



STRATHBOGIE SHIRE COUNCIL

Notice is hereby given that a Special Meeting of the Strathbogie Shire Council will be held on Tuesday 22 September 2015 at the Euroa Community Conference Centre commencing at 5.00 p.m.

Councillors:	Debra Swan (Chair)	(Lake Nagambie Ward)
	Colleen Furlanetto	(Seven Creeks Ward)
	Malcolm Little	(Hughes Creek Ward)
	Alister Purbrick	(Lake Nagambie Ward)
	Patrick Storer	(Honeysuckle Creek Ward)
	Robin Weatherald	(Mt Wombat Ward)
	Graeme (Mick) Williams	(Seven Creeks Ward)

Officers:	Steve Crawcour - Chief Executive Officer
	Roy Hetherington - Director, Asset Services
	David Woodhams – Director, Corporate and Community
	Phil Howard – Director, People and Culture

BUSINESS

1. Welcome
2. Acknowledgement of Traditional Land Owners
'In keeping with the spirit of Reconciliation, we acknowledge the traditional custodians of the land on which we are meeting today. We recognise indigenous people, their elders past and present'.
3. Apologies
4. Disclosure of Interests
5. Reports of Council Officers
 - 5.1 Climate Change
 - 5.2 Infrastructure
 - 5.3 Private Enterprise
 - 5.4 Public Institutions
 - 5.5 Housing and Recreation
 - 5.6 Tourism
 - 5.7 Organisation
6. Urgent Business
7. Closure of Meeting to the Public to consider matters listed for consideration in accordance with Section 89(2) of the Local Government Act 1989


Steve Crawcour
CHIEF EXECUTIVE OFFICER

15 September 2015

REPORTS INDEX

5.	REPORTS	
5.7	Organisation	
5.7.1	Adoption of 2014/2015 Annual Financial Report	1
5.7.2	Adoption of Performance Statement 2014/2015 and Governance and Management Checklist	6

5. REPORTS

5.7 ORGANISATION

5.7.1 Adoption of 2014/2015 Annual Financial Report

Author& Department

Director, Corporate and Community / Corporate and Community Directorate

Disclosure of Conflicts of Interest in relation to advice provided in this report

Officers providing advice in relation to this report do not have a direct or indirect interest, as provided in accordance with the Local Government Act 1989.

Summary

The Local Government Act 1989 requires that Council pass a resolution giving its approval to the Annual Financial Report prior to formal submission to the Auditor-General Victoria and the Minister. The Act further requires that Council must authorise two Councillors to approve the Report.

Draft copies of the Annual Financial Report have been circulated to Councillors with this report for their consideration, and are tabled for information purposes.

RECOMMENDATION

That Council:

- 1. Notes the Recommendation of the Audit Committee.**
- 2. Approve *in principle* the 2014/2015 Annual Financial Report;**
- 2. Authorise Councillors Swan and Furlanetto to sign the 2014/2015 Annual Financial Report;**
- 3. Authorise Cathy Fitzpatrick, Manager-Finance, to certify the 2014/2015 Annual Financial Report; and**
- 4. Authorise the Chief Executive Officer, Steve Crawcour, to make minor amendments to the 2014/2015 Annual Financial Report, if required.**

5.7.1 Adoption of 2014/2015 Annual Financial Report (cont.)

Background

The Victorian Auditor-General's Office has completed the external audit of the 2014/2015

The Annual Financial Report consisting of the Financial Statements and Notes (refer Appendix A) has been prepared in accordance with relevant legislation, applicable Australian Accounting Standards and other related accounting guidelines.

The Audit Committee, at its meeting on Friday 18 September 2015, in accordance with Section 137 of the Local Government Act 1989, having reviewed the Annual Financial Report consisting of the Financial Statements and Notes, recommended that Council adopt the 2014/2015 Annual Financial Report on an "in principle" basis.

In accordance with Section 131(8) of the Local Government Act 1989, the completed Annual Financial Report is to be signed by the Principal Accounting Officer and authorized by two Councillors having regard to the recommendation, if any, from the Victorian Auditor-General.

The Victorian Auditor-General's certification is anticipated in September 2015.

Discussion

The Annual Financial Report is prepared strictly in accordance with the applicable Australian Accounting Standard which includes the Australian equivalent to International Financial Reporting Standards (AIFRS). These Standards require the preparation of five mandatory statements. These statements include –

- "Comprehensive Income Statement" (Operating – Accrual Statement). This comprises non-cash items such as Depreciation and cost of goods (assets) sold, and excludes Capital Expenditure and Transfers to and from Other Reserves.
- "Balance Sheet" which lists Councils' assets and liabilities. It indicates the overall financial position of Council.
- "Statement of Changes in Equity". This indicates movement in Council's Reserve Funds.
- "Statement of Cash Flows". This indicates all cash expended and received for all activities during the financial year.
- "Statement of Capital Works" which details Council's capital works expenditure for the financial year. It sets out the expenditure on creating or buying property, infrastructure, plant and equipment by each category of asset.

5.7.1 Adoption of 2014/2015 Annual Financial Report (cont.)

For the 2014/2015 financial year, Council is also required to prepare two "Budget Comparison Notes" with variance explanations to the 2014/2015 Annual Budget. These being –

1. Income and Expenditure
2. Capital Works

The following analysis of the 2014/2015 Annual Financial Report is at a macro level, which reflects the nature of the Report's disclosures. It is not designed nor intended to be used as a Management report that provides details of programs, or resultant variances. No analysis has been provided for the Statement of Changes in Equity.

1. Income Statement

The operating result represents the accrual accounting treatments, which includes the non-cash items of depreciation and cost of goods (assets) sold, but excludes expenditure on Capital items, loan proceeds and loan principal repayments and transfers to and from other reserves.

As at 30 June 2015, Council reported a net surplus position of \$5.09 million, compared to a Budgeted Operating result of \$1.87 million. The surplus is primarily due to early Grants Commission 2015/2016 \$2.5 million, grants for Creightons Creek fire \$0.60 million, reduction in sale of assets that will now occur in 2015/2016 \$0.75 million.

2. Balance Sheet

Council's Balance Sheet indicates that Council's overall financial position and its cash and liquidity position is sound and within acceptable financial parameters.

Council's cash position as at 30 June 2015 was represented by cash on hand and investment of \$11.19 million. This represents an increase in cash holdings of \$2.04 million during the 2014/2015 financial year, primarily the result of delays in the capital works program and the early payment of half of the 2015/2016 Grants Commission allocation. The capital works programs will be carried over into the 2015/2016 financial year.

The value of Council's property, infrastructure, plant and equipment non-current assets as at 30 June 2015 is \$263.9 million, an increase of \$30.5 million from 30 June 2014, due primarily to the revaluation of Council's property and infrastructure assets and the acquisition of assets as part of Council's capital works program.

Council's end-of-year working capital ratio is 2.0:1, which equals the target ratio of 2.0:1. This ratio is used to assess Council's ability to meet current commitments and is derived by dividing current assets by current liabilities.

5.7.1 Adoption of 2014/2015 Annual Financial Report (cont.)

3. Cash Flow Statement

Cash flow is favourable primarily due to under expenditure in capital works as a result of a number of projects carried forward to 2015/2016, early payment of part of the 2015/2016 Grants Commission allocation of \$2.5 million.

4. Statement of Capital Works

Capital expenditure for the year ended 30 June 2015 was \$1.97 million below budget. Projects totalling \$1.02 million will be carried forward into the 2015/2016 financial year.

Risk Management

Council has addressed any risks associated with the preparation of the reports by applying accepted accounting standards, where applicable.

Strategic Links – policy implications and relevance to Council Plan

The report is consistent with Council Policies, key strategic documents and the Council Plan.

Best Value / National Competition Policy (NCP / Competition and Consumer Act 2010 (CCA) implications

The statements have been prepared using the Local Government Model Report 2015 as issued by Local Government Victoria.

Financial / Budgetary Implications

The financial results are shown in the statements.

Economic Implications

The report has no significant economic implications for Council or the broader community.

Environmental / Amenity Implications

The report has no significant environmental or amenity implications for Council or the broader community.

Community Implications

The report has no significant community or social implications for Council or the broader community.

Victorian Charter of Human Rights and Responsibilities Act 2006

The report does not limit any human rights under the Victorian Charter of Human Rights and Responsibilities Act 2006.

Legal / Statutory Implications

The proposal is consistent with sections 131 and 132 of the Local Government Act 1989 which, amongst other things, requires the Council to “certify the statements in their final form”.

5.7.1 Adoption of 2014/2015 Annual Financial Report (cont.)

Consultation

Council staff and Council's external auditor, the Victorian Auditor-General's Office and Council's Audit Committee have been consulted as part of the preparation of these reports.

Attachments

- Appendix A: Annual Financial Report 2014/2015 (separately circulated)

5.7.2 Adoption of Performance Statement 2014/2015 and Governance and Management Checklist 2014/2015

Author& Department

Director, Corporate and Community / Corporate and Community Directorate

Disclosure of Conflicts of Interest in relation to advice provided in this report

Officers providing advice in relation to this report do not have a direct or indirect interest, as provided in accordance with the Local Government Act 1989.

Summary

The Local Government Act 1989 requires that Council pass a resolution giving its approval to the Performance Statement 2014/2015 and Governance and Management Checklist prior to formal submission to the Auditor-General Victoria and the Minister. The Act further requires that Council must authorise two Councillors to approve the Report.

Draft copies of the Annual Financial Report have been circulated to Councillors with this report for their consideration, and are tabled for information purposes.

RECOMMENDATION

That Council adopt, in principle, the –

- 1. Performance Statement 2014/2015**
- 2. Governance and Management Checklist 2014/2015**

Background

Under Section 131 of the Local Government Act 1989, the Annual Budget 2014/2015 included a list of prescribed indicators of service performance, financial and sustainable capacity performance required by regulations to be reported against in the performance statement. The Performance Statement represents an independent certification of Council's results against the prescribed indicators. In addition, Section 131 requires Council to report on Council's assessment against the prescribed governance and management checklist for 2014/2015.

Discussion

This is the first year of operation of the Local Government Performance Reporting Framework (LGPRF). As part of the LGPRF, the Governance and Management Checklist is a new requirement for 2014/2015. All data was collected according to the Local Government Act 1989 and Local Government (Planning and Reporting) Regulations 2014. Given that this is the first year of reporting against the LGPRF, Council is unable to compare previous results. We will, however, be able to comment on trends in the results from next year.

5.7.2 Adoption of Performance Statement 2014/2015 and Governance and Management Checklist 2014/2015 (cont.)

Subject to Council adopting the recommendation in this report, the Performance Statement will be forwarded to the Victorian Auditor-General for certification. It is also a statutory requirement for Council to include the Performance Statement in the Annual Report 2014/2015.

Risk Management

Council has addressed any risks associated with the preparation of the reports by applying accepted accounting standards, where applicable.

Strategic Links – policy implications and relevance to Council Plan

The report is consistent with Council Policies, key strategic documents and the Council Plan.

Best Value / National Competition Policy (NCP / Competition and Consumer Act 2010 (CCA) implications

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Consultation

Council staff and Council’s external auditor, the Victorian Auditor-General’s Office and Council’s Audit Committee have been consulted as part of the preparation of these reports.

5.7.2 Adoption of Performance Statement 2014/2015 and Governance and Management Checklist 2014/2015 (cont.)

Conclusion

The Chief Executive Officer and two Councillors are required to sign the Performance Statement (refer Appendix A – separately circulated). It is recommended that Council adopt, in principle, the Performance Statement shown as Appendix A.

The Chief Executive Officer and one Councillor are required to sign the Governance and Management Checklist (refer Appendix B – separately circulated). It is recommended that Council adopt, in principle, the Governance and Management Checklist shown as Appendix B).

Appendices

- Appendix A: Strathbogie Shire Council Performance Statement 2014/2015 (separately circulated)
- Appendix B: Governance and Management Checklist 2014/2015 (separately circulated)

6. URGENT BUSINESS
7. CLOSURE OF MEETING TO THE PUBLIC TO CONSIDER MATTERS LISTED FOR CONSIDERATION IN ACCORDANCE WITH SECTION 89(2) OF THE LOCAL GOVERNMENT ACT 1989
8. CONFIRMATION OF 'CLOSED PORTION' DECISION/S

THERE BEING NO FURTHER BUSINESS, THE MEETING CLOSED AT P.M.

