

# Guideline 6: Annual Reports

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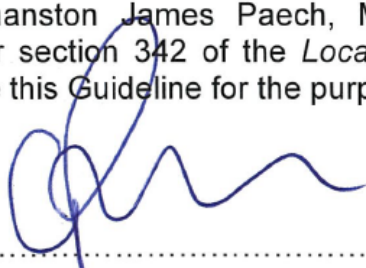
### LOCAL GOVERNMENT GUIDELINE NO. 6

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*Local Government Act 2019*

#### Making of Guideline

I, Chanston James Paech, Minister for Local Government, under section 342 of the *Local Government Act 2019*, hereby make this Guideline for the purposes of the Act.



.....  
Minister for Local Government

4 / 8 / 2022

# Guideline 6: Annual Reports

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## 1 Title

1.1 This Guideline is titled *Guideline 6: Annual Reports*.

## 2 Commencement

2.1 This Guideline commences on the day after the day it is made by the Minister.

2.2 The required form prescribed in this Guideline applies on and from the annual report for the 2022 – 23 financial year but councils may early adopt this form for the 2021-22 financial year.

## 3 Definitions

**Act** means the *Local Government Act 2019*.

**General Regulations** means the *Local Government (General) Regulations 2021*.

**LA** is an acronym for local authority.

**Material**, in relation to a budget, has the same meaning as in Accounting Standard AASB 1031 of the Australian Accounting Standards.

## 4 Relevance to the Act

4.1 Section 291(1) of the Act states the annual report of a council must include:

- (a) *a copy of the council's audited financial statement for the relevant financial year; and*
- (b) *an assessment of:*
  - (i) *the council's performance against the objectives stated in the relevant municipal, regional or shire plan adopted for the relevant financial year (applying indicators of performance set in the plan); and*
  - (ii) *for a council for a region – the activities of any local authority within the council's area for the relevant financial year; and*
- (c) *an itemisation of any shared service the council has been involved with for the relevant financial year; and*
- (d) *details in relation to any delegations of the council's functions and powers to a council committee, local authority or local government subsidiary in force for the relevant financial year; and*
- (e) *an itemisation of any amounts of fees or allowance made to committee members in the relevant financial year; and*
- (f) *a report on the consultations undertaken by the council in the relevant financial year; and*
- (g) *an assessment of the council's performance of service delivery and projects for the relevant financial year, with reference to the advice and recommendations of a local authority or authorities; and*
- (h) *any other information prescribed by regulation or in accordance with guidelines made by the Minister.*

4.2 Section 291(2) of the Act states the annual report must be in the approved form.

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- 4.3 Regulation 12 of the General Regulations requires the annual report to include:

*a comparison of the council's original budget, the council's most recently adopted budget and actual results, with a report on the reasons for the material variations between the most recently adopted budget and the actual results.*

*Note for clause 4*

*The annual report is to be provided to the Minister only after council resolves to submit the report to the Minister.*

## 5 Required form

- 5.1 Populated tables, to be set out in the required form provided in Schedule 2 to this Guideline, must be included in the council's annual report to satisfy section 291(1)(h) of the Act.
- 5.2 The required form provides for the minimum information that is required for section 291(1)(h) of the Act, but does not preclude a council from including additional information.
- 5.3 The required form does not contain all the annual report requirements set out in section 291 of the Act.
- 5.4 Schedule 1 to this Guideline is an annotated version of the required form that contains explanations and examples for guidance.

*Note for clause 5*

*A template version of the required form (Schedule 2) is available for download on the Department of the Chief Minister and Cabinet's website.*

## 6 Unaudited statement

- 6.1 Statements 1 to 3 are not required to be referred to the auditor for audit but must match the information reported in the council's audited financial statement for the relevant financial year.
- 6.2 Prior year comparative information for Statements 1 to 3 are not required to be published in the annual report, but this does not preclude a council from including comparative information in the annual report for Statements 1 to 3.

# Guideline 6: Annual Reports

## Schedule 1. Annotated form for guidance

### Statement 1. Comparison of Actual Performance against Budget

Table 1.1 Income and Expenditure Statement

<i>EXPLANATION (not required to be published)</i>		Financial Year Original Budget	Financial Year Final Budget	Actual Result	Variation Between Final Budget and Actuals
	<b>OPERATING INCOME</b>				
<i>Estimated rates to be raised</i>	Rates				
<i>Estimated waste charges to be raised</i>	Charges				
<i>Appropriate categories to be determined by council</i>	Fees and Charges				
<i>Untied / tied grants for council operating activities where expenditure will be recorded as an operating expense</i>	Operating Grants and Subsidies				
<i>Interest from cash balances and other investments</i>	Interest / Investment Income				
<i>Any other income in cash or in-kind.</i>	Commercial and Other Income				
	<b>TOTAL OPERATING INCOME</b>				
	<b>OPERATING EXPENDITURE</b>				
	Employee Expenses				
<i>Includes repairs and maintenance expenditure unless reported separately</i>	Materials and Contracts				
<i>Allowances to be set as part of the budget</i>	Elected Member Allowances				
<i>Travel, accommodation and other expenses as approved by council policy</i>	Elected Member Expenses				
<i>Allowances to be set as part of the budget</i>	Council Committee & LA Allowances				
<i>Travel, accommodation and other expenses as approved by council policy</i>	Council Committee & LA Expenses				
	Depreciation, Amortisation and Impairment				
	Interest Expenses				
	Other Expenses				
	<b>TOTAL OPERATING EXPENDITURE</b>				
<i>Copy total to Table 1.2</i>	<b>OPERATING SURPLUS / DEFICIT</b>				

\* Council committee and LA allowances are to equal the relevant total expenditure line in Table 3.1.

\*\* Council committee and LA expenses are to equal the relevant total expenditure line in Table 3.1.

# Guideline 6: Annual Reports

Table 1.2 Annual Operating Position

<i>EXPLANATION (not required to be published)</i>		Financial Year Original Budget	Financial Year Final Budget	Actual Result	Variation Between Final Budget and Actuals
<i>Total from Table 1.1</i>	<b>OPERATING SURPLUS / DEFICIT</b>				
	<b>Remove NON-CASH ITEMS</b>				
<i>Non-cash income included in Table 1.1 operating income</i>	Less Non-Cash Income				
<i>Non-cash expenses included in Table 1.1 operating expenses</i>	Add Back Non-Cash Expenses				
	<b>TOTAL NON-CASH ITEMS</b>				
	<b>Less ADDITIONAL OUTFLOWS</b>				
	Capital Expenditure				
<i>Principal repayment on leases and loans</i>	Borrowing Repayments (Principal Only)				
	Transfers to Reserves				
	Other Outflows				
	<b>TOTAL ADDITIONAL OUTFLOWS</b>				
	<b>Add ADDITIONAL INFLOWS</b>				
<i>Grants for capital transactions where expenditure is recorded in the balance sheet</i>	Capital Grants Income				
<i>Prior year tied revenue to be used for operating expenses</i>	Prior Year Carry Forward Tied Funding				
<i>To include borrowings</i>	Other Inflow of Funds				
	Transfers from Reserves				
	<b>TOTAL ADDITIONAL INFLOWS</b>				
	<b>NET OPERATING POSITION</b>				

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## Statement 2. Reasons for material variations between Final Budget and Actual Performance

Only material variations require an explanation for the variation.

*As an example:*

*The \$41 500 increased capital expenditure variation as compared to final budget was a result of an opportunity arising for Council to bring forward a park playground refurbishment and start the planned works in late May rather than August this calendar year. Approval to transfer from reserves the funds required to undertake this project was granted by Council on DD May 20YY.*

## Statement 3. Total Expenditure for Each Council Committee and Local Authority

Table 3.1 Local authority expenditure only applies to regional local government councils.

FOR THE YEAR ENDING 30 JUNE 20YY (a)	Council Committee & LA Allowances	Council Committee & LA Expenses	Total
Audit Committee			
Council Committee 1			
Council Committee 2			
Council Committee 3			
LA Area Name			
LA Area Name			
LA Area Name			
LA Area Name			
LA Area Name			
<b>Total</b>	*	**	

\* Total council committee and LA allowances are to equal the relevant operating expenditure line in Table 1.1.

\*\* Total council committee and LA expenses are to equal the relevant operating expenditure line in Table 1.1.

### Relevant Legislation Reference:

a) Section 291(1)(e) of the Act states the annual report of a council must include an itemisation of any amounts of fees or allowances made to committee members in the relevant financial year.

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## Schedule 2. Required form

### Statement 1. Comparison of Actual Performance against Budget

Table 1.1 Income and Expenditure Statement

	Financial Year Original Budget	Financial Year Final Budget	Actual Result	Variation Between Final Budget and Actuals
<b>OPERATING INCOME</b>				
Rates				
Charges				
Fees and Charges				
Operating Grants and Subsidies				
Interest / Investment Income				
Commercial and Other Income				
<b>TOTAL OPERATING INCOME</b>				
<b>OPERATING EXPENDITURE</b>				
Employee Expenses				
Materials and Contracts				
Elected Member Allowances				
Elected Member Expenses				
Council Committee & LA Allowances				
Council Committee & LA Expenses				
Depreciation, Amortisation and Impairment				
Interest Expenses				
Other Expenses				
<b>TOTAL OPERATING EXPENDITURE</b>				
<b>OPERATING SURPLUS / DEFICIT</b>				

# Guideline 6: Annual Reports

Table 1.2 Annual Operating Position

	Financial Year Original Budget	Financial Year Final Budget	Actual Result	Variation Between Final Budget and Actuals
<b>OPERATING SURPLUS / DEFICIT</b>				
<b>Remove NON-CASH ITEMS</b>				
Less Non-Cash Income				
Add Back Non-Cash Expenses				
<b>TOTAL NON-CASH ITEMS</b>				
<b>Less ADDITIONAL OUTFLOWS</b>				
Capital Expenditure				
Borrowing Repayments (Principal Only)				
Transfers to Reserves				
Other Outflows				
<b>TOTAL ADDITIONAL OUTFLOWS</b>				
<b>Add ADDITIONAL INFLOWS</b>				
Capital Grants Income				
Prior Year Carry Forward Tied Funding				
Other Inflow of Funds				
Transfers from Reserves				
<b>TOTAL ADDITIONAL INFLOWS</b>				
<b>NET OPERATING POSITION</b>				

## Statement 2. Reasons for material variations between the Final Budget and Actual Performance

Only material variations require an explanation for the variation.

## Statement 3. Total Expenditure for Each Council Committee and Local Authority

Table 3.1 - Local authority expenditure - only applies to regional councils.

FOR THE YEAR ENDING 30 JUNE 20YY	Council Committee & LA Allowances	Council Committee & LA Expenses	Total
<b>Total</b>			