



**SUPPLEMENTARY
BUSINESS PAPER 1**

for

**COUNCIL
MEETING
07/05**

**6.30 PM, TUESDAY,
16 AUGUST, 2005**

Distributed 12 August, 2005

SUPPLEMENTARY PRECIS

The following reports appear as late items with Mayoral approval as indicated in the Council Meeting Business Paper as information required for the preparation of the reports was not available at the time of distribution of the Business Paper.

GENERAL MANAGER'S REPORTS

GM 64 REVOTES OF UNEXPENDED 2004/2005 BUDGET 1
ALLOCATIONS

File Ref: 327

This report seeks Council's approval to revoke unexpended 2004/05 Budget allocations. A table containing details of the revotes requested is ATTACHED to the report. It is recommended that the funds detailed in the ATTACHMENT be revoted from the 2004/05 Budget into the 2005/06 Budget to provide the funds necessary to finalise the various projects.

GM 65 DRAFT FINANCIAL REPORTS FOR YEAR ENDED 2
30 JUNE 2005

File Ref: 1909

Council's Financial Reports for the year ended 30 June 2005, comprising the Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Notes to the Financial Statements, Special Purpose Financial Reports and Special Schedules have been completed. This report recommends that Council authorises the signing of the accounts and refers the Financial Reports for audit.

**GM 64 - REVOTES OF UNEXPENDED 2004/2005 BUDGET
ALLOCATIONS
For Decision**

File Ref: 327

General Manager reports:

Synopsis

This report seeks Council's approval to revoke unexpended 2004/05 Budget allocations. A table containing details of the revotes requested is **ATTACHED** to the report. It is recommended that the funds detailed in the **ATTACHMENT** be revoked from the 2004/05 Budget into the 2005/06 Budget to provide the funds necessary to finalise the various projects.

Discussion

A table showing projects funded in the 2004/05 Budget which were not completed during 2004/05 and which have unexpended funds available for revoting is **ATTACHED** together with the amount needed to be revoked. Details of funding sources available for each project is also shown together with the balance of funds required from general revenue. The latter represents the impact on the Budget's bottom line. The Revotes total \$9,902,772 of which \$1,658,072 is funded from revenue.

The effect of the decision to revoke is to transfer these projects and associated funding into the 2005/06 Budget.

RECOMMENDATION:

THAT the revotes detailed in the **ATTACHMENT** to this report be approved and incorporated into the 2005/06 Budget.

ATTACHMENT: Total 7 pages

Revotes of Unexpended 2004/2005 Budget Allocations, 7 pages

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30 JUNE 2005
For Decision**

File Ref: 1909

General Manager reports:

Synopsis

Council's Financial Reports for the year ended 30 June 2005, comprising the Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Notes to the Financial Statements, Special Purpose Financial Reports and Special Schedules have been completed. This report recommends that Council authorises the signing of the accounts and refers the Financial Reports for audit.

Background

Legislative Requirements:

Section 413 of the Local Government Act 1993 requires that Council must prepare financial reports for each year and refer them for audit.

Subsection (2) of section 413 also requires that the financial reports must include:

- (a) a general purpose financial report;
- (b) any other matter prescribed by the regulations; and
- (c) a statement in the approved form by the Council as to its opinion on the general purpose financial report.

Clause 19 of the Local Government (Financial Management) Regulation provides that the statement required by section 413(2)(c) of the Act must:

- (a) be made by resolution of the Council; and
- (b) be signed by:
 - the Mayor;
 - at least one other member of Council;
 - the responsible accounting officer; and
 - the General Manager

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Clause 19 provides that the financial statement must indicate:

- (a) whether or not the Council's annual financial reports have been drawn up in accordance with:
 - the Act and the regulations;
 - the Local Government Code of Accounting Practice and Financial Reporting;
 - the Local Government Asset Accounting Manual; and
 - the Australian Accounting Standards;
- (b) whether or not those reports present fairly Council's financial position and operating result for the year;
- (c) whether or not those reports accord with the Council's accounting and other records; and
- (d) whether or not the signatories know of anything that would make those reports false or misleading in any way, and include such information and explanations as will prevent those reports from being misleading because of any qualification that is included in the statement.

Section 415 provides that Council's auditor must audit the Council's financial reports as soon as practicable after they are referred for audit. Section 416(1) requires the audit to be completed within four months of the end of the year. Section 418 provides that as soon as practicable after Council receives a copy of the auditor's reports:

- (a) it must fix a date for the meeting at which it proposes to present its audited financial reports, together with the auditor's reports, to the public; and
- (b) it must give public notice of the date so fixed.

Section 418 also provides that the date fixed for the meeting must be at least 7 days after the date on which the notice is given but not more than five weeks after the auditor's reports are given to Council.

Discussion

1. 2004/05 Financial Reports

The Financial Reports for the year ended 30 June 2005 are comprised of the Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Notes to the Financial Statements, Special Purpose Financial Reports and Special Schedules.

The Special Purpose Financial Reports comprise Statements of Financial Performance and Statements of Financial Position for Council's businesses. At Meeting 10/98 held on 19 November 1998, in considering Item GM 132, Council resolved that it did not operate any businesses. A note to this effect has been included in the Financial Reports.

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The Original Budget figures are included on the Statement of Financial Performance. It is important to note that they are the original budget and do not take into account any of the variations adopted by Council as part of its monthly budget review process. Note 16 was introduced to the Notes to the financial reports for the first time in 1999/00. Its purpose is to disclose details of material variations from Council's Original Budget. Where the Original Budget varied from the actual result by more than 10% an explanation is provided at Note 16.

1.1 Council's Statement

To enable the Financial Reports to be formally submitted for audit it is necessary for Council, by resolution, to make the statement required by Section 413(2)(c) of the Act as to its opinion on the General Purpose Financial Reports.

To assist Council in making that statement it is advised that the annual financial reports have been drawn up in accordance with the requirements of the Act and Regulations, the Local Government Code of Accounting Practice and Financial Reporting, the Local Government Asset Accounting Manual and the Australian Accounting Standards.

Following the audit, the auditors are required to make the statements prescribed by Section 417(2) of the Act which must be included in the financial reports, including that in the opinion of the auditor the financial reports:

- have been prepared in accordance with the requirements of Division 2 of Part 3 of the Act;
- are consistent with Council's accounting records;
- present fairly Council's financial position and the results of its operations;
- whether any information relevant to the conduct of the audit has been unobtainable by the auditor; and
- a statement setting out any material deficiency in the accounting records or financial reports that has come to light in the course of the audit.

It is recommended that Council, by resolution, make the statement required by Section 413(2)(c) of the Act, which will be attached to the annual financial reports. The statement will then be signed by the persons mentioned in Clause 19(1)(b) of the Regulation, as stated above.

It is recommended that Council set the meeting to be held on 20 September 2005 as the meeting at which the financial reports will be presented to the public.

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A copy of the Financial Reports will be tabled at the meeting and distributed to normal Business Paper distribution points.

It should be noted that Council's Auditor, PriceWaterhouseCoopers, will undertake a detailed audit of the tabled financial reports and will present their opinion in relation to those accounts at the September 2005 meeting of Council. Council's auditor will be available in the 3rd Floor Function Room from 5.00pm on 20 September 2005 prior to the Council meeting to answer any questions Councillors may have in relation to the final accounts to be presented at the meeting.

2. Analysis of Financial Position at 30 June 2005

When Council considers the report from its auditors at its meeting on 20 September 2005, this will include an analysis of Council's financial position at 30 June 2005.

The following indicates Council's anticipated Working Funds Position at 30 June 2005 as presented to Council in the report on the May 2005 budget review:

Available Working Capital from 2003/2004 Auditors Report	\$'000 8,940
Less Revotes to 2004/05 Budget	1,942
Less Budget Deficit in 2004/05	39
Projected Working Funds Position at 30 June 2005	6,959
Benchmark at 30 June 2005	1,228

The actual Working Funds position based on the financial reports presented for audit has been determined after providing for the following:

1. An increase in the Community Facilities Reserve of \$696,000 to fund 2005/06 projects advised at Budget Councillor Conferences; and
2. A proposed increase in the Employee Leave Entitlement Reserve of \$300,000 to \$1.136m to bring it to 14% of total liability or 24% of non-current liability.

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Based on the financial reports presented for audit, Council's draft Working Funds position at 30 June 2005 is as follows:

	\$'000
Net Current Assets	20,999
Less: External Restrictions	18,325
Internal Restrictions	2,703
Add: Current Liabilities to be funded from 2005/06 Budget	10,773
Available Working Funds at 30 June 2005	10,744
Less: Draft Revotes to 2005/06 Budget	1,658
Draft Working Funds Position at 30 June 2005	9,086
Draft Benchmark at 30 June 2005	1,228

The substantial improvement on the budgeted working funds surplus is largely due to two factors. Firstly, the interest revenue budget is based on conservative assumptions, having regard to the fact reserves will not always be available to support this revenue stream. It exceeded budget by \$1.37m. Salaries and Workers' Compensation costs out-performed budget by over \$1.15m due to turnover of staff during the year and an improved Workers' Compensation result.

RECOMMENDATION:

THAT:

1. Council, by resolution, make the statement required by Section 413(2)(c) of the Act that in its opinion:
 - (a) the accompanying general purpose financial reports of the Council for the year ended 30 June 2005 have been drawn up to present fairly the Council's financial position and operating result for the year;
 - (b) the general purpose financial reports are in accordance with the accounting and other records of the Council;
 - (c) the general purpose financial reports are drawn up in accordance with the Local Government Act and Regulations, the Local Government Code of Accounting Practice and Financial Reporting, the Local Government Asset Accounting Manual and the Australian Accounting Standards; and
 - (d) no circumstances have arisen which would make the reports false or misleading in any way.

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2. the statement be signed by the Mayor, a Councillor, the General Manager and the Responsible Accounting Officer, and attached to the Financial Reports;
3. the Financial Reports be submitted to Council's auditor in accordance with section 413(1) of the Act; and
4. in anticipation of receiving the Auditor's Report, the meeting to be held on 20 September 2005 be set as the meeting at which the annual financial reports will be presented to the public.

TABLED:

Draft Financial Reports for the year ended 30 June 2005

These documents will be distributed to Council's regular Business Paper distribution points.

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30 JUNE 2005
For Decision***