

# Items for Consideration of Council

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# Items for Consideration of Council

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# Reports from Director Corporate Services

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**1. ORIGIN: Financial Services Unit**

**FILE REF: Financial Reporting**

**REPORT TITLE:**

**2000/2001 Statutory Financial Reports/Audit Report**

**SUMMARY OF REPORT:**

Council's Statutory Financial Statement, in accordance with Section 413(2)(c) of the Local Government Act 1993 for the financial year ended 30 June 2001 have been completed and audited. The Statements and associated independent Audit Report from Thomas, Noble and Russell, presents Council with a financial overview of its operations for the year 2000/01. This report shows Council's finances and the internal financial management practices are sound. The tabled Financial Statements 2000/01 are now presented to Council for adoption.

Mr Peter Morrow and Mr Kevin Franey of TNR will address Council at 4.30pm on issues that have arisen during the course of the audit. They will also be available to answer questions from Councillors.

**RECOMMENDATION:**

That :-

1. Council adopts the 2000/01 tabled Financial Reports prepared conforming with Section 413(2)(c) of the Local Government Act 1993 as follows:-  
The financial statement is drawn up in accordance with –
  - a) - the Act and the Regulations;  
- that Statements of Accounting concepts;  
- the Local Government Code of Accounting Practice and Financial Reporting; and  
- the Australian Accounting Standards.
  - b) The reports present fairly the Council's financial position and other records.
2. The meeting of 7 November be fixed to present any submissions on the Financial Reports from the public.

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## REPORT:

### BACKGROUND

Council's 2000/01 financial statements have now been completed and audited, with the draft auditor's report received. In accordance with the provisions of the Local Government Act, and the Local Government financial regulations, Council must implement the following actions to allow the statements to be finalised, ie.

- a) adopt the financial statements;
- b) fix a meeting date to present the statements to the public, and
- c) advertise, for a minimum period of seven (7) days, that the Statements and the Auditor's Reports are available for public inspection.

In order to comply with these guidelines, Council will need to advertise that the statements are to be presented to Council and the public on 7 November 2001 and that the statements are available for public inspection up to that meeting date.

A draft copy of the Financial Reports will be tabled at this meeting.

### STATUTORY DATE FOR COMPLETION OF FINANCIAL STATEMENTS

These statements were completed by Council and audited by Council's auditors, Thomas Noble and Russell, within the statutory timeframe set by NSW Government legislation.

### OPERATING RESULT FOR YEAR – 2000/01

The 2000/01 Financial Statements are tabled at this meeting.

The Operating Result for the year for General Fund is in accordance with budget expectations. Revisions have been made through the year in quarterly Budget Reviews to ensure Council has an end of year sound result.

The Water and Sewerage Funds' end of year financial results have had unexpended work that will be carried over to 2000/01. Both Funds also remain financially stable.

### BENEFITS AND PURPOSE OF ANNUAL FINANCIAL REPORTING

The primary benefits of financial reporting are:

- It makes Council accountable to the community for its financial management
- It provides the community and other interested parties with access to information about the current financial status of Council and its operational performance for the period in question.

The purpose of financial reporting, or the preparation of annual financial statements, is to communicate information about the financial position and operating results of Council to those who need to know or have an interest in Council operations.

Parties who have an interest in, or need to know financial reporting information include:

- ◇ councillors and management;
- ◇ residents/ratepayers;
- ◇ government departments and public authorities;
- ◇ community groups; and

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◇ financial institutions

The users of financial reporting information are varied and financial statements must, therefore, be structured to meet all their respective requirements. This is achieved through conformity with the Australian Accounting Standards which apply to the majority of business operations in Australia.

## **GOVERNMENT CONTROLS**

NSW legislation strongly controls the external financial reporting requirements of Council.

## **ANNUAL FINANCIAL REPORTING SYSTEM**

### ***General Purpose Financial Reports***

Under the requirements of Australian Accounting Standards, in particular AAS 27, Council is required to prepare the following reports for each financial year.

#### ***Operating Statement***

This shows the operating result and change in net assets from operations for the year.

#### ***Statement of Financial Position***

This discloses the assets, liabilities and equity of Council.

#### ***Statement of Cash Flows***

This shows information about cash flows associated with Council's operating, financing and investing activities.

#### ***Statement of Changes in Equity***

This reconciles opening and closing balances for each class of equity during the reporting period and gives details of any movement in these classes of equity.

#### ***Notes to the Financial Statements***

These disclose the accounting policies adopted by Council and provide additional material necessary for evaluating and interpreting the financial statements.

**In addition to the General Purpose Financial Reports, Council must also submit the Auditor's Reports in accordance with Section 417(1) of the Act and Council's Certificate in accordance with Section 413(2)(c) of the Act.**

#### ***Special Schedules***

The Department of Local Government, the Local Government Grants Commission and the Department of Land and Water Conservation require a series of schedules. These provide additional details on Council's net cost of services; internal and external loans; operating statements and statements of net assets committed for water and sewerage services; and information on water and sewerage rates and charges.

## **AUDIT MANDATE**

Council's Auditors, Thomas Noble and Russell, have completed the audit of Council's general purpose financial reports for the year ended 30 June 2001 under Section 417 of the Local Government Act 1993.

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The audit included:

- ◆ An examination of the financial information for the purpose of expressing and opinion on financial statements to help establish the credibility of those statements
- ◆ An examination of financial information for the purpose of reporting on the legality and control of operations and the probity of those dealing with public funds, and including the expression of an opinion on an entity's compliance with the statutory requirements and regulations that govern the activities of Council.

Council's auditor must prepare two reports to Council:-

- \* A report on the general purpose financial report, and
- \* A report on the conduct of the audit as to (Section 417(1)).

As soon as practicable after receiving the auditor's reports, Council must send a copy of the audited financial reports and the auditor's reports to the NSW Department of Local Government.

## MANAGEMENT RESPONSIBILITY - AUDIT

The performance of an audit or the provision of an audit report does not in any way absolve or relieve management of its responsibility such as the maintenance of adequate accounting policies and the preparation of financial information such as the statutory quarterly budget review submitted to Council each three months.

Management has the responsibility to safeguard Council assets and prescribe policies and procedures that are consistent with the economic and efficient use of resources.

## INTERNAL FINANCIAL MANAGEMENT CONTROLS (2000/01)

Council has a strong internal management reporting practices in place that ensures all costs and income are monitored and acted upon on a weekly basis.

## PERFORMANCE INDICATORS

Council remains in a sound financial position regarding its short term liquidity. The key financial performance ratios, as shown in note 13 of the statements and listed in the following table, remain at satisfactory levels.

Performance Indicator	2000/01
Current Ratio	4.614
Unrestricted Current Ratio	1.888
Debt Service Percentage	11.70%
Rate @ Annual Charges Coverage Ratio	42.98%
Rates and Annual Charges Outstanding (\$)	7.36%

To clarify the meaning and implication, a simple definition of each indicator is listed below.

- a) Current Ratio - The total cash or cash convertible assets available to meet liabilities within the next twelve months, or current period, expressed on a dollar for dollar basis.
- b) Unrestricted Current Ratio - This is the same as the current ratio except it excludes assets and liabilities, which relate to activities that are restricted to specific purposes by legislation. The include Water, Sewerage and Domestic Waste.

## Reports from Director Corporate Services

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- c) Debt Service Ratio – The amount used to repay borrowings as a percentage of total operating revenues.
- d) Rate Annual Charges Coverage Ratio Percentage – This percentage is based on rates and annual charges revenues as a percentage of total operating revenues.
- e) Rates and Annual Charges Outstanding Percentage – This percentage is based on the amount outstanding as a percentage of the amount to be collected for rates and annual charges.

### **FINANCIAL OVERVIEW - GENERAL COMMENTS**

While the above performance indicators reflect a sound position, the result has only been achieved through tight control over Council finances. Council's infrastructure needs continue to exceed available funds and the demand for works and services continue to grow as the population of the Shire increases. As experienced during the recent deliberations for the 2001/2002 Management Plan & Budget, funding for operational and capital works continues to remain tight. This situation is not anticipated to change.

# Reports from Director Corporate Services

## COUNCIL OF TWEED SHIRE

### STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2001

Original Budget 2001 \$'000	Notes	Actual 2001 \$'000	Actual 2000 \$'000
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>			
19524 Employee costs	3(a)	19379	19560
3229 Borrowing costs	3(b)	2758	2951
15630 Materials & contracts		14361	13187
16685 Depreciation	3(c)	17753	17173
6200 Other expenses from ordinary activities	3(d)	6708	11546
2200 Loss from the disposal of assets	5	3908	2938
Loss from interests in joint ventures & associates	19	12	15
<b>63468 TOTAL EXPENSES FROM ORDINARY ACTIVITIES</b>		<b>64879</b>	<b>67370</b>
<b>REVENUE FROM ORDINARY ACTIVITIES</b>			
38208 Rates & annual charges	4(a)	37962	35822
9530 User charges & fees	4(b)	10482	9991
4583 Interest	4(c)	5697	4826
890 Other revenues from ordinary activities	4(d)	619	769
9449 Grants & contributions provided for non-capital purposes	4(e&f)	10129	9715
<b>62660 REVENUES FROM ORDINARY ACTIVITIES BEFORE CAPITAL AMOUNTS</b>		<b>64889</b>	<b>61123</b>
<b>(808) SURPLUS(DEFICIT) FROM ORDINARY ACTIVITIES BEFORE CAPITAL AMOUNTS</b>		<b>10</b>	<b>(6247)</b>
Grants & Contributions provided for capital purposes	4(e&f)	23444	22993
<b>19588</b>		<b>23444</b>	<b>22993</b>
<b>18780 SURPLUS(DEFICIT) FROM ORDINARY ACTIVITIES AFTER CAPITAL AMOUNTS</b>		<b>23454</b>	<b>16746</b>
<b>18780 SURPLUS(DEFICIT) FROM ALL ACTIVITIES</b>	2(a)	<b>23454</b>	<b>16746</b>



# Reports from Director Corporate Services

## COUNCIL OF TWEED SHIRE STATEMENT OF FINANCIAL POSITION as at 30 June 2001

	Notes	Actual 2001 \$'000	Actual 2000 \$'000
<b>CURRENT ASSETS</b>			
Cash assets	6	773	857
Investment securities	6	40,710	26,957
Receivables	7	6,253	6,092
Inventories	8	1,718	1,653
Other	8	362	382
<b>TOTAL CURRENT ASSETS</b>		<u>49,816</u>	<u>35,941</u>
<b>NON-CURRENT ASSETS</b>			
Investment securities	6	55,209	56,718
Receivables	7	1,472	240
Inventories	8	107	417
Property, plant and equipment	9	677,964	667,815
Investments accounted for using equity method	19		
<b>TOTAL NON-CURRENT ASSETS</b>		<u>734,752</u>	<u>725,190</u>
<b>TOTAL ASSETS</b>		<u>784,568</u>	<u>761,131</u>
<b>CURRENT LIABILITIES</b>			
Payables	10a,b	5,343	4,419
Interest bearing liabilities	10a,b	3,745	4,652
Provisions	10a,b	1,708	1,645
<b>TOTAL CURRENT LIABILITIES</b>		<u>10,796</u>	<u>10,716</u>
<b>NON-CURRENT LIABILITIES</b>			
Payables	10a	514	294
Interest bearing liabilities	10a	31,799	32,479
Provisions	10a	6,224	5,861
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>38,537</u>	<u>38,634</u>
<b>TOTAL LIABILITIES</b>		<u>49,333</u>	<u>49,350</u>
<b>NET ASSETS</b>		<u>735,235</u>	<u>711,781</u>
<b>EQUITY</b>			
Accumulated surplus		734,393	710,939
Asset Revaluation Reserve		842	842
<b>TOTAL EQUITY</b>		<u>735,235</u>	<u>711,781</u>

# Reports from Director Corporate Services

## COUNCIL OF TWEED SHIRE STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2001

	2001 \$'000			2000 \$'000			
		Asset		Asset			
	Notes Ref	Accum Surplus	Revaluation Reserve	Total Equity	Accum Surplus	Revaluation Reserve	Total Equity
Balance at beginning of the reporting period		710939	842	711781	694193	866	695059
Changes in equity recognised in the statement of financial performance		23454		23454	16746		16746
Adjustment due to compliance with revised Accounting Standards							
Transfers to asset revaluation Reserve							
Transfers from asset revaluation Reserve						(24)	(24)
Distributions to/from outside equity interests							
<b>Balance at end of the reporting period</b>		<b>734393</b>	<b>842</b>	<b>735235</b>	<b>710939</b>	<b>842</b>	<b>711781</b>

# Reports from Director Corporate Services

## COUNCIL OF TWEED SHIRE STATEMENT OF CASH FLOWS for the year ended 30 June 2001

	Notes	Actual 2001 (\$'000)	Actual 2000 (\$'000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Receipts:</u>			
Rates & annual charges		37602	35466
User charges & fees		10065	9724
Interest		5939	4616
Grants and Contributions		18797	20395
Other		369	496
<u>Payments:</u>			
Employee Costs		(19072)	(18249)
Materials & Contracts		(19438)	(25559)
Interest		(2799)	(2947)
Net cash provided by (or used in) operating activities	11(b)	<u>31463</u>	<u>23942</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Receipts:</u>			
Increase in deposits held in trust		172	26
Sale of real estate assets		599	
Sale of assets		1709	2552
Payments from deferred debtor		75	95
<u>Payments:</u>			
Purchase of assets		(19601)	(17895)
Advances to deferred debtors		(662)	(203)
Net cash provided by (or used in) investing activities		<u>(17708)</u>	<u>(15425)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Receipts:</u>			
Borrowings & advances		3057	2641
<u>Payments:</u>			
Borrowings & advances		(4652)	(4970)
Net cash used in financing activities		<u>(1595)</u>	<u>(2329)</u>
Net increase/(decrease) in cash held		12160	6188
Cash at beginning of reporting period	11(a)	<u>84532</u>	<u>78344</u>
Cash at end of reporting period	11(a)	<u>96692</u>	<u>84532</u>

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## AUDIT LETTER FROM THOMAS, NOBLE & RUSSELL:

Mayor and Councillors  
Council of Tweed Shire  
Civic and Cultural Centre  
MURWILLUMBAH NSW 2484

Dear Sir,

We advise that we have completed our audit of the Council's general purpose financial reports for the year ended, 30th June, 2001 under section 417 of the Local Government Act 1993.

In accordance with that section we now report on the conduct of the audit.

### 1. AUDITORS' RESPONSIBILITIES

In order that your Councillors may appreciate our responsibilities as auditors, we take this opportunity to briefly discuss the scope of our audit.

In accordance with our contractual arrangements with Council we have undertaken to perform an attest (risk based) audit. The definition of an attest audit is:

"the minimum audit work necessary to enable an opinion to be expressed as to whether the financial statements are presented fairly in accordance with the requirements of the Local Government Act 1993, Australian Accounting Standards and Accounting Concepts so as to present a view which is consistent with an understanding of the Council's financial position, the results of its operations and its cash flows."

#### Forming an opinion

Our function as auditors is to examine the general purpose and special purpose (National Competition Policy) financial statements presented to us by the Council. As auditors of the Council we are not responsible for the preparation of the financial statements nor for the maintenance of proper and adequate accounting records and proper systems of internal control. These responsibilities, together with the requirement to present financial statements which give a true and fair view of the state of the Council's affairs and of its results are imposed on the Councillors by the Local Government Act and Regulations 1993.

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As auditors of Council we are not required to:

- 1) Review and assess the adequacy of Council's:
  - a) management plans;
  - b) quarterly budget reviews;
  - c) insurance cover; and
  - d) infrastructure improvement / maintenance planning and monitoring.
- 2) form an opinion on, or advise Council on the probity of its decisions, however we ensure that the financial effect of councils decisions are adequately disclosed in the general purpose financial statements in accordance with applicable Accounting Standards.

The responsibility of the abovementioned rests with Council.

### **2. FINANCIAL MANAGEMENT PRACTICES**

In accordance with the requirements of the Local Government Act and Regulations Council must prepare detailed budgets for all operations. As part of the budgetary process Council is responsible for authorising all expenditures and variations to budget. Council's policy in general fund is to operate with a balanced budget.

The quarterly review of Council's budget progress is a very important process in ensuring that the financial targets established by Council are met. We are aware that management place a high level of importance in ensuring that budgets are complied with. To maintain Council's financial position there needs to be a continued level of accountability and responsibility by senior management.

### **3. OPERATING RESULT**

Council's surplus from all activities for 2001 totalled \$23,454,000. This compares to a surplus in 2000 of \$16,746,000. This result can be summarised as follows:-

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	<i>Year ended 30/06/01 \$'000</i>	<i>Year ended 30/06/00 \$'000</i>	<i>Year ended 30/06/99 \$'000</i>
Expenses from ordinary activities	(43,218)	(41,910)	(40,853)
Revenues from ordinary activities	<u>64,889</u>	<u>61,123</u>	<u>58,618</u>
Result from ordinary activities before depreciation	21,671	19,213	17,765
Depreciation expense	<u>(17,753)</u>	<u>(17,173)</u>	<u>(16,685)</u>
Result from ordinary activities before capital amounts	3,918	2,040	1,080
Capital grants and contributions	23,444	22,993	16,006
Gain / (loss) on disposal of assets	<u>(3,908)</u>	(2,938)	(2,123)
Significant item	<u>-</u>	<u>(5,349)</u>	<u>0</u>
Surplus from all activities	<u>\$ 23,454</u>	<u>\$ 16,746</u>	<u>\$ 14,963</u>

## Variations to 2000 by Income/Expenditure

The result from ordinary activities before capital amounts has increased from a surplus of \$2,040,000 for the 2000 year to a surplus of \$3,918,000 in the 2001 financial year. Some of the components contributing to the increase in the result from ordinary activities before capital amounts include:

### Revenue

*i) increased general rates income \$1,015,000,*

General rates income increased in conjunction with the ministerially approved rate-pegged limit of 2.7%.

*ii) increased sewer rates income \$461,000*

Sewer rates have increased as a result of a \$8 (2%) increment to the rate in addition to an increase in the number of rateable properties.

*iii) increase water user charges \$488,000*

Revenue from water user charges has increased on the 2000 financial year largely due to weather conditions resulting in increased water usage.

*iv) increased interest income \$871,000*

Interest income has increased largely as a result of an increase in funds invested. Total funds under investment at 30th June 2000 was \$84,532,000 compared to \$96,692,000 at 30th June 2001.

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## Expenditure

*i) increased salaries, wages and employee entitlements \$419,000*

Employee costs have increased largely due to an award increase of 3.25% in October 2000.

*ii) increased depreciation expense \$569,000*

Depreciation expense has increased in conjunction with improvements to existing infrastructure and recognition of completed subdivision assets constructed by developers.

*iii) decreased workers compensation insurance premiums \$172,000*

Workers compensation insurance premiums have decreased as a result of reduced injury claims.

*iv) decreased superannuation costs \$233,000*

Superannuation expense has decreased as a result of a "contributions holiday" imposed on the State Authorities Superannuation Scheme (SASS) due to its healthy financial position.

### 3.1 Operating Result Before Capital Grants, CONTRIBUTIONS AND DONATIONS, depreciation expense and profit / loss on sale of assets

The surplus from ordinary activities before significant items, capital grants, contributions, donations, profit / (loss) on disposal of assets and depreciation expense for the year ended 30 June 2001 can be disclosed by Council activity as follows:-

	<i>2001 *</i> <i>Actual</i> <i>\$'000</i>	<i>2000 *</i> <i>Actual</i> <i>\$'000</i>	<i>1999 *</i> <i>Actual</i> <i>\$'000</i>
<i>General Fund Activities</i>			
Administration	(10,455)	(9,797)	(9,751)
Public Order & Safety	(604)	(623)	(514)
Health	(449)	(421)	(470)
Community Services & Education	(175)	(180)	(126)
Housing and Community	(2,148)	(2,320)	(2,457)
Recreation and Culture	(3,922)	(3,726)	(3,753)
Mining, Manufacturing & Construction	63	249	232
Transport and Communication	(4,395)	(4,814)	(4,631)
Economic Affairs	(268)	(302)	154
General Purpose Revenues	<u>26,450</u>	<u>25,007</u>	<u>23,880</u>
General Fund Operations Result			
Before Depreciation	4,097	3,073	2,564
General Fund Depreciation	<u>(11,020)</u>	<u>(10,686)</u>	<u>(10,094)</u>
General Fund Result After Depreciation	<u>(6,923)</u>	<u>(7,613)</u>	<u>(7,530)</u>

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	2001 *	2000 *	1999 *
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
	\$'000	\$'000	\$'000
<i>Restricted Activities</i>			
Domestic Waste Activities	1,310	1,318	1,179
Crown Caravan Parks	1,535	1,400	1,395
Water Supplies	6,886	6,193	5,706
Sewerage Services	7,843	7,229	6,921
Depreciation Expense	<u>(6,733)</u>	<u>(6,487)</u>	<u>(6,591)</u>
	<u>3,918</u>	<u>2,040</u>	<u>1,080</u>

\* Results presented on a net basis.

### Explanation of major variances between actual results for the 2001 and 2000 financial years:-

#### *Housing and Community*

The variation to the previous year's result is largely due to the transfer of costs of \$247,000 from other Council activities to the administration function that are associated with Council governance.

#### *Mining, Manufacturing and Construction*

The variation to the previous year's result is largely attributable to reduced activity in the building and construction industry during the 2001 financial year.

**Water** (refer to 3.2 for detailed explanations)

**Sewer** (refer to 3.3 for detailed explanations)

#### *Other comments*

Council's operating surplus for general fund before capital grants, contributions, donations, profit/(loss) on sale of assets and depreciation expense has been trending upwards over the last three financial years from \$2,564,000 for the 1999 financial year to \$4,097,000 in 2001. This surplus represents recurring income over recurring expenditure and allows Council to fund new capital works, repay loans and replace retiring assets. The improving general fund surplus largely reflects Council's increase in expenditure on capital items such as roads and drainage infrastructure.



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### 3.2 WATER SUPPLIES

(i)	<i>Actual *</i> <i>2001</i> <i>\$'000</i>	<i>Original</i> <i>Budget</i> <i>2001</i> <i>\$'000</i>	<i>Variance</i> <i>\$'000</i>	<i>Actual *</i> <i>2000</i> <i>\$'000</i>	<i>Actual *</i> <i>1999</i> <i>\$'000</i>
Water supply activities can be summarised as follows:-					
Management Expenses	1,990	1,847	(143)	1,791	1,701
Operating Costs	2,596	2,550	(46)	2,218	2,356
Other	203	287	84	174	166
Depreciation/Asset Rep. Res	2,857	2,793	(64)	2,815	2,793
Loss on Disposal of Infrastructure	618	-	(618)	946	314
Interest	<u>138</u>	<u>156</u>	<u>18</u>	<u>207</u>	<u>304</u>
Total Expenses	<u>8,402</u>	<u>7,633</u>	<u>(769)</u>	<u>8,151</u>	<u>7,634</u>
Rates and availability charges	5,179	5,243	(64)	4,871	4,926
User charges	2,300	1,950	350	1,756	1,865
Interest	2,165	1,932	233	1,867	1,627
Other	434	391	43	354	369
Grants - PWD	-	-	-	-	259
- Other	346	340	6	334	322
Contributions – developers	<u>3,466</u>	<u>3,754</u>	<u>(288)</u>	<u>2,962</u>	<u>2,741</u>
Total Revenue	<u>13,890</u>	<u>13,610</u>	<u>280</u>	<u>12,144</u>	<u>12,109</u>
Operating Result	<u>5,488</u>	<u>5,977</u>	<u>(489)</u>	<u>3,993</u>	<u>4,475</u>

\* Results presented prior to internal elimination entries.

(ii) <i>Key Indicators</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
	\$	\$	\$
Average rate per assessment	190	189	194
Management and Operating Cost per assessment	168	155	160

#### (iii) *Explanations for Variances*

##### Expenditure

Water fund operating costs are predominantly comparable to original budget except for loss on disposal of infrastructure assets which is not budgeted.

##### Revenues

Water fund user charges have increased in conjunction with dry weather conditions whilst interest revenue is higher than original budget as a result of greater funds invested throughout the financial year.

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## 3.3 SEWERAGE SERVICES

(i)	<i>Actual *</i> <i>2001</i> <i>\$'000</i>	<i>Original</i> <i>Budget</i> <i>2001</i> <i>\$'000</i>	<i>Variance</i> <i>\$'000</i>	<i>Actual *</i> <i>2000</i> <i>\$'000</i>	<i>Actual *</i> <i>1999</i> <i>\$'000</i>
Sewerage services operating result can be summarised as follows:-					
Management Expenses	1,748	1,788	40	1,911	1,605
Operating Costs	3,547	3,716	169	3,173	3,246
Other	233	181	(52)	217	221
Depreciation/Asset Rep Res	3,308	3,211	(97)	3,221	3,211
Interest Expense	<u>908</u>	<u>1,242</u>	<u>334</u>	<u>987</u>	<u>968</u>
Total Expenses	<u>9,744</u>	<u>10,138</u>	<u>394</u>	<u>9,509</u>	<u>9,251</u>
Rates and Services availability charges					
User charges	9,480	9,479	1	9,015	9,030
Interest	1,083	1,240	(157)	1,091	880
Other	1,726	1,533	193	1,449	1,107
Grants - PWD	164	200	(36)	200	175
- Other	274	3,066	(2,792)	1,796	978
Contributions – developers	<u>349</u>	<u>335</u>	<u>14</u>	<u>318</u>	<u>308</u>
Total Revenue	<u>4,915</u>	<u>2,569</u>	<u>2,346</u>	<u>4,175</u>	<u>2,474</u>
Operating Result	<u>17,991</u>	<u>18,422</u>	<u>(431)</u>	<u>18,044</u>	<u>14,952</u>
	<u>8,247</u>	<u>8,284</u>	<u>(37)</u>	<u>8,535</u>	<u>5,701</u>

\* Results presented prior to internal elimination entries.

(ii) <i>Key Indicators</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>
Average rate per assessment	373	373	382
Management and Operating Expenses per assessment	205	211	205

### (iii) *Explanation for Variances*

#### Expenditure

Sewer fund expenditures are comparable to original budget except for interest expense which is lower than original budget as anticipated borrowings were not drawn down during the financial year.

#### Revenues

Interest revenue is higher than original budget as a result of greater funds invested throughout the financial year. Revenues from DLAWC capital projects are lower than original budget due to capital projects that did not proceed during the financial year.

# Reports from Director Corporate Services

## 4. BUSINESS ACTIVITIES

In accordance with National Competition Legislation effective 1<sup>st</sup> July, 1998, Council has identified the following business activities to prepare special purpose financial reports:

- a) Water Fund
- b) Sewer Fund
- c) Tweed Coast Holiday Parks Reserve Trust
- d) Commercial Waste Operations
- e) Private Works Operations
- f) Swimming Pool Operations
- g) Land Development
- h) Building Certification

Council declared business activities with gross revenue exceeding \$2m have been classified as a Category 1 business with operating details and assets disclosed on a gross basis in Council's special purpose financial report. Those declared businesses with an annual turnover less than \$2m are classified as Category 2 businesses. Under the National Competition guidelines Council is required to apply taxation principles to each business similar to those that would apply if they were operating in the commercial sector. Taxation equivalents applied in the special purpose financial reports include land tax and income tax equivalent to the company taxation rate of 34%. Where the business activity has significant borrowings a debt guarantee fee has been calculated to measure the variance between Council secured borrowing and those conditions achievable without Council support.

Provide below is a summary of the financial performance of Council's declared business activities for the year ended 30th June 2001:

Activity 2001	Operating Revenue \$'000	Operating Expenses \$'000	Result prior to capital amounts \$'000	Return on capital %	Council Subsidy \$'000
Water	10,424	8,510	1,914	1.70%	0
Sewer	12,802	9,856	2,946	2.90%	0
Holiday Parks	3,574	2,710	864	6.80%	1,105
Commercial Waste	553	399	154	33.00%	0
Swimming Centres.	326	687	(361)	N/a	470
Building Certification	166	290	(124)	N/a	124
Land Development	599	1131	(532)	N/a	0
Private Works	270	294	(24)	N/a	24

## Reports from Director Corporate Services

Activity 2000	Operating Revenue \$'000	Operating Expenses \$'000	Result prior to capital amounts \$'000	Return on capital %	Council Subsidy \$'000
Water	9,182	8,363	819	1.70%	0
Sewer	12,072	9,771	2,301	2.50%	0
Holiday Parks	3,438	2,739	699	4.4%	1,439
Commercial Waste	512	520	(8)	21.90%	0
Swimming Centres.	337	737	(400)	N/a	500
Building Certification	201	305	(104)	N/a	104
Land Development	56	34	22	N/a	0
Private Works	202	200	2	N/a	0

### Comments On Financial Performance of Declared Businesses

#### a) Water and Sewer Fund Operations

(see sections 3.2 and 3.3 of this report for detailed analysis of operating result).

As per National Competition guidelines it is expected that monopoly operations such as water and sewer will provide a break-even rate of return. The rate of return is calculated by dividing the operating result before capital items plus interest expense by the written down value of property, plant and equipment.

The rate of return achieved by Councils water and sewer funds is sufficient to enable funding of capital improvements, the maintenance of existing assets and the repayment of loans.

#### b) Tweed Coast Holiday Parks Reserve Trust

Tweed Coast Holiday Parks Reserve Trust is a Council business unit managing the Crown Reserve Caravan Parks controlled by Council. During the financial year Council received a contribution of \$760,000 from the Trust to enable Council to maintain other controlled Crown reserves throughout the shire. Tweed Coast Holiday Parks Reserve Trust operating result from ordinary activities before capital items has increased by \$266,000 largely as a result of increased occupancy rates throughout all parks.

The rate of return for Tweed Coast Holiday Parks is less than the nominated benchmark rate (15%) of return for similar operations existing in the commercial sector. The difference between the actual rate of return and the required rate of return represents a notional subsidy from Council of \$1,105,000. The actual rate of return for Council's holiday park operations is impacted by the product mix of each site as compared to the land value of each site. Many of

## Reports from Director Corporate Services

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Council's holiday parks have a very high land value as a result of their prime coastal location. Tweed Coast Holiday Parks are situated on Crown land.

### c) **Swimming Centres**

Council operates swimming centres throughout the shire. Council's swimming pool operations have returned a net loss of \$361,000 for the 2001 financial year. The special purpose financial reports disclose a subsidy from Council of \$470,000. This subsidy is notional only and represents the difference between the actual rate of return achieved by the operations for the 2001 financial year and the required rate of return. The required rate of return for Council's swimming pool operations has been deemed to be equivalent to the investment rate attaching to a 10 year bond.

Council's actual subsidy for swimming pool operations is \$467,000 and represents the cash operating deficit and capital works expenditure for the financial year in addition to funding an asset management reserve.

### d) **Commercial Waste**

Commercial waste operations include collection and receiving of all waste other than waste relating to Domestic Waste Management. Commercial waste activities reported a surplus from ordinary activities before capital amounts of \$154,000 for the 2001 financial year. The surplus from ordinary activities represents an increase on the 2000 result (before abnormal items) of \$33,000.

Commercial waste operations resulted in an actual rate of return of 33%. This rate of return is high due to the low levels of assets required for day to day operations.

### e) **Private Works**

Council offers private works services to ratepayers including repairs to residential driveways and other private assets throughout the shire. The results from private works activities vary from year to year dependent on the level and type of activity. Council's private works operations has returned a deficit of \$24,000 (2000: \$2,000) for the 2001 financial year. This deficit is attributable to Council internal charges not recovered by private works operations and is reflected in the special purpose financial report as a subsidy from Council. Council may consider reviewing private works operations to recover its operating costs and achieving a rate of return similar to a business operating in the private sector.

### f) **Building Certification**

Council's building certification operations has returned a deficit of \$124,000 (2000: \$104,000) for the 2001 financial year. This deficit is largely attributable to internal charges not recovered through operations and is disclosed in the special purpose financial report as a subsidy from general fund.

## Reports from Director Corporate Services

### g) Land Development

Funds from Council's land development activities are used to subsidise the purchase of community facilities at Piggabeen. Development of the Piggabeen subdivision is funded by an internal loan from water fund which has been approved by the Minister for Local Government. This loan is to be repaid from the sale of residential lots and is to be extinguished by June 2002.

During the 2001 financial year Council sold 8 lots resulting in a loss of \$109,000. Losses have resulted from higher than anticipated development costs associated with the nature of the sub-soil at the site.

At the end of the 2001 financial year Council has reassessed the carrying value of the remaining land held for resale. Projected sale proceeds will not be sufficient to cover the cost of the development. As a result, the value of the remaining land has been reduced by \$405,000 to its net realisable value of \$1,150,000. This write down has been disclosed as an expense in the statement of financial performance.

Council anticipates that sale proceeds from the remaining lots will not be sufficient to repay the remaining loan to water fund. In addition, if all lots are not sold by 30th June 2002 general fund may be required to fund any holding costs on the unsold lots. We understand that Council anticipates funding any remaining loan liability upon completion of the project from section 94 funds. Council should ensure that the funding of this expenditure is within the conditions of the relevant section 94 plan.

A rate of return has not been calculated as the land development operations do not own or control any property, plant or equipment.

### 5. CAPITAL GRANTS AND CONTRIBUTIONS

Capital grants received during the period amount to \$1,943,000 and largely consisted of grants for bushfire control, Roads to Recovery, the environment and grants from the Department of Land and Water Conservation for sewerage augmentation.

Capital contributions received during the period amounted to \$21,501,000. This can be broken down as follows:-

	<i>2001</i>	<i>2000</i>	<i>1999</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Section 94 Contributions - Cash	2,884	3,698	2,563
Section 64 Contributions	4,116	3,510	3,018
Roads and Traffic Authority	352	750	1,369
Non cash contributions from developers	14,149	11,460	6,744
Other contributions	<u>-</u>	<u>351</u>	<u>576</u>
	<u>21,501</u>	<u>19,769</u>	<u>14,270</u>

## Reports from Director Corporate Services

At 30th June, 2001 Council had \$9,632,000 held as a restricted asset for S94 contributions. S64 receipts are treated as a recoupment of infrastructure constructed in prior years and accordingly there are no unexpended S64 contributions. Council places all such receipts into internal reserves. Unexpended S94 contributions comprised:

PLAN	TOTAL CONTRIBUTION PLANS		CONTRIBUTIONS NOT UNDER A PLAN CLAUSE 41L (4)		TOTALS	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Open Space	2,119	1,720	231	219	2,350	1,939
Community Facilities	1,474	1,271	313	272	1,787	1,543
Car Parking	79	74	661	573	740	647
Street trees	16	8	-	-	16	8
Roads	3,589	2,221	104	91	3,693	2,312
Traffic facilities	-	-	115	109	115	109
Bridges	-	-	338	324	338	324
Footpaths / Cycleways	59	33	53	57	112	90
Drainage	220	209	111	106	331	315
Other	150	142	-	-	150	142
<b>Restricted Assets</b>	<b>7,706</b>	<b>5,678</b>	<b>1,926</b>	<b>1,751</b>	<b>9,632</b>	<b>7,429</b>

### 5.1 GAIN / (LOSS) ON SALE OF ASSETS

Council's loss on sale of assets comprise the following items.

	2001 \$'000	2000 \$'000
Profit on sale of land held for resale	347	32
Profit on sale of plant and equipment	215	346
Loss on write-off of roads reconstructed	(2,750)	(1,566)
Loss on write-off of water and sewer infrastructure replaced	(700)	(902)
Loss on sale of property	<u>(1,020)</u>	<u>(848)</u>
	<u><u>(3,908)</u></u>	<u><u>(2,938)</u></u>

#### *Loss on Sale of Property*

During the financial year Council sold a parcel of land on deferred settlement terms. In accordance with Australian Accounting Standards Council has recognised the sale proceeds at its fair (present) value. The recognition of sale proceeds at fair value has impacted the calculation of the loss on sale.

# Reports from Director Corporate Services

## 6. STATEMENT OF FINANCIAL POSITION

### 6.1 NET CURRENT ASSETS

#### 6.1.1 CASH AND INVESTMENTS

Council has net current assets of \$39,020,000 as at 30 June 2001. Net current assets however contains \$30,347,000 of externally restricted cash in the form of special purpose grants, unexpended loans for water and sewer funds, developers contributions and restricted water, sewer, domestic waste management and Crown Reserve Caravan Park funds. Also included in Council's net current assets is \$3,944,000 of externally restricted receivables relating to water, sewerage and domestic waste management charges and rates.

In addition Council has allocated \$9,435,000 to internally restricted cash to fund long term commitments.

After funding internal and external restrictions Council has unrestricted cash of \$1,701,000.

#### 6.1.2 RECEIVABLES

Council's receivables have increased from \$6,332,000 as at 30 June 2000 to \$7,725,000 as at the 30th June 2001. The major components of this increase were:

	<i>\$'000</i>
Increase in government grants and subsidies	267
Increase in rates and annual charges	342
Increase in user charges and fees	417
Increase deferred debtors	587

Deferred debtors have increased as a result of the deferred receipt of proceeds on the sale of land.

See comments at point 7 regarding the increase in rates, annual charges and user charges.

### 6.2 NON-CURRENT ASSETS AND LIABILITIES

Council has a net non-current asset position of \$696,215,000 which consists largely of externally restricted investments not budgeted for expenditure in 2002, property, plant and equipment, water, sewer and drainage infrastructure, Council controlled road infrastructure, loans, and provisions for employee entitlements.

#### 6.2.1 PROPERTY, PLANT AND EQUIPMENT

During the year Council capitalised the following property, plant and equipment:



## Reports from Director Corporate Services

	2001 \$'000	2000 \$'000
Non-cash Developer Contributions		
- Open space	1,243	1,695
- Roads and Drainage Network	7,786	6,303
- Water Supply Network	1,132	961
- Sewerage Network	3,120	2,501
Non-cash Grants		
- Bush Fire Council	230	249
- PWD - Water	-	-
- PWD - Sewer	274	1,515
Council Constructed / Purchased Assets		
- Land and Buildings	1,345	2,394
- Plant and Equipment/Vehicles	3,348	4,357
- Roads and Drainage Network	7,800	7,167
- Water Supply Network	5,224	3,215
- Sewerage Network	2,638	5,441
- Other Structures	<u>152</u>	<u>835</u>
	<u>34,292</u>	<u>36,633</u>

The major elements of Council's constructed/purchased assets for the 2001 financial year were:

	\$'000
Murwillumbah streetscaping	104
Chinderah riverbank revetment	548
Drainage Stotts Creek depot	302
Smiths Creek bridge	683
Roads to Recovery Expenditure	596
Kyogle Road improvements	460
Queensland Road improvements	457

### 6.2.2 LOANS

Council's overall debt position has decreased during the last twelve months by \$1,595,000 with external borrowings for General Fund decreasing by \$380,000\*. The table below illustrates that during the financial year General Fund borrowed \$2,386,000 to fund bridge construction, flood mitigation, roads and drainage construction and the construction of public toilets throughout the shire.

- \* In addition to external borrowings, at the end of the 2001 financial year General Fund has borrowings of \$1,934,000 from Water Fund and Domestic Waste Management for the purchase of the Piggabeen Sporting Complex (\$1,722,000) and the construction of the Agenda 21 house (\$211,000) respectively. The internal debt for the development of the Piggabeen residential development is funded from the sale of residential land surrounding the

## Reports from Director Corporate Services

area (refer to comments at point 4). (The internal borrowings of \$1,934,000 have been eliminated for the purposes of financial reporting in accordance with AAS 27).

### Movement in Loans by Fund on a Net Basis

Activity	Balance 1/7/00 \$'000	New Loans Raised \$'000	Principal Repaid \$'000	Balance 30/6/01 \$'000	Movement Increase / (Decrease) \$'000
General	24,310	2,386	2,766	23,930	(380)
Sewerage	10,374	671	869	10,176	(198)
Water	2,447	-	1,017	1,430	(1,017)
<b>Total</b>	<b>37,131</b>	<b>3,057</b>	<b>4,652</b>	<b>35,536</b>	<b>(1,595)</b>

### Unexpended Loans

At the 30th June 2001 unexpended loans totalled \$1,370,000 and related to the following:

	<i>2001</i>
	<i>\$'000</i>
Externally Restricted	
Tweed Heads Library	26
Sewerage Infrastructure	<u>671</u>
	697
Internally Restricted	<u>673</u>
Total Unexpended Loans	<u>1,370</u>

## 7. PERFORMANCE INDICATORS

	<i>General</i>		<i>Water</i>		<i>Sewer</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
Unrestricted Current Ratio	1.49	1.43	62.13	29.53	19.69	17.54
Debt Service Ratio	12.58%	13.14%	11.08%	13.82%	13.63%	15.75%
Outstanding Rate and Annual / User Charges	6.80%	6.34%	8.27%	7.91%	8.16%	7.48%

### Commentary on Performance Indicators

The above represents the key performance indicators outlined in Note 13 to the financial statements on an activity by activity basis.

## Reports from Director Corporate Services

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### *Unrestricted Current Ratio*

The unrestricted current ratio represents Council's capacity to meet its commitments from current assets net of externally restricted cash, investments and receivables. Council's general fund unrestricted current ratio has marginally improved on 2000.

It is important to note that the unrestricted current ratio does not reflect Council's capacity to fund long term infrastructure needs nor the state of the infrastructure itself. Council needs to assess its infrastructure requirements and develop strategies to ensure the long-term viability (ability to provide services) of its assets.

We note that the unrestricted current ratio for water and sewer activities has fluctuated significantly. Yearly fluctuations will result from the build up of internal reserves and the impact of lower debt levels and will continue to fluctuate in the future as further funds are collected and expended on infrastructure improvements.

### *Debt Service Ratio*

Council's general fund debt service ratio has decreased from 13.14% to 12.58%. This reduction illustrates the net debt reduction of \$677,000 (including the reduction in internal loans as mentioned at 6.2.2) during the financial year. The debt service ratio for the 2002 financial year may however be impacted by the commencement of repayments on loans financed toward the end of the 2001 financial year.

### *Rates and Annual Charges Outstanding Percentage*

Council's general fund rates and annual charges outstanding percentage has increased for all funds. During the financial year management identified a reduction in the collection of rates and annual charges. Council's management, together with the assistance of Council's internal auditor, has investigated outstanding amounts for rates, annual charges and user charges with a view to implementing policies and procedures to improve debt collection. Upon implementation of improved collection procedures management expects a reduction in outstanding rates and annual charges and other Council receivables.

## **8. OTHER MATTERS**

### **8.1 APPOINTMENT OF INTERNAL AUDITOR**

Council has recently appointed an internal auditor to assist in maintaining and improving the internal control environment and to perform special tasks. The internal auditor has already focussed on areas of high risk to Council and introduced improved internal controls designed to protect Council's assets.

## Reports from Director Corporate Services

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### 8.2 INTERNAL CONTROL ENVIRONMENT

We have previously forwarded a report to the General Manager commenting on Council's systems of internal control and management procedures. No significant breakdowns of internal control were encountered during the course of our audit nor did we become aware of the existence of items comprising material error, sufficient to cause us to issue a qualified audit opinion.

Subject to the foregoing comments the books of account and records of the Council were maintained in good order and condition and the information and explanations required during the course of our work were readily supplied by the General Manager and his staff.

Yours faithfully

THOMAS NOBLE & RUSSELL

.....  
P R MORROW (Partner)  
Registered Company Auditor

# Reports from Director Corporate Services

## COUNCIL OF TWEED SHIRE INDEPENDENT AUDIT REPORT

### SCOPE

We have audited the attached financial report of the Council of Tweed Shire for the year ended 30 June 2001 as set out on pages to . The Council is responsible for the preparation and presentation of the financial report and the information it contains. We have conducted an independent audit of the financial report in order to express an opinion on it to the Council.

Our audit has been planned and performed in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material mis-statement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards, statutory and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the Council's financial position, the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

### AUDIT OPINION

In our opinion:

- (a) Council's accounting records have been kept in accordance with the requirements of the Local Government Act, 1993, Chapter 13, Part 3, Division 2; and
- (b) The Council's financial report:
  - i. has been prepared in accordance with the requirements of that Division; and
  - ii. is consistent with the Council's accounting records; and
  - iii. presents fairly the Council's financial position and the results of its operations and cashflows; and
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial reports that have come to light in the course of the audit.

THOMAS NOBLE & RUSSELL  
CHARTERED ACCOUNTANTS

.....  
P R MORROW (Partner)  
Registered Company Auditor

Dated at LISMORE this 31st day of October 2001.

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# Reports from Director Corporate Services

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**LOCAL GOVERNMENT ACT 1993**

**AUDITOR'S CERTIFICATE UNDER THE LOCAL GOVERNMENT  
(FINANCIAL MANAGEMENT) REGULATION 1993**

**COUNCIL OF TWEED SHIRE**

**OVERDRAFT LIMIT:  
30TH JUNE 2001**

We hereby certify that Council of Tweed Shire may borrow by way of limited overdraft any sum of up to but not exceeding the limit of thirty two million, four hundred and forty four thousand dollars \$32,444,000.

**THOMAS NOBLE & RUSSELL  
CHARTERED ACCOUNTANTS**

Per:

.....  
P R MORROW (Partner)  
Registered Company Auditor

Dated at LISMORE this 31st day of October 2001.

# Reports from Director Corporate Services

## COUNCIL OF TWEED SHIRE SPECIAL PURPOSE FINANCIAL REPORTS INDEPENDENT AUDIT REPORT

### SCOPE

We have audited the Special Purpose Financial Report of the Council of Tweed Shire for the year ended 30 June 2001 as set out on pages to . The financial report includes the nominated business activities of the Council and the entities it controlled at the year's end or from time to time during the year. The Council is responsible for the preparation and presentation of the financial report and the information it contains. We have conducted an independent audit of the financial report in order to express an opinion on it to the Council.

The Special Purpose Financial Report has been prepared for distribution to the Council and the Department of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the Council or the Department of Local Government or for any purpose other than for which the report was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with those Australian Accounting Standards detailed in Note 1 to the Special Purpose Financial Report and the Local Government Code of Accounting Practice and Financial Reporting so as to present a view which is consistent with our understanding of the business activities of the Council and their financial position and the result of their operations.

The audit opinion expressed in this report has been formed on the above basis.

### AUDIT OPINION

In our opinion, the Council's Special Purpose Financial Report:

- i. has been prepared in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting; and
- ii. is consistent with the Council's accounting records; and
- iii. presents fairly the financial position of Council's nominated Business Activities and the results of their operations.

**THOMAS NOBLE & RUSSELL**  
CHARTERED ACCOUNTANTS

.....  
P R MORROW (Partner)

Registered Company Auditor

Dated at Lismore this 31st day of October 2001.

# Reports from Director Corporate Services

## TWEED SHIRE COUNCIL

### FINANCIAL STATEMENT REQUIRED BY SECTION 413 (2) (c)

#### OF THE LOCAL GOVERNMENT ACT, 1993

We, the undersigned do hereby state on behalf of the Council that, in our opinion: -

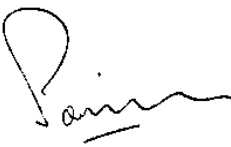
- (a) The accompanying financial reports for the year ended 30 June 2001 have been prepared in accordance with the Local Government Act 1993 and regulations thereto, Statements of Accounting Concepts, the Local Government Code of Accounting Practice and Financial Reporting and Australian Accounting Standards: and
- (b) the financial reports present fairly the Council's financial position and operating result as at the end of that financial year; and
- (c) the financial reports accord with the Council's accounting and other records: and
- (d) we do not know of anything that would make the financial reports false or misleading in any way: and
- (e) the financial reports include such information and explanations as will prevent those reports from being misleading because of any disqualification that is included in the statement.

Signed at Murwillumbah in accordance with a resolution of Council passed on 31 October 2001.

\_\_\_\_\_  
W J Polglase  
Mayor

\_\_\_\_\_  
G Davidson  
Councillor

\_\_\_\_\_  
Dr J Griffin  
Acting General Manager

  
\_\_\_\_\_  
R R Norvill  
Responsible Accounting  
Officer



