

**ITEM 2. PUBLIC PRESENTATION OF THE 2014/15 FINANCIAL
STATEMENTS AND AUDITOR'S REPORTS**

FILE NO: S115002.001

SUMMARY

This report presents the City of Sydney's Annual Financial Statements 2014/15, along with the auditor's reports, to the public.

At the Council Meeting on 26 October 2015, Council received the Annual Financial Statements and unmodified Auditor's Reports. Council resolved that notice be given for public presentation of the Statements at the Council Meeting on 7 December 2015. At the time of preparing this Council report, no submissions have been received from the public.

As noted in the report to the Corporate, Finance, Properties and Tenders Committee on 19 October, the Income Statement for the year ended 30 June 2014 shows a Net Surplus (Net Operating Result) of \$210.5M against a budget of \$55.0M, in accordance with relevant accounting standards and reporting requirements. The Balance Sheet reports Net Assets of \$7.6B, an increase of \$0.2B over the year.

The City's external auditor, PricewaterhouseCoopers, addressed the Corporate, Finance, Tenders and Properties Committee on 19 October 2015 and confirmed the City's strong and stable financial position, as previously reviewed and endorsed by the City's Audit, Risk and Compliance Committee.

RECOMMENDATION

It is resolved that Council:

- (A) present the 2014/15 Annual Financial Statements and auditor's reports to the public; and
- (B) adopt the 2014/15 Annual Financial Reports, subject to the receipt of any submissions over the ensuing seven day period.

ATTACHMENTS

Attachment A: Annual Financial Statements 2014/15 and Auditor's Reports

Attachment B: Audit Report on the Conduct of the Audit.

BACKGROUND

Annual Financial Reports

1. The 2014/15 Annual Financial Statements and the auditor's reports were presented to Council on 26 October 2015.
2. The City's external auditor, PricewaterhouseCoopers, issued an unmodified opinion on the City's Annual Financial Statements for 2014/15.
3. Public notice, via advertisement in The Sydney Morning Herald on 12 November 2015, was given to advise that the Annual Financial Statements and auditor's reports would be presented to the public at the Council meeting of 14 December 2015 (Corporate, Finance, Properties and Tenders Committee meeting on Monday 7 December 2015).
4. A copy of the Annual Financial Statements and the auditors' reports are provided as Attachment A.
5. The Local Government Act 1993 states that any person may make submissions to the Council in respect to the Annual Financial Statements or auditor's reports. Submissions must be made in writing and submitted to Council within seven days after the date on which the reports are presented to the public. Council must ensure that any submissions are forwarded to the auditor.
6. The City's Audit, Risk and Compliance Committee reviewed the Annual Financial Statements at their meeting on 30 September 2015, and endorsed the audited statements as presented to Council on 26 October 2015.
7. The financial statements, in compliance with the Code, contain specific financial performance indicators. While the City is supportive of the objectives of most of the indicators, it has concerns about the methodologies adopted by the Code in determining these ratios. These inadequacies result in certain performance indicators being misleading in their presentation.
8. The City has, to present a more balanced view, provided alternative indicators that eliminate some or all of the inherent inadequacies where possible. The indicators as mandated by the Code have also been presented alongside the restated indicators.
9. The City has, over the last three years, made submissions to both the Office of Local Government and NSW Treasury, and more recently as part of its *Fit For The Future* submission, containing feedback on the inadequacies of the performance indicators. No changes have been secured to date, despite widespread criticism across the Local Government sector. The City is continuing to lobby for changes to the methodology for the indicators.

KEY IMPLICATIONS

10. The audited Annual Financial Statements are to be presented to the public at the Council meeting of 14 December 2015.

FINANCIAL IMPLICATIONS

11. The City of Sydney's Income Statement for the year ended 30 June 2015 reports a Net Surplus (Net Operating Result) of \$210.5M against a budget of \$55.0M, and the Balance Sheet reports Net Assets of \$7.6B, reflecting a strong and stable financial position.

RELEVANT LEGISLATION

12. The Local Government Act (1993) sections 418 to 420.

CRITICAL DATES / TIME FRAMES

13. As soon as practicable after Council receives a copy of the auditor's reports, it must fix a date, and give public notice, for the meeting at which it proposes to present its audited financial statements, together with the auditor's reports, to the public.
14. The meeting is being held within the required statutory window of at least seven days after the date of notice, but not more than five weeks after the auditor's reports and opinion are received by Council.

PUBLIC CONSULTATION

15. The 2014/15 Annual Financial Statements and auditor's reports were made available for public viewing, both in hard copy and electronically via Council's website, from 11 November 2015.

BILL CARTER

Chief Financial Officer