

Corporate Services' Report to the Ordinary Meeting of Bogan Shire Council  
held on 27 April 2017

## REPORT TO THE ORDINARY MEETING OF COUNCIL – CORPORATE SERVICES

### Mayor and Councillors

The following reports are submitted for consideration:-

#### 1 BANK RECONCILIATION

**Summary:-**

*The report is to present the reconciliation of Council's Cash Book, Bank Statements and Ledger Bank Account as at 31 March 2017.*

##### 1.1 Introduction

The purpose of this report is to present the reconciliation of Council's Cash Book, Bank Statements and Ledger Bank Account as at 31 March 2017.

##### 1.2 Background

The presentation of the reconciliation of Council's Cash Book, Bank Statements and Ledger Bank Accounts is not a requirement of any Act, however historically it has been provided for the information of Councillors.

<b>Bank Reconciliation for March 2017</b>		
<b>Council General Fund</b>		
Bank Statement Balance	\$	100,000.00cr
Add Deposits not yet receipted	\$	4,595.38cr
Less Unpresented Payments	\$	10,939.44dr
<b>Balance as per Council</b>	<b>\$</b>	<b>93,655.94 cr</b>
<b>Represented by the following in Council Ledgers</b>		
Account		
<b>19001.8000.8000</b>	<b>\$</b>	<b>93,655.94cr</b>
<b>Difference</b>	<b>\$</b>	<b>0.00</b>



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### 1.3 Recommendation

That the Bank Reconciliation Report as at 31 March 2017 be received and noted.

## 2 INVESTMENTS MARCH 2017

### **Summary:-**

- *The report is to outline the performance of Council's Investment Portfolio for the month of March 2017.*
- *At the 31 March 2017 Council had \$9.8 million invested. There has been a decrease of \$930,000 to Council's investments since the February 2017 report due to some large accounts being paid including payments for upgrades to the Water Treatment Plant, Road Works expenditure and other various capital projects.*

### 2.1 Introduction

The purpose of this report is to outline the performance of Council's Investment Portfolio for the month of March 2017.

### 2.2 Background

In accordance with Clause 212 of the Local Government (General) Regulation 2005 a report must be presented to the Council setting out details of all the money that the Council has invested under section 625 of the Act.

### 2.3 Discussion

The Investment Report for March 2017 is shown below. At the 31 March 2017 Council had \$9.8 million invested. There has been a decrease of \$930,000 to Council's investments since the February 2017 report due to some large accounts being paid including payments for upgrades to the Water Treatment Plant, Road Works expenditure and other various capital projects. All money has been invested in accordance with Council's investment policy.

Consideration of this report means that Council is complying with the Local Government (General) Regulation 2005.



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**Investment Movements for March 2017**

It is hereby certified that these investments have been made in accordance with the Local Government Act 1993 and the Regulations thereto.

Bogan Shire - Investment movements for March 2017							
REF	Source	Maturity	Days	% rate	Interest	Bal 28/02/2017	Bal 31/03/2017
3204	NAB	11-Jun-17	270	2.650%	19,603	1,000,000.00	1,000,000.00
1203	NAB	17-Mar-17	180	2.650%	13,068	1,000,000.00	
4608	NAB	1-Aug-17	180	2.600%	26,000	2,000,000.00	2,000,000.00
7985	NAB	08-Aug-17	365	2.850%	79,800	2,800,000.00	2,800,000.00
516	NAB	29-Aug-17	365	2.760%	27,600	1,000,000.00	1,000,000.00
300023	C'WEALTH	27-Jan-18	270	2.67%			1,000,000.00
6894	NAB Professional Funds		At Call	1.900%		2,930,955.09	1,999,081.36
	Balance securities held					10,730,955.09	9,799,081.36
	Ledger Balance					10,730,955.09	9,799,091.36
	<b>Summary by institution</b>						
	C'wealth						1,000,000.00
	NAB					10,730,955.09	8,799,081.36

**2.3 Recommendation**

That the Investments Report as at March 2017 be received and noted.



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### 3 SUMMARY OF RATES & ANNUAL CHARGES COLLECTION

**Summary:-**

- *The report is to provide a comparison of rate collections as at 31 March, 2017, with the same period last year.*
- *Total arrears have increased from \$364,447 at the 31 March 2016 to \$419,304 as at 31 March this year.*
- *Council has stepped up its debt collection processes to reduce these arrears in line with Council's Debt Collection Policy.*

#### 3.1 Introduction

The purpose of this report is to provide a comparison of rate collections as at 31 March 2017 with the same period last year.

#### 3.2 Discussion

This report is provided for the information of Councillors.

<b>Rate Collections</b>	<b>2016-2017</b>	<b>2015-2016</b>
Arrears Prior to 01/07/2016	240,366	217,975
First Instalment Outstanding as at 31/03/2017	39,285	23,280
Second Instalment Outstanding as at 31/03/2017	52,425	38,502
Third Instalment Outstanding as at 31/03/2017	87,228	84,691
Fourth Instalment Outstanding as at 31/03/2017	915,294	899,460
<b>Total Arrears</b>	<b>419,304</b>	<b>364,447</b>
<b>Total Outstanding</b>	<b>1,334,598</b>	<b>1,263,908</b>
<b>Monthly Transactions</b>		
Amount Levied & B/Fwd	5,002,959	4,955,755
Add: Adjustments	16,245	11,986
Less: Payments to end of March	-3,607,674	-3,623,720
Less: Rebates	-79,886	-83,174
Add: Postponed	2,954	3,061
<b>Gross Total Balance</b>	<b>1,334,598</b>	<b>1,263,908</b>
<b>Arrears of total amount levied %</b>	<b>8%</b>	<b>7%</b>



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Total arrears have increased from \$364,447 at the 31 March 2016 to \$419,304 as at 31 March this year.

As at the 15<sup>th</sup> April 2017 the totals arrears have decreased to \$400,502.

Council has recently placed some long term outstanding accounts with Council's debt collection firm in order to try and recover some long term outstanding debt.

Each instalment amounts to approximately \$1,251,000.

(Total Rates, Waste, Water & Sewer Access Charges)

3% of rates were unpaid on the first instalment.

4% of rates were unpaid on the second instalment.

7% of rates were unpaid on the third instalment.

### **3.3 Recommendation**

That the Rates and Annual Charges Collection Report as at 31 March 2017 be received and noted.



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#### 4 THIRD QUARTER 2016/17 BUDGET REVIEW

**Summary:-**

- *Council remains in a sound financial position and is broadly on budget.*
- *Cash Balance is strong although decreasing as expected due to large capital projects currently being undertaken.*
- *Third quarter adjustments to the year-end position are a nett amount of -\$56,884.*

##### 4.1 Introduction

The purpose of this report is twofold:-

1. To review actual performance against budget for the first nine months of the 2016/17 financial year up to 31 March 2017.
2. To adjust the budget in response to changes in the financial landscape and changes to Council's corporate goals.

##### 4.2 Background

Clause 203 (1) of the Local Government (General) Regulation 2005 requires that Council complete a budget review within 2 months of the end of each quarter. More importantly the review should be completed to enable good financial management of Council's resources.

Referring to Appendix A, the Projected Year End Result has been adjusted to allow for third quarter recommended changes. The third quarter changes are shown in a separate column, discussed below and summarised in Appendix B and need to be approved at this meeting. A copy of the updated Capital Budget is shown in Appendix D.

The figures in the Projected Year End Result column are the estimate of income/spending at the end of the financial year. It is the sum of the originally adopted budget for 16/17, plus or minus approved changes made at the first and second quarter review, plus or minus recommended changes at this third quarter budget review.



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### 4.3 Discussion

#### *Performance Against Budget*

In the second budget review, Council intended an overall current year budget surplus of \$90,044, this was possible, despite a large increase in the Water Capital Budget, with a \$400,000 transfer from the water fund reserve and a \$38,985 transfer from the staff housing reserve. In the third quarter, recommended changes totalling \$56,884 have increased this overall surplus to \$146,928.

The state of the individual funds is shown in Appendix C:

As always Councillors and staff need to be aware of decisions and their impact on Council's budget. It is important that corresponding savings are found when making decisions on additional spending.

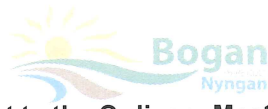
To fund current year operations certain items of capital expenditure have been deferred for re-consideration in 2017/2018 rather than an automatic carry-over.

An adjustment was required to reduce the expected income of the Bogan Shire Early Learning Centre (ELC) by \$200,000.

The ELC is operating very well with significant positive feedback from parents, carers and the wider community. Expenditure has been well-managed and is within 4% of the year to date budget. Income has not met budget expectations, however, as – in the absence of better information – the ELC income was budgeted to break even with expenditure for 2016/17 assuming a capacity of 83% whereas actual capacity has trended at around 50%.

Given the hard work, enthusiasm and excellent customer service from the ELC staff, there would seem to be no reason why the ELC cannot achieve capacity and become self-supporting but, realistically, it is likely to take a few years to do so. Discussions with a similar organisation in a neighbouring town indicate, for example, that it has taken five years for them to achieve 80% capacity. In the meantime the ELC could be regarded as a subsidised community service – like the pool or the library. It is proposed to budget for a 60% capacity in 2017/18.

The Medical Centre operations for the first few weeks have also been included and are expected to improve once the Centre is in full operation. The expected unfavourable result of \$31,285 is marginally better than the report put to Council in February 2017.



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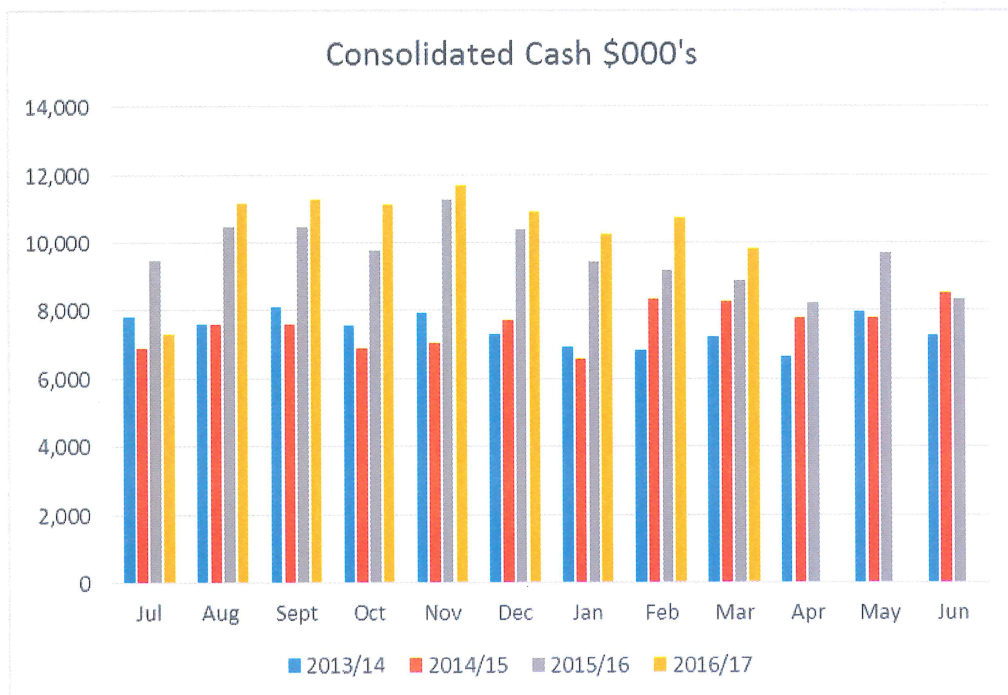
The third quarter adjustments are divided into favourable and unfavourable and explained below:-

Favourable adjustments are where Council has found that it is going to get more income than budgeted or expects to spend less than originally budgeted. Unfavourable adjustments are the reverse. These are where the program is going to cost more than originally budgeted or income is going to be less or Council has resolved to spend additional funds to the original budget. The budget is therefore adjusted accordingly to reflect these changes.

These have been summarised in Appendix B.

**Cash**

Council is holding \$9,800,000 in cash balances at the end of March, 2017. The cash balance has decreased due to the payment for works completed at the Bogan Shire Medical Centre and payments for the upgrade to the SCADA at the Water Treatment Plant. Council is expecting to receive their second milestone payment for the Medical Centre in April 2017 which would then leave only one payment left to receive for \$61,142 once the Centre is operational. At the end of June 2016, \$501,000 of Council's cash balance was unrestricted.







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### Consulting and Legal Expenses

The budgeted and actual spending on consultants and legal expenses is shown below. The consultancy expenditure has been spent on the Swimming Pool, Roads, Finance, IT, Library, Water & Sewer, Work Health & Safety and Environmental services.

The budget has been revised in two areas. \$4,000 has been moved to the General Manager's area and \$10,000 to the Finance Area, both these amounts have been offset by savings in other areas of the operational budget.

CONSULTING & LEGAL EXPENSES			
Expense	Budget \$	Expenditure YTD \$	Revised
Consultancies	245,460	195,611	259,460
Legal	38,500	3,559	38,500

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2005.

It is my opinion that the Quarterly Budget Review Statement for Bogan Shire Council for the quarter ended 31/03/17 indicates that Council's projected financial position at 30/6/17 will be *satisfactory* at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

Signed: \_\_\_\_\_ date: 18/04/2017

Derek Francis

Responsible Accounting Officer, Bogan Shire Council

#### 4.4 Attachments

Appendix A - 2016/2017 Third Quarter Budget Review Summary

Appendix B - 2016/2017 Budget Review Statement

Appendix C - 2016/2017 Cash Position of Funds Projected Operating Result

Appendix D - 2016/2017 Capital Budget Updated



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**4.5 Recommendation**

1. That the Third Quarter 2016/17 Budget Review Report be received and noted.
2. That Council adopts the budget amendments shown on the Budget review Statement (Appendix A) for the 2016/2017 Operating and Capital Budgets.

Bogan Shire Council\*  
For Period March

2016/2017 Third Quarter Budget Review

Appendix A

	Full Year Original Budget	2016/17 Sep Approved Changes	September Revised Budget	2016/17 Dec Approved Changes	December Revised Budget	2016/17 Mar Recommended Changes	2016/17 Mar Projected Result	YTD Actuals
Outcome								
Grand Total	3,293,914	3,263,728	6,557,642	563,083	7,120,725	-56,884	7,063,841	3,330,667
Operating	471,314	-73,466	397,848	1,326	399,174	206,116	605,290	-376,613
Building Our Community	1,091,844	-20,442	1,071,402	6,600	1,078,002	199,790	1,277,792	1,079,298
Cultural & Social	139,706	0	139,706	-1,900	137,806	-520	137,286	96,040
Community Facilities	778,768	-20,442	758,326	8,500	766,826	-210	766,616	665,295
Children & Young People Support	0	0	0	0	0	200,520	200,520	179,089
Library	173,370	0	173,370	0	173,370	0	173,370	138,874
Connecting our Community	1,665,035	-16,345	1,648,690	-84,181	1,564,509	-6,000	1,558,509	1,418,746
Road Networks	1,843,713	11,109	1,854,822	-58,000	1,796,822	-6,000	1,790,822	1,548,608
Active Transport	105,823	0	105,823	20,000	125,823	0	125,823	82,285
Air Services	67,746	-8,700	59,046	0	59,046	0	59,046	48,562
Plant System	-352,247	-18,754	-371,001	-46,181	-417,182	0	-417,182	-260,709
Managing Our Environment	1,041,101	-19,353	1,021,748	157,922	1,179,670	-18,232	1,161,438	612,766
Built Environment	1,138,730	0	1,138,730	37,800	1,176,530	0	1,176,530	908,826
Waste Management	-13,787	-1,133	-14,920	120,122	105,202	-18,232	86,970	-112,697
Noxious Weeds	55,722	-6,500	49,222	0	49,222	0	49,222	49,547
Water	-46,111	-11,720	-57,831	0	-57,831	0	-57,831	-130,706
Sewer	-93,453	0	-93,453	0	-93,453	0	-93,453	-102,204
Our Health & safety	518,338	-34,346	483,992	51,200	535,192	19,510	554,702	382,915
Environment Health	348,748	-5,792	342,956	41,200	384,156	0	384,156	314,405
Disaster Management	6,000	0	6,000	0	6,000	0	6,000	4,147
Public Health	2,950	4,946	7,896	10,000	17,896	19,510	37,406	11,961
Fire Services	160,640	-33,500	127,140	0	127,140	0	127,140	52,402
Developing Our Economy	114,266	0	114,266	1,900	116,166	0	116,166	91,055
Local Industries and Business	46,300	0	46,300	0	46,300	0	46,300	43,886
Tourism	67,966	0	67,966	1,900	69,866	0	69,866	47,168
Responsible Local Government	-3,790,468	-151,772	-3,942,240	-31,115	-3,973,355	10,210	-3,963,145	-3,779,646
Leadership, Advocacy & Governance	534,905	4,500	539,405	16,500	555,905	-4,402	551,503	426,423
Managing Our Business	-4,325,373	-156,272	-4,481,645	-47,615	-4,529,260	14,612	-4,514,648	-4,206,069
Labour Overheads	-168,802	168,792	-10	-101,000	-101,010	838	-100,172	-181,747
Labour Overheads System	-168,802	168,792	-10	-101,000	-101,010	838	-100,172	-181,747
Capital	2,822,600	3,337,194	6,159,794	561,757	6,721,551	-263,000	6,458,551	3,707,280
Building Our Community	346,000	595,316	941,316	-8,859	932,457	-154,000	778,457	199,083
Community Facilities	346,000	592,316	936,316	-8,859	927,457	-154,000	775,457	199,083
Library	0	3,000	3,000	0	3,000	0	3,000	0
Connecting our Community	1,498,800	539,247	2,038,047	0	2,038,047	1,000	2,039,047	778,759
Road Networks	90,000	455,746	545,746	0	545,746	-30,000	515,746	148,115
Active Transport	45,000	77,455	122,455	0	122,455	30,000	152,455	51,564
Air Services	75,000	42,641	117,641	0	117,641	1,000	118,641	16,991
Plant System	1,288,800	-36,595	1,252,205	0	1,252,205	0	1,252,205	562,089
Managing Our Environment	1,968,000	1,942,403	3,910,403	568,236	4,478,639	-55,000	4,423,639	2,587,091
Built Environment	994,000	1,025,497	2,019,497	43,794	2,063,291	0	2,063,291	1,330,819
Waste Management	550,000	377,905	927,905	0	927,905	0	927,905	387,918

\*Report Contains Filters

Water	317,000	434,301	751,301	524,442	1,275,743	-25,000	1,250,743	757,555
Sewer	107,000	104,700	211,700	0	211,700	-30,000	181,700	110,798
<b>Our Health &amp; safety</b>	<b>20,000</b>	<b>169,544</b>	<b>189,544</b>	<b>0</b>	<b>189,544</b>	<b>0</b>	<b>189,544</b>	<b>67,785</b>
Environment Health	0	20,000	20,000	0	20,000	0	20,000	9,987
Disaster Management	20,000	149,544	169,544	0	169,544	0	169,544	53,828
Fire Services	0	0	0	0	0	0	0	3,970
<b>Developing Our Economy</b>	<b>24,000</b>	<b>64,715</b>	<b>88,715</b>	<b>0</b>	<b>88,715</b>	<b>0</b>	<b>88,715</b>	<b>7,708</b>
Local Industries and Business	24,000	37,392	61,392	0	61,392	0	61,392	3,260
Tourism	0	27,323	27,323	0	27,323	0	27,323	4,448
<b>Responsible Local Government</b>	<b>-1,034,200</b>	<b>25,969</b>	<b>-1,008,231</b>	<b>2,380</b>	<b>-1,005,851</b>	<b>-55,000</b>	<b>-1,060,851</b>	<b>66,854</b>
Managing Our Business	-1,034,200	25,969	-1,008,231	2,380	-1,005,851	-55,000	-1,060,851	66,854

		Budget Review Adjustments				Net	Notes
		Favourable	Unfavourable	Neutral Transfers			
<b>OPERATING BUDGET</b>							
1 Building our Community	Revenue	338,821	544,937	-		206,116	
	Grants and contributions - Operating	3,710	203,500	-		199,790	
	Expenditure	-	200,000			200,000	ELC Income
	Materials and contracts	3,710	3,500			210	Electricity at Showground, Adjust interest repayment on Seniors Living loan.
2 Connecting our Community	Revenue	171,632	165,632	-		6,000	
	Grants and contributions - Operating	15,000				15,000	Street Lighting Grant
	Other revenues	156,632				156,632	Flood damage claim
	Expenditure						
	Materials and contracts		156,632			156,632	Flood expenditure on Rural and Regional Roads
	Materials and contracts		9,000			9,000	Street Lighting Expenditure
3 Managing Our Environment	Revenue	18,232	-	-		18,232	
	Grants and contributions - Operating	18,232				18,232	Transfer Grant from Rates to Waste (Pension Rebate)
	Expenditure						
4 Our Health and Safety	Revenue	136,563	156,073	-		19,510	
	Revenue	136,563				136,563	Medical Centre Expected Revenue
	Expenditure		156,073			156,073	Medical Centre Expected Expenditure
5 Developing our Economy	Revenue	-	-	-		-	
	Expenditure						
6 Responsible Local Government	Revenue	8,684	19,732	-		11,048	
	Other revenues	8,684	1,500			7,184	Savings on Budgeted Election Costs, Lease back fees, Procurement Rebates
	Grants		18,232			18,232	Grant for Pension Rebates Transferred to Waste
	Expenditure						

Bogan Shire Council  
Budget Review Statement - Third Quarter 2016/17

Budget Review Adjustments						
	Favourable	Unfavourable	Neutral Transfers	Net	Description	
<b>CAPITAL BUDGET</b>						
1 Building our Community	282,228	49,228	-	233,000		
Revenue	172,228	18,228	-	154,000		
Expenditure						
Materials and contracts	162,000	8,000		154,000	Deferred Capital Project Palais Theatre toilets \$162,000 & Allocate Bench Seats to Cemetery \$8,000	
Materials and contracts	10,228	10,228		-	Move budget from Pangee St Irrigation to Pangee St Beautification Garden Beds \$5,528 & Dog Off Leash \$4,700	
2 Connecting our Community		31,000		31,000		
Revenue						
Grants and contributions - Operating						
Other revenues						
Expenditure						
Materials and contracts	30,000	31,000			\$1,000 required to complete airport refurbishment, \$30,000 transferred from Bridge Repair program to Cycleway to complete this program.	
3 Managing Our Environment	55,000			55,000		
Revenue						
Expenditure						
Materials and contracts	55,000				Deferred Capital Projects Paint Girilambone overhead tank \$25,000, Sewer Manhole Restoration \$30,000	
4 Our Health and Safety						
Revenue						
Expenditure						
5 Developing our Economy						
Revenue						
Expenditure						
6 Responsible Local Government	55,000			55,000		
Revenue						
Expenditure	55,000				Deferred Capital projects TRIM Integration \$30,000 Asset Management \$25,000 to be rebudgeted in 2017/2018 when the projects will be completed.	
Materials and contracts				0		

(Note: The cash position reflected takes into account cash transfers to and from Council's Reserves (Investments) to fund capital expenditure.)

	1 General Fund	2 Sewer Fund	3 Water Fund		204,586	214,142	90,044
Cash Position of All Funds							
<b>1 General Fund</b>							
Operating Income	15,227,783	713,500	2,341,700		13,720	2,355,420	2,355,420
Less: Operating Expenditure	15,787,198	627,065	2,340,034		20,000	2,360,034	2,360,034
	559,415	713,500	2,341,700		6,280	2,355,420	2,355,420
Add back depreciation	2,963,500	713,500	2,341,700		20,000	2,355,420	2,355,420
Cash from current year available to fund Capital	2,404,085	713,500	2,341,700		20,000	2,355,420	2,355,420
Add loan proceeds to fund capital projects	1,129,000	713,500	2,341,700		20,000	2,355,420	2,355,420
Add Trf from Staff Housing Reserve	40,000	713,500	2,341,700		20,000	2,355,420	2,355,420
Add Contributions to fund Capital Projects	78,000	713,500	2,341,700		20,000	2,355,420	2,355,420
Add Capital Grants to fund Capital Projects	3,194,208	713,500	2,341,700		20,000	2,355,420	2,355,420
Add Sale of Capital Plant Items	199,000	713,500	2,341,700		20,000	2,355,420	2,355,420
Gross Capital Spending as per Draft Capital Budget	7,038,808	713,500	2,341,700		20,000	2,355,420	2,355,420
Transfer to Asset Renewal Reserve	5,485	713,500	2,341,700		20,000	2,355,420	2,355,420
<b>Cash Balance</b>	5,485	64,435	134,666		13,720	148,386	23,944
<b>2 Sewer Fund</b>							
Operating Income	713,500	713,500	2,341,700		13,720	2,355,420	2,355,420
Less: Operating Expenditure	627,065	627,065	2,340,034		20,000	2,360,034	2,360,034
	713,500	713,500	2,341,700		6,280	2,355,420	2,355,420
Add back depreciation	85,000	713,500	2,341,700		20,000	2,355,420	2,355,420
Cash from current year available to fund Capital	171,435	713,500	2,341,700		20,000	2,355,420	2,355,420
Gross Capital Spending as per Draft Capital Budget	107,000	713,500	2,341,700		20,000	2,355,420	2,355,420
<b>Cash Balance</b>	64,435	64,435	134,666		13,720	148,386	23,944
<b>3 Water Fund</b>							
Operating Income	2,341,700	2,341,700	2,341,700		13,720	2,355,420	2,355,420
Less: Operating Expenditure	2,340,034	2,340,034	2,340,034		20,000	2,360,034	2,360,034
	1,666	2,341,700	2,341,700		6,280	2,355,420	2,355,420
Add back depreciation	450,000	2,341,700	2,341,700		20,000	2,355,420	2,355,420
Cash from current year available to fund Capital	451,666	2,341,700	2,341,700		20,000	2,355,420	2,355,420
Add Capital Grants to fund Capital Projects	145,000	2,341,700	2,341,700		20,000	2,355,420	2,355,420
Add Transfer from Water Fund Reserve	462,000	2,341,700	2,341,700		20,000	2,355,420	2,355,420
Gross Capital Spending as per Draft Capital Budget	145,000	2,341,700	2,341,700		20,000	2,355,420	2,355,420
<b>Cash Balance</b>	134,666	134,666	134,666		13,720	148,386	23,944
<b>General Fund Total</b>	18,534,121	2,963,500	2,483,831		13,720	2,483,831	2,483,831
Budget after Second Quarter Changes	19,015,116	2,963,500	2,483,831		13,720	2,483,831	2,483,831
General Fund Total	18,534,121	2,963,500	2,483,831		13,720	2,483,831	2,483,831
December Recommended Changes	2,652,866	1,326	344		13,720	148,386	23,944
September Approved Changes	653,472	79,746	4,164		13,720	148,386	23,944
General Fund Total	15,881,255	2,963,500	2,483,831		13,720	148,386	23,944
Budget after First Quarter Changes	16,360,924	2,963,500	2,483,831		13,720	148,386	23,944
General Fund Total	16,360,924	2,963,500	2,483,831		13,720	148,386	23,944
December Recommended Changes	2,652,866	1,326	344		13,720	148,386	23,944
September Approved Changes	653,472	79,746	4,164		13,720	148,386	23,944
General Fund Total	15,881,255	2,963,500	2,483,831		13,720	148,386	23,944
Budget after First Quarter Changes	16,360,924	2,963,500	2,483,831		13,720	148,386	23,944
General Fund Total	16,360,924	2,963,500	2,483,831		13,720	148,386	23,944











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## 5 RELATED PARTY DISCLOSURES POLICY

### **Summary:-**

- *This report seeks the adoption of the Related Party Disclosures Policy.*
- *Council is required to develop the Related Party Disclosure Policy. This Policy relates only to relationships with persons and entities identified as Related Parties under the definitions provided within this Policy. Council will use its judgement in determining when such a relationship exists and whether the information provided requires disclosure.*

### **5.1 Introduction**

The purpose of this report is to update Council on changes to the Australian Accounting Standards in relation to Related Party Disclosures effective from 1 July 2016 and to adopt a new policy relating to this.

### **5.2 Background**

Council is required to develop a Related Party Disclosure Policy to assist Council in complying with disclosure requirements concerning key management personnel, their close family members and entities controlled or jointly controlled by any of them stipulated under the Australian Accounting Standard AASB 124 Related Party Disclosures and Australian Implementation Guidance for not-for-profit public sector entities.

### **5.3 Discussion**

For periods commencing on or after 1 July 2016, the requirements of AASB 124 Related Party Disclosures will apply to the General Purpose Financial Statements prepared by Bogan Shire Council. The Financial Statements for 2016/2017 must disclose related party relationships, transactions and outstanding balances including commitments.

A related party is a person or entity that is related to the entity preparing its financial statements, including Key Management Personnel (KMP).

A related party transaction is a transfer of resources, services or obligations between Council and a related party regardless of whether or not a fee is charged.



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Key Management Personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of Council, either directly or indirectly including any manager of Council. In Bogan Shire Council these would include Councillors, the General Manager, all members of Manex. This also relates to any person that has acted in these roles or have previously been a Councillor during the reporting period.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with Council and would include;

- a) That person's children and spouse or domestic partner;
- b) Children of that person's spouse or domestic partner; and
- c) Dependants of that person or person's spouse or domestic partner.

The definition of close family members included in AASB124 is very broad and may include family members outside the immediate family such as siblings, grandparents, in-laws etc.

The requirements of AASB124 are also different from the requirements of the Pecuniary Interest Form and therefore require Council to collect the related party disclosures separately. Information collected will be subject to audit during the audit of the annual financial statements and therefore must be sufficiently comprehensive to satisfy the requirements of Councils auditors.

A copy of the related parties transactions and disclosures questionnaire has been forwarded to all Key Management Personnel for completion prior to the 15 May 2017.

#### **5.4 Attachment**

Draft Policy FIN006 to be known as Bogan Shire Council's "Related Party Disclosures Policy".

#### **5.5 Recommendation**

That Council adopt the attached draft Policy FIN006 to be known as Bogan Shire Council's "Related Party Disclosures Policy".

## POLICY FIN006

# RELATED PARTY DISCLOSURES POLICY



## 1 PURPOSE

The Related Party Disclosure Policy aims to assist Council in complying with disclosure requirements concerning key management personnel, their close family members and entities controlled or jointly controlled by any of them stipulated under the Australian Accounting Standard AASB 124 Related Party Disclosures and the Australian implementation guidance for not-for-profit public sector entities (AASB 124).

## 2 OBJECTIVE

The objective of this policy is to assist Council to meet the requirements of **AASB 124** - the Australian Accounting Standards Board, Related Party Disclosures Standard.

## 3 SCOPE

This policy relates only to relationships with persons and entities identified as Related Parties under the definitions provided within this policy. Council will use its judgement in determining when such a relationships exists and whether the information provided requires disclosure.

## 4 DEFINITIONS

**4.1 Close members of the family of a person are** - those family members who may be expected to influence, or be influenced by, that person in their dealings with the Council and include:

- a) that person's children and spouse or domestic partner;
- b) children of that person's spouse or domestic partner; and
- c) dependants of that person or that person's spouse or domestic partner.

For the purposes of AASB 124, close family members may include extended members of the family (such as, without limitation, parents, siblings, grandparents, uncles, aunts or cousins) if they could be expected to influence, or be influenced, by the KMP in their dealings with Council.

The following table may assist in identifying close family members.

- possible close family members of KMP's; and
- entities or persons that are controlled or jointly controlled by KMP, or their close family members, or their possible close family members.

Also a person or entity is a related party of Council if any of the following apply:

- they are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- they are an associate or belong to a joint venture of which Council is part of;
- they and Council are joint ventures of the same third party;
- they are part of a joint venture of a third party and council is an associate of the third party;
- they are a post-employment benefit plan for the benefit of employees of either Council or an entity related to Council;
- they are controlled or jointly controlled by Close members of the family of a person;
- they are identified as a close or possibly close member of the family of a person with significant influence over Council or a close or possibly close member of the family of a person who is a KMP of Council; or
- they or any member of a group of which they are a part, provide KMP services to Council.

**4.8 Related Party Transaction** - is a transfer of resources, services or obligations between Council and a related party, regardless of whether a price is charged.

**4.9 Significant (significance)** - likely to influence the decisions that users of the Council's financial statements make having regard to both the extent (value and frequency) of the transactions, and that the transactions have occurred between the Council and related party outside a public service provider/ taxpayer relationship.

## 5 POLICY

The Australian Accounting Standards Board (AASB) determined in AASB 124 that from 1 July 2016 related party disclosures will apply to government entities, including local governments (Councils).

AASB 124 provides that Council must disclose the following financial information in its financial statements for each financial year period:

- disclosure of any related party relationship;
  - must disclose in its Annual Financial Statements its relationship with any related parties or subsidiaries (where applicable), whether or not there have been transactions within the relevant reporting period;
- Key Management Personnel (KMP) compensation disclosures;
  - must disclose in its Annual Financial Statements details for each of the categories of KMP compensation, as stated in the definitions of this Policy, in total.

Council is committed to responsible corporate governance, including compliance with laws and regulations governing related party transactions.

Related Party relationships are a normal feature of commerce and business. For example, entities frequently carry on parts of their activities through subsidiaries, joint ventures and associates. In those circumstances, there is the possibility of the entity having the ability to affect the financial and operating policies of Council through the presence of control, joint control or significant influence.

## Bogan Shire Council Related Party Disclosures Policy FIN006

During the financial year, a KMP must proactively notify of any new or potential Related Party Relationships that the person knows of, or any changes to previously notified Related Party Relationships to the General Manager by no later than 30 days after the person knows of the transaction or change.

Should a KMP have any uncertainty as to whether a transaction may constitute a related party transaction they should contact the General Manager.

Information provided will be reviewed in accordance with the Councils operational requirements and held on Councils Record Management System (HPE Content Manager 9).

Collection, storage, use and disclosure of information collected from Related Parties is governed by the Privacy & Personal Information Protection Act 1998 and the Government Information (Public Access) Act 2009. Information provided by KMP and other related parties shall be held for the purpose of compliance with Council's legal obligation and shall be disclosed where required for compliance or legal reasons only.

A review of KMP's and their related parties will be completed on adoption of this policy and then at intervals not exceeding twelve months. This policy will also be reviewed when any of the following occur:

- a change of Councillors, General Manager or other KMP;
- a change of corporate restructure;
- the related legislation/documents are amended or replaced;
- other circumstances as determined from time to time by a resolution of Council; and
- as a result of changes to the OLG Local Government Code of Accounting Practice and Financial Reporting.

This policy will be provided to KMP in the initial awareness raising and data collection and as part of KMP inductions including Councillor inductions. It will also be regularly communicated to KMP at a twelve monthly review.

### **6 LINKS TO POLICY**

Model Code of Conduct

### **7 RELATED FORMS**

Related Party Transactions and Disclosures Questionnaire

### **7 AVAILABILITY**

This Related Party Disclosures Policy is available:

- for public inspection at the Council Office during normal office hours,
- on the Council's web-site free of charge, and
- from the Council offices free of charge.

### **8 REVIEW**

This Related Party Disclosures Policy will be reviewed at least once every two years in accordance with the *Local Government Act 1993*.





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## 6 FEES AND CHARGES – BOGAN BUSH MOBILE

### **Summary:-**

- *The purpose of this report is for Council to adopt an increase in charges to the session fees for the Bogan Bush Mobile.*
- *To ensure the fees better reflect the service provided it is suggested that the Session Fees be increased to \$5 per child and \$10 for two or more children. The enrolment fee would remain the same at \$20 for the 1st child and \$30 for two or more children.*

### **6.1 Introduction**

The purpose of this report is for Council to adopt changes to the 2016/2017 Fees and Charges relating to the session fees for the Bogan Bush Mobile.

### **6.2 Background**

Bogan Bush Mobile has previously relied on an informal system for any fees paid to them by families. The session fees were \$2 for the first child and \$4 for two or more children.

### **6.3 Discussion**

After the many meetings with various bodies regarding future funding for the Bogan Bush Mobile it was brought to the Director of Childrens Services attention that Council needs to ensure it collects income from families utilising the service and charges a reasonable fee.

Now that the Early Learning Centre has been established with an Administration Officer to monitor the fees collected and charged it is proposed that this Officer would monitor payments by sending out invoices in the same way they do for the Early Learning Centre and that the session fees should increase slightly to a more acceptable level for the service provided.

To ensure the fees better reflect the service provided it is suggested that the Session Fees be increased to \$5 per child and \$10 for two or more children. The enrolment fee would remain the same at \$20 for the 1<sup>st</sup> child and \$30 for two or more children.

This increase to the session fees and the invoicing of families to ensure collection has been trialled in the last term and the families have accepted it well.

#### 6.4 Recommendation

That Council adopt the \$5 per child and \$10 for two or more children for the Bogan Bush Mobile session fees for the remainder of 2016/2017.

### 7 FEES AND CHARGES – WASTE CHARGE FOR MAJOR EVENTS

#### **Summary:-**

*The purpose of this report is for Council to adopt a waste charge for major events to cover the Ag Expo, Duck Creek Races, Nyngan Show, Anzac Day Races and other events that may occur throughout the year.*

#### 7.1 Introduction

The purpose of this report is for Council to adopt a waste charge for major events to cover the Ag Expo, Duck Creek Races, Nyngan Show, Anzac Day Races and other major events that may occur at the Nyngan Showgrounds and Racecourse throughout the year.

#### 7.2 Background

There are several events held throughout the year that would generate more waste than normally expected. To charge these events the normal waste depot fees, when a lot of the waste would be recyclable, would be very costly to the community organisation conducting the event.

#### 7.3 Discussion

It is suggested that Council should charge a flat fee of \$220 including GST for all major events, to cover the cost of the waste depot fees. As a lot of waste generated at these events is recyclable, recycle bins will also be provided to each event by Council with collection of these bins being free of charge.



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**7.4 Recommendation**

That Council adopt the \$220 waste charge for major events.

**Stephanie Waterhouse**

**Finance Manager**