



MELTON CITY COUNCIL

**Notice is hereby given that a Meeting of the
Melton City Council will be held via a
videoconference on 13 September 2021 at
6:15pm.**

**Kelvin Tori
CHIEF EXECUTIVE**

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1. APOLOGIES AND LEAVE OF ABSENCE

The Mayor will call for any apologies received from any Councillors who are unable to attend this meeting.

2. DECLARATION OF ANY PECUNIARY INTEREST, OTHER INTEREST OR CONFLICT OF INTEREST OF ANY COUNCILLOR

Pursuant to Part 6, Division 2 of the Local Government Act 2020 and Council's Governance Rules any Councillor must declare any General Conflict of Interest or Material Conflict of Interest..

3. PRESENTATION OF STAFF REPORTS

3.1 DRAFT ANNUAL FINANCIAL STATEMENTS AND PERFORMANCE STATEMENT - 30 JUNE 2021

Author: Sam Rumoro - Manager Finance
Presenter: Sam Rumoro - Manager Finance

PURPOSE OF REPORT

To present to Council for approval in principle of the draft Annual Financial Statements and Performance Statement for 30 June 2021, prior to reports being submitted to Council's Auditor, in accordance with section 99(2) of the *Local Government Act 2020*.

RECOMMENDATION:

That Council:

1. Approve, in principle, the draft Annual Financial Statements and Performance Statement for 30 June 2021 at **Appendix 1 and Appendix 2**.
 2. Authorise the Mayor, Cr Kathy Majdlik and Deputy Mayor, Cr Goran Kesic to approve the Statements in their final form after any changes recommended, or agreed, by the Auditor have been made, pursuant to sections 99(2) and 99(3) of the *Local Government Act 2020*.
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REPORT

1. Executive Summary

The Audit Committee meeting on 8 September 2021 discussed and reviewed the draft Financial Statements and Performance Statement for the year ended 30 June 2021. The Audit Committee has recommended that Council approve the statements prior to them being submitted to the Auditor, as required under the *Local Government Act 2020* ('the Act').

There were no adverse audit findings in relation to the 2020-21 financial statements and performance statement.

Council remains in a strong financial position with a strong balance sheet and the 2020-21 underlying financial performance was favourable to budget and in surplus despite the impacts of the COVID-19 global pandemic.

2. Background/Issues

For the purposes of sections 99(2) and 99(3) of the Act, Council must not submit the Annual Financial Statements and Performance Statement to the auditor unless it has passed a resolution giving its approval in principle to the Statements. The Council must authorise two Councillors to certify the Statements in their final form after any changes are recommended, or agreed to, by the Auditor.

In accordance with section 99(1) of the Act, Council must submit the Statements to the Minister as soon as practical after the end of the financial year.

While the pandemic had an unfavourable impact on investment returns due to a lower cash rate as well causing Council to increase its provision for doubtful debts. Council's revenues remained strong and favourable to budget due largely to a continued growth in development activity which was buoyed by economic stimulus provided by State and Federal Governments. Continued prudent management of Councils operating costs enabled a modest underlying surplus to be generated by Council in 2020-2021.

Council's overall comprehensive result for 2020-2021 was a surplus of \$312.38 million which was largely attributable to \$272.28 million in contributed monetary and non-monetary assets from developers. Council's underlying operating result was a surplus of \$1.29 million which was \$9.77 million favourable to budget. Refer table below for the calculation of the underlying operating surplus.

	\$000's	\$000's
Total Comprehensive Result		\$312,376
<u>Deduct - Capital and Non Operating Items</u>		
Contributions - monetary	\$33,000	
Contributions - non monetary	\$239,280	
Net asset revaluation increment/(decrement)	\$21,756	
Grants - capital	\$5,454	
Net gain on disposal of property, infrastructure, plant and equipment	\$11,592	\$311,082
Adjusted Operating Surplus		\$1,294

Council's has a total of \$368.18 million in cash and term deposits at year end. This balance includes general and restricted investments representing carry forward expenditure, employee entitlements, and developer contributions received for future capital works, refer table below for further detail. The working capital ratio for the YTD period is a healthy 1:3.75.

	\$000's	\$000's
Cash and Term Deposits balance		368,179
<u>Restricted Reserves and Trust Funds</u>		
Community and Other Infrastructure	167,972	
Trust Funds and Deposits	27,293	
<u>Discretionary Reserves</u>		
Infrastructure and Strategic Investment Reserve (\$92.89 million)		
- Major Capital Works	25,954	
- Strategic Property Purchase	34,187	
- Income Generating Activities	32,749	
Defined Benefit Superannuation Reserve & Other	566	
<u>Other allocation of funds</u>		
Funds for Carry Forward Capital Works	50,569	
Grants Received in advance (Operating and Capital)	22,456	
Employee Provisions	14,587	
Total allocated funding requirement		376,333
Cash Shortfall		-8,154

3. Council and Wellbeing Plan Reference and Policy Reference

The Melton City Council 2017-2021 Council and Wellbeing Plan references:

5. A high performing organisation demonstrating leadership and advocacy: An organisation operating with innovation, transparency, accountability and sustainability

5.3 Effective civic leadership, advocacy, partnerships and good governance.

4. Financial Considerations

There are no direct costs associated with this matter.

5. Consultation/Public Submissions

There is no requirement for public consultation in relation to the draft Financial Statements and Performance Statement. 30 June 2021. Audit Committee has recommended that Council approve the statements prior to them being submitted to the Auditor, as required under the Local Government Act 2020.

6. Risk Analysis

Endorsing the recommendations in this report will ensure Council's continued compliance with the legislative requirements.

7. Options

Council has the option to reject the Officer's recommendations, however this would put Council's ability to meet statutory obligations at risk.

LIST OF APPENDICES

1. Draft Annual financial report - Financial Statements 30 June 2021
2. Draft Performance Statement 30 June 2021

4. CONFIDENTIAL BUSINESS

Nil.

Recommended Procedural Motion

That the meeting be opened to the public.

5. CLOSE OF BUSINESS