

New England Weeds Authority

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017

**To be a high performing and respected
Noxious Weeds Authority**



New England Weeds Authority

General Purpose Financial Statements for the year ended 30 June 2017

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the operations for New England Weeds Authority.
- (ii) New England Weeds Authority is a body politic of NSW, Australia – being constituted as a local government area by proclamation and is duly empowered by the *Local Government Act 1993* (LGA).

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

- (iii) All figures presented in these financial statements are presented in Australian currency.
- (iv) These financial statements were authorised for issue by the Council on 22 August 2017. Council has the power to amend and reissue these financial statements.
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Introduction

Each year, individual local governments across New South Wales are required to present a set of audited financial statements to their council and community.

What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2017.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, Property, Plant and Equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and equity.

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's equity.

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's annual financial statements are required to be audited by the NSW Audit Office. In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the financial statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the Audit Report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

More information

A review of Council's financial performance and position across the past 5 financial years can be found at Note 29 of the financial statements.

New England Weeds Authority

General Purpose Financial Statements

for the year ended 30 June 2017

Statement by Councillors & Management

Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (NSW) (as amended)

The attached General Purpose Financial Statements have been prepared in accordance with:

- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- the *Local Government Code of Accounting Practice and Financial Reporting*.


To the best of our knowledge and belief, these statements:

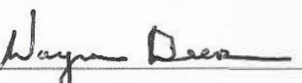
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

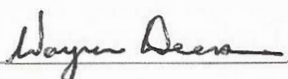
We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 22 August 2017.


Mark Dusting
Chairperson


Scott Kermode
Deputy Chairperson


Wayne Deer
General Manager


Wayne Deer
Responsible Accounting Officer

New England Weeds Authority

Income Statement

for the year ended 30 June 2017

Budget ¹				Actual	Actual
2017	\$ '000		Notes	2017	2016
Income from continuing operations					
Revenue:					
100	User charges and fees	3b		238	298
30	Interest and investment revenue	3c		39	43
4	Other revenues	3d		7	7
1,023	Grants and contributions provided for operating purposes	3e,f		991	1,019
Other income:					
–	Net gains from the disposal of assets	5		38	–
1,157	Total income from continuing operations			1,313	1,367
Expenses from continuing operations					
605	Employee benefits and on-costs	4a		801	745
286	Materials and contracts	4c		194	300
84	Depreciation and amortisation	4d		107	94
175	Other expenses	4e		138	100
1,155	Total expenses from continuing operations			1,240	1,239
2	Net operating result for the year			73	128
2	Net operating result attributable to Council			73	128
Net operating result for the year before grants and contributions provided for capital purposes					
2				73	128

¹ Original budget as approved by Council – refer Note 16

New England Weeds Authority

Statement of Comprehensive Income for the year ended 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
Net operating result for the year (as per Income Statement)		73	128
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Nil			
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Total comprehensive income for the year		73	128
Total comprehensive income attributable to Council		73	128

New England Weeds Authority

Statement of Financial Position

as at 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
ASSETS			
Current assets			
Cash and cash equivalents	6a	1,402	1,368
Receivables	7	71	30
Inventories	8	15	11
Total current assets		1,488	1,409
Non-current assets			
Infrastructure, property, plant and equipment	9	331	323
Total non-current assets		331	323
TOTAL ASSETS		1,819	1,732
LIABILITIES			
Current liabilities			
Payables	10	39	64
Borrowings	10	8	–
Provisions	10	164	133
Total current liabilities		211	197
Non-current liabilities			
Nil			
TOTAL LIABILITIES		211	197
Net assets		1,608	1,535
EQUITY			
Retained earnings	20	1,608	1,535
Total equity		1,608	1,535

New England Weeds Authority

Statement of Changes in Equity for the year ended 30 June 2017

		2017	Asset revaluation reserve (Refer 20b)	Other reserves (Refer 20b)	Council interest	Non- controlling interest	Total equity	2016	Asset revaluation reserve (Refer 20b)	Other reserves (Refer 20b)	Council interest	Non- controlling interest	Total equity
\$ '000	Notes	Retained earnings						Retained earnings					
Opening balance (as per last year's audited accounts)		1,535	–	–	1,535	–	1,535	1,407	–	–	1,407	–	1,407
a. Changes in accounting policies (prior year effects)	20 (d)	–	–	–	–	–	–	–	–	–	–	–	–
Revised opening balance		1,535	–	–	1,535	–	1,535	1,407	–	–	1,407	–	1,407
b. Net operating result for the year		73	–	–	73	–	73	128	–	–	128	–	128
c. Other comprehensive income													
Nil													
Total comprehensive income (c&d)		73	–	–	73	–	73	128	–	–	128	–	128
d. Distributions to/(contributions from) non-controlling interests		–	–	–	–	–	–	–	–	–	–	–	–
e. Transfers between equity		–	–	–	–	–	–	–	–	–	–	–	–
Equity – balance at end of the reporting period		1,608	–	–	1,608	–	1,608	1,535	–	–	1,535	–	1,535

New England Weeds Authority

Statement of Cash Flows

for the year ended 30 June 2017

Budget			Actual	Actual
2017	\$ '000	Notes	2017	2016
	Cash flows from operating activities			
	<u>Receipts:</u>			
100	User charges and fees		238	298
30	Investment and interest revenue received		38	44
1,023	Grants and contributions		991	1,019
4	Other		(33)	–
	<u>Payments:</u>			
(605)	Employee benefits and on-costs		(770)	(707)
(286)	Materials and contracts		(199)	(293)
(176)	Other		(162)	(381)
90	Net cash provided (or used in) operating activities	11b	103	(20)
	Cash flows from investing activities			
	<u>Receipts:</u>			
102	Sale of investment securities		–	–
42	Sale of infrastructure, property, plant and equipment		40	19
	<u>Payments:</u>			
(122)	Purchase of investment securities		–	–
(102)	Purchase of infrastructure, property, plant and equipment		(117)	(109)
(80)	Net cash provided (or used in) investing activities		(77)	(90)
	Cash flows from financing activities			
	Nil			
10	Net increase/(decrease) in cash and cash equivalents		26	(110)
1,368	Plus: cash and cash equivalents – beginning of year	11a	1,368	1,478
1,378	Cash and cash equivalents – end of the year	11a	1,394	1,368

Please refer to Note 11 for information on the following:

- Non-cash financing and investing activities
- Financing arrangements
- Net cash flow disclosures relating to any discontinued operations

Notes to the Financial Statements

for the year ended 30 June 2017

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n/a – not applicable

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The New England Tablelands (Noxious Plants) County Council is a single purpose County Council incorporated under the *NSW Local Government Act 1993 (as amended)* and trades as the New England Weeds Authority with its principal place of business at 129 Rusden Street, Armidale. These General purpose financial statements include all operations of the Council. The Council does not control any other entities.

(a) Basis of preparation

(i) New and amended standards adopted by Council

Council did not adopt any new or amended accounting standards in this year's financial statements.

(ii) Early adoption of standards

Council did not early adopt any accounting standards.

(iii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of property, plant and equipment and investment property.

(iv) Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the Local Government Act 1993 (NSW) and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity for the purpose of preparing these financial statements.

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management considers there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below.

Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

(i) Grants and contributions

Grants and contributions are recognised as revenue when the Council obtains control over the assets comprising these receipts.

Control over granted assets/contributed assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at reporting date, the

unused grant or contribution is disclosed in Note 3(g).

The note also discloses the amount of unused grant or contribution from prior years that was expended on Councils operations during the current year.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.

(ii) User charges and fees

User charges and fees are recognised as revenue when the service has been provided.

(iii) Sale of plant and equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

(iv) Interest

Interest income is recognised using the effective interest rate at the date that interest is earned.

(v) Other income

Other income is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

(c) Cash and cash equivalents

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(d) Inventories

Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

(e) Investments and other financial assets

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

Receivables

Receivables are included in receivables (note 7) in the Statement of Financial Position.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Impairment

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

(i) Assets carried at amortised cost

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment loss is recognised in the income statement within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act 1993 (NSW) and Clause 212 of the Local Government (General) Regulation 2005 (NSW).

Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it, or its representatives, exercise the care, diligence and skill that a prudent person would exercise in investing Council funds.

(f) Infrastructure, property, plant and equipment (PPE)

Acquisitions of property plant and equipment

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid of the fair value of the other consideration given to acquire the asset at the time of acquisition or construction or, where applicable the amount attributed to that asset when initially recognised in accordance with the requirements of other AAS.

Property, plant and equipment costing \$5,000 and above individually are capitalised.

Impairment of property plant and equipment

As a not for profit entity with no cash generating units, impairment under AASB 136 'Impairment of Assets' is unlikely to arise. As property plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not for profit entities given that AASB 136 modifies the recoverable amount test for noncash generating assets of not for profit entities to the higher of fair value less costs or disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

The entity assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the entity estimates the assets recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not for profit entity, an impairment loss is recognised in the net result to the extent the impairment exceeds the amount in the revaluation surplus for the class of asset.

Depreciation

Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment

Office equipment	5 to 10 years
Office furniture	10 to 20 years
Computer equipment	3 years
Vehicles	5 to 8 years

(g) Payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(h) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including nonmonetary benefits and annual leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Employee Benefit On-costs

Council has recognised at year end the aggregate oncost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30 June.

(i) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which that are recoverable from, or payable to the taxation authority are presented as operating cash flows.

(j) New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

Council does not consider that these standards are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

Effective for annual reporting periods beginning on or after 1 January 2017

- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*
- AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]*
- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*
- AASB 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities*

Effective for annual reporting periods beginning on or after 13 February 2017

- AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014- 16 Cycle*

Effective for annual reporting periods beginning on or after 13 December 2017

- AASB 2017-1 *Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*

Effective for annual reporting periods beginning on or after 1 January 2018

- AASB 9 *Financial Instruments (December 2009)*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*
- AASB 2014-1 *Amendments to Australian Accounting Standards (Part E)*

- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*AASB 1057 *Application of Australian Accounting Standards*

- AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*

- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*

- AASB 2016-6 *Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 16 *Leases*
- AASB 16 *Leases (Appendix D)*
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*

(k) Rounding of amounts

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.

(l) Comparative figures

To ensure comparability with the current reporting periods figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(m) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 2(a). Council functions/activities – financial information

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).												
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current and non-current)	
	Original budget	Actual	Actual	Original budget	Actual	Actual	Original budget	Actual	Actual	Actual	Actual	Actual	Actual
	2017	2017	2016	2017	2017	2016	2017	2017	2016	2017	2016	2017	2016
Governance	–	–	–	22	14	19	(22)	(14)	(19)	94	–	18	–
Environment	1,157	1,274	1,324	1,133	1,226	1,220	24	48	104	467	575	1,801	1,732
Total functions and activities	1,157	1,274	1,324	1,155	1,240	1,239	2	34	85	561	575	1,819	1,732
General purpose income ¹	–	39	43	–	–	–	–	39	43	–	–	–	–
Operating result from continuing operations	1,157	1,313	1,367	1,155	1,240	1,239	2	73	128	561	575	1,819	1,732

1. Includes: rates and annual charges (incl. ex-gratia), untied general purpose grants and unrestricted interest and investment income.

Note 2(b). Council functions/activities – component descriptions

Details relating to the Council's functions/activities as reported in Note 2(a) are as follows:

GOVERNANCE

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure (e.g. GIPA), and legislative compliance.

ENVIRONMENT

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Rates and annual charges			
Nil			
(b) User charges and fees			
Specific user charges (per s.502 – specific ‘actual use’ charges)			
Nil			
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Private works		232	291
Regulatory fees		6	7
Total fees and charges – statutory/regulatory		238	298
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Nil			
<u>TOTAL USER CHARGES AND FEES</u>		<u>238</u>	<u>298</u>
(c) Interest and investment revenue (including losses)			
Interest			
– Interest earned on investments (interest and coupon payment income)		39	43
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>		<u>39</u>	<u>43</u>
Interest revenue is attributable to:			
Unrestricted investments/financial assets:			
General Council cash and investments		39	43
Total interest and investment revenue recognised		39	43
(d) Other revenues			
Other		7	7
<u>TOTAL OTHER REVENUE</u>		<u>7</u>	<u>7</u>

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
(e) Grants				
General purpose (untied)				
Nil				
Specific purpose				
Noxious weeds	561	575	–	–
Total specific purpose	561	575	–	–
Total grants	561	575	–	–
Grant revenue is attributable to:				
– State funding	561	487	–	–
– Other funding	–	88	–	–
	561	575	–	–
(f) Contributions				
Developer contributions:				
(s93 & s94 – EP&A Act, s64 of the LGA):				
Nil				
Other contributions:				
Other councils – joint works/services	430	444	–	–
Total other contributions	430	444	–	–
Total contributions	430	444	–	–
TOTAL GRANTS AND CONTRIBUTIONS	991	1,019	–	–

\$ '000	Actual 2017	Actual 2016
---------	----------------	----------------

(g) Unspent grants and contributions

Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:

Unexpended at the close of the previous reporting period	520	442
Add: grants and contributions recognised in the current period but not yet spent:	243	220
Add: grants and contributions received for the provision of goods and services in a future period	93	–
Less: grants and contributions recognised in a previous reporting period now spent:	(143)	(142)
Net increase (decrease) in restricted assets during the period	193	78
Unexpended and held as restricted assets	713	520
Comprising specific purpose unexpended grants	713	520

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Employee benefits and on-costs			
Salaries and wages		661	620
Travel expenses		–	1
Employee leave entitlements (ELE)		31	34
Superannuation		62	58
Workers' compensation insurance		15	11
Training costs (other than salaries and wages)		26	7
Other		6	14
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>801</u>	<u>745</u>
Number of 'full-time equivalent' employees (FTE) at year end		9	9
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)		9	9
(b) Borrowing costs			
Nil			
(c) Materials and contracts			
Raw materials and consumables		172	282
Contractor and consultancy costs		10	10
Auditors remuneration ⁽¹⁾		12	8
<u>TOTAL MATERIALS AND CONTRACTS</u>		<u>194</u>	<u>300</u>
a. During the year, the following fees were incurred for services provided by the Auditor-General:			
(i) Audit and other assurance services			
– Audit and review of financial statements: Auditor-General		12	8
Remuneration for audit and other assurance services		<u>12</u>	<u>8</u>
Total fees paid or payable to the Auditor-General		<u>12</u>	<u>8</u>

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(d) Depreciation, amortisation and impairment			
Plant and equipment		104	91
Office equipment		3	3
Total gross depreciation and amortisation costs		107	94
Less: capitalised costs		–	–
Total depreciation and amortisation costs		107	94
Impairment			
Nil			
<u>TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED</u>		<u>107</u>	<u>94</u>
(e) Other expenses			
Advertising		4	7
Aircraft hire		7	1
Bank charges		1	1
Councillor expenses – Chairpersons fee		6	6
Councillor expenses – councillors' fees		5	12
Councillors' expenses (incl. mayor) – other (excluding fees above)		3	1
Electricity and heating		2	2
Insurance		22	21
Office expenses (including computer expenses)		6	18
Postage		–	1
Printing and stationery		3	4
Rent		13	13
Subscriptions and publications		3	1
Telephone and communications		7	6
DPI Parthinium Weeds Project		34	–
Other		22	6
<u>TOTAL OTHER EXPENSES</u>		<u>138</u>	<u>100</u>

Note 5. Gains or losses from the disposal of assets

Plant and equipment

Proceeds from disposal – plant and equipment	40	19
Less: carrying amount of plant and equipment assets sold/written off	(2)	(19)
Net gain/(loss) on disposal	38	–
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>	<u>38</u>	<u>–</u>

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 6a. – Cash assets and Note 6b. – investments

		2017	2017	2016	2016
		Actual	Actual	Actual	Actual
\$ '000	Notes	Current	Non-current	Current	Non-current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		–	–	18	–
Cash-equivalent assets ¹					
– Deposits at call		652	–	–	–
– Short-term deposits		750	–	1,350	–
Total cash and cash equivalents		1,402	–	1,368	–
Investments (Note 6b)					
Nil					
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		1,402	–	1,368	–

¹ Those investments where time to maturity (from date of purchase) is < 3 mths.

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 6c. Restricted cash, cash equivalents and investments – details

	2017 Actual Current	2017 Actual Non-current	2016 Actual Current	2016 Actual Non-current
\$ '000				
Total cash, cash equivalents and investments	1,402	–	1,368	–
attributable to:				
External restrictions (refer below)	713	–	520	–
Internal restrictions (refer below)	324	–	251	–
Unrestricted	365	–	597	–
	1,402	–	1,368	–

2017 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of restrictions

External restrictions – included in liabilities

Nil

External restrictions – other

Specific purpose unexpended grants (F)	520	193	–	713
External restrictions – other	520	193	–	713
Total external restrictions	520	193	–	713

Internal restrictions

Plant and vehicle replacement	117	144	(101)	160
Employees leave entitlement	134	30	–	164
Total internal restrictions	251	174	(101)	324
TOTAL RESTRICTIONS	771	367	(101)	1,037

F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1 (b))

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 7. Receivables

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Purpose					
Accrued revenues					
– Interest on investments		2	–	1	–
Net GST receivable		10	–	–	–
Other debtors		59	–	29	–
Total		71	–	30	–
Less: provision for impairment					
Nil					
TOTAL NET RECEIVABLES		71	–	30	–

There are no restrictions applicable to the above assets.

Note 8. Inventories and other assets

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
(a) Inventories					
(i) Inventories at cost					
Stores and materials		15	–	11	–
Total inventories at cost		15	–	11	–
(ii) Inventories at net realisable value (NRV)					
Nil					
TOTAL INVENTORIES		15	–	11	–

(b) Other assets

Nil

Externally restricted assets

There are no restrictions applicable to the above assets.

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 9a. Infrastructure, property, plant and equipment

Asset class \$ '000	as at 30/6/2016			Asset movements during the reporting period			as at 30/6/2017		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Carrying value of disposals	Depreciation expense	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Plant and equipment	563	246	317	101	(2)	(104)	576	264	312
Office equipment	49	43	6	16	–	(3)	65	46	19
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	612	289	323	117	(2)	(107)	641	310	331

Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27. Fair value measurement for information regarding the fair value of other infrastructure, property, plant and equipment.

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 9b. Externally restricted infrastructure, property, plant and equipment

\$ '000

Council has no externally restricted infrastructure, property, plant and equipment.

Note 9c. Infrastructure, property, plant and equipment – current year impairments

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Payables					
Goods and services – operating expenditure		12	–	13	–
Accrued expenses:					
– Salaries and wages		20	–	20	–
– Other expenditure accruals		7	–	19	–
GST payable		–	–	12	–
Total payables		39	–	64	–
Income received in advance					
Nil					
Borrowings					
Bank overdraft		8	–	–	–
Total borrowings		8	–	–	–
Provisions					
Employee benefits:					
Annual leave		57	–	46	–
Long service leave		87	–	71	–
ELE on-costs		20	–	16	–
Total provisions		164	–	133	–
TOTAL PAYABLES, BORROWINGS AND PROVISIONS					
		211	–	197	–

(i) Liabilities relating to restricted assets

There are no restricted assets (external or internal) applicable to the above liabilities.

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 10a. Payables, borrowings and provisions (continued)

	Actual	Actual
\$ '000	2017	2016

(ii) Current liabilities not anticipated to be settled within the next twelve months

The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	74	59
	74	59

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 11. Recognition of operating result to net cash movement from operating activities

\$ '000	Notes	Actual 2017	Actual 2016
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	1,402	1,368
Less bank overdraft	10	(8)	–
Balance as per the Statement of Cash Flows		1,394	1,368

(b) Reconciliation of net operating result to cash provided from operating activities

Net operating result from Income Statement		73	128
Adjust for non-cash items:			
Depreciation and amortisation		107	94
Net losses/(gains) on disposal of assets		(38)	–
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(41)	(23)
Decrease/(increase) in inventories		(4)	(2)
Increase/(decrease) in payables		(1)	9
Increase/(decrease) in other accrued expenses payable		(12)	17
Increase/(decrease) in other liabilities		(12)	(276)
Increase/(decrease) in employee leave entitlements		31	33
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		103	(20)

(c) Non-cash investing and financing activities

Nil

(d) Financing arrangements

(i) Unrestricted access was available at balance date to the following lines of credit:

Credit cards/purchase cards	5	5
Total financing arrangements	5	5

(e) Bank guarantees

Nil

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 2017	Actual 2016
(a) Capital commitments (exclusive of GST)			
Nil			
(b) Finance lease commitments			
Nil			
(c) Operating lease commitments (non-cancellable)			
a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:			
Within the next year		14	14
Later than one year and not later than 5 years		42	56
Later than 5 years		—	—
Total non-cancellable operating lease commitments		56	70

b. Non-cancellable operating leases include the following assets:

Rental of office and depot from Armidale Regional Council

Conditions relating to operating leases:

- All operating lease agreements are secured only against the leased asset.
- No lease agreements impose any financial restrictions on Council regarding future debt etc.

(d) Investment property commitments

Nil

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13a(i). Statement of performance measurement – indicators (consolidated)

\$ '000	Amounts 2017	Indicator 2017	Prior periods 2016 2015		Benchmark
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	35	2.75%	9.36%	22.78%	>0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	1,275				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	284	22.27%	25.46%	28.71%	>60.00%
Total continuing operating revenue ⁽¹⁾	1,275				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	775	5.66x	6.44x	6.29x	>1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	137				
4. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	x12	14.88 mths	11.8 mths	16.5 mths	> 3 mths
Payments from cash flow of operating and financing activities					

Notes

⁽¹⁾ Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures and associates.

⁽²⁾ Refer Notes 6-8 inclusive.

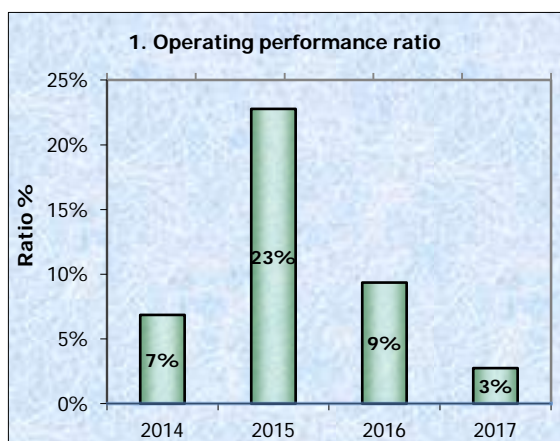
Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

⁽³⁾ Refer to Note 10(a).

⁽⁴⁾ Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

Notes to the Financial Statements for the year ended 30 June 2017

Note 13a(ii). Local government industry indicators – graphs (consolidated)



Benchmark: — Minimum $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Purpose of operating performance ratio

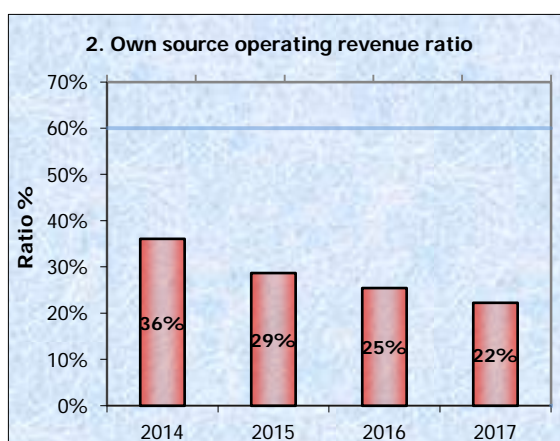
This ratio measures Council's achievement of containing operating expenditure within operating revenue.

Commentary on 2016/17 result

2016/17 ratio 2.75%

A position above or equal to break even is considered to be optimal. The minimum benchmark is negative 4% so this result is above benchmark.

Ratio achieves benchmark
 Ratio is outside benchmark



Benchmark: — Minimum $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Purpose of own source operating revenue ratio

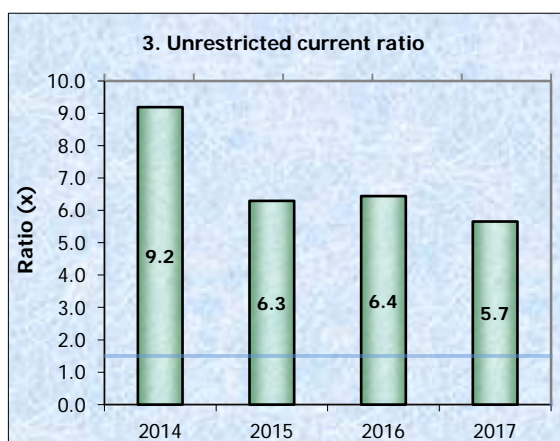
This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2016/17 result

2016/17 ratio 22.27%

A benchmark of 60% has been established. The authority receives most of its revenue from grants and contributions.

Ratio achieves benchmark
 Ratio is outside benchmark



Benchmark: — Minimum ≥ 1.50

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2016/17 result

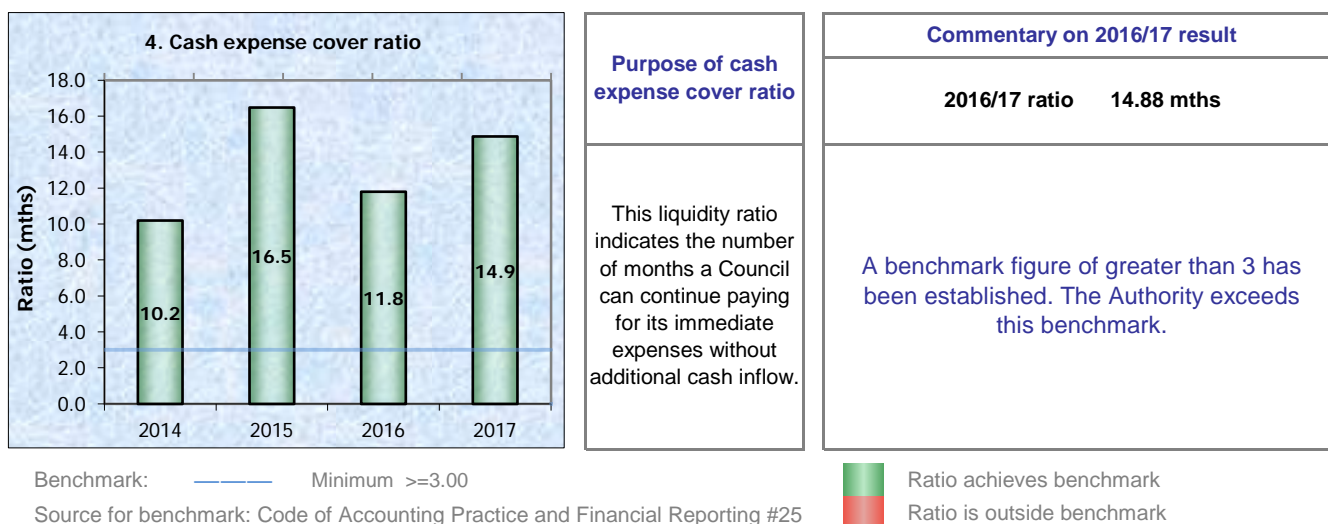
2016/17 ratio 5.66x

A Benchmark above 1.5 has been suggested. The authority is above this benchmark.

Ratio achieves benchmark
 Ratio is outside benchmark

Notes to the Financial Statements for the year ended 30 June 2017

Note 13a(ii). Local government industry indicators – graphs (consolidated)



New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 14. Investment properties

\$ '000

Council has not classified any land or buildings as 'investment properties'.

Note 15. Financial risk management

Risk management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's staff under policies approved by the Council.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's investment portfolio consists of deposits at fixed and variable interest rates, generally for periods of less than 120 days. Whilst these are subject to interest rate risk, this is minimised by the relative short time of the financial assets held.

(a) Market risk – price risk and interest rate risk

The following represents a summary of the sensitivity of Council's Income Statement and accumulated surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2017				
Possible impact of a 1% movement in interest rates	4	4	(4)	(4)
2016				
Possible impact of a 1% movement in interest rates	4	4	(4)	(4)

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

(b) Credit risk

Council's major receivables comprise (i) private works debtos and (ii) contributions from constituent Councils.

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures.

The Authority is not materially exposed to any individual debtor and credit risk exposure is concentrated within the State of New South Wales.

Council receives regular summary reports of receivables due and detailed reports where appropriate.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

A profile of Council's receivables credit risk at balance date follows:

	2017	2016
	Other receivables	Other receivables
(i) Ageing of receivables – %		
Current (not yet overdue)	76%	87%
Overdue	24%	13%
	100%	100%

(ii) Ageing of receivables – value

Rates and annual charges	Other receivables	Other receivables	Other receivables
Current	Current	12	–
< 1 year overdue	0 – 30 days overdue	11	12
1 – 2 years overdue	31 – 60 days overdue	11	14
2 – 5 years overdue	61 – 90 days overdue	22	4
> 5 years overdue	> 91 days overdue	15	–
		71	30

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

(c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

\$ '000	Subject	payable in:						Total	Actual
	to no maturity	≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs	cash outflows	carrying values
2017									
Trade/other payables	–	29	–	–	–	–	–	29	39
Total financial liabilities	8	29	–	–	–	–	–	37	47
2016									
Trade/other payables	–	143	–	–	–	–	–	143	64
Total financial liabilities	–	143	–	–	–	–	–	143	64

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through the diversification of borrowing types, maturities and interest rate structures.

	2017	2016
Trade/other payables	39	64

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Material budget variations

\$ '000

Council's original financial budget for 16/17 was adopted by the Council on 15 June 2016.

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the *Local Government Act 1993* requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

Note that for variations* of budget to actual :

Material variations represent those variances that amount to **10%** or more of the original budgeted figure.

F = Favourable budget variation, **U** = Unfavourable budget variation

\$ '000	2017 Budget	2017 Actual	2017 ----- Variance* -----	
Revenues				
Rates and annual charges	–	–	–	0% F
User charges and fees	100	238	138	138% F
Council originally budgeted for 100k in private works, however increased works completed particularly from requests by other authorities within and outside Council.				
Interest and investment revenue	30	39	9	30% F
Council has increased its investment portfolio which has resulted in increased returns over original budget.				
Other revenues	4	7	3	75% F
Additional certificates were requested during the year resulting in an increase again.				
Operating grants and contributions	1,023	991	(32)	(3%) U
Net gains from disposal of assets	–	38	38	0% F
Council budgeted for a loss on asset sales of 5k, however the market has improved for heavier 4WD vehicles.				

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Material budget variations (continued)

\$ '000	2017 Budget	2017 Actual	2017 Variance*	
Expenses				
Employee benefits and on-costs	605	801	(196)	(32%) U
Council misssalocated project costs between employee costs and materials and contracts in its original budget by approximately 100k. Additional costs were also incurred for leave entitlements and training.				
Materials and contracts	286	194	92	32% F
As detailed above the original budget missalocated project funds between empoloyee costs amd materials and contracts.				
Depreciation and amortisation	84	107	(23)	(27%) U
Councils actual depreciation was higher following the upgrade to more expensive vehicles to meet Councils needs.				
Other expenses	175	138	37	21% F
Additional costs have been incurred associated with DPI Parthinium Weeds program.				
Net losses from disposal of assets	5	–	5	100% F
\$ '000	2017 Budget	2017 Actual	2017 Variance*	
Budget variations relating to Council's Cash Flow Statement include:				
Cash flows from operating activities	90	103	13	14.4% F
The key variable resulting in the change is the profit on sale of assets.				
Cash flows from investing activities	(80)	(77)	3	(3.8%) F

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 17. Statement of Developer Contributions

\$ '000

Council currently has no S94 Developer Contribution Plans or S94 Funds on hand from prior years.

Note 18. Contingencies and other assets/liabilities not recognised

Council is unaware of any contingencies or other liabilities/assets not recognised.

Note 19. Interests in other entities

Council has no interest in any controlled entities, joint arrangements or associates.

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

\$ '000	Notes	Actual 2017	Actual 2016
(a) Retained earnings			
Movements in retained earnings were as follows:			
Balance at beginning of year (from previous years audited accounts)		1,535	1,407
a. Net operating result for the year		73	128
Balance at end of the reporting period		<u>1,608</u>	<u>1,535</u>

(b) Revaluation reserves

Council has no reportable equity reserves.

(c) Correction of error/s relating to a previous reporting period

Council made no correction of errors during the current reporting period.

(d) Voluntary changes in accounting policies

Council made no voluntary changes in any accounting policies during the year.

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 21. Financial result and financial position by fund

\$ '000

Council utilises only a general fund for its operations.

Note 22. 'Held for sale' non-current assets and disposal groups

Council did not classify any non-current assets (or disposal groups) as held for sale.

Note 23. Events occurring after the reporting date

Council is unaware of any events occurring after the reporting date which impact on these financial statements or require disclosure.

Note 24. Discontinued operations

Council has not classified any of its operations as discontinued.

Note 25. Intangible assets

Council is unaware of any control over intangible assets that warrant recognition in the financial statements, including either internally generated and developed assets or purchased assets.

Note 26. Reinstatement, rehabilitation and restoration liabilities

Council has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.

Note 27. Fair value measurement

Council has no assets or liabilities carried at fair value. Cash, office equipment and plant are all held at historical cost.

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 28. Related party disclosures

\$ '000

a. Key management personnel

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

	Actual
Compensation:	2017
Short-term benefits	143
Post-employment benefits	12
Total	<u>155</u>

Council is unaware of any specific related party transactions with organisations external to the Council.

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 29. Financial review

\$ '000

Key financial figures of Council over the past 5 years

Financial performance figures	2017	2016	2015	2014	2013
Inflows:					
User charges revenue	238	298	378	363	273
Interest and investment revenue (losses)	39	43	43	37	44
Grants income – operating and capital	561	575	711	376	422
Total income from continuing operations	1,313	1,367	1,501	1,158	1,076
Sale proceeds from I,PP&E	40	19	55	55	–
Outflows:					
Employee benefits and on-cost expenses	801	745	613	608	628
Materials and contracts expenses	194	300	323	254	223
Total expenses from continuing operations	1,240	1,239	1,146	1,045	1,048
Total cash purchases of I,PP&E	117	109	156	130	69
Operating surplus/(deficit) (excl. capital income)	73	128	355	113	28
Financial position figures	2017	2016	2015	2014	2013
Current assets	1,488	1,409	1,494	904	790
Current liabilities	211	197	414	150	126
Net current assets	1,277	1,212	1,080	754	664
Available working capital (Unrestricted net current assets)	412	574	525	601	558
Cash and investments – unrestricted	365	597	583	534	426
Cash and investments – internal restrictions	324	251	213	211	167
Cash and investments – total	1,402	1,368	1,478	785	611
Total borrowings outstanding (Loans, advances and finance leases)	8	–	–	–	–
Total value of I,PP&E (excl. land and earthworks)	641	612	545	540	521
Total accumulated depreciation	310	289	218	242	246
Indicative remaining useful life (as a % of GBV)	52%	53%	60%	55%	53%

Source: published audited financial statements of Council (current year and prior year)

New England Weeds Authority

Notes to the Financial Statements

for the year ended 30 June 2017

Note 30. Council information and contact details

Principal place of business:

129 Rusden Street
ARMIDALE NSW 2350

Contact details**Mailing address:**

129 Rusden Street
ARMIDALE NSW 2350

Opening hours:

7.30am to 4.30pm
Monday to Friday
Except Public Holidays

Telephone: 02 6770 3602

Facsimile: 02 6771 1893

Internet: www.newa.com.au

Email: newa@newa.nsw.gov.au

Officers**GENERAL MANAGER**

Wayne Deer

RESPONSIBLE ACCOUNTING OFFICER

Wayne Deer

Elected members**CHAIR**

Mark Dusting

COUNCILLORS

Scott Kermode (Deputy Chair)

Ian Tiley

AUDITORS

Audit Office of New South Wales
Level 15, 1 Margaret Street
SYDNEY NSW 2000

Other information

ABN: 35 514 070 354



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

New England Weeds Authority

To the Councillors of the New England Weeds Authority

Opinion

I have audited the accompanying financial statements of New England Weeds Authority (the Authority), which comprise the statement of financial position as at 30 June 2017, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- the Authority's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been presented, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Authority's accounting records
 - present fairly, in all material respects, the financial position of the Authority as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibility for the Audit of the Financial Statements' section of my report.

I am independent of the Authority in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Councillors' Responsibility for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors must assess the Authority's ability to continue as a going concern except where the Authority will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

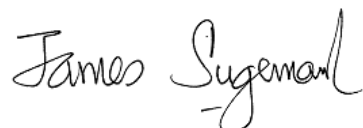
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Authority carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, Note 2(a) and Note 16 budget variation explanations
- on the attached Special Schedules
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in black ink, reading "James Sugumar". The signature is written in a cursive style with a large, stylized 'S'.

James Sugumar
Director, Financial Audit Services

10 October 2017
SYDNEY

Mr Mark Dusting
Chairperson
New England Weeds Authority
PO Box 881
ARMIDALE NSW 2350

10 October 2017

Dear Mr Dusting

**Report on the Conduct of the Audit
Audit for the year ended 30 June 2017
New England Weeds Authority**

I have audited the general purpose financial statements of the New England Weeds Authority (the Authority) for the year ended 30 June 2017 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Authority's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Authority for the year ended 30 June 2017 is issued in accordance with section 417 of the Act. Section 417(3) requires me to consider and report on matters pertinent to the Authority's financial statements and audit. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under s417(2) of the Act.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I did not identify any significant audit issues or observations during my audit of the Authority's financial statements.

INCOME STATEMENT

Operating result

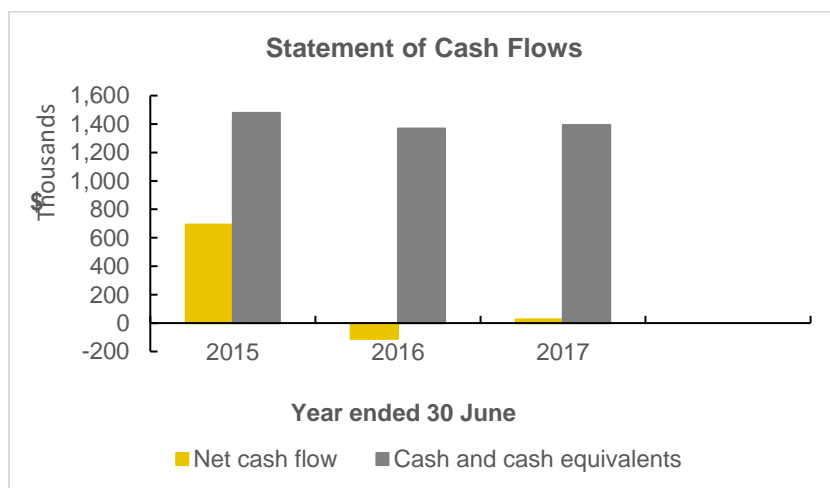
	2017 \$'000	2016 \$'000	Variance %
Grants and contributions revenue	991	1,019	28 ↓
Operating result for the year	73	128	55 ↓
Net operating result before capital amounts	73	128	55 ↓

Grants and contribution revenue decreased by 28 per cent due to reduction in funding as there were fewer approved weeds action projects for the year ended 30 June 2017.

The lower operating result for the year was largely attributed to the reduction in the grant funding.

STATEMENT OF CASH FLOWS

- Net cash flows for 2016-17 increased due to reduced in weed control expenditure.
- The Authority is able to pay its creditors as and when they fall due as its \$1.4 million cash balance at 30 June 2017 (\$1.4 million at 30 June 2016) significantly exceeded total liabilities of \$211,000 at 30 June 2017 (\$197,000).



FINANCIAL POSITION

Cash and Investments

Restricted Cash and Investments	2017	2016	Commentary
	\$'000	\$'000	
External restrictions	713	520	The externally restricted cash and investments marginally decreased due to utilisation of such cash balances in completing grant projects.
Internal restrictions	324	251	
Unrestricted	365	597	
Cash and investments	1,402	1,368	

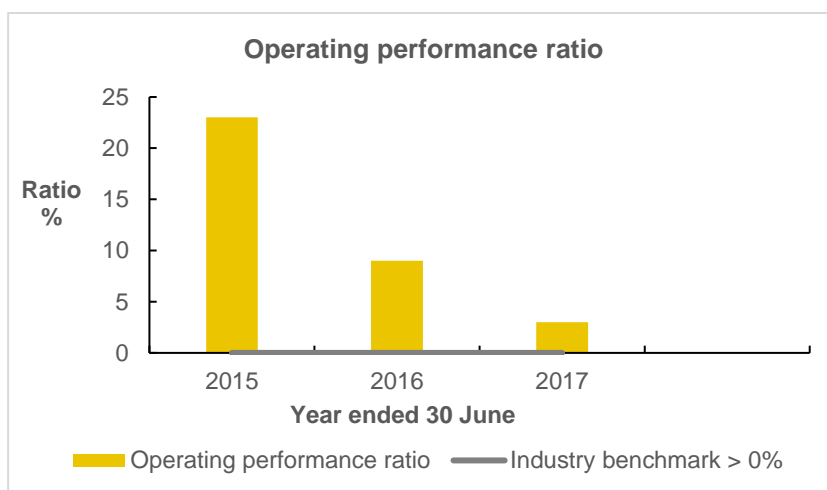
PERFORMANCE RATIOS

Operating performance ratio

The operating performance ratio decreased due to a reduction in grants and contributions revenue in 2016-17.

The Authority exceeded the benchmark for the past three years.

The 'operating performances ratio' measures how well the Authority contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than zero per cent.

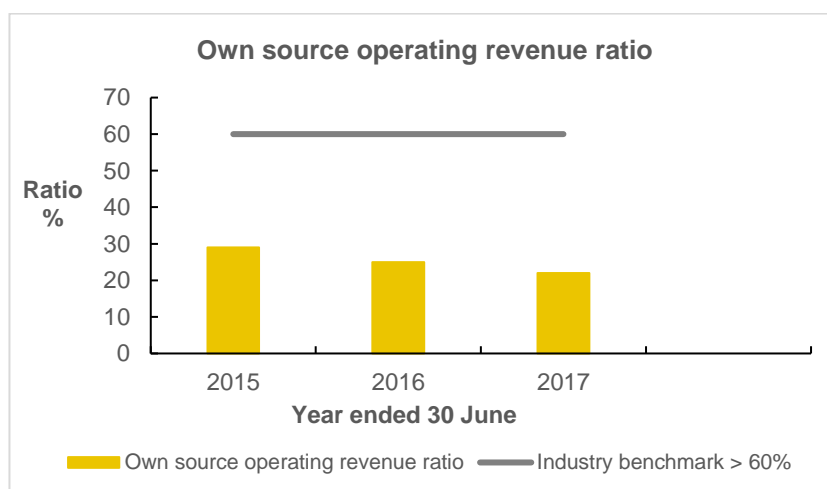


Own source operating revenue ratio

The Authority does not levy rates or annual charges and generates a smaller amount of operating revenue.

Accordingly its own source revenue ratio is below the benchmark.

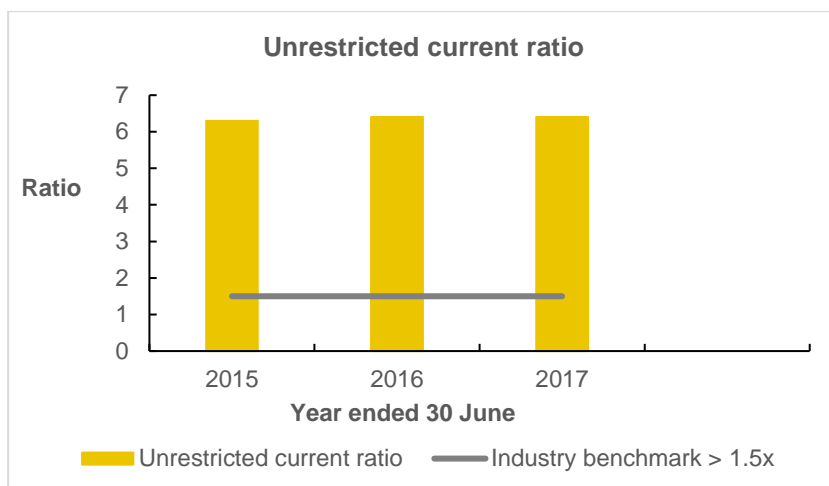
The 'own source operating revenue ratio' measures the Authority's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

The Authority maintained a higher than benchmark unrestricted current ratio in the past three years.

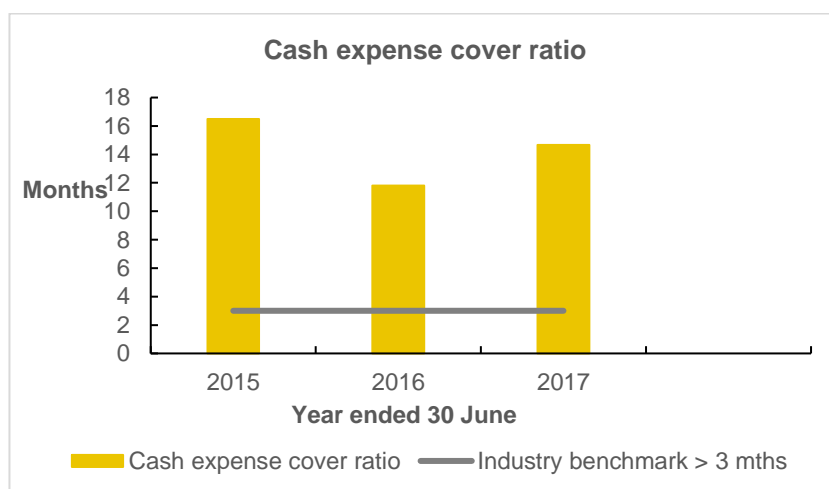
The 'unrestricted current ratio' is specific to local government and represents the Authority's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5.



Cash expense cover ratio (liquidity)

The Authority reported higher cash expense cover ratio than the industry benchmark.

This liquidity ratio indicates the number of months the Authority can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.



OTHER MATTERS

New accounting standards implemented

AASB 124 'Related Party Disclosures'

Effective for annual reporting periods beginning on or 1 July 2016

AASB 2015-6 extended the scope of AASB 124 to include not-for-profit public sector entities. As a result, Authority's financial statements disclosed the:

- compensation paid to their key management personnel
- nature of their related party relationships
- amount and nature of their related party transactions, outstanding balances and commitments and outstanding balances (including commitments).

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Authority's accounting records or financial reports. The Authority's:

- accounting records were maintained in a manner and form to allow the general purpose financial statements to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



James Sugumar
Director, Financial Audit Services

10 October 2017

SYDNEY

cc: Mr Wayne Deer, General Manager, New England Weeds Authority
Mr Tim Hurst, Acting Chief Executive of the Office of Local Government
Mr Paul Cornall, Principal, Forsyths

New England Weeds Authority

SPECIAL SCHEDULES
for the year ended 30 June 2017

**To be a high performing and respected
Noxious Weeds Authority**



New England Weeds Authority

Special Schedules

for the year ended 30 June 2017

Contents

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Special Schedules¹

Special Schedule 1	Net Cost of Services	2
Special Schedule 2(a)	Statement of Long Term Debt (all purposes)	n/a
Special Schedule 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
Special Schedule 3	Water Supply Operations – incl. Income Statement	n/a
Special Schedule 4	Water Supply – Statement of Financial Position	n/a
Special Schedule 5	Sewerage Service Operations – incl. Income Statement	n/a
Special Schedule 6	Sewerage Service – Statement of Financial Position	n/a
Notes to Special Schedules 3 and 5		n/a
Special Schedule 7	Report on Infrastructure Assets	n/a
Special Schedule 8	Permissible Income Calculation	n/a

¹ Special Schedules are not audited (with the exception of Special Schedule 8).

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water (NOW), and
 - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

New England Weeds Authority

Special Schedule 1 – Net Cost of Services for the year ended 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	14	–	–	(14)
Administration	–	–	–	–
Public order and safety				
Fire service levy, fire protection, emergency services	–	–	–	–
Beach control	–	–	–	–
Enforcement of local government regulations	–	–	–	–
Animal control	–	–	–	–
Other	–	–	–	–
Total public order and safety	–	–	–	–
Health	–	–	–	–
Environment				
Noxious plants and insect/vermin control	1,226	1,274	–	48
Other environmental protection	–	–	–	–
Solid waste management	–	–	–	–
Street cleaning	–	–	–	–
Drainage	–	–	–	–
Stormwater management	–	–	–	–
Total environment	1,226	1,274	–	48
Community services and education				
Administration and education	–	–	–	–
Social protection (welfare)	–	–	–	–
Aged persons and disabled	–	–	–	–
Children's services	–	–	–	–
Total community services and education	–	–	–	–
Housing and community amenities				
Public cemeteries	–	–	–	–
Public conveniences	–	–	–	–
Street lighting	–	–	–	–
Town planning	–	–	–	–
Other community amenities	–	–	–	–
Total housing and community amenities	–	–	–	–
Water supplies	–	–	–	–
Sewerage services	–	–	–	–

New England Weeds Authority

Special Schedule 1 – Net Cost of Services (continued) for the year ended 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	—	—	—	—
Museums	—	—	—	—
Art galleries	—	—	—	—
Community centres and halls	—	—	—	—
Performing arts venues	—	—	—	—
Other performing arts	—	—	—	—
Other cultural services	—	—	—	—
Sporting grounds and venues	—	—	—	—
Swimming pools	—	—	—	—
Parks and gardens (lakes)	—	—	—	—
Other sport and recreation	—	—	—	—
Total recreation and culture	—	—	—	—
Fuel and energy	—	—	—	—
Agriculture	—	—	—	—
Mining, manufacturing and construction				
Building control	—	—	—	—
Other mining, manufacturing and construction	—	—	—	—
Total mining, manufacturing and const.	—	—	—	—
Transport and communication				
Urban roads (UR) – local	—	—	—	—
Urban roads – regional	—	—	—	—
Sealed rural roads (SRR) – local	—	—	—	—
Sealed rural roads (SRR) – regional	—	—	—	—
Unsealed rural roads (URR) – local	—	—	—	—
Unsealed rural roads (URR) – regional	—	—	—	—
Bridges on UR – local	—	—	—	—
Bridges on SRR – local	—	—	—	—
Bridges on URR – local	—	—	—	—
Bridges on regional roads	—	—	—	—
Parking areas	—	—	—	—
Footpaths	—	—	—	—
Aerodromes	—	—	—	—
Other transport and communication	—	—	—	—
Total transport and communication	—	—	—	—
Economic affairs				
Camping areas and caravan parks	—	—	—	—
Other economic affairs	—	—	—	—
Total economic affairs	—	—	—	—
Totals – functions	1,240	1,274	—	34
General purpose revenues ⁽¹⁾		39		39
Share of interests – joint ventures and associates using the equity method	—	—		—
NET OPERATING RESULT ⁽²⁾	1,240	1,313	—	73

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges (2) As reported in the Income Statement