

ITEM - 26 CORP - 26/10/15 - DRAFT ANNUAL FINANCIAL STATEMENTS

REPORT FROM: J BROZEK - GROUP MANAGER CORPORATE AND COMMUNITY

SUMMARY

The purpose of this report is to advise that the draft General Purpose Financial Reports for the period ended 30 June 2015 have been prepared and are currently undergoing audit.

Under Section 413 of the Local Government Act 1993, Council is required to submit with the General Purpose Financial Reports and the Special Purpose Financial Reports a Statement by Councillors and Management as to its opinion on the reports.

COMMENTARY

The 2014-2015 General Purpose Financial Reports have been prepared in compliance with the Local Government Act 1993, the Local Government Code of Accounting Practice and Financial Reporting and the Australian Accounting Standards.

All revenues received for 2014-2015 have been recognised together with any revenues due but not yet received, which have been raised as debtors for the period.

All expenditure incurred for the period has been recognised. Provision has been made for all unpaid creditors.

Funds received for specific purposes but not expended during the period have been identified as either an external or internal restriction.

All known assets of Council have been recognised and brought to account. All known assets acquired during the period have been recognised at actual cost, or at fair value in line with the staged implementation of Fair Value Accounting for assets.

A copy of the draft Income Statement is tabled with this report as attachment 1 while a copy of the draft Statement of Financial Position is tabled as attachment 2.

Copies of the statements pertaining to the General Purpose Financial Reports and Special Purpose Financial Reports are tabled as attachments 3 and 4 respectively.

POLICY IMPLICATIONS

As the audit of these financial statements has not yet been completed, these statements are to be considered as draft only, and are subject to change as requested by Crowe Horwath.

FINANCIAL IMPLICATIONS

Council's Net Operating Result has declined from a surplus of \$3,027,000 in the 2013/14 financial year to a surplus of \$580,000. This is due to a reduction of Capital Grants income offset partially by an increase in Operating Grants. The Operating Grants is due to the adjusted timing of the Federal Assistance Grants in the 2013/14 Financial Year and the Capital Grants is due to a reduction in Capital Projects Income received in 2014/15.

The increase of employee costs is due to a higher expense incurred for Employee Leave Entitlements, a small workers compensation expense increase, Superannuation expenses due to the new legislated superannuation guarantee level and a lower level of capitalised employee costs.

Council's depreciation expense has increased from \$9,689,000 to \$10,253,000 for the year driven by historical increases in asset construction and revaluations of Council's asset base.

LEGAL IMPLICATIONS

Signing the attached statements pertaining to the General Purpose Financial Report and Special Purpose Financial Reports complies with section 413(2) of the Local Government Act (1993) as amended.

ATTACHMENTS

1. Draft Income Statement
2. Draft Statement of Financial Position
3. General Purpose Financial Statements
4. Special Purpose Financial Statements

RECOMMENDATION

THAT Council:

1. Authorise the signing of the statement on the General Purpose Financial Reports.
2. Authorise the signing of the statement on the Special Purpose Financial Reports.
3. Invite Council auditors, Crowe Horwath, to present a report to Council on the 2014/15 Financial Statements at the Ordinary Council meeting scheduled for 14 December 2015.