

SPM(11) – 8 OCTOBER 2024

Ordinary Council Meeting

Agenda

The **Special Council Meeting** of the **Alpine Shire Council** is to be held wholly by electronic means on **8 October 2024** commencing at **5:00pm**.

Agenda

1. Recording and livestreaming of Council meetings.....	2
2. Acknowledgement of traditional custodians, and recognition of all people.....	2
3. Confirmation of minutes	2
3.1 Ordinary Council Meeting – M(10) – 24 September 2024	2
4. Apologies.....	2
5. Obituaries / congratulations.....	2
6. Declarations by Councillors of conflict of interest.....	3
7. Public questions	3
8. Presentation of reports by officers	4
8.1 A/Director Customer and Community – Nathalie Cooke.....	4
8.1.1 Approval in Principle - Financial Statements and Performance Statement.....	4
9. Informal Meeting of Councillors.....	10
10. Reports by Delegates	10
11. General business	10
12. Motions for which notice has previously been given	10
13. Reception and reading of petitions	10
14. Documents for sealing.....	10

1. Recording and livestreaming of Council meetings

The CEO read the following statement:

All council meetings are filmed with both video and audio being recorded.

This meeting is being held online and audio and video is focused on Councillors and Council Officers.

In accordance with Alpine Shire Council Governance Rules adopted on 27 July 2024, Question Time, Notices of Motion, General Business and Reports by Delegates will not be presented during the election period.

The reasoning behind recording council meetings is to hold us more accountable and improve transparency of Council's decision-making to our community.

The full meeting is being streamed live on Council's YouTube channel which is "Alpine Shire Council" and will also be available on the YouTube channel shortly after this meeting.

2. Acknowledgement of traditional custodians, and recognition of all people

All to stand, the Mayor read the following statement:

Alpine Shire Council acknowledges the Traditional Custodians of the lands on which we are meeting today. Council also acknowledges all of the Traditional Custodians of the wider lands of the area known as the Alpine Shire.

We also acknowledge those people who have contributed to the rich fabric of our community and strive to make wise decisions that will improve the quality of life for all.

3. Confirmation of minutes

3.1 ORDINARY COUNCIL MEETING – M(10) – 24 SEPTEMBER 2024

RECOMMENDATION

That the minutes of Ordinary Council Meeting M(10) held on 24 September 2024 as circulated be confirmed.

4. Apologies

5. Obituaries / congratulations

In accordance with Alpine Shire Council Governance Rules (2024), question time will not be held during the election period.

6. Declarations by Councillors of conflict of interest

7. Public questions

In accordance with Alpine Shire Council Governance Rules (2024), question time will not be held during the election period.

8. Presentation of reports by officers

8.1 A/DIRECTOR CUSTOMER AND COMMUNITY – NATHALIE COOKE

8.1.1 Approval in Principle - Financial Statements and Performance Statement

Election Period Statement

The recommendation is not a prohibited decision as defined by s69(2) or s69(3) of the *Local Government Act 2020*, nor is it a decision that could be reasonably deferred, or should not be made in accordance with Council's Election Period Policy.

INTRODUCTION

The purpose of this report is to present the Financial Statements (Draft) and Performance Statement (Draft) for the year ended 30 June 2024 for review and to seek approval in principle.

RECOMMENDATIONS

That Council:

1. *Approves in principle the Financial Statements and the Performance Statement for the year ended 30 June 2024; and*
2. *Authorises Cr _____ and Cr _____ to certify the Financial Statements and Performance Statement for the year ended 30 June 2024 on behalf of Council, subject to any material amendment(s) required by the external auditor being ratified by the Audit and Risk Committee, and once any amendments or changes are made as requested by the Victorian Auditor General.*

BACKGROUND

Section 98 of the *Local Government Act 2020* requires Council to prepare an Annual Report for each financial year that contains a report on the operations of the Council, an audited performance statement and audited financial statements.

Section 99 of the *Local Government Act 2020* requires Council to pass a resolution giving its approval in principle to the Financial Statements (Draft) and Performance Statement (Draft) prior to submitting the statements to the auditor so that they may prepare their reports.

This report provides an overview of the results in Council's Financial Statements (Draft) and Performance Statement (Draft) which are provided in full in the attachments.

Once approval in principle has been provided and Council has incorporated any changes recommended or agreed by the auditor, the Financial Statements and Performance Statement must be certified by two Councillors authorised by Council prior to the auditors signing their report.

ISSUES

Audit progress

Review of the Financial Statements (Draft) and Performance Statement (Draft) by the external auditors is ongoing. In the preparation of these statements, a number of issues were encountered which delayed the production of the full set of accounts. These issues have now been addressed.

When the external auditors are satisfied to the set of accounts, the Victorian Auditor Generals' Office will undertake their validation work.

Financial Statements

The Financial Statements show Council's financial performance, financial position, and cash flow against the previous year.

In summary, Council ended the 2023/24 financial year with an operating surplus of \$4.22m, which was \$2.08m lower than the \$6.30m surplus in the 2022/23 financial year. The 2023/24 Annual Budget (the Budget) projected a surplus of \$2.67m, \$1.55m lower than the actual result.

The higher than budgeted result was primarily due to the increase in other revenue associated with interest on investments and rental returns on investment properties. This was offset to a degree by a lower grant income caused by receipt of the majority of the 2023/24 Financial Assistance Grant in 2022/23 and the payment of the 2024/25 Financial Assistance Grant in 2024/25.

The lower surplus result compared to prior year is due to higher expenses for Employee costs of \$1.75m and Depreciation of \$0.24m.

The total comprehensive result for the 2023/24 financial year is \$55.09m and includes an asset revaluation increment of \$50.84m. During the 2023/24 financial year, Council formally had Land, Land Under Roads and Buildings revalued. Across these assets classes and the asset class of Bridges there was a \$91.57m increase in asset value. Of this increase \$50.84m was identified as a true revaluation of the assets in 2023/24, while the balance of \$40.73m was identified as being Council assets not previously valued, and therefore accounted for as a prior year error.

1. Income

Altogether Council received \$38.61m in income which was \$0.12m favourable to the Budget projection of \$38.49m. Key variances to budget are as follows:

1.1 Grants - operating

Council received total operating grant income of \$4.71m which was \$0.90m unfavourable to the budget of \$5.61m. This was due to the receipt of the majority of the 2023/24. Financial Assistance Grant in 2022/23 and the 2024/25 Financial Assistance Grant being received in 2024/25.

1.2 Grants - capital

Council received total capital grant income of \$4.24m which was \$1.44m less than the budget of \$5.67m. This was due to the receipt of funds from grants that have been classified as unearned revenue as council has yet to complete and acquit the funds. These funds are recognised as a liability.

1.3 Contribution - Non-Monetary

Council budgeted for non-monetary contributions of \$1.30m. Council has received non-monetary contributions of \$3.12m, which includes land from subdivisions and the recognition of the inclusion of the Porepunkah Holiday Park in Council's accounts.

1.4 Fair Value Increment on Investment Property

Council undertook valuations on the four investment properties under its control. The decrease in the accounts is due to the valuation of Tawonga Holiday Park being less than the amount spent on refurbishing the park, creating a write down of \$1.72m. This was partly offset by an upwards increase in the valuation for Myrtleford and Bright Holiday parks of \$0.95m.

2. Expenses

Overall expenses were \$34.36m which was \$1.41m lower than Budget of \$35.77m. Significant expense variances included employee costs, which were higher at \$12.17m compared to a budget of \$12.01m, due to adoption of a new Enterprise Agreement and associated wages increases, which were offset by position vacancies; and materials and services costs being \$15.63m against a budget of \$15.58m. Additionally the landfill rehabilitation expense increased slightly due to works undertaken.

2.1 Depreciation

Depreciation was \$5.33m which was \$1.92m favourable to Budget of \$7.25m reflecting increased valuations on land and decreased valuations on roads.

Performance Statement

The Performance Statement provides an overview of Council's progress against key performance indicators. The Local Government Performance Reporting Framework (LGPRF) provides the basis for these indicators to enable a uniform Performance Statement across all Victorian councils.

An overview of movement in results is provided below:

- Utilisation of aquatic facilities increased significantly in 2023/24, with increased membership and casual visitation in Bright and Mount Beauty, and warmer summer

weather promoting increased visitation to the outdoor pools in Mount Beauty and Myrtleford.

- Community satisfaction with Council's community consultation and engagement mirrors a decline in both Small Rural Council and Statewide averages compared to previous years. Council has launched an online engagement platform, which complements traditional engagement and communication methods.
- Kerbside waste diverted from landfill has increased significantly compared to the previous year as a result of the introduction of the Food Organics Garden Organics (FOGO) kerbside collection introduced on 1 July 2023.

Generally, the financial indicators show that Council is financially sustainable and that services are being delivered within expected parameters.

POLICY IMPLICATIONS

Council has prepared draft Financial Statements and a draft Performance Statement for Council Approval in principle, in line with the requirements of Sections 98 and 99 of the *Local Government Act 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

The authorised Councillors are required to certify the final Financial Statements and Performance Statement after any amendments or changes requested by the Victorian Auditor General have been made, and prior to adoption by Council.

Section 100 of the *Local Government Act 2020* requires the Mayor to report on the implementation of the Council Plan by presenting the Annual Report at a Council meeting open to the public, no later than 31 October 2024. However, as this year is a Local Government Election, the date for presenting the Annual Report must be no later than 25 October, the day before the Election Day.

Council intends to present the Annual Report to the October Ordinary Council Meeting scheduled on 22 October 2024. This has required draft Annual Financial Statements and the draft Performance Statement to be presented to the Special Ordinary Council meeting of 8 October 2024. It is expected that clearance from the Victorian Auditor General's Office will be received during October.

The recommendations are in accordance with the following Strategic Objective of the Council Plan 2021-2025:

- 5.2 A responsible, transparent and responsive organisation

FINANCIAL AND RESOURCE IMPLICATIONS

The draft Financial Statements and Performance Statement for the year ended 30 June 2024 show that Council is financially sustainable and that Council services are being delivered within expected parameters.

RISK MANAGEMENT

Risk	Likelihood	Impact	Mitigation Action / Control
Inability to accurately plan and manage finances due to inaccurate financial data	Unlikely	Moderate	<ul style="list-style-type: none"> Financial Plan Annual Budget Regular reporting Year-end controls and reconciliations End of year checklist Early commencement of activities, considering resource constraints
Failure to address changes in accounting standards and legislation	Rare	Minor	<ul style="list-style-type: none"> Liaison with auditors Industry updates Staff professional development

CONSULTATION

The Audit and Risk Committee Charter states that the Committee is required to review the Annual Financial Report and consider whether it is complete, consistent with information known to Audit and Risk Committee members and reflects appropriate accounting principles. At the time of publishing this paper the key contents of the Annual Financial Report, comprising the Financial Statements (Draft) and Performance Statement (Draft), have been submitted to the Audit and Risk Committee for review.

CONCLUSION

Council ended the 2023/24 year with an operating surplus of \$4.22m, which is greater than predicted in the 2023/24 Annual Budget. The higher operating surplus result is largely attributed to non-monetary contributions and higher investment income.

The total comprehensive result for the 2023/24 financial year is \$55.09m and includes an asset revaluation increment of \$50.84m, which accounts for a true revaluation of assets across a number of classes. A prior year error of \$40.73m related to previously unaccounted for council assets has been processed through the equity statement.

DECLARATION OF CONFLICT OF INTEREST

In accordance with section 130 of the *Local Government Act 2020*, and Chapter 7 section A6 of Council's Governance Rules, the following officers declare that they have no interests to disclose in providing this report.

- Acting Director Customer and Community
- Manager Corporate
- Governance Officer

ATTACHMENT(S)

8.1.1.a 2023/24 Financial Statements (Draft)

8.1.1.b 2023/24 Performance Statement (Draft)

9. Informal Meeting of Councillors

In accordance with Alpine Shire Council Governance Rules (2020) no Informal Meeting of Councillors is to be tabled during the election period.

10. Reports by Delegates

In accordance with Alpine Shire Council Governance Rules (2020) no Reports by Delegates is to be tabled during the election period

11. General business

In accordance with Alpine Shire Council Governance Rules (2020) general business will not be held during the election period.

12. Motions for which notice has previously been given

In accordance with Alpine Shire Council Governance Rules (2020) no Notices of Motion is to be received during the election period.

13. Reception and reading of petitions

In accordance with Alpine Shire Council Governance Rules (2020), no Reception and reading of petitions is to be received during the election period.

14. Documents for sealing

Nil

There being no further business the Chairperson declared the meeting closed at _____p.m.