



Greater
Hume
Council

Extraordinary Meeting of Greater Hume Council

Tuesday, 22 October 2024

NOTICE is hereby given that an Extraordinary Meeting of the Greater Hume Council will be held at Culcairn Council Chambers, Balfour st Culcairn, commencing at 6.00pm.

Council live streams meetings so that the public may view the proceedings of the meeting in real time or later. View the recording of the meeting at <https://bit.ly/35uKFxX>

A handwritten signature in blue ink, appearing to read 'E. Arnold'.

Evelyn Arnold
GENERAL MANAGER

ORDER OF BUSINESS TO BE CONSIDERED
REFER OVERLEAF

Extraordinary Meeting of Greater Hume Council

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In accordance with Council's Code of Meeting Practice, this Council Meeting is being recorded and will be placed on Council's webpage for public information. All present today are reminded that by speaking you are agreeing to your view and comments being recorded and published. You are also reminded that, if or when speaking, you are to be respectful to others and use appropriate language. Greater Hume Council accepts no liability for any defamatory or offensive remarks or gestures during this Council Meeting.

BUSINESS:

1. OPENING THE MEETING

2. PRAYER

3. ACKNOWLEDGEMENT OF COUNTRY

"I would like to acknowledge that this meeting is being held on the traditional lands of the Wiradjuri people, and pay my respect to elders both past, present and emerging".

4. APOLOGIES AND APPLICATIONS FOR A LEAVE OF ABSENCE BY COUNCILLORS

5. REPORTS FROM OFFICERS

PART A For Determination

- Corporate and Community Services

1. 2023/2024 Draft general purpose and special purpose financial statements – certificate by council

6. CONCLUSION OF THE MEETING

EXTRAORDINARY MEETING OF GREATER HUME COUNCIL
TO BE HELD AT
COUNCIL CHAMBERS, BALFOUR ST, CULCAIRN
ON TUESDAY, 22 OCTOBER 2024

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OFFICERS' REPORTS – PART A - FOR DETERMINATION

CORPORATE AND COMMUNITY SERVICES

1. 2023/2024 DRAFT GENERAL PURPOSE AND SPECIAL PURPOSE FINANCIAL STATEMENTS – CERTIFICATE BY COUNCIL

Report prepared by Chief Financial Officer – Dean Hart

REASON FOR REPORT

To present to Council for a second time the Draft General Purpose and Special Purpose Financial Statements for year ending 30 June 2024, which require certification and referral to Council's external auditors.

REFERENCE TO DELIVERY PLAN ACTION

Nil

DISCUSSION

The Local Government Act 1993 ("the Act") relating to the preparation of Council's annual financial reports requires that:

1. Section 413 – A council must prepare financial reports for each year, and must refer them for audit as soon as practicable after the end of that year.
2. Section 413(2) – A council's financial reports must include:
 - a. A general purpose financial report
 - b. Any other matter prescribed by the regulations
 - c. A statement in the approved form by the council as to the opinion of the general purpose financial report.

The Local Government Code of Accounting Practice and Financial Reporting requires Council to complete a Special Purpose Financial Report for all business activities declared by Council and that Council complete a Statement on its Special Purpose Financial Report. A copy of the required Statements are included as **ANNEXURE 1**.

3. Section 413(3) – The general purpose financial report must be prepared in accordance with the Act and the regulations and the requirements of:
 - a. The publications issued by the Australian Accounting Standards Board, as in force for the time being, subject to the regulations, and
 - b. Such other standards as may be prescribed by the regulations.
4. Section 416 – A council's financial reports for a year must be prepared and audited within 4 months after the end of the year concerned.

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2023/2024 DRAFT GENERAL PURPOSE AND SPECIAL PURPOSE FINANCIAL STATEMENTS –
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5. Section 418 – Upon receiving the Auditor’s Report, the Act requires the council to give at least 7 days public notice of the meeting at which it proposes to present its audited financial reports, together with the Auditor’s Report, to the public. The public notice must include a statement that the business of the meeting will include presentation of the audited financial reports, the Auditor’s Report, and a summary of the financial reports.
6. Section 420 – Any person may make submissions in respect of the Council’s audited financial reports or the Auditor’s Report. Such submissions must be in writing and lodged with Council within 7 days after the public meeting at which these reports are presented. Copies of all submissions received must be referred to Council’s Auditor. The Council must take such action as it considers appropriate in respect to any submissions received, including giving notice to the Office of Local Government of any matter that appears to require amendment of the Council’s Financial Statements. In order to facilitate the public notice, meeting and submission process, it is considered appropriate that Council delegate to the General Manager authority, upon receipt of the Auditor’s Report by Council to:
 - a. Arrange for the public notice of this meeting, in the required format, to be placed in the Border Mail newspaper, advising of the meeting at which the Auditor’s Report will be presented.
 - b. Arrange for the Council’s audited financial reports and a copy of the Auditor’s Report to be made available for public inspection on Council’s website and at the Council’s offices and libraries.
 - c. List the audited financial reports and Auditor’s Report on the Agenda for the October 2018 Council Meeting.
7. Section 428 – The audited financial reports must be included in the Council’s annual report.
8. Clause 215 of the Local Government (General) Regulation 2005, requires that the Statement under Section 413(2)(c) on the annual financial report must be made by resolution of the Council and signed by the:
 - a. Mayor
 - b. At least one (1) other Councillor
 - c. General Manager
 - d. Responsible Accounting Officer

Annual financial reports have now been completed for Greater Hume Shire Council, Greater Hume Shire Council Water Fund and Greater Hume Shire Council Sewer Fund.

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Ordinarily the Audit of the Annual Financial Reports would be complete and the final reports presented at the October meeting including the Independent Auditor's Report and the Report on the Conduct of the Audit. Due to Council elections in September and delays in completing the audit this has not been possible this year. The reasons for this delay is discussed in more detail below.

Council is responsible for the preparation of the financial reports and adequate disclosures. This includes the maintenance of adequate accounting records and internal controls, selection and application of accounting policies, and the safeguarding of the assets of Council.

The General Manager reports that the Annual Financial Statements have been drawn up in accordance with:-

- The Local Government Act 1993 (as amended) and the regulations made thereafter
- The Australian Accounting Standards and professional pronouncements
- The Local Government Code of Accounting Practice and Financial Reporting
- The Local Government Asset Accounting Manual

Further it is advised that they will:

- Present fairly the financial position and operating result for the year; and
- Accord with Council's accounting and other records.

The General Manager is not aware of any issue that would make the reports false or misleading in any way.

In relation to the Special Purpose Financial Statements, it is advised that the Statements have been drawn up in accordance with the Local Government Code of Accounting Practice and Financial Reporting and the:-

- NSW Government Policy Statement "Application of National Competition Policy to Local Government"
- Department of Energy, Utilities and Sustainability "Best Practice Management and Water Supply and Sewerage" Guidelines.

It is further advised that these reports:

- Present fairly the financial position and operating result for each of Council's declared Business Units for the year; and
- Accord with Council's accounting and other records.

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2023/2024 DRAFT GENERAL PURPOSE AND SPECIAL PURPOSE FINANCIAL STATEMENTS –
CERTIFICATE BY COUNCIL [CONT]

Detailed below is a snapshot of Council's financial position as at 30 June 2024 (subject to Audit)

Income Statement

| | 2023/2024 \$,000 Restated | 2023/2024 \$,000 | 2022/2023 \$,000 Restated | 2022/2023 \$,000 |
|--|--|-----------------------------|--|-----------------------------|
| Operating Income | 45,039 | 45,476 | 45,874 | 45,874 |
| Capital Grants and Contributions | 12,501 | 12,501 | 5,943 | 5,943 |
| Net Gain on Disposal of Assets | 369 | 369 | 273 | 273 |
| Total Income from Continuing Operations | 57,909 | 58,346 | 52,090 | 52,090 |
| Operating Expenditure | 47,069 | 45,334 | 43,064 | 41,890 |
| Net Loss on Disposal of Assets | Nil | Nil | Nil | Nil |
| Net Operating Result for the year | 10,840 | 13,012 | 9,026 | 10,200 |
| Net operating result for the year before capital grants and contributions provided for capital purposes | (1,661) | 511 | 3,083 | 4,257 |

Statement of Financial Position

| | 2023/2024 \$,000 Restated | 2023/2024 \$,000 | 2022/2023 \$,000 Restated | 2022/2023 \$,000 |
|-------------------------------|--|-----------------------------|--|-----------------------------|
| Total Current Assets | 45,086 | 46,125 | 40,619 | 40,673 |
| Total Current Liabilities | 16,074 | 16,074 | 14,617 | 14,617 |
| Total Non-Current Assets | 858,959 | 855,474 | 766,072 | 798,961 |
| Total Non-Current Liabilities | 5,438 | 5,438 | 8,484 | 8,484 |
| Total Equity | 882,533 | 880,087 | 783,590 | 816,533 |

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Net Operating Result for the year

The 2023/2024 results reflect a strong net operating result from continuing operations of \$10.084m. This is an increase of \$1,058m on the previous year (adjusted for prior period correction).

Net operating result before grants and contributions for capital purposes (adjusted for prior period correction decreased by \$4.744m from \$3.083m to -\$1.661m .

As reported in the previous report to Council, the 2023/2024 financial year result was impacted by expenditure to repair roads damaged during the September 2022 and February 2023 flood events. Council is awaiting payment of \$3.382m for works completed by not yet funded.

Income from Continuing Operations

Total Income received for the year was \$57.346m up from \$52.090m in the previous year. This was mainly due to capital grant funding which has increased by \$6.558m. A number of major grant funded projects contributed to this increase including the Jingellic Road reconstruction, the Brocklesby/Balldale road reconstruction, the Coppabella Bridge Replacement and the Wantagong 5 Bridges Replacement project.

External/Internal Restrictions (Reserves)

Council has externally restricted reserves of \$13.454m (includes \$190k held in Trust and \$891k for the Walla and Culcairn Solar Farm Voluntary Planning Agreements) and internal restrictions of \$15.228m.

External restrictions are generally developer contributions, unexpended grants and water and sewerage funds which can only be used for the purposes for which they were raised. Council has more flexibility with internal restrictions whereby Council can, by resolution, vary the purpose of restriction or remove it all together.

An amount of \$3.197m has been restricted for uncompleted works across the Shire.

Audit Adjustments to Financial Statements

As mentioned earlier in this report the audit revealed some errors in the carrying values of buildings and other structures and road assets as at 30 June 2024. This resulted from errors in the revaluation carried out for these classes of assets during the year. The final result was an increase in the carrying value of Infrastructure, property ,plant and equipment in 2023-2024 of \$3.446m.

In addition the audit of road assets revealed an error in the past treatment of depreciation on the sub-base component of the road assets. Council has not depreciated this component of road assets believing them to have an infinite life. However after a review by the auditors it identified that this is inconsistent with Council's Accounting Policy.

The accumulated depreciation calculated for this component of road assets was \$32.943m which resulted in a correction in prior periods and a restated Statement of Financial Position and Statement of Changes in Equity. It also resulted in additional depreciation in the current 2023-2024 financial year of \$1.174m.

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As a result of these significant changes the Auditors have requested that Council resign the statement of Councillor's and Management for 2023-24 and authorise the issue of the Annual Financial Statements. This will allow the Auditor to complete their Independent Auditor's Report and for Council to finalise and lodge the Annual Financial Statements with the Office of Local Government.

BUDGET IMPLICATIONS

Nil

CONCLUSION

The General Manager has provided assurances as to the manner in which the Statements have been prepared it is recommended that General Manager, the Mayor, Deputy Mayor, General Manager and the Chief Financial Officer be authorised to sign the Statement by Councillors and Management for the 2023/2024 General Purpose and Special Purpose Financial Statements.

RECOMMENDATION

That on the basis of the assurances provided by the General Manager:

1. The revised Annual Financial Statements for the year ended 30 June 2024 be adopted.
2. The Mayor, Deputy Mayor, General Manager and the Chief Financial Officer be authorised to sign the Statement by Councillors and Management for the 2023/2024 General Purpose and Special Purpose Financial Statements.
3. Council hereby delegate to the General Manager authority, upon receipt of the Auditor's report of the Council, to:
 - a. Forward a copy of the Financial Statements to the Office of Local Government and Australian Bureau of Statistics.
 - b. Arrange for public notice, in the required format, of the Council Meeting at which the Financial Statements will be presented to the public.
 - c. Arrange for Council's audited Financial Statements and a copy of the Auditor's Reports to be made available for public inspection.
 - d. List the presentation of audited Financial Statements and Auditor's Reports on the Agenda for the November 2024 Council Meeting.