

Queensland



Subordinate Legislation 1994 No. 217

Local Government Act 1993

LOCAL GOVERNMENT FINANCE STANDARD 1994

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EXAMPLE FINANCIAL STATEMENTS

PART 1—PRELIMINARY

Short title

1. This Standard may be cited as the *Local Government Finance Standard 1994*.

Definitions

2. In this Standard—

“**AAS**” means the Australian Accounting Standards;

“**adopted budget**” of a local government means the original budget adopted by it and any amendments to the budget adopted by it;

“**Australian Accounting Standards**” means the Australian accounting standards issued jointly by or for the National Councils of the Australian Society of Certified Practising Accountants and the Institute of Chartered Accountants in Australia;

“**bank account**” means an account with a financial institution or foreign society;

“**foreign society**” has the meaning given by the Financial Institutions (Queensland) Code;

“**preferred supplier arrangement**” for a local government means an arrangement, to which the local government is a party or has access, with a supplier for the supply of goods or services under agreed pricing conditions for a stated period;

“**pre-qualified supplier**” for a local government means a supplier who has been assessed by the local government as having the technical, financial and managerial capability necessary to perform contracts on time and in accordance with agreed requirements;

“**purchasing arrangement**” means—

- (a) a standing offer arrangement; or
- (b) a preferred supplier arrangement; or
- (c) a register of pre-qualified suppliers;

“SAC” means the Statements of Accounting Concepts;

“SAP” means the Statements of Accounting Practice;

“standing offer arrangement” for a local government means an arrangement, to which the local government is a party or has access, with a supplier for the supply of goods or services at a fixed price for a stated period;

“Statements of Accounting Concepts” means the statements of accounting concepts issued jointly by or for the National Councils of the Australian Society of Certified Practising Accountants and the Institute of Chartered Accountants in Australia;

“Statements of Accounting Practice” means the statements of accounting practice issued jointly by or for the National Councils of the Australian Society of Certified Practising Accountants and the Institute of Chartered Accountants in Australia.

PART 2—FINANCIAL MANAGEMENT

Division 1—Policies for financial management

Policies to be developed by each local government

3. A local government must develop the following financial management policies—

- (a) a policy about contracts for the acquisition of goods and services for less than \$10 000;
- (b) a policy about internal audit;
- (c) a policy about an audit committee;
- (d) a policy about borrowings;
- (e) a policy about revenue;
- (f) a policy about the carrying out of the principles governing the

making of contracts mentioned in section 395 of the Act (Principles governing the making of contracts).

Policy about contracts for the acquisition of goods and services for less than \$10 000

4. A local government's policy about contracts for the acquisition of goods and services for less than \$10 000 must include details of the process and procedures to be used in entering into the contracts.

Policy about internal audit

5.(1) A local government's policy about internal audit must provide for whether the local government must appoint an internal auditor.

(2) If the internal audit policy provides that an internal auditor must be appointed, the internal auditor must perform the following duties—

- (a) identify and assess the risks to which the local government's operations are exposed;
- (b) prepare audit plans to lessen the identified risks;
- (c) develop a work program for all internal audit activities of the local government;
- (d) supply a summary of each internal audit report to the mayor, chief executive officer and, if an audit committee has been appointed, the committee;
- (e) at least twice each financial year—supply a summary of audit findings, action taken and action outstanding to the mayor, chief executive officer and, if an audit committee has been appointed, the committee;

(3) An internal auditor may advise the Auditor-General about an audit finding.

(4) If a local government's policy about internal audit does not provide for the appointment of an internal auditor, it must provide for a review of the policy about appointing an internal auditor at least every 3 years.

Policy about an audit committee

6.(1) A local government's policy about an audit committee must provide for whether the local government must establish an audit committee.

(2) If the audit committee policy provides that an audit committee must be established, the audit committee must—

- (a) meet at least twice each financial year; and
- (b) review internal audit reports and findings; and
- (c) review audit risk assessments and projects; and
- (d) review letters and reports provided by an external auditor.

(3) If a local government's audit committee policy does not provide for the establishment of an audit committee, it must provide for a review of the policy about establishing an audit committee at least every 3 years.

Policy about borrowings

7. A local government's policy about borrowings must include—

- (a) new borrowings planned for the current financial year and the next 2 financial years; and
- (b) the purpose of the new borrowings; and
- (c) the time over which it is planned to repay existing and proposed borrowings.

Policy about revenue (Act, s 450(a))

8. A local government's policy about revenue must include the following matters—

- (a) how rates and charges are decided by it, including the extent the rates and charges relate to relevant costs;
- (b) any rebates and concessions on rates and charges;
- (c) any limitation on increases in rates and charges;
- (d) the extent physical and social infrastructure costs for new development are to be funded by charges for the development;

- (e) whether it is intended to maintain, decrease or increase the operating capability of the local government and the extent to which it may be decreased or increased;
- (f) whether depreciation, and other non-cash expenses, are to be fully funded.

Division 2—Principles of financial management

Principles to be complied with in financial management

9. The principles to be complied with by a local government in financial management are as follows—

- (a) the need to consider suitable operation of internal control;
- (b) the need to consider equity between people presently living in its area and between different generations;
- (c) the need to consider the interests of all people living in its area;
- (d) the need to consider the efficient, effective and proper management of the local government;
- (e) the need to consider planning for the future.

Division 3—Accounting manual

Local government to keep accounting manual

10.(1) A local government must keep an accounting manual.

(2) The manual must contain—

- (a) all of the local government's policies about financial management; and
- (b) the procedures and internal controls associated with the accounting systems; and
- (c) the duties of staff operating the accounting systems.

Division 4—Contracts and tendering**Purchasing arrangements**

11.(1) A local government may establish the following purchasing arrangements—

- (a) preferred supplier arrangements;
- (b) standing offer arrangements;
- (c) registers of pre-qualified suppliers.

(2) If a local government proposes to establish a purchasing arrangement, it must invite persons to tender to enter the arrangement.

(3) The invitation must—

- (a) be in the way provided for inviting tenders in section 398 of the Act (When tenders are required); and
- (b) state the arrangement for which the person is tendering.

(4) The local government must select the persons to enter an arrangement on the basis of the principles mentioned in section 395 of the Act (Principles governing the making of contracts).

(5) The local government must ensure there is provision for the evaluation of the arrangements, including removal of a person from an arrangement because of the person's poor performance.

Exemptions to requirement to seek tenders or quotations (Act, s 400(1)(e))

12. A contract is made under an exemption to open competition if the contract is entered into—

- (a) under a standing offer arrangement or a preferred supplier arrangement under section 13 (Establishing and using a standing offer arrangement or a preferred supplier arrangement); or
- (b) with a supplier from a register of pre-qualified suppliers under section 14 (Establishing and using a register of pre-qualified suppliers).

Establishing and using a standing offer arrangement or a preferred supplier arrangement

13. A local government may establish and use a standing offer arrangement or a preferred supplier arrangement if—

- (a) the supply of goods or services is needed in large volumes or frequently; and
- (b) it is able to obtain better value for money by aggregating demand for the goods or services needed; and
- (c) the requirement for the goods or services can be stated in terms that would be well understood in the industry concerned.

Establishing and using a register of pre-qualified suppliers

14. A local government may establish and use a register of pre-qualified suppliers if—

- (a) it would be costly to prepare and evaluate invitations each time the goods or services were needed; or
- (b) the capability or financial capacity of the supplier is critical; or
- (c) there are significant security considerations; or
- (d) compliance with defined standards is a pre-condition of offer to contract; or
- (e) the ability of local business to supply the goods or services needed by the local government needs to be found out or encouraged.

Purchasing arrangements to be for a maximum of 2 years

15. A local government may enter a purchasing arrangement for longer than 2 years only if it is satisfied that better value will be achieved by entering into a longer arrangement.

PART 3—CORPORATE AND OPERATIONAL PLANS

Division 1—Corporate plans

Requirements of corporate plan (Act, s 421)

16.(1) The purpose of a local government preparing and adopting a corporate plan is to provide an effective way to decide, achieve and review its objectives in the short, medium and long term, through an integrated response to the present and future needs of its community.

(2) Without limiting subsection (1), the corporate plan must include—

- (a) an assessment of local and regional issues, and external and internal factors, affecting its area and its responses to the issues; and
- (b) a statement of its strategic direction; and
- (c) a statement of objectives about the issues affecting its area; and
- (d) strategies for achieving the objectives.

Assessment of local and regional issues

17.(1) An assessment of local and regional issues, and the local government's response to the issues, must include information about its role in—

- (a) arts and cultural development; and
- (b) community development and human services; and
- (c) economic development; and
- (d) environmental management; and
- (e) housing policy; and
- (f) infrastructure development, maintenance and replacement; and
- (g) population change and development.

(2) The assessment must also include consideration of the scope for regional cooperation between local governments to respond to the local and

regional issues.

(3) The assessment must not be limited to the time to which the corporate plan relates but must take into account foreseeable future issues relevant to the local government's area.

Consultation process used in preparation of plan

18. A corporate plan must state the consultation process used in its preparation.

Example—

Note to corporate plan

The consultation process for the corporate plan included—

- (a) notice of a proposal to prepare a draft corporate plan, inviting submissions regarding the preparation of the plan; and
- (b) consideration of submissions received about the proposal; and
- (c) preparation of the plan; and
- (d) notice that the draft plan was available for inspection, inviting submissions regarding the draft plan; and
- (e) consideration of submissions received about the draft plan; and
- (f) preparation of the final plan.

Division 2—Operational plans

Requirements of operational plans (Act, s 424)

19. A local government's operational plan must—

- (a) address the methods by which the objectives of its corporate plan are to be achieved; and
- (b) specify the outcomes it wants to achieve and the internal processes needed to produce the outcomes; and
- (c) contain performance measures about the outcomes.

PART 4—FUNDS AND ACCOUNTING PROCEDURES

Division 1—Operating fund

Operating fund

20. A local government's operating fund consists of all of its assets and liabilities other than trust fund items.

Separate bank accounts within operating fund

21. Separate bank accounts may be kept within the operating fund.

Reserves (Act, s 429)

22.(1) Reserves may be created by inclusion in a local government's adopted budget.

(2) The resolution adopting a budget creating a reserve must state the reason for the reserve.

(3) The resolution, or a policy of the local government, must state whether—

- (a)** cash representing a reserve is to be transferred to a separately identified bank account or other investment; or
- (b)** the assets concerned are to be kept within the local government's general pool of assets.

(4) If a reserve is created, a transfer from the reserve may only be made by resolution of the local government or the inclusion of the transfer in an adopted budget.

(5) A resolution authorising a transfer from a reserve for a purpose other than the purpose of the reserve must state the reason for the transfer.

Division 2—Trust fund**Trust fund**

23.(1) A local government must keep amounts credited to its trust fund in a separate bank account or separately identified investments.

(2) The bank account for the trust fund must not be overdrawn.

Funds that should not be part of trust fund

24. An amount in a local government's bank account for its trust fund that is not required to be in the account must be transferred to the operating fund as soon as practicable.

Funds incorrectly paid into operating fund

25. If an amount that should be paid into a local government's bank account for its trust fund is paid into its bank account for its operating fund, the amount must be transferred to the bank account for the trust fund as soon as practicable and, in any case, within 5 working days after it is identified.

Reconciliation of trust fund

26. The assets of the trust fund must be reconciled with the liabilities of the trust fund at least monthly.

PART 5—BUDGET**Budget to be prepared on an accrual basis**

27. A local government's budget must be prepared on an accrual basis.

Requirements of budget (Act, s 433)

28.(1) A local government's budget for a financial year must include the following projected statements for the year—

- (a) an operating statement;
- (b) an appropriation statement;
- (c) a statement of financial position;
- (d) a statement of cash flows;
- (e) a statement of changes in equity;
- (f) a capital funding statement;
- (g) a statement of its significant functions and activities.

(2) An amendment of a budget must also include the statements mentioned in subsection (1).

Examples—

1. For an example of an appropriation statement see example 1 in the Schedule.
2. For an example of a capital funding statement see example 2 in the Schedule.

Appropriation statement to be balanced

29.(1) A local government's appropriation statement must be balanced and remain balanced even though the budget is amended.

(2) Subsection (1) applies after—

- (a) all transfers to and from the local government's capital account;
and
- (b) taking into account any actual surplus or deficit from the previous financial year.

Statement of significant functions and activities

30. A local government's statement of significant functions and activities must include—

- (a) the expenses and revenues for each significant function or activity; and

- (b) the decrease or increase in operating capability attributable to each significant function or activity; and
- (c) notes about each significant function or activity.

Amendment of budget

31.(1) A local government's budget must be amended if it intends to make material changes to the expenses or revenue for a significant function or activity.

(2) If a local government's budget is amended after a disbursement is made under section 32 (Disbursement because of genuine emergency or hardship (Act, s 433(4))), the amendment must take the disbursement into account.

Disbursement because of genuine emergency or hardship (Act, s 433(4))

32.(1) A resolution must be made about a disbursement for a purpose of a genuine emergency or hardship before the disbursement is made or as soon as practicable after it is made.

(2) The resolution must state how the disbursement is to be funded.

Financial information to be presented to budget meeting (Act, s 435)

33.(1) A document presented to a budget meeting under section 435 of the Act (Financial information to be presented to budget meeting) must include the following—

- (a) the original budget estimates;
- (b) if an amended budget has been adopted—the amended budget estimates;
- (c) actual or estimated expenses and revenue;
- (d) explanations of significant differences from the original budget (whether an actual or anticipated difference);
- (e) an explanation of the impact of the budget and actual performance on future budgets.

- (2) The document must be prepared on an accrual basis.

PART 6—ACCOUNTS

Division 1—Accounting records

Accounting records

34.(1) A local government's accounting records must be kept in a way that allows the financial reports prepared for each financial year to comply with the Australian Accounting Standards, Statements of Accounting Concepts and Statements of Accounting Practice.

(2) Subsection (1) applies to the extent that the Australian Accounting Standards, Statements of Accounting Concepts and Statements of Accounting Practice are consistent with this standard.

Systems to support account keeping

35.(1) All revenue, expenses, assets, liabilities and equity of a local government must be identified, recorded and controlled in its accounting records.

(2) Without limiting subsection (1), the local government must have systems in place to ensure—

- (a) all revenue is promptly assessed and collected; and
- (b) expenses and liabilities are not incurred without appropriate authority; and
- (c) assets are protected from loss.

Statements of account to be presented to local government (Act, s 444)

36.(1) A statement of account under section 444 of the Act (Statements of account to be presented to local government) must include the following—

- (a) the original budget estimates;
- (b) if an amended budget has been adopted—the amended budget estimates;
- (c) actual expenses and revenue;
- (d) explanations of significant differences from the original budget (whether an actual or anticipated difference).

(2) The statements of account under section 444 of the Act must be prepared on an accrual basis.

Division 2—Non-current assets

Register of non-current assets

37.(1) A local government must keep a register of non-current assets.

(2) The register of non-current assets must include all of its non-current assets, other than a non-current asset it is treating as an expense.

(3) The local government must, by resolution, set an amount (the “**set amount**”) below which the value of a non-current asset must be treated as an expense.

(4) The set amount must not be more than \$5 000.

(5) The set amount may be a different amount for different assets.

(6) The set amount must be recorded in the local government’s accounting manual and disclosed by way of note in its annual financial statements.

(7) The local government must keep documents and records supporting the register of non-current assets.

Division 3—Non-current asset valuation

Value of non-current assets is current value

38.(1) Non-current assets must be valued at their current value.

(2) Non-current assets must be accounted for as stated in Statement of Accounting Practice SAP1 'Current Cost Accounting'.

What is the current value of a non-current asset?

39.(1) The current value of a non-current asset of a local government is the loss that it would incur if it were deprived of the asset's utility.

(2) The value of the loss of each non-current asset is valued by deciding whether, under normal operating conditions, the benefits the asset provided would be replaced or reproduced or not replaced or reproduced.

(3) If the benefits the asset provided would be replaced or reproduced, the current value is the current cost of the benefits less any depreciation.

(4) Current cost of the benefits the asset provided is the current market buying price, current reproduction cost or current replacement cost.

(5) If the benefits the asset provided would not be replaced or reproduced, its current value is the net realisable value.

Certain land and roads do not have a value

40.(1) The following do not have a value for the purposes of a local government's financial statements—

- (a) land that is a reserve under the *Land Act 1962* and is controlled by the local government;
- (b) a road controlled by the local government (other than a road owned by it).

(2) The financial statements must contain a note about subsection (1).

(3) The note must include—

- (a) for a reserve—the area of the reserve controlled by it, including land that has been leased by it to someone else; and
- (b) for roads—the total length of roads controlled by it.

Example of a note—

The Tropical State Shire Council has control of—

- (a) 100 ha of parks (including 10 ha leased to sporting clubs) on land that is a reserve under the *Land Act 1962*; and

- (b) 700 km of roads.

This land does not have a value for its financial statements.

Revaluation of non-current assets

41.(1) A local government must revalue each non-current asset at intervals of not longer than 5 years.

(2) In the years between the revaluations, the local government must adjust the value of each non-current asset by the application of an appropriate index, if the adjustment is material.

(3) In this section—

“appropriate index” means an index about cost elements included in the item to which it is proposed to apply the index;

“index” means a list of the relative costs of goods or services of a particular type over time.

Decision that s 41 does not apply

42. A local government may decide that section 41 (Revaluation of non-current assets) does not apply to non-current assets with—

- (a) a useful life of not longer than 3 years; and
- (b) a value before revaluation of not more than \$50 000 or a lesser amount decided by it.

Documents about revaluations and adjustments

43.(1) A local government must keep documents and records supporting revaluations and adjustments by it.

(2) The methodologies and rates adopted for the depreciation and revaluation of non-current assets must be stated in its accounting manual and disclosed by way of a note in its financial statements for the year.

Division 4—Non-current liability valuation**Non-current liabilities**

44.(1) Non-current liabilities must be valued at their current value.

(2) The current value of a non-current liability of a local government is the lowest amount it could pay, at the balance date of the financial statements, to discharge the liability.

PART 7—ANNUAL REPORT***Division 1—Annual reports generally*****Annual report**

45. A local government's annual report must include a summary of its policy about borrowings.

Division 2—Financial statements in annual report**Annual financial statements (Act, s 448)**

46.(1) A local government's financial statements for the year are to be general purpose financial statements and must comply with Australian Accounting Standard AAS 27.

(2) Subsection (1) applies to the extent that AAS 27 'Financial Reporting by Local Governments' is consistent with this standard.

Period to which statements relate

47.(1) Financial statements of a local government prepared up to a day within 2 weeks before 30 June of a financial year are taken to be prepared for the whole of the financial year.

(2) The financial statements must show—

- (a) the date to which the statements are prepared; and
- (b) in the title of the statements—the period for which the statements are prepared.

Financial statements to include components of equity

48.(1) The equity of a local government shown in its financial statements must be divided into the following components—

- (a) reserves;
- (b) if there is an amount available to offset expenses in the next financial year—the amount stated as an accumulated surplus;
- (c) if there is an amount to be recovered from revenue in the next financial year—the amount stated as an accumulated deficit;
- (d) capital;
- (e) the current cost reserve.

(2) In this section—

“capital” of a local government means the capital, other than the current cost reserve, that, at the balance date of its financial statements, is needed for its operations and to maintain its existing operating capability;

“current cost reserve” means the reserve created under the principles in SAP 1 ‘Current Cost Accounting’ as applied to the revaluation of non-current assets;

“reserve” means an amount set aside to meet future specific expenses.

Appropriation statement

49.(1) A local government’s financial statements must also include an appropriation statement showing—

- (a) revenue transferred to its capital account and used for capital purposes (including the repayment of borrowings); and
- (b) amounts transferred from its capital account and used for

unfunded depreciation; and

(c) transfers to, or from, reserves.

(2) In this section—

“unfunded depreciation” means the amount of depreciation in a financial year not paid for by revenue raised during the year.

Example—

See example 1 in the Schedule.

Capital funding statement

50.(1) A local government’s financial statements must also include a capital funding statement.

(2) The statement must show the cost of the acquisition of non-current assets and the repayment of borrowings and the way the cost has been funded.

(3) Details about the way the cost has been funded must include revenue and non-revenue items but only to the extent the items have been used for capital purposes.

(4) In this section—

“non-revenue items” include—

- (a) loan raising, including finance leases; and
- (b) funded depreciation; and
- (c) proceeds of disposal of non-current assets; and
- (d) reserves set aside in previous periods; and
- (e) other non-revenue items;

“revenue items” include—

- (a) general sources of revenue; and
- (b) subsidies and grants for buying capital items; and
- (c) contributions, including contributions in kind; and
- (d) other specific revenue items.

(5) In this section—

“funded depreciation” means the amount of depreciation in a financial year that is paid for by revenue raised during the year.

Example—

See example 2 in the Schedule.

Operating capability

51. A local government’s financial statements must disclose, as well as the matters stated in the paragraphs of AAS 27 about classification according to function or activity, the net decrease or increase in operating capability for each of its significant functions or activities.

Financial statements must contain budget items

52.(1) The financial statements must also show the budget amount for each item in the following statements—

- (a) operating statement;
- (b) appropriation statement;
- (c) statement of financial position;
- (d) statement of cash flows;
- (e) statement of changes in equity;
- (f) capital funding statement.

(2) If an amount shown for an item in the financial statements is different to the budget amount for the item, the notes to the financial statements must explain the difference if the difference is substantial or an explanation would be in the public interest.

Signing of financial statements (Act, s 448)

53.(1) The proposed financial statements must be presented to the local government, and given to the Auditor General, as soon as practicable after the close of each financial year but, in any case, no later than 15 September.

(2) The Minister may extend the time for complying with subsection (1) by written notice given to the local government.

Accompanying documents to Auditor-General

54. The Auditor-General must be supplied with final financial statements, including a certificate by the chief executive officer and mayor of the local government stating whether in their opinion—

- (a) the requirements under the Act for the keeping of the accounts have been complied with in all material respects; and
- (b) the financial statements for the financial year, and supporting notes, present its operating results and financial position as required by the Act.

Differences between proposed and final financial statements

55. If the final financial statements are different from the proposed financial statements, they must be presented to the local government with a statement of any significant differences.

Unaudited financial statements

56. If the financial statements have not been certified by the Auditor-General, a copy that is given to the local government or anyone else must be clearly marked 'UNAUDITED' on every page.

PART 8—TRANSITIONAL

Policy about internal audit

57.(1) This section applies if a local government has not developed a policy about internal audit before 31 August 1994.

(2) At its first meeting after 31 August 1994, the local government must, by resolution, decide whether to appoint an internal auditor with the duties

mentioned in section 5(2) (Policy about internal audit).

(3) This section expires on 1 January 1995.

Policy about audit committee

58.(1) This section applies if a local government has not developed a policy about an audit committee before 31 August 1994.

(2) At its first meeting after 31 August 1994, the local government must, by resolution, decide whether to establish an audit committee with the functions mentioned in section 6(2) (Policy about an audit committee).

(3) This section expires on 1 January 1995.

Policy about borrowings

59.(1) A local government need not comply with section 7 (Policy about borrowings) until 1 July 1995.

(2) This section expires on 1 July 1995.

Policy about revenue

60.(1) A local government's policy about revenue need not include the matters mentioned in section 8(d), (e) and (f) until 1 July 1997.

(2) This section expires on 1 July 1997.

Local government to keep accounting manual

61.(1) A local government need not comply with section 10 (Local government to keep accounting manual) until 1 July 1997.

(2) This section expires on 1 July 1997.

Non-current assets

62.(1) Non-current assets acquired before 1 July 1994 need not be included in the financial statements for the financial years ending 30 June 1994, 30 June 1995 and 30 June 1996.

(2) Non-current assets may be valued on the historical cost basis for the years mentioned in subsection (1).

(3) This section expires on 1 January 1997.

Non-current liabilities

63.(1) A local government may value its non-current liabilities on the historical cost basis for the financial year ending 30 June 1994.

(2) This section expires on 1 January 1995.

Budgets up until 30 June 1997

64.(1) A local government need not prepare a budget on an accrual basis for the financial years ending 30 June 1994, 30 June 1995, 30 June 1996 and 30 June 1997.

(2) If a local government does not prepare its budget on an accrual basis—

- (a) it must prepare the budget on a cash basis identifying the proposed receipts and payments for each of its functions under appropriate headings; and
- (b) if the financial statements for the year are prepared on an accrual basis—it must include in the statements, details of the adopted budget and the receipts and payments for each of its functions under appropriate headings compared with the amounts in the adopted budget; and
- (c) it must balance the budget without showing a deficit; and
- (d) a document presented to a budget meeting under section 435 of the Act (Financial information to be presented to budget meeting), and the statements of account presented to the local government under section 444 of the Act (Statements of account to be presented to local government), need not be prepared on an accrual basis.

(3) Subsection (2)(c) does not apply to a budget prepared for the financial year ending 30 June 1994.

(4) Subsection (3) and this subsection expire on 1 July 1994.

(5) The remainder of this section expires on 1 July 1997.

Financial statements not on an accrual basis

65.(1) A local government need not prepare its financial statements on an accrual basis for the financial year ending 30 June 1994.

(2) If a local government does not prepare its financial statements on an accrual basis, it must prepare the statements—

- (a) on a cash basis identifying the receipts and payments for each of its functions under appropriate headings; and
- (b) in the same form as its financial statements for the previous year or another form approved by the chief executive of the department.

(3) This section expires on 1 January 1995.

SCHEDULE**EXAMPLE FINANCIAL STATEMENTS**

sections 28, 49 and 50

EXAMPLE 1

TROPICAL STATE SHIRE COUNCIL
APPROPRIATION STATEMENT
YEAR ENDED 30TH JUNE, 1999

	1999	1999	1998
	Actual	Budget	Actual
	\$'000	\$'000	\$'000
Increase/(decrease) in operating capability	9 481	10 280	16 182
TRANSFERS TO AND FROM RESERVES			
Shire capital			
Contributions for capital purposes	(6 807)	(8 054)	(6 781)
Capital grants	(912)	(1 043)	(683)
Profit on disposals	1 564	1 626	(30)
General revenue used for capital purposes	-	-	(2 538)
Unfunded depreciation	2 038	2 038	-
	-----	-----	-----
	(4 117)	(5 433)	(10 032)
	-----	-----	-----
Constrained works reserve	(1 423)	-	(137)
Asset replacement reserve	(3 993)	(5 000)	(6 800)
	-----	-----	-----
Surplus/(deficiency) for current period	(52)	(153)	(787)
Accumulated surplus/(deficiency) from prior year	153	153	940
	-----	-----	-----
ACCUMULATED SURPLUS/(DEFICIENCY) AT	101	-	153
YEAR END			
	=====	=====	=====

SCHEDULE (continued)

EXAMPLE 2

**TROPICAL STATE SHIRE COUNCIL
CAPITAL FUNDING STATEMENT
FOR THE YEAR ENDED 30TH JUNE, 1999**

Analysis	Brought Forward	Becoming Available in Year	Utilised in Year	Carried Forward	
	\$'000	\$'000	\$'000	Reserves	Other
	\$'000	\$'000	\$'000	\$'000	\$'000
Depreciation charges funded		21 906	21 906		
Specific loans	1 000	5 000	5 500		500
General loans	500	4 760	4 260		1 000
Capital grants		912	912		
Developer's contribution	2 342	8 230	6 807	3 765	
Asset sales proceeds		1 200	1 200		
General revenue sources		3 993			
Asset replacement reserve	20 854		207		20 647
	-----	-----	-----	-----	-----
	24 696	46 001	40 792	3 765	22 147
	=====	=====	=====	=====	=====

SCHEDULE (continued)

	1999 Actual \$'000	1999 Budget \$'000	1998 Actual \$'000
SOURCES OF CAPITAL FUNDING			
Depreciation charges funded	21 906	21 568	21 433
Specific loans	5 500	4 300	6 500
General loans	4 260	3 578	5 340
Capital grants	912	1 043	683
Developer's contribution	6 807	8 054	6 781
Asset sales proceeds	1 200	1 138	160
General revenue sources	-	-	2 538
Asset replacement reserve	207	-	(2 600)
	-----	-----	-----
	40 792	39 681	40 835
	=====	=====	=====
APPLICATIONS OF CAPITAL FUNDING			
Acquisitions of non current assets	38 618	39 398	36 755
Loan redemption	2 174	283	4 080
	-----	-----	-----
	40 792	39 681	40 835
	=====	=====	=====

ENDNOTES

1. Made by the Minister on 22 June 1994.
2. Notified in the Gazette on 24 June 1994.
3. Laid before the Legislative Assembly on . . .
4. The administering agency is the Department of Housing, Local Government and Planning.