



BUSINESS PAPER

EXTRAORDINARY MEETING

Monday 23 January 2023

4.00pm

Council Chambers

COUNCIL'S VISION

To build and maintain sustainable communities while retaining the region's natural beauty.

COUNCIL'S MISSION

To provide services and facilities to enhance the quality of life and economic viability within the Council area.

COUNCIL'S AIMS

To perform services in a cost efficient, effective and friendly manner in order to achieve Council's Mission in meeting the annual objectives and performance targets of the principal activities Council undertakes on behalf of the community.

EXTRAORDINARY MEETING OF COUNCIL

The following items are submitted for consideration -

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2.1	Land Aquisition for new Bridge over Curaweela Creek on Taralga/Oberon Road	
2.2	Mayoral Minute - General Manager's Contract of Employment	

1 FINANCE AND ADMINISTRATION

The following item is submitted for consideration -

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| 1.1 | Presentation of the 2021/2022 Financial Statements and Independent Auditor's Report | 4 |
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Finance and Administration - 23 January 2023

ITEM 1.1 **Presentation of the 2021/2022 Financial Statements and Independent Auditor's Report**

FILE REFERENCE **I23/2**

AUTHOR **Director of Finance and Administration**

ISSUE

Upper Lachlan Shire Council's 2021/2022 Financial Statements and Independent Auditor's Report presentation to the public.

RECOMMENDATION That -

1. Council receive and note the NSW Audit Office external Independent Auditor's Reports and public presentation of the 2021/2022 Financial Statements.

BACKGROUND

In accordance with Section 418 (1) (b), of the Local Government Act 1993, Council fixed the date and has given public notice of the presentation of the Financial Statements and external Independent Auditor's Report.

REPORT

NSW Audit Office, through appointed contractor, Deloitte Touche Tohmatsu have completed the Independent Auditor's Reports with respect to Council's annual General Purpose Financial Statements, Special Purchase Financial Statements, Permissible General Income and Conduct of the Audit. The Independent Auditor's Reports are provided as part of the 2021/2022 Financial Statements, Pages 85-95 and Pages 14-16 of Special Purpose Financial Reports.

There was a qualified audit report issued for the General Purpose Financial Statements for the financial year ending 30 June 2022. The qualification was due to Council not recognising the NSW Rural Fire Service (RFS) fire-fighting equipment.

Section 420 (2), of the Local Government Act 1993, provides that submissions to the Financial Statements must be in writing and submissions close seven days after the Financial Statements are presented at the public meeting. Any submissions received will be referred to Council's auditors for comment.

Financial Performance

The result of Upper Lachlan Shire Council's operations in the Income Statement for the year ended 30 June 2022 is summarised as follows: - the Operating Result from all Council Activities totals \$10.321 million surplus. The Net Operating Result for the year, before capital grants and contributions, totals a \$1.163 million operating deficit. Council had originally budgeted for an operational budget surplus of \$329,000.

Finance and Administration

PRESENTATION OF THE 2021/2022 FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT cont'd

The Statement of Performance Measurement within the Financial Statements, Note G4-1 and G4-2, provides further information which outlines the financial performance against benchmarks and comparison to previous year's financial performance results.

Financial Position

Upper Lachlan Shire Council is, at reporting date, in a sound financial position to meet all provisions and liabilities. The Material Budget Variations, Note B5-1, provides information on material budget variances in the Income Statement and Statement of Cash Flows for revenues, expenses and cash flow.

The Financial Statements, Notes C1-1 to C1-4, details the receivables, cash, cash equivalents and investments totalling \$31.295 million. This note details external cash restrictions, i.e. restrictions for water supply, sewerage, developer contributions, unexpended grants and domestic waste. The internal cash restrictions, i.e. employee leave entitlements, IT reserves, uncompleted carryover works, Financial Assistance Grant prepayment, unexpended loans and unrestricted cash.

<u>2021/2022 Financial Statements</u>	2022 Current (\$'000)	2021 Previous (\$'000)
INCOME STATEMENT:		
Total Income from Continuing Operations	43,922	37,278
Total Expenses from Continuing Operations	33,601	33,832
NET OPERATING RESULT FOR THE YEAR	10,321	3,446
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(1,163)	(3,890)
STATEMENT OF FINANCIAL POSITION:		
Total Current Assets	39,630	36,130
Total Current Liabilities	(13,342)	(11,536)
Net - Current Assets	26,288	24,594
Total Non-Current Assets	483,974	449,885
Total Non-Current Liabilities	(7,541)	(8,460)
Net - Non-Current Assets	476,433	441,425
TOTAL EQUITY	502,721	466,019
OTHER FINANCIAL INFORMATION:		
Unrestricted Current Ratio	Ratio 2.88	2.30
Debt Service Cover Ratio	Ratio 10.14	5.75
Operating Performance Ratio	Percentage (4.58)%	(8.64)%
Rates and Annual Charges Outstanding Ratio	Percentage 3.18%	2.42%
Own Source Operating Revenue Ratio	Ratio 44.00	52.79
Cash Expense Cover Ratio	Months 13.27	13.48
Building Infrastructure Renewal Ratio	Percentage 159.70%	107.96%

Finance and Administration

**PRESENTATION OF THE 2021/2022 FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT cont'd**

POLICY IMPACT

Nil

OPTIONS

Nil

FINANCIAL IMPACT OF RECOMMENDATIONS

The financial performance and financial position of Council is detailed as at 30 June 2022 in the 2021/2022 audited Financial Statements.

RECOMMENDATION That -

1. Council receive and note the NSW Audit Office external Independent Auditor's Reports and public presentation of the 2021/2022 Financial Statements.

ATTACHMENTS

1. ↓	Annual Financial Statements GPFS 2022	Attachment
2. ↓	Annual Financial Statements SPFS 2022	Attachment
3. ↓	Annual Financial Statements SS 2022	Attachment

General Manager's Statement

Confidentiality

Councillors and staff are reminded of their obligations in respect to the need for confidentiality and not disclose or otherwise misuse the information which is about to be discussed, failure to do so could result in a reference to the Pecuniary Interest and Disciplinary Tribunal and/or result in a prosecution in accordance with Sec. 664 of the Act for which the maximum penalty is \$5,500.

CONFIDENTIAL SESSION

Section 10A(2) of the Local Government Act, 1993 provides that Council may, by resolution, close to the public so much of its meeting as comprises the receipt or discussion of matters as listed in that section, or for any matter that arises during the course of business during the meeting that should be treated as confidential in accordance with Section 10(2) of the Act.

Council's Agenda for this meeting contains reports that meet the criteria specified in Section 10A(2) of the Act. To consider these reports in confidential session, Council can adopt the following recommendation:

RECOMMENDATION

That, in accordance with Section 10A(2) of the Local Government Act, 1993, the Public and the Press be excluded from the meeting to enable Council to determine Items 2.1 and 2.2 in confidential session for the reasons indicated:

Item 2.1 Land Acquisition for new Bridge over Curaweela Creek on Taralga/Oberon Road

This report is considered to be confidential in accordance with Section 10A(2c) of the Local Government Act, 1993, as it relates to information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business.

Item 2.2 Mayoral Minute - General Manager's Contract of Employment

This report is considered to be confidential in accordance with Section 10A(2a) of the Local Government Act, 1993, as it relates to personnel matters concerning particular individuals.

2 CONFIDENTIAL SESSION

The following items are submitted for consideration -

- 2.1 Land Aquisition for new Bridge over Curaweela Creek on Taralga/Oberon Road
- 2.2 Mayoral Minute - General Manager's Contract of Employment