.05	18.72	22.68	>3



RATIO	PURPOSE	2016	2015	2014	2013	2012	Benchmark
BUILDING AND INFRASTRUCTURE RENEWALS RATIO	To assess the proportion spent on infrastructure renewals vs infrastructure deterioration.	186%	67%	106%	64%	77%	>100% (3yrs)
INFRASTRUCTURE BACKLOG RATIO	To assess the infrastructure backlog against the total value of councils infrastructure.	1.1%	1.1%	6.0%	7.0%	20.0%	<2%
ASSET MAINTENANCE RATIO	To assess the actual vs required annual maintenance expenditure.	103%	101%	103%	102%	91%	>100% (3yrs)





CASH MOVEMENTS	Actual 2016	Actual 2015	Variance
	\$'000	\$'000	%
CASH INFLOWS			
Operating Receipts	41,356	43,121	-4.1%
Proceeds from Assets Sales	861	1,082	-20.4%
Other receipts	0	4	0.0%
Proceeds form sale of investments	16,052	7,032	128.3%
Proceeds from Borrowings	2,000	2,000	0.0%
TOTAL RECEIPTS	<u>60,269</u>	<u>53,239</u>	13.2%
CASH OUTFLOWS			
Operating Payments	24,769	26,748	-7.4%
Purchase of investments	19,500	27,000	-27.8%
Purchase of Assets	14,860	13,063	13.8%
Repayment of Loans	337	246	37.0%
Other Payments	2	0	0.0%
TOTAL PAYMENTS	<u>59,468</u>	<u>67,057</u>	-11.3%
TOTAL CASH MOVEMENT	<u>801</u>	<u>-13,818</u>	-105.8%
Cash	3,824	3,023	26.5%
Investments	48,010	43,518	10.3%
Total Cash & Investments on Hand	<u>51,834</u>	<u>46,541</u>	11.4%





Audit comments and 2017 focus:

Audit Office

Potential Special Schedule 7 Audit

Revaluation of water and sewer

Related Party Accounting Standard