


**GENERAL MANAGER'S REPORTS TO EXTRAORDINARY COUNCIL  
MEETING TO BE HELD THURSDAY 10 JANUARY 2019**

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# ITEMS FOR DECISION

## ITEM NO. 1- AUDITED FINANCIAL REPORTS

Council Meeting:	10 January 2019
Report Date:	2 January 2019
Author:	Vicki Sutton, Finance Manager
File #:	05.13
Approval:	General Manager

### EXECUTIVE SUMMARY

Under Section 419(1) of the Local Government Act 1993, Council must present its audited financial reports, together with the auditor's reports, at a meeting of the Council.

### RECOMMENDATION

**That the audited financial statements, encompassing the General Purpose Financial Statements, Special Purpose Financial Statements and Special Schedules for the year ended 30 June 2018, be adopted.**

### BACKGROUND

Council was presented with the draft financial statements at the December 2018 meeting. No significant changes were made to the draft statements and the auditor's reports have now been included.

### OFFICER COMMENT

The consolidated Income Statement indicates an operating deficit for the year of \$6,534,000, which includes an amount of \$5,243,000 as a revaluation decrement.

The Statement of Financial Position indicates total net assets of \$280,780,000.

The Statement of Cash Flows indicates a net consumption of cash for the year of \$3,823,000 showing total cash, cash equivalents and investments on hand to equate to \$25,793,000.

Performance Ratios indicate the financial performance of the Council against defined industry benchmarks. The operating performance ratio was -22.53%, with a benchmark of greater than 0%. Own source operating revenue was 49.39%, below the benchmark of 60%. The unrestricted current ratio of 5.67 times was greater than the benchmark figure of 1.5 times. This indicates Council has sufficient liquidity to meet its current liabilities. The debt service cover ratio is 21.73

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times, which is greater than the benchmark of greater than 2 times. This indicates adequate operating cash to fund debt obligations. The rates and charges outstanding ratio of 8.347% achieves the industry benchmark of less than 10% for rural Councils , and the cash expense cover ratio of 19.85 months is above the industry benchmark of greater than 3 months.

The audit report concludes that the audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial reports. The Council's accounting records were maintained in a manner and form to allow the General Purpose Financial Statements to be prepared and effectively audited and staff provided all accounting records and information relevant to the audit.

### **SUSTAINABILITY**

### **STATUTORY COMPLIANCE/POLICY**

Provided under Division 2, Section 419 of the Local Government Act 1993.

### **FINANCIAL**

As per audited financial statements.

### **INTEGRATED PLANS**

Original budget prepared as per previous requirements of Note 2 reporting, as no Community Strategic Plan had been completed. Reporting for future statements will be required as per our current Community Strategic Plan.

### **RISK MANAGEMENT**

Public submissions in relation to the audited financial statements are to be received within 7 days of this meeting.

### **CONSULTATION / ENGAGEMENT**


Consultation with representatives of the Audit Office and Crowe Horwath senior audit practitioners has been undertaken with the Finance Manager and General Manager.

### **OPTIONS**

Presentation of the audited financial statements is required under Section 419 of the Local Government Act 1993. Section 418 requires Council to fix a date for the meeting at which it proposes to present its audited financial reports and give public notice of the date, which must be at least 7 days after the notice is given, but not more than 5 weeks after the auditor's reports are provided to the Council.

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**ATTACHMENTS**

Audited Financial Statements are provided under separate cover.

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