

**Item 4.****Public Presentation of the 2018/19 Financial Statements and Auditor's Report****File No: X018037****Summary**

This report presents the City of Sydney's Annual Financial Statements for 2018/19, along with the auditor's reports, to the public.

At the Council Meeting on 28 October 2019, 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 18 November 2019. At the time of preparing this report no submissions have been received from the public.

As noted in the 28 October 2019 Council report, the Income Statement for the year ended 30 June 2019 shows a Net Surplus (Net Operating Result) for the year of \$94.5M, in accordance with relevant accounting standards and reporting requirements, against a budget of (\$0.6M). The Statement of Financial Position reports Net Assets of \$12.1B, an increase of \$0.1B over the year.

The City's external auditor, The Audit Office of New South Wales, addressed the Corporate, Finance, Tenders and Properties Committee on 21 October 2019 and confirmed the City's strong and stable financial position.

## **Recommendation**

It is resolved that Council:

- (A) present the 2018/19 Annual Financial Statements and Auditor's Reports to the public;  
and
- (B) adopt the 2018/19 Annual Financial Reports subject to the receipt of any submissions over the ensuing seven day period.

## **Attachments**

**Attachment A.** Annual Financial Statements 2018/19 (incorporating Auditor's Reports)

**Attachment B.** Audit Report on the Conduct of the Audit 2018/19

## Background

1. The 2018/19 Annual Financial Statements and the auditor's reports were presented to Council on 28 October 2019.
2. The City's external auditor, The Audit Office of New South Wales, issued an unmodified opinion on the City's Annual Financial Statements for 2018/19.
3. Public notice, via advertisement in the Sydney Morning Herald on 4 November 2019, was given to advise that the Annual Financial Statements and auditor's reports would be presented to the public at the Council meeting of 18 November 2019 (Corporate, Finance, Properties and Tenders Committee meeting on Monday 11 November 2019).
4. A copy of the Annual Financial Statements incorporating the auditors' reports are provided as Attachment A to this report.
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. Effective measurement and monitoring of a range of relevant performance indicators, particularly those related to asset management, remains an ongoing challenge. The City supports the ongoing effort to assess and report each council's financial and asset management sustainability, and will continue to work with the Office of Local Government to refine the definition and appropriate benchmarks set for financial indicators. In the interim, the City has reported all mandatory indicators, and additional (supplementary) indicators where it believes these provide more relevant information for the readers of the financial statements.
7. The City is also continuing to seek to work with the Audit Office and the Office of Local Government to improve financial reporting in the local government sector. For example, there is a need to develop transparent approaches to fixed asset valuation that meet Australian Accounting Standards and are consistently and predictably applied across the sector. Valuation adjustments, which are notional book entries and non-cash in nature, can have a very significant impact on the financial position of a council.

## Key Implications

8. The audited Annual Financial Statements are to be presented to the public at the Council meeting of 18 November 2019.

## Financial Implications

9. The City of Sydney's Income Statement for the year ended 30 June 2019 reports a Net Surplus (Net Operating Result) of \$94.5M against a budget of (\$0.6M), and the Balance Sheet reports Net Assets of \$12.1B, reflecting a strong and stable financial position.

### **Relevant Legislation**

10. Local Government Act 1993, Sections 418 to 420.

### **Critical Dates / Time Frames**

11. 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.
12. 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**

13. The 2018/19 Annual Financial Statements and auditor's reports were made available for public viewing electronically via Council's website from 11 November 2019, with printed copies made available upon request.
14. At the time of preparing this report no submissions have been received from the public.

**BILL CARTER**

Chief Financial Officer