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Shire of Perenjori  
MINUTES  
Finance Committee Meeting

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Held in the Shire of Perenjori Council Chambers, Fowler Street, Perenjori on Tuesday 14<sup>th</sup> August 2018 commencing at 5.00 pm.

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**18081 PRELIMINARIES****18081.1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS****18081.2 DISCLAIMER READING****18081.3 RECORD OF ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE**

## Attendance:

Cr L Butler – Presiding Member

Cr J Hirsch

Cr L Smith

Cr R Spencer

S Tindale – Acting CEO

J Dennis – MCDS

A Bryant – SFO

## Apologies:

Cr K Pohl

**18081.4 NOTATIONS OF INTEREST****Financial Interest – Local Government Act S 5.60a**

Nil

**Proximity Interest – Local Government Act S 5.60b**

Nil

**Interest Affecting Impartiality – Local Government - Code of Conduct**

Nil

**18081.5 APPLICATIONS FOR LEAVE OF ABSENCE****18081.6 CONFIRMATION OF MINUTES**

That the Minutes from the Finance Committee Meeting of the 17<sup>th</sup> July 2018 be confirmed as a true and correct record of that meeting.

**Officer Recommendation – Item 18081.6**

That Council accepts the Minutes from the Finance Committee Meeting of the 17<sup>th</sup> July 2018 as a true and correct record of that Meeting.

**Committee Resolution – Item 18081.6****Moved: Cr J Hirsch****Seconded: Cr R Spencer**

**That Council accepts the Minutes from the Finance Committee Meeting of the 17<sup>th</sup> July 2018 as a true and correct record of that Meeting.**

**Carried 4/0**

**18082 FINANCE & ADMINISTRATION****18082.1 FINANCIAL STATEMENTS – JULY 2018**

<b>APPLICANT:</b>	<b>SHIRE OF PERENJORI</b>
<b>FILE:</b>	<b>ADM 0081</b>
<b>DISCLOSURE OF INTEREST:</b>	<b>NIL</b>
<b>AUTHOR:</b>	<b>ALLY BRYANT - SFO</b>
<b>RESPONSIBLE OFFICER:</b>	<b>STEPHEN TINDALE – A/CEO</b>
<b>REPORT DATE:</b>	<b>14<sup>TH</sup> AUGUST 2018</b>
<b>ATTACHMENTS</b>	<b>MONTHLY FINANCIAL REPORT</b>

**Executive Summary**

This item recommends that the Council accepts the Financial Activity Statement for the period ending 31<sup>st</sup> July 2018.

**Background**

Each month officers are required to prepare monthly financial reports, covering prescribed information, and present these to the Council.

**Details**

Presented is the Financial Activity Statement Report for the period ending 31<sup>st</sup> July 2018.

The following statements are presented to Council:

- Monthly Summary Information - Charts
- Statement of Financial Activity (Program of Nature and Type) this provides the budget and actual income and expenditure for operating and non-recurrent as well and the closing surplus to date. (FM Reg 34(1))
- Statement of Capital Acquisitions and Capital Funding
- Net Current (Assets) Funding Position (Note 3). This provides the amount of assets over liabilities within the Balance Sheet. (FM Reg 34 (1)(e))
- Notes to the Financial Statements include:
  - Note 1.- Significant Accounting Policies
  - Note 2. - Explanation of Material Variances
  - Note 3. – Net Current Funding Position
  - Note 4. – Cash & Investments
  - Note 5. – Budget Amendments
  - Note 6. – Receivables
  - Note 7. – Cash Back Reserves
  - Note 8. – Capital Disposals
  - Note 9. – Rating Information
  - Note 10. – Information on Borrowings

- Note 11. – Grant and Contributions
- Note 12.- Trust Fund
- Note 13.- Details of Capital Acquisition

**Legal Compliance**

Regulation 34 (Financial activity statement report) of the Local Government (Financial Management) Regulations 1996 states –

- (1) A local government is to prepare each month a statement of financial activity reporting on the revenue and expenditure, as set out in the annual budget under regulation 22(1)(d), for that month in the following detail –
  - (a) Annual budget estimates, taking into account any expenditure incurred for an additional purpose under section 6.8(1) (b) or (c);
  - (b) budget estimates to the end of the month to which the statement relates;
  - (c) actual amounts of expenditure, revenue and income to the end of the month to which the statement relates;
  - (d) material variances between the comparable amounts referred to in paragraphs (b) and (c); and
  - (e) the net current assets at the end of the month to which the statement relates.
- (2) Each statement of financial activity is to be accompanied by documents containing –
  - (a) an explanation of the composition of the net current assets of the month to which the statement relates, less committed assets and restricted assets;
  - (b) an explanation of each of the material variances referred to in sub regulation (1) (d); and
  - (c) such other supporting information as is considered relevant by the local government.
- (3) The information in a statement of financial activity may be shown –
  - (a) according to nature and type classification; or
  - (b) by program; or
  - (c) by business unit
- (4) A statement of financial activity, and the accompanying documents referred to in sub regulation 34 (2), are to be –
  - (a) presented at an ordinary meeting of the council within 2 months after the end of the month to which the statement relates; and
  - (b) recorded in the minutes of the meeting at which it is presented.
- (5) Each financial year, a local government is to adopt a percentage or value, calculated in accordance with the AAS, to be used in statements of financial activity for reporting material variances.

Section 6.8 of the Local Government Act 1995 (Expenditure from municipal fund not included in annual budget) states –

- (1) A local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure –

- a. is incurred in a financial year before the adoption of the annual budget by the local government; or
- b. is authorised in advance by resolution; or
- c. is authorised in advance by the mayor or president in an emergency.

**Policy Implications**

Nil

**Financial Implications**

Nil

**Strategic Implications**

Area 5: Investing in Councils Leadership

Goal: Strengthen the Shire's position as an innovative, independent Local Government providing excellence in all areas of governance, management and leadership.

**Consultation**

Liaison with CEO, SFO, & MIS.

**Comment**

Nil.

**Voting Requirements – Simple Majority****Officers Recommendation – Item 18082.1**

That Council, in accordance with Regulation 34 of the *Local Government (Financial Management) Regulations 1996*, accepts the Financial Activity Statement Report for the period ending 31<sup>st</sup> July 2018.

**Committee Resolution – Item 18082.1**

**Moved: Cr J Hirsch**

**Seconded: Cr R Spencer**

**That Council, in accordance with Regulation 34 of the *Local Government (Financial Management) Regulations 1996*, accepts the Financial Activity Statement Report for the period ending 30<sup>th</sup> June 2018.**

**Carried: 4/0**

**18082.2 ACCOUNTS FOR PAYMENT – JULY 2018**

<b>APPLICANT:</b>	<b>SHIRE OF PERENJORI</b>
<b>FILE:</b>	<b>1306P</b>
<b>DISCLOSURE OF INTEREST:</b>	<b>NIL</b>
<b>AUTHOR:</b>	<b>LIZ MARKHAM - AO</b>
<b>RESPONSIBLE OFFICER:</b>	<b>ALLY BRYANT - SFO</b>
<b>REPORT DATE:</b>	<b>14<sup>TH</sup> AUGUST 2018</b>
<b>ATTACHMENTS</b>	<b>ACCOUNTS FOR PAYMENT</b>

**Executive Summary**

This item recommends that the Council confirms the payment of accounts for July 2018 as shown on the attached schedule.

**Background**

Council has delegated to the Chief Executive Officer the authority to make payments from the Municipal and Trust funds in accordance with the Local Government (Financial Management) Regulations 1996.

Under Regulation 13(1) of the Local Government (Financial Management) Regulations 1996, where a local government has delegated to the Chief Executive Officer the exercise of its power to make payments from the Municipal fund or the Trust fund, each payment from the Municipal fund or the Trust fund is to be noted on a list compiled for each month showing:

- a) The payee's name;
- b) The amount of the payment
- c) The date of the payment; and
- d) Sufficient information to identify the transaction

That list should then be presented at the next Ordinary Meeting of the Council following the preparation of the list, and recorded in the minutes of the meeting at which it is presented.

**Legal Compliance**

Section 6.10 (d) of the Local Government Act 1995 refers, i.e.-

## 6.10. financial management regulations

Regulations may provide for —

(d) the general management of, and the authorisation of payments out of —

(i) the municipal fund; and

(ii) the trust fund,

of a local government.

Regulation 13(1), (3) & (4) of the Local Government (Financial Management) Regulations 1996 refers, i.e. -

## 13. Lists of Accounts

(1) If the local government has delegated to the CEO the exercise of its power to make payments from the municipal fund or the trust fund, a list of accounts paid by the CEO is to be prepared each month showing for each account paid since the last such list was prepared —

- (a) the payee's name;
- (b) the amount of the payment;
- (c) the date of the payment; and

(d) sufficient information to identify the transaction.

(3) A list prepared under subregulation 34 (1) is to be —

(a) presented to the council at the next ordinary meeting of the council after the list is prepared;  
and

(b) recorded in the minutes of that meeting.

**Policy Implications**

All accounts paid have been duly incurred and authorised for payment as per approved purchasing and payment procedures.

**Financial Implications**

Ongoing management of Council funds by providing Council with sufficient information to monitor and review payments made.

**Strategic Implications**

**Area 5: Investing in Councils Leadership**

*Goal: Strengthen the Shire's position as an innovative, independent local Government providing excellence in all areas of governance, management and leadership*

**Consultation**

Accountant

**Comment**

All accounts paid have been duly incurred and authorised for payment as per approved purchasing and payment procedures.

Voting Requirements – Simple Majority**Officers Recommendation – Item 18082.2**

That Council, pursuant to Regulation 13 of the *Local Government (Financial Management) Regulations 1996* (as amended), confirms the accounts paid for the month ending 31<sup>st</sup> July 2018 as attached to and forming part of this report.

<b>Municipal Account</b>	
EFT	\$211,006.42
Direct Debits	\$74,928.76
Cheques	\$45,778.02
Corporate MasterCard	\$1,687.80
Bank Fees	\$60.00
<b>Total</b>	<b>\$333,461.00</b>

<b>Trust Account - Shire</b>	
EFT	\$350.00
Cheques	\$
Bank Fees	\$
<b>Total</b>	<b>\$ 350.00</b>

**Totalling \$333,811.00 from Municipal and Trust Accounts for the month ending 31<sup>st</sup> July 2018.**

**Committee Resolution – Item 18082.2**

Moved: Cr J Hirsch

Seconded: Cr L Smith

That Council, pursuant to Regulation 13 of the *Local Government (Financial Management) Regulations 1996* (as amended), confirms the accounts paid for the month ending 31<sup>st</sup> July 2018 as attached to and forming part of this report.

Carried: 4/0

<b>Municipal Account</b>	
EFT	\$211,006.42
Direct Debits	\$74,928.76
Cheques	\$45,778.02
Corporate MasterCard	\$1,687.80
Bank Fees	\$60.00
<b>Total</b>	<b>\$333,461.00</b>

<b>Trust Account - Shire</b>	
EFT	\$350.00
Cheques	\$
Bank Fees	\$
<b>Total</b>	<b>\$ 350.00</b>

**Totalling \$333,811.00 from Municipal and Trust Accounts for the month ending 31<sup>st</sup> July 2018.**

**18082.3 REINVESTMENT OF SURPLUS FUNDS**

<b>APPLICANT:</b>	<b>SHIRE OF PERENJORI</b>
<b>FILE:</b>	<b>ADM 0033</b>
<b>DISCLOSURE OF INTEREST:</b>	<b>NIL</b>
<b>AUTHOR:</b>	<b>SFO - ALLY BRYANT</b>
<b>RESPONSIBLE OFFICER:</b>	<b>CEO - STEPHEN TINDALE</b>
<b>REPORT DATE:</b>	<b>14<sup>TH</sup> AUGUST 2018</b>
<b>ATTACHMENTS</b>	<b>NIL</b>

**Executive Summary**

This item seeks that the Finance Committee recommends reinvesting the matured term deposits.

**Background**

On April 24<sup>th</sup>, 2018 our Reserves Term Deposit of \$700,000 matured and was released back into the Shires Reserve Funds Account. The Shire still has another \$500,000 of Reserves funds in a Term Deposit that is due to mature on the 6<sup>th</sup> November 2018.

On 3<sup>rd</sup> July 2018 the Shires Mt Gibson Community Fund Term Deposit matured and was released back to the Shires Community Fund bank account.

The Local Government Act defines the broad restrictions on investments as does the Council Policy 4013. To limit the risk on the proposed investment only interest rates and terms from the major banks are those that were considered and Bankwest (our current bankers) provide the best overall interest and management package.

Pavilion Allocation - \$260,000 is required immediately and the remaining \$150,000 is not required until December 2018

Pavilion	\$410,000
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The following deferred capital expenditures are not expected to be required until early 2019:

Housing	\$60,000
Caron Dam	\$200,000
Transfer Station	\$120,000
Building - Admin	\$150,000
<b>TOTAL</b>	<b><u>\$940,000</u></b>

**Table 1: Bank Interest rates**

<b>CBA</b>	<b>NAB</b>	<b>Bankwest</b>	<b>ANZ</b>	<b>Westpac</b>
12 months = 2.30%	12 months = 2.40%	12 months = 2.65%	12 months = 2.30%	12 months = 2.30%
3 months = 2.00%	3 months = 2.00%	3 months = 2.30%	3 months = 2.00%	3 months = 2.00%

**Table 2: Investment of \$700,000 from the Reserve account for a term of 12 months at 2.65%.**

Investment	Term	2.65%	1.10% (now)
\$700,000 (Reserves)	12 months	\$18,550	\$7,700

**Table 3: Investment of \$100,000 from Reserves account for 12 months at 2.65%**

Investment	Term	2.65%	1.10%
\$100,000 Community Fund	12 months	\$2,650	\$1,100

There are numerous options but the additional income from the shorter terms is not significant – it is the long-term investment (12 months) that provides the best returns.

#### **Statutory Environment**

Local Government Act s6.14

Local Government (Financial Management Regulations) Reg. 8(3); Reg. 19

Council Delegation No. 8.

#### **Policy Implications**

Policy 4013 – Investment Policy

#### **Financial Implications**

The proposed investment of funds will increase income from interest and that income is dependent on which option/s the Council chooses.

#### **Strategic Implications**

Area 2: Industry and Business Development – Our Economy

*Goal: Fostering and maximising growth across the economy, embracing opportunities for diversifying and strengthening our economic base.*

#### **Risk Management**

Risk Statement	Level of Risk	Risk Mitigation Strategy
There is opportunity for the Council to increase its income through term investments. Only the larger banks are considered in this strategy to safeguard the Council funds and to comply with Regulations.	The risk level is low if the investments are made cautiously. The longer the term the greater the risk of having to withdraw early.	Careful consideration of the sum invested and the term of the investment. Close monitoring of proposed expenditure and early preparation any re-investment proposals.

**Comment**

Interest rates in this document and bank balances are as at 31/07/2018 – interest rates can vary without notice. Interest will continue to be earned on funds remaining in the accounts at the interest rate of the day, which is currently 1.10%.

**Voting Requirements – Simple Majority****Officer Recommendation – Item 18082.3**

1. That the Finance Committee recommends the investment of:

Option 1

\$700,000 of Reserve funds for 12 months

(Projected interest on 2.65% pa = \$18,550)

And

Option 2

(\$100,000 of Community Fund for 12 months)

Projected interest on 2.65 % pa \$2,650

**Committee Recommendation – Item 18082.3**

Moved: Cr J Hirsch

Seconded: Cr L Smith

That the Finance Committee recommends to Council the investment of:

1. \$700,000 of Reserve funds for 12 months

and

2. \$100,000 of Community Fund for 12 months

Carried 4/0

**18083 GENERAL BUSINESS**

**18083.1 MOTIONS OF WHICH DUE NOTICE HAVE BEEN GIVEN**

**18083.2 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN**

**18083.3 URGENT BUSINESS APPROVED BY THE PERSON PRESIDING OR BY DECISION**

**18083.4 MATTERS BEHIND CLOSED DOORS**

**18083.5 DATE OF NEXT MEETING / MEETINGS**

The next Finance Committee Meeting is to be held Tuesday 18<sup>th</sup> September 2018 commencing at 5.00 pm.

**CLOSURE**

The Presiding Member declared the meeting closed at 5:51pm.