



Tasmanian Audit Office

Report of the Auditor General, No. 6 of 2017-18
Volume 3

Local Government Authorities 2016-17

28 November 2017

Report contents

- Executive summary
- Sector analysis
- Individual chapters
- Combined rural council summary
- Other local government entities

Presentation today

- Audit completion, findings and reporting
- Sector financial analysis
- Sustainability analysis

Audit completion

90%		81%		
Financial statements submitted on time and accepted		Audits completed on time		
2	2	33	6	2
Submitted late	Not accepted as materially complete	Completed on time	Completed late	Not yet finalised

- **Unmodified opinions** issued - all 39 completed entities
- Other matter paragraph - **West Coast Council** – non-disclosure of a significant business activity undertaken for part of year

Audit findings

13

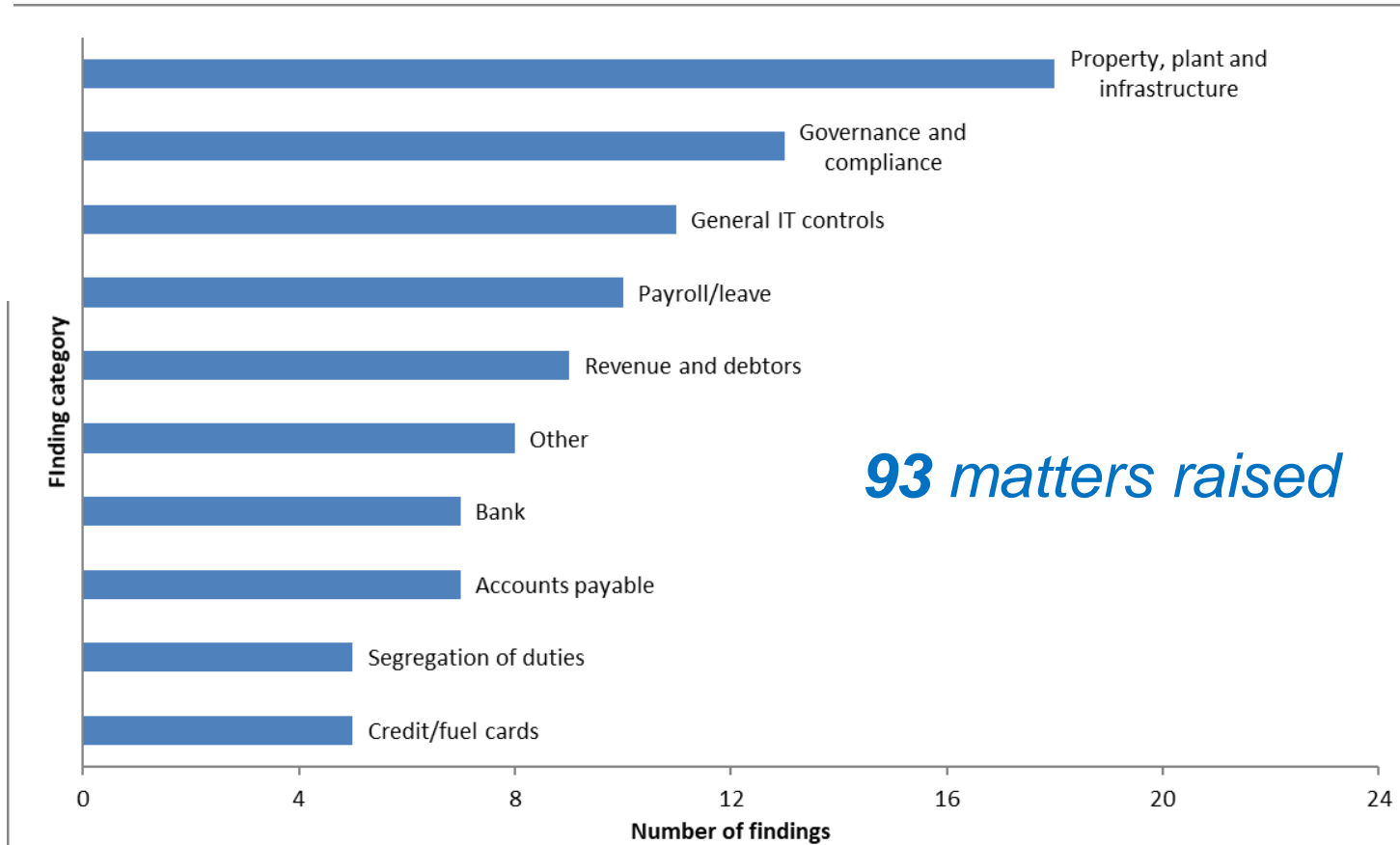
High Risk Findings

42

Moderate Risk Findings

38

Low Risk Findings



93 matters raised



Enhanced auditor reporting

ASA 700 (REVISED) OVERARCHING STANDARD FOR FORMING AN OPINION AND REPORTING ON A FINANCIAL REPORT

ASA 701

Communicating Key Audit Matters in the Independent Auditors Report (New)

ASA 705

Modifications to the Opinion in the Independent Auditor's Report (Revised)

ASA 706

Emphasis of Matter Paragraphs and Other Matters Paragraphs in the Independent Auditor's Report (Revised)

ASA 570

Going Concern (revised)

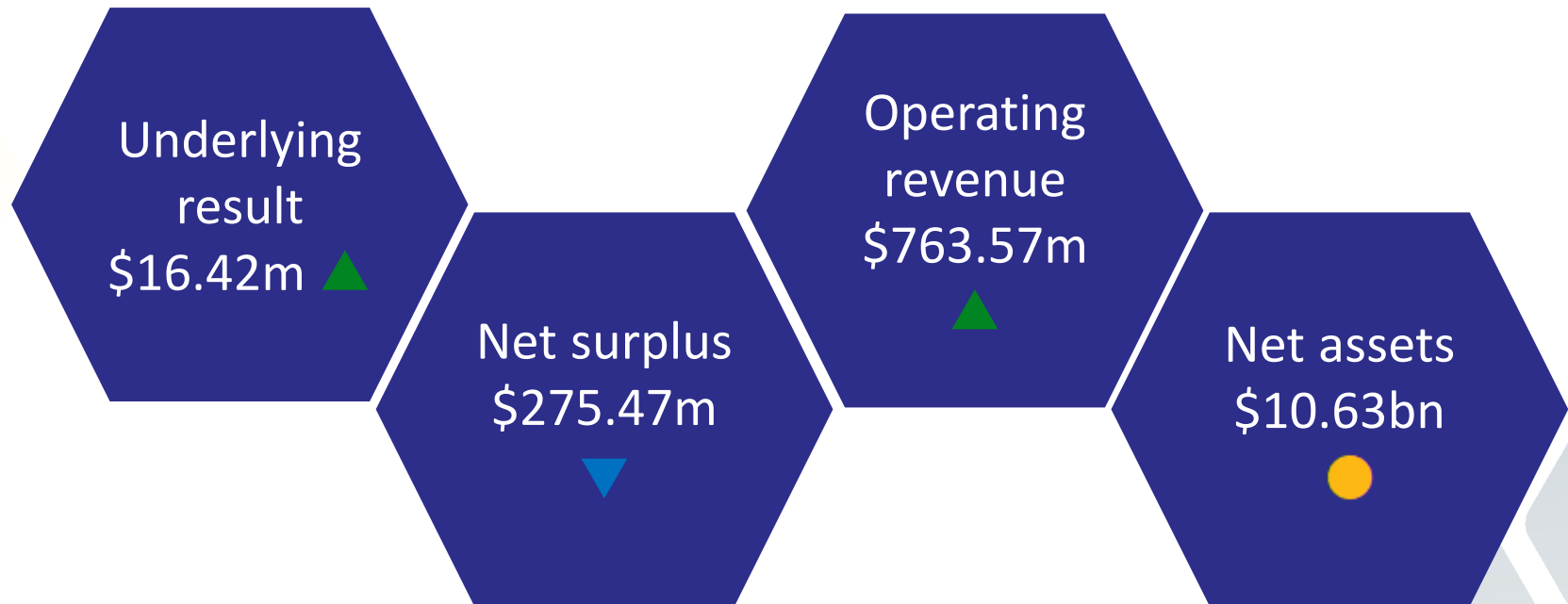
ASA 720

The Auditor's Responsibility Relating to Other Information (revised)



Sector financial analysis

Council results in aggregate:



Underlying result

\$16.42m

2016-17

▲ **40%**

\$11.77m

2015-16

▲ **58%**

\$7.43m

2014-15

▲ **712%**

(\$1.21m)

2013-14

▲ **84%**

▲ improvement from prior year ▼ deterioration from prior year ● no change from prior year

- 23 councils generated an Underlying surplus in 2016-17

Operating revenue

\$763.57m

Operating revenue

 **2.5%**

\$473.77m

Total rate revenue

 **3.7%**

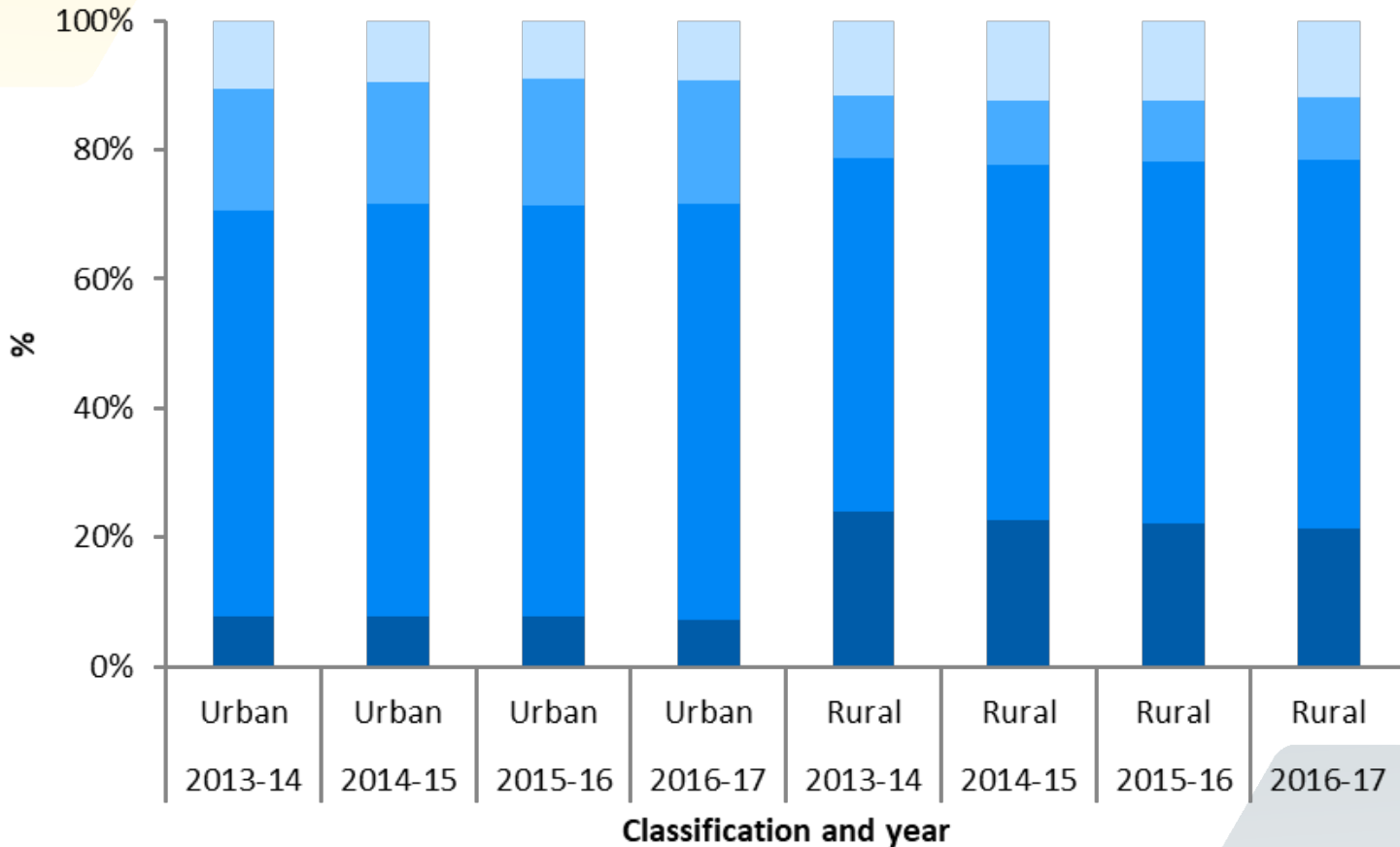
\$88.70m

Operating grants

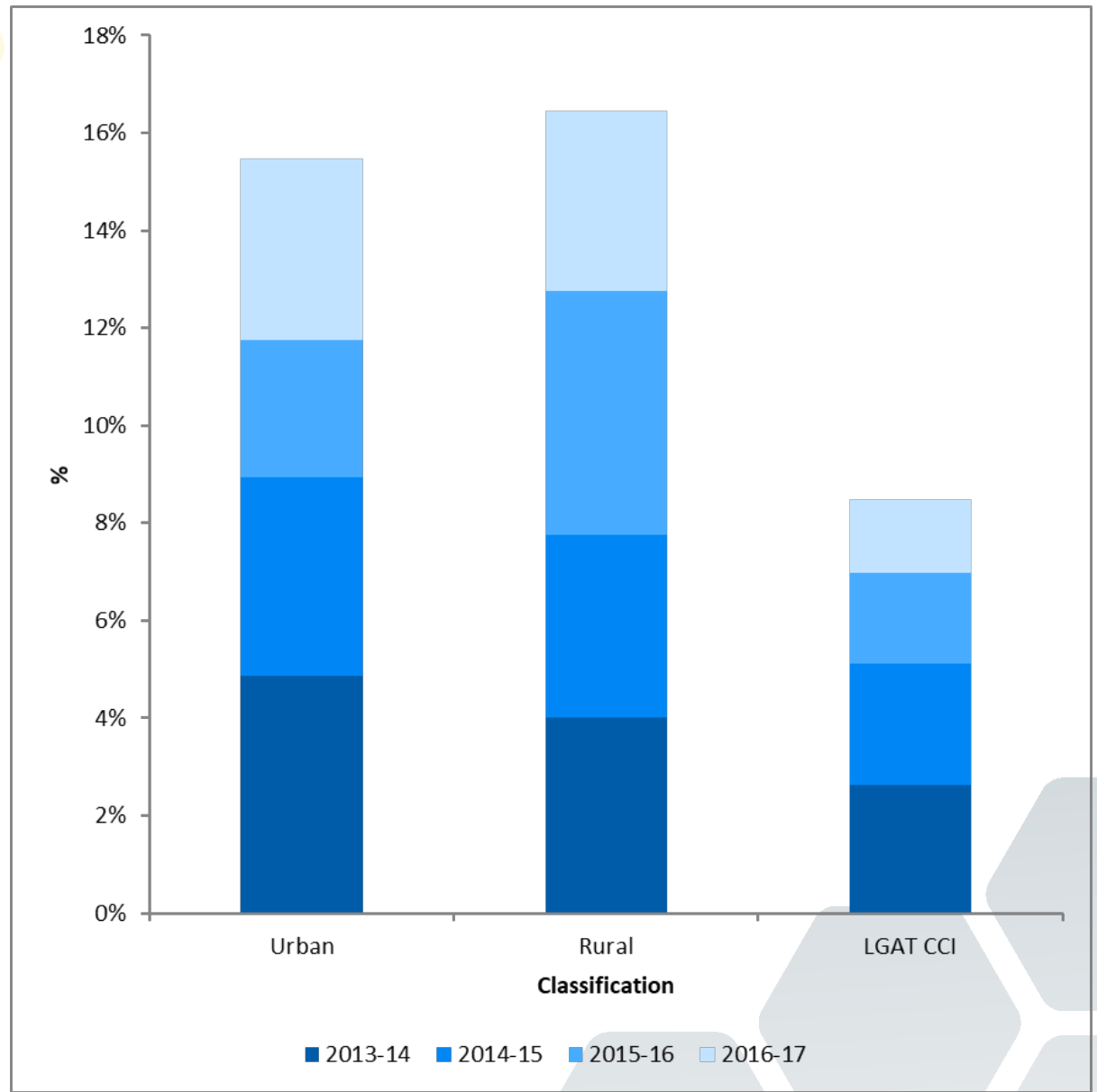
 **2.5%**



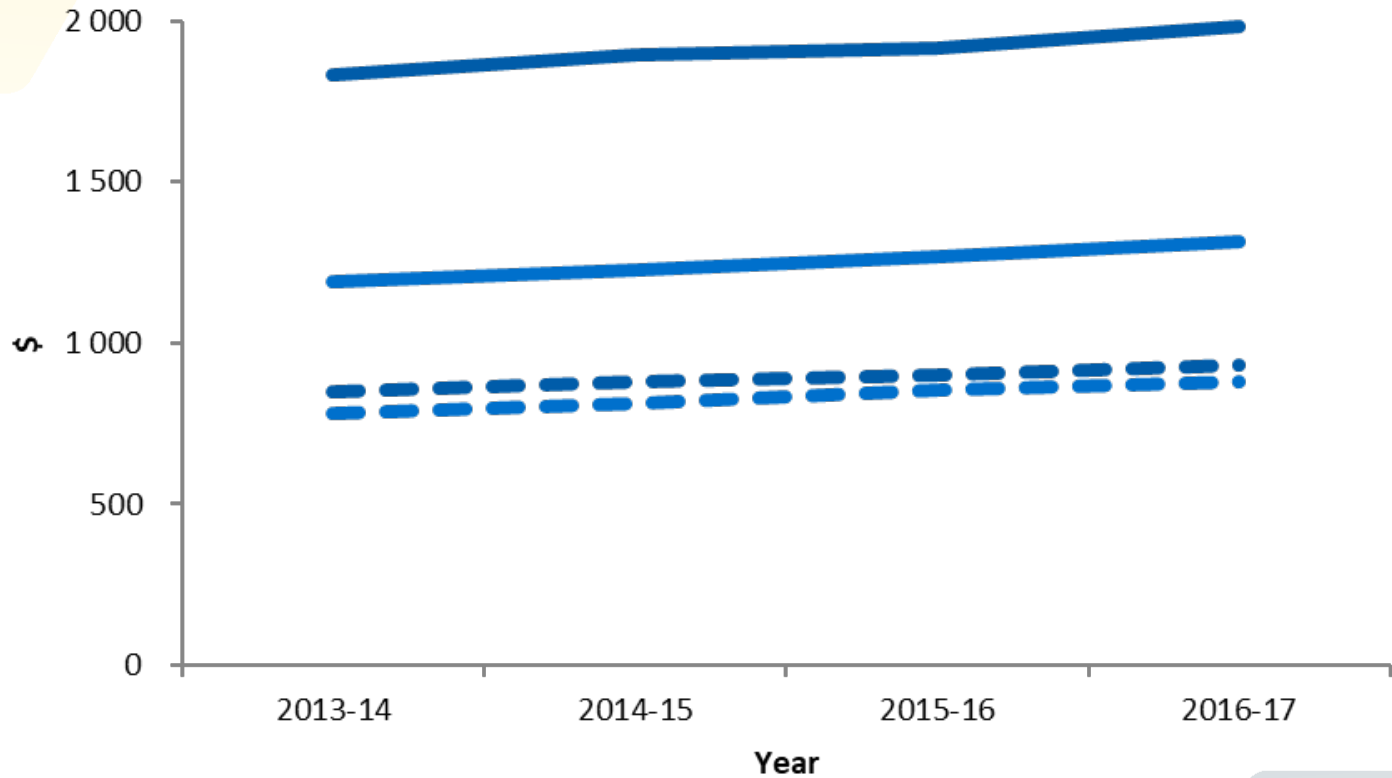
Operating revenue



Cumulative total rate revenue increase



Rate revenue



— Urban rates per rateable property — Rural rates per rateable property
- - Urban rates per population - - Rural rates per population

Capital spending to budget

\$941.53m

Total capital spend
last four years

\$976.89m

Total budgeted capital
spend last four years

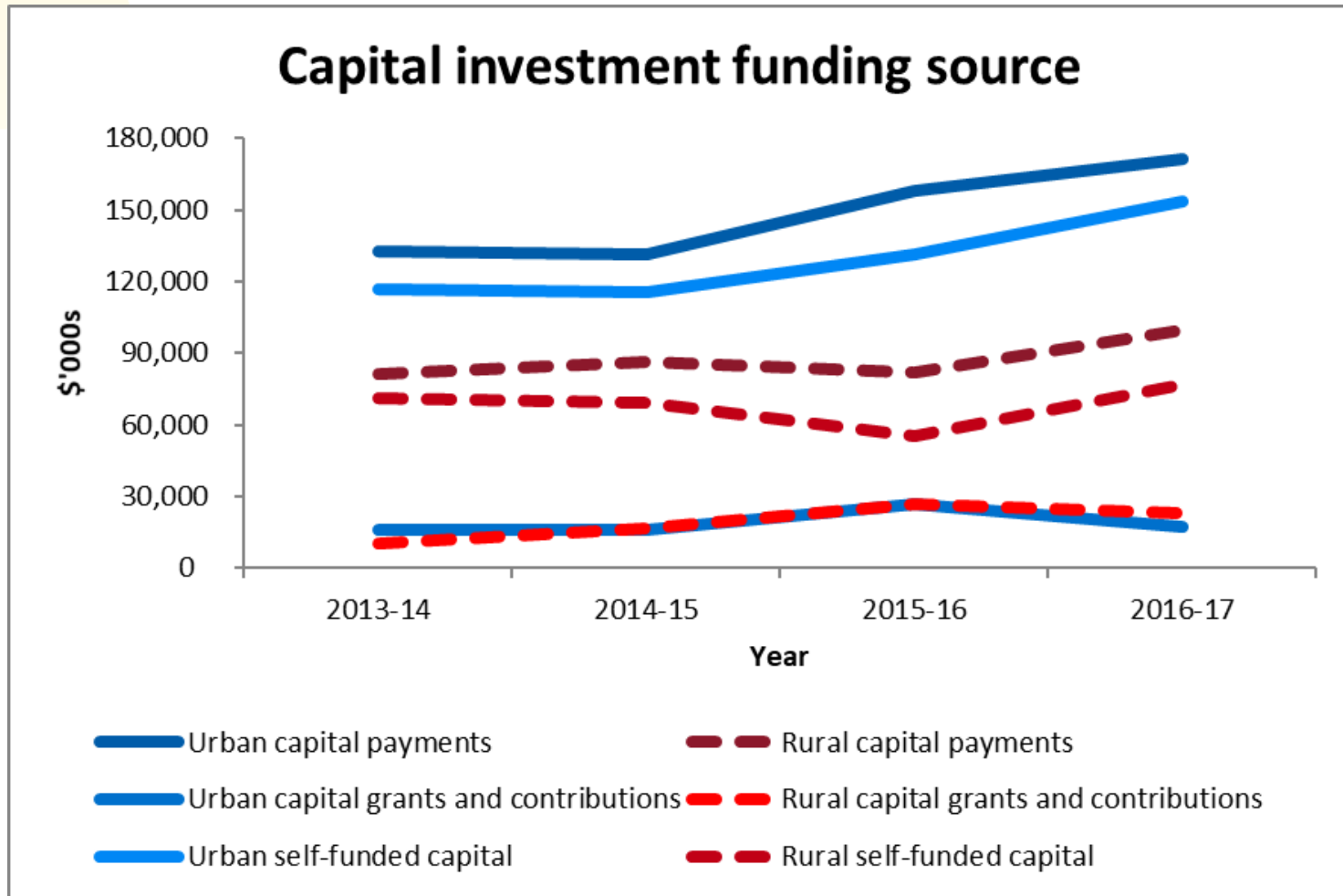
\$35.36m

Total spending gap
last four years

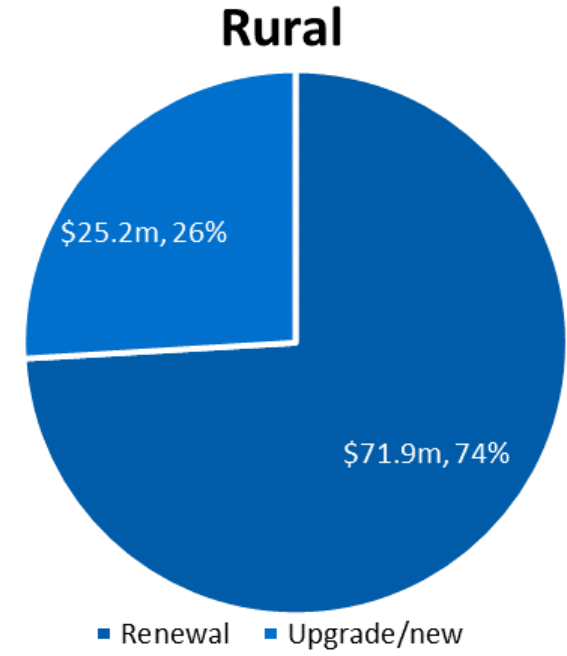
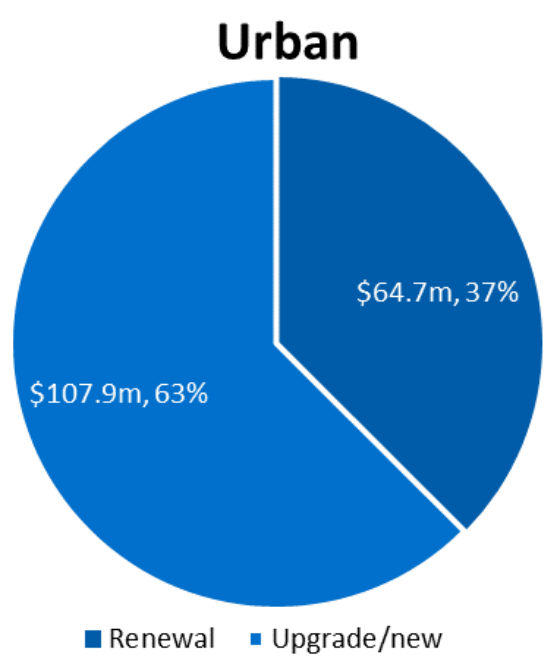
Over the last 4 years:

- Councils spent **3.6% below original capital budgets**
- **Rural councils'** capital spend to budget fairly consistent, average of **87.3%**
- **Urban councils'** actual spend, average **105.2%** of budget - offsetting part of the rural spending gap

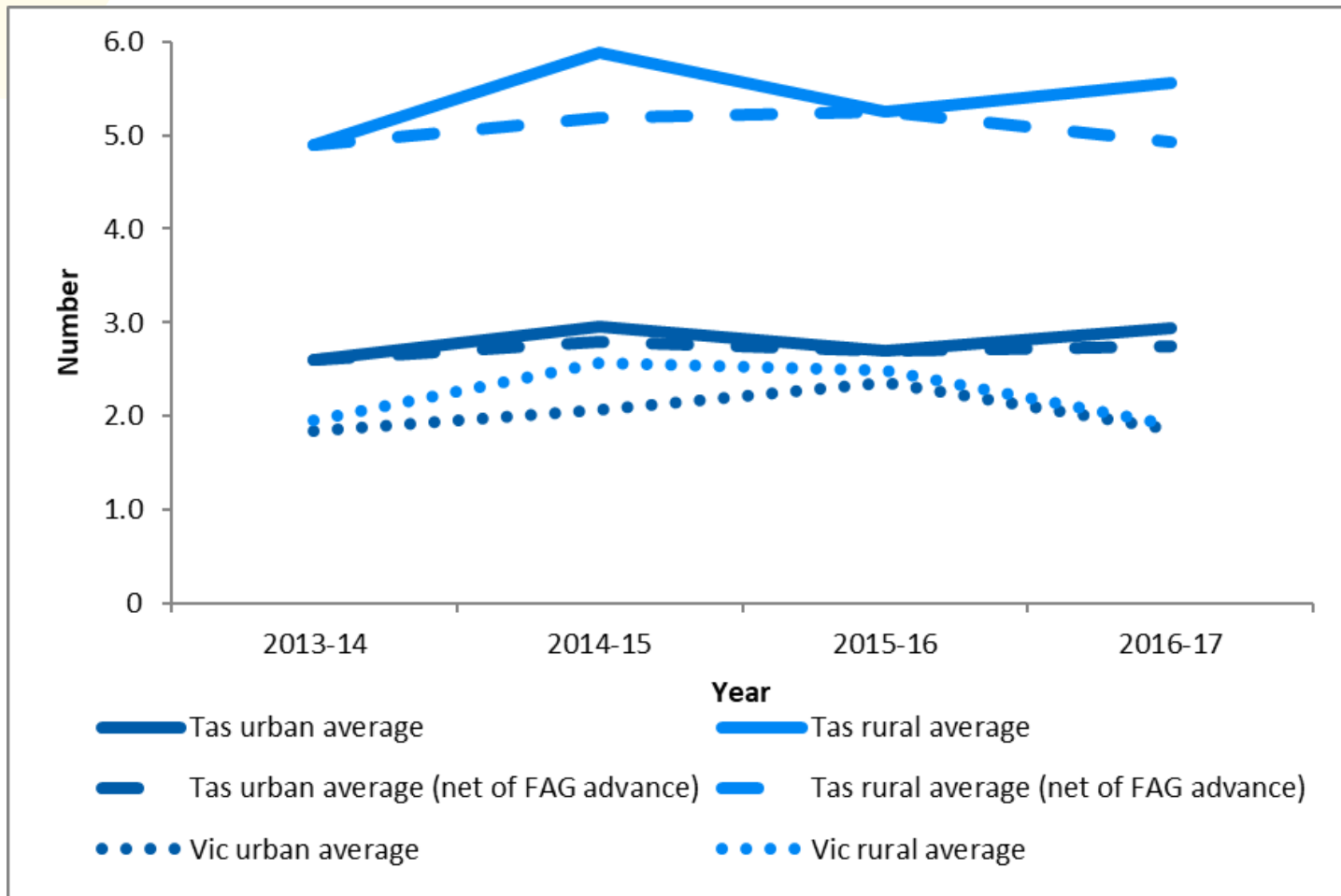
Capital spending source



Capital investment allocation



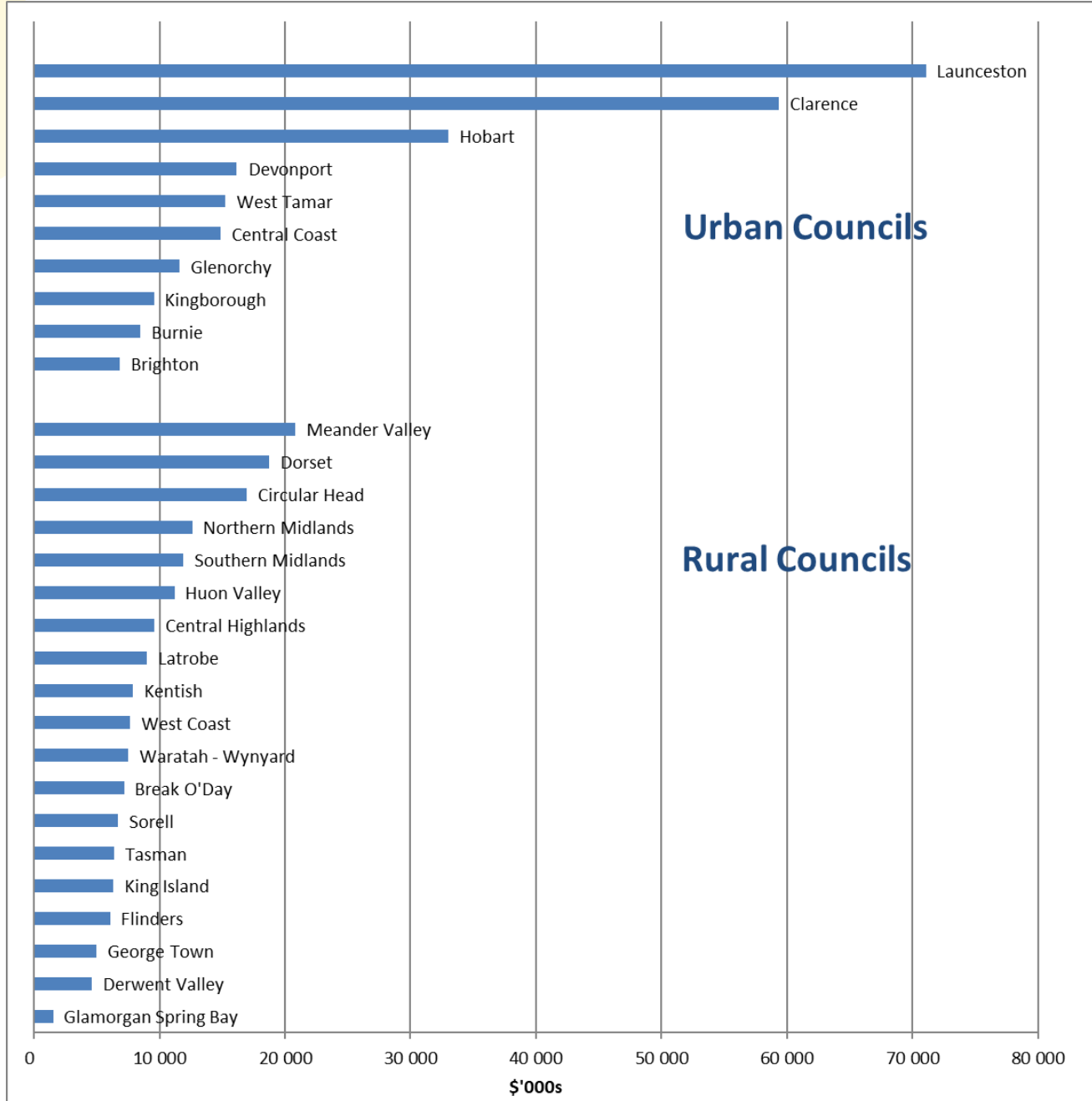
Cash and financial assets



Cash and financial assets

\$423.75m

Cash



Management of cash for asset renewal

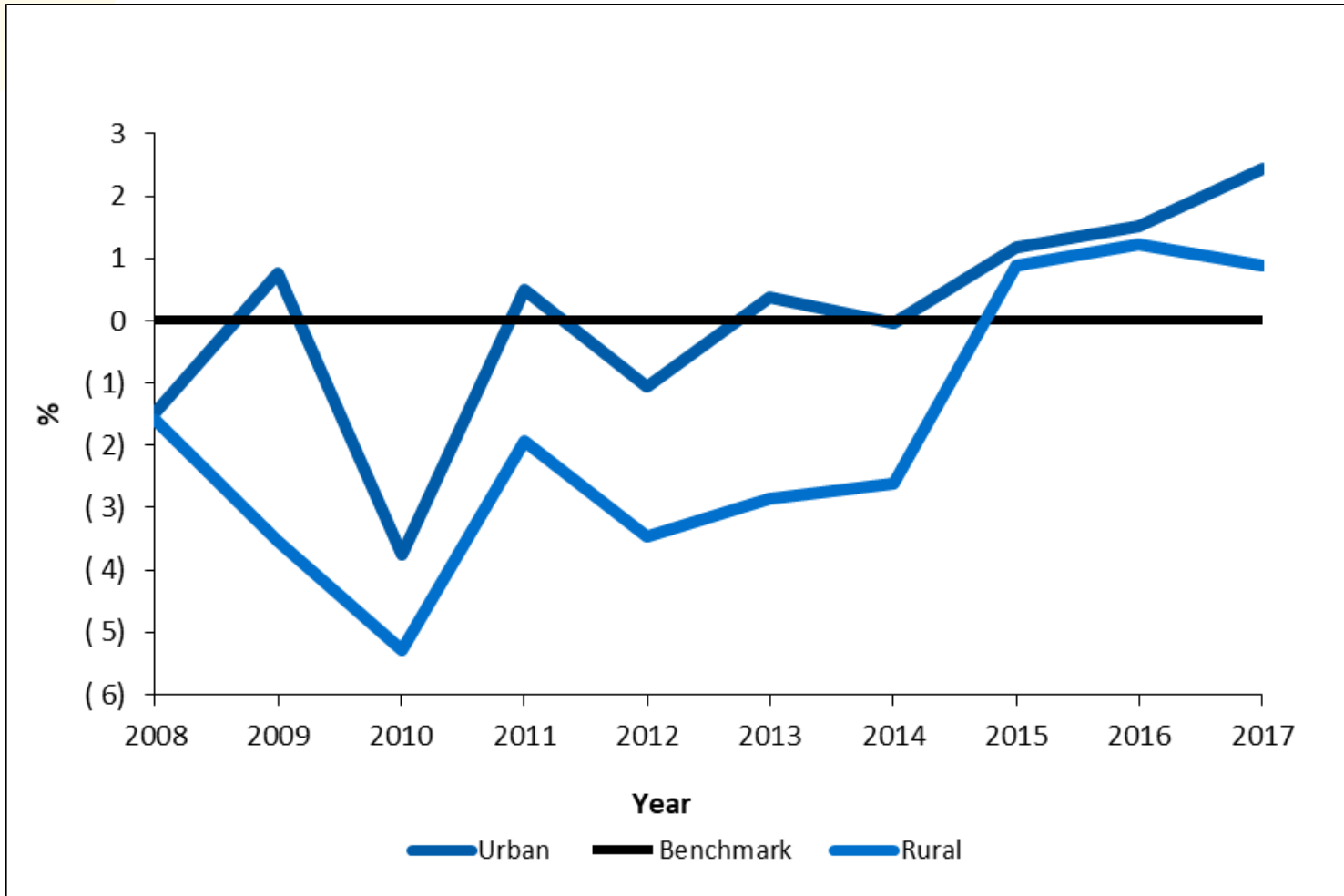
	Urban	Rural
Planned future renewal spending	\$1 569m	\$418m
Cash held	\$246m	\$178m
Current cash holdings as a % of projected future capital outlay	15.7%	42.6%

Financial sustainability

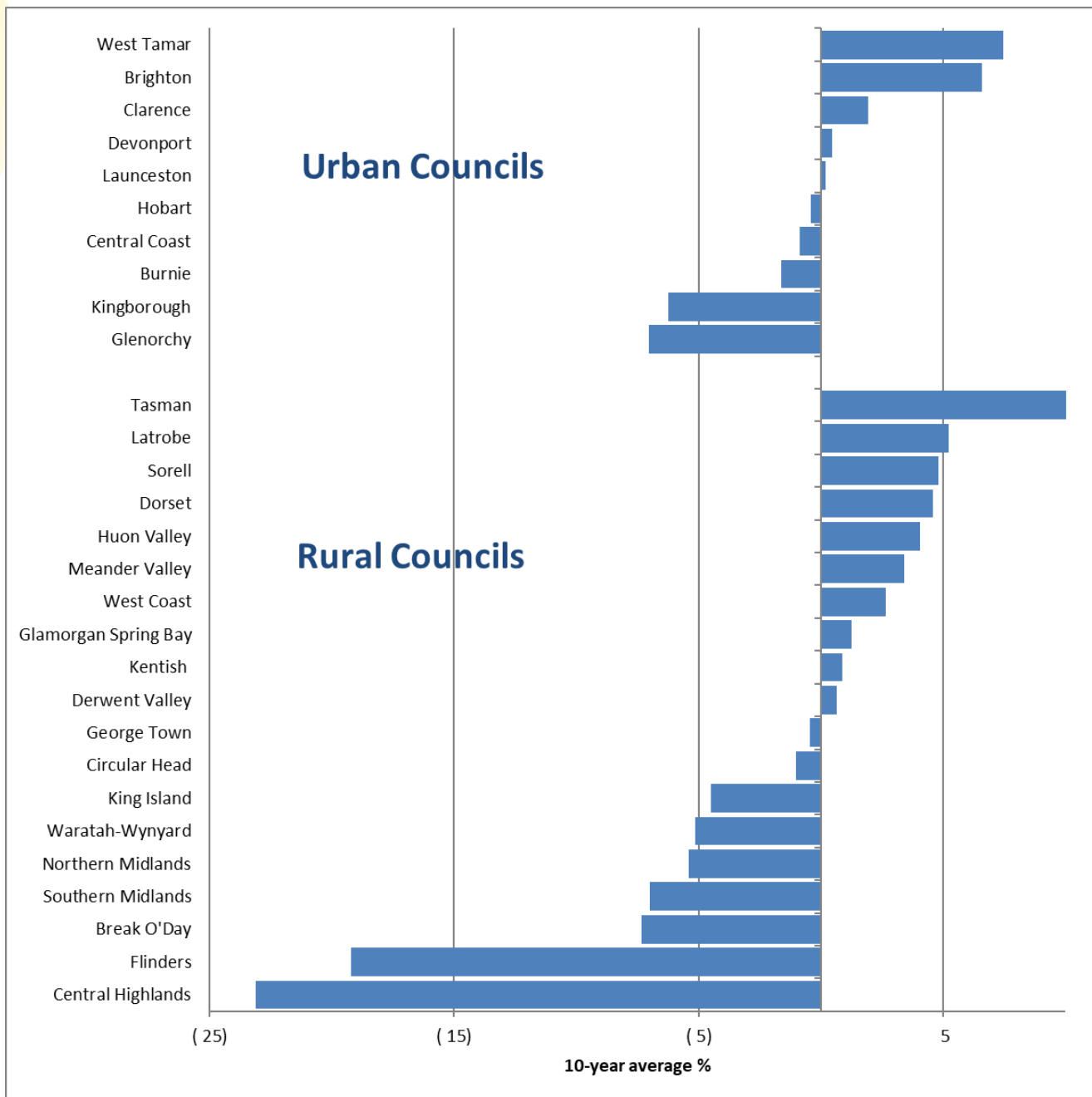
Five ratios:

- Underlying result ratio
- Asset sustainability ratio - roads
- Asset renewal funding ratio - roads
- Asset consumption ratio - roads
- Net financial liabilities ratio

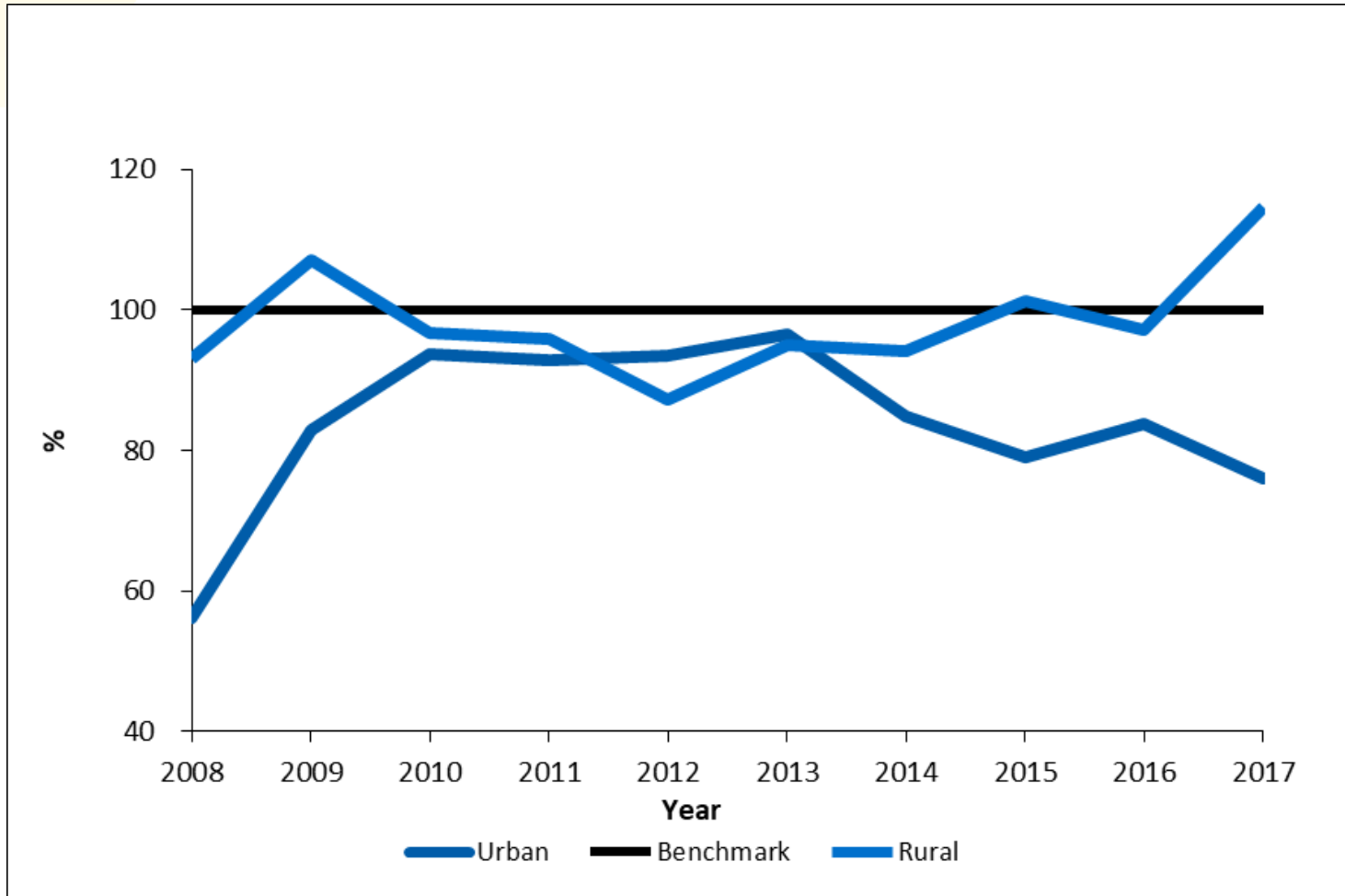
Underlying surplus ratio



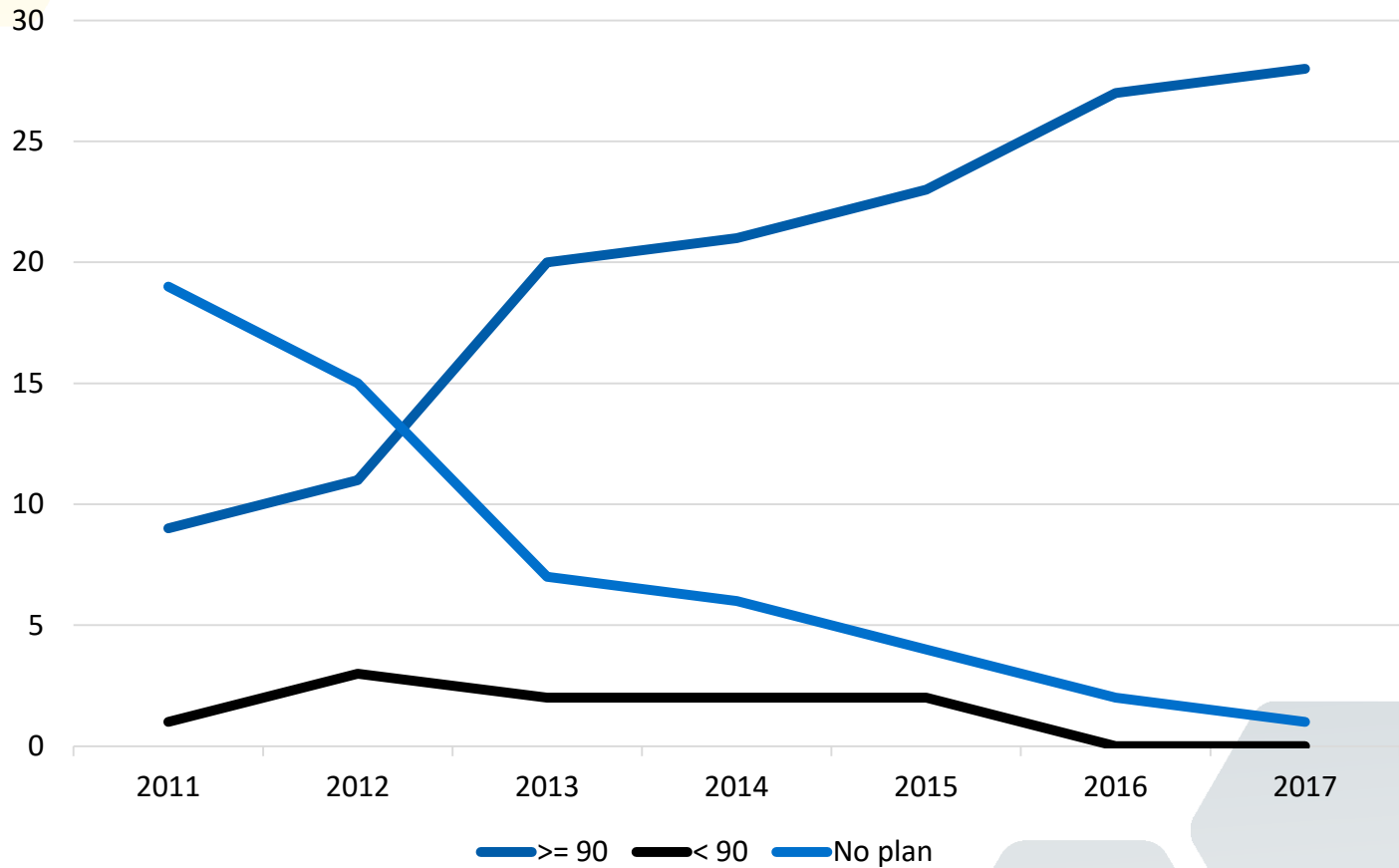
10-year Average Underlying surplus ratio



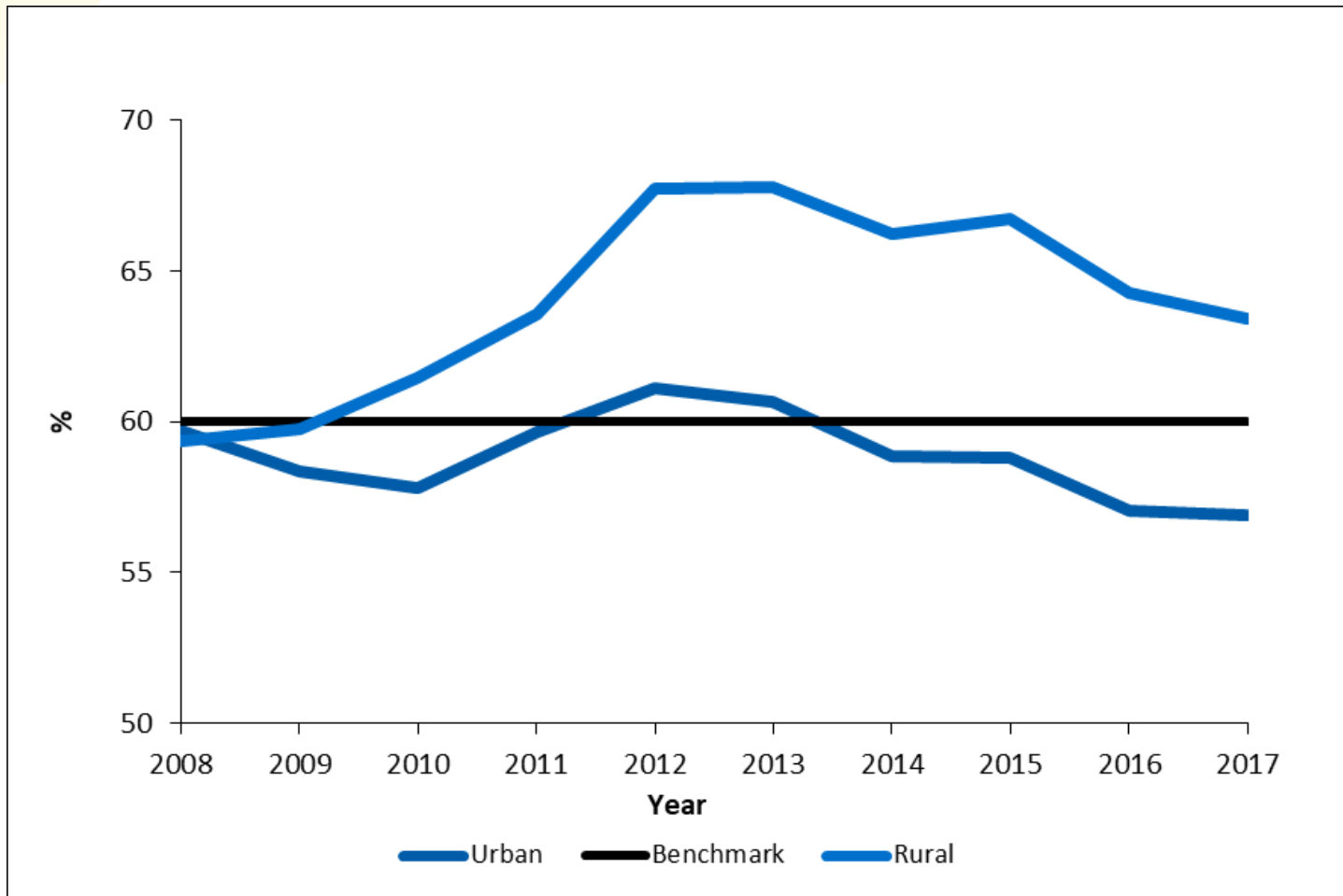
Road asset sustainability ratio



Road asset renewal funding ratio



Road asset consumption ratio



Net financial liabilities ratio

