

# New England Weeds Authority

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

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



## New England Weeds Authority

### General Purpose Financial Statements

for the year ended 30 June 2018

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#### Overview

New England Weeds Authority is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

2/129 Rusden Street  
ARMIDALE NSW 2350

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).

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: [www.newa.com.au](http://www.newa.com.au).

## New England Weeds Authority

### General Purpose Financial Statements

for the year ended 30 June 2018

## Understanding Council's 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 2018.

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 "net wealth".

#### 4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

#### 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.

## New England Weeds Authority

### General Purpose Financial Statements

for the year ended 30 June 2018

### 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:**

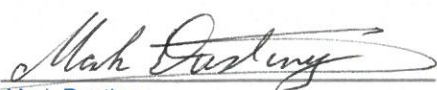
- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

**To the best of our knowledge and belief, these financial 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 21 August 2018.**



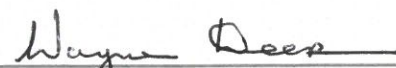
Mark Dusting  
Chairperson  
22 August 2018



Scott Kermode  
Deputy Chairperson  
22 August 2018



Wayne Deer  
General Manager  
22 August 2018



Wayne Deer  
Responsible Accounting Officer  
22 August 2018

## New England Weeds Authority

### Income Statement

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
<b>Income from continuing operations</b>				
<b>Revenue:</b>				
100	User charges and fees	3a	332	238
30	Interest and investment revenue	3b	34	39
5	Other revenues	3c	62	7
977	Grants and contributions provided for operating purposes	3d,e	974	991
<b>Other income:</b>				
5	Net gains from the disposal of assets	5	32	38
1,117	<b>Total income from continuing operations</b>		<b>1,434</b>	<b>1,313</b>
<b>Expenses from continuing operations</b>				
545	Employee benefits and on-costs	4a	822	801
266	Materials and contracts	4b	183	194
89	Depreciation and amortisation	4c	96	107
215	Other expenses	4d	156	138
1,115	<b>Total expenses from continuing operations</b>		<b>1,257</b>	<b>1,240</b>
2	<b>Operating result from continuing operations</b>		<b>177</b>	<b>73</b>
2	<b>Net operating result for the year</b>		<b>177</b>	<b>73</b>
2	Net operating result for the year before grants and contributions provided for capital purposes		<b>177</b>	<b>73</b>

## New England Weeds Authority

### Statement of Comprehensive Income for the year ended 30 June 2018

\$ '000	Notes	2018	2017
<b>Net operating result for the year</b> (as per Income Statement)		<b>177</b>	<b>73</b>
<b>Other comprehensive income:</b>			
Amounts that will not be reclassified subsequently to the operating result			
Nil			
Amounts that will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
<b>Total comprehensive income for the year</b>		<b>177</b>	<b>73</b>

## New England Weeds Authority

Statement of Financial Position  
as at 30 June 2018

\$ '000	Notes	2018	2017
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6a	1,611	1,402
Receivables	7	71	71
Inventories	8	14	15
<b>Total current assets</b>		<b>1,696</b>	<b>1,488</b>
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment	9	329	331
<b>Total non-current assets</b>		<b>329</b>	<b>331</b>
<b>TOTAL ASSETS</b>		<b>2,025</b>	<b>1,819</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	10	52	39
Borrowings	10	–	8
Provisions	11	188	164
<b>Total current liabilities</b>		<b>240</b>	<b>211</b>
<b>Non-current liabilities</b>			
<b>Total non-current liabilities</b>		<b>–</b>	<b>–</b>
<b>TOTAL LIABILITIES</b>		<b>240</b>	<b>211</b>
<b>Net assets</b>		<b>1,785</b>	<b>1,608</b>
<b>EQUITY</b>			
Accumulated surplus		1,785	1,608
Revaluation reserves		–	–
<b>Total equity</b>		<b>1,785</b>	<b>1,608</b>

## New England Weeds Authority

## Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Notes	2018			2017		
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
<b>Opening balance</b>		1,608	–	<b>1,608</b>	1,535	–	<b>1,535</b>
Net operating result for the year prior to correction of errors and changes in accounting policies		<b>177</b>	–	<b>177</b>	73	–	<b>73</b>
<b>Net operating result for the year</b>		<b>177</b>	–	<b>177</b>	<b>73</b>	–	<b>73</b>
<b>Other comprehensive income</b>							
– Gain (loss) on revaluation of IPP&E	9a	–	–	–	–	–	–
<b>Other comprehensive income</b>		–	–	–	–	–	–
<b>Total comprehensive income (c&amp;d)</b>		<b>177</b>	–	<b>177</b>	<b>73</b>	–	<b>73</b>
<b>Equity – balance at end of the reporting period</b>		<b>1,785</b>	–	<b>1,785</b>	<b>1,608</b>	–	<b>1,608</b>



## New England Weeds Authority

## Statement of Cash Flows

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
100	User charges and fees		332	238
30	Investment and interest revenue received		27	38
977	Grants and contributions		974	991
4	Other		69	(33)
<b>Payments:</b>				
(545)	Employee benefits and on-costs		(789)	(770)
(266)	Materials and contracts		(188)	(199)
(215)	Other		(146)	(162)
85	<b>Net cash provided (or used in) operating activities</b>	12b	<b>279</b>	<b>103</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
92	Sale of investment securities		–	–
39	Sale of infrastructure, property, plant and equipment		51	40
<b>Payments:</b>				
(124)	Purchase of investment securities		–	–
(92)	Purchase of infrastructure, property, plant and equipment		(113)	(117)
(85)	<b>Net cash provided (or used in) investing activities</b>		<b>(62)</b>	<b>(77)</b>
<b>Cash flows from financing activities</b>				
Nil				
–	<b>Net increase/(decrease) in cash and cash equivalents</b>		217	26
1,457	Plus: cash and cash equivalents – beginning of year	12a	1,394	1,368
1,457	<b>Cash and cash equivalents – end of the year</b>	12a	<b>1,611</b>	<b>1,394</b>

## New England Weeds Authority

### Notes to the Financial Statements

for the year ended 30 June 2018

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## New England Weeds Authority

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Basis of preparation

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These financial statements were authorised for issue by Council on 22/08/2018.

Council has the power to amend and reissue these financial statements.

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.

#### **Basis of preparation**

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.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Full dollars have been used in Note 16 Related party disclosures in relation to the disclosure of specific related party transactions.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts.

Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 15 – Material budget variations

and are clearly marked.

#### **(a) New and amended standards adopted by Council**

There have been no new (or amended) accounting standards adopted by Council in this year's financial statements which have had any material impact on reported financial position, performance or cash flows.

#### **(b) 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 infrastructure, property, plant and equipment and investment property.

#### **(c) 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.

#### ***Critical accounting estimates and assumptions***

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

## New England Weeds Authority

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Basis of preparation (continued)

of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 9,
- (ii) employee benefit provisions – refer Note 11.

#### Monies and other assets received by Council

##### (a) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, all money and other assets received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

Cash and other assets of the following entities have been included as part of the Consolidated Fund:

- General purpose operations

#### 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.

#### 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.

As at the date of authorisation of these financial statements, Council considers that the standards and interpretations listed below will have an impact upon future published financial statements ranging from additional and / or revised disclosures to actual changes as to how certain transactions and balances are accounted for.

#### Effective for annual reporting periods beginning on or after 1 July 2018

- *AASB 9 Financial Instruments*

This replaces AASB 139 Financial Instruments: Recognition and Measurement, and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses.

## New England Weeds Authority

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Basis of preparation (continued)

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Based on assessments to date, Council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

##### **Effective for annual reporting periods beginning on or after 1 July 2019**

- AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions.

Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

While Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards, these standards may affect the timing of the recognition of some grants and donations.

- AASB 16 *Leases*

Council is currently a party to leases that are not recognised in the Statement of Financial Position.

It is likely that some of these leases will need to be included in the Statement of Financial Position when this standard comes into effect.

A lease liability will initially be measured at the present value of the lease payments to be made over the lease term.

A corresponding right-of-use asset will also be recognised over the lease term.

## New England Weeds Authority

## Notes to the Financial Statements

for the year ended 30 June 2018

## 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)	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Civic Leadership	116	91	622	539	(506)	(448)	–	–	–	1,080
Environment	698	642	425	414	273	228	259	212	14	15
Economic Affairs	389	232	108	139	281	93	–	–	–	11
NSW Weeds Action Program	231	348	102	148	129	200	275	349	–	713
Other	–	–	–	–	–	–	–	–	2,011	–
<b>Total functions and activities</b>	<b>1,434</b>	<b>1,313</b>	<b>1,257</b>	<b>1,240</b>	<b>177</b>	<b>73</b>	<b>534</b>	<b>561</b>	<b>2,025</b>	<b>1,819</b>

## New England Weeds Authority

### Notes to the Financial Statements for the year ended 30 June 2018

#### 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:**

##### **Civic Leadership**

Covers Key Civil Leadership activities including governance, administration, finance and risk management.

##### **Environment**

Includes activities regarding priority weeds management and control.

##### **Economic Affairs**

Includes activities of a private works nature.

##### **NSW Weeds Action Program**

Supports NSW wide programs specifically through the Northern Tablelands Regional Weed Committee.

## New England Weeds Authority

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
<b>(a) User charges and fees</b>		
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Private works	327	232
Regulatory fees	5	6
<b>Total fees and charges – statutory/regulatory</b>	<b>332</b>	<b>238</b>
<b>TOTAL USER CHARGES AND FEES</b>	<b>332</b>	<b>238</b>
<b>Accounting policy for user charges and fees</b>		
User charges and fees are recognised as revenue when the service has been provided.		
<b>(b) Interest and investment revenue (including losses)</b>		
<b>Interest</b>		
– Cash and investments	34	39
<b>TOTAL INTEREST AND INVESTMENT REVENUE</b>	<b>34</b>	<b>39</b>
<b>Interest revenue is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
General Council cash and investments	34	39
<b>Total interest and investment revenue recognised</b>	<b>34</b>	<b>39</b>
<b>Accounting policy for interest and investment revenue</b>		
Interest income is recognised using the effective interest rate at the date that interest is earned.		



## New England Weeds Authority

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

\$ '000	Notes	2018	2017
<b>(c) Other revenues</b>			
Other		62	7
<b>TOTAL OTHER REVENUE</b>		<b>62</b>	<b>7</b>

**Accounting policy for other revenue**

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.

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

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

\$ '000	2018 Operating	2017 Operating	2018 Capital	2017 Capital
<b>(d) Grants</b>				
<b>Specific purpose</b>				
Priority weeds	534	561	-	-
<b>Total specific purpose</b>	<b>534</b>	<b>561</b>	<b>-</b>	<b>-</b>
<b>Total grants</b>	<b>534</b>	<b>561</b>	<b>-</b>	<b>-</b>
<b>Grant revenue is attributable to:</b>				
- State funding	534	561	-	-
	<b>534</b>	<b>561</b>	<b>-</b>	<b>-</b>

## New England Weeds Authority

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

\$ '000	Notes	2018 Operating	2017 Operating	2018 Capital	2017 Capital
<b>(e) Contributions</b>					
<b>Other contributions:</b>					
<b>Cash contributions</b>					
Other councils – joint works/services		440	430	–	–
<b>Total other contributions – cash</b>		<b>440</b>	<b>430</b>	<b>–</b>	<b>–</b>
<b>Total contributions</b>		<b>440</b>	<b>430</b>	<b>–</b>	<b>–</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>		<b>974</b>	<b>991</b>	<b>–</b>	<b>–</b>

**Accounting policy for contributions**

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset 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 un-discharged at reporting date, the unused grant or contribution is disclosed above.

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.

\$ '000	2018	2017
<b>(f) Unspent grants and contributions</b>		
<b>Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
<b>Operating grants</b>		
Unexpended at the close of the previous reporting period	713	520
<b>Add:</b> operating grants recognised in the current period but not yet spent	685	243
<b>Add:</b> operating grants received for the provision of goods and services in a future period	129	93
<b>Less:</b> operating grants recognised in a previous reporting period now spent	(720)	(143)
<b>Unexpended and held as restricted assets (operating grants)</b>	<b>807</b>	<b>713</b>

## New England Weeds Authority

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 4. Expenses from continuing operations

\$ '000	2018	2017
<b>(a) Employee benefits and on-costs</b>		
Salaries and wages	706	661
Travel expenses	1	–
Employee leave entitlements (ELE)	23	31
Superannuation	65	62
Workers' compensation insurance	14	15
Training costs (other than salaries and wages)	5	26
Other	8	6
<b><u>TOTAL EMPLOYEE COSTS EXPENSED</u></b>	<b><u>822</u></b>	<b><u>801</u></b>
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

#### Accounting policy for employee benefits and on-costs

Employee benefit expenses are recorded when the service has been provided by the employee.

#### (b) Materials and contracts

Raw materials and consumables	158	172
Contractor and consultancy costs	8	10
Auditors remuneration <sup>(2)</sup>	17	12
<b><u>TOTAL MATERIALS AND CONTRACTS</u></b>	<b><u>183</u></b>	<b><u>194</u></b>

#### Auditor remuneration

During the year the following fees were paid or payable for services provided by the auditor of Council, related practices and non-related audit firms

#### Auditors of the Council – NSW Auditor-General:

##### Audit and other assurance services

Audit and review of financial statements	17	12
<b>Remuneration for audit and other assurance services</b>	<b>17</b>	<b>12</b>
<b>Total Auditor-General remuneration</b>	<b>17</b>	<b>12</b>
<b>Total Auditor remuneration</b>	<b>17</b>	<b>12</b>

## New England Weeds Authority

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2018	2017
<b>(c) Depreciation, amortisation and impairment</b>			
<b>Depreciation and amortisation</b>			
Plant and equipment		90	104
Office equipment		6	3
Total depreciation and amortisation costs		<u>96</u>	<u>107</u>
<b><u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT COSTS EXPENSED</u></b>		<u>96</u>	<u>107</u>

#### Accounting policy for depreciation, amortisation and impairment expenses

##### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 9 for IPPE assets.

#### (d) Other expenses

Advertising	4	4
Aircraft hire	–	7
Bank charges	1	1
Councillor expenses – Chairpersons fee	6	6
Councillor expenses – councillors' fees	5	5
Councillors' expenses (incl. mayor) – other (excluding fees above)	2	3
DPI Parthinium Weeds Project	–	34
Electricity and heating	2	2
Insurance	22	22
Office expenses (including computer expenses)	5	6
Postage	1	–
Printing and stationery	3	3
Rent	13	13
Subscriptions and publications	3	3
Telephone and communications	7	7
Biennial Weeds Conference	60	–
Other	22	22
<b><u>TOTAL OTHER EXPENSES</u></b>	<u>156</u>	<u>138</u>

#### Accounting policy for other expenses

Other expenses are recorded on an accruals basis as the Council receives the goods or services.

## New England Weeds Authority

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	2018	2017
Plant and equipment	9		
Proceeds from disposal – plant and equipment		51	40
Less: carrying amount of plant and equipment assets sold/written off		(19)	(2)
<b>Net gain/(loss) on disposal</b>		<b>32</b>	<b>38</b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>32</u></b>	<b><u>38</u></b>

#### Accounting policy for disposal of assets

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

#### Note 6(a). Cash and cash equivalent assets

\$ '000	2018	2017
Cash and cash equivalents		
Cash on hand and at bank	30	–
Cash-equivalent assets		
– Deposits at call	618	652
– Short-term deposits	963	750
<b>Total cash and cash equivalents</b>	<b>1,611</b>	<b>1,402</b>

#### Accounting policy for 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.

## New England Weeds Authority

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 6(b). Restricted cash, cash equivalents and investments – details

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	1,611	–	1,402	–
<b>attributable to:</b>				
External restrictions (refer below)	807	–	713	–
Internal restrictions (refer below)	380	–	324	–
Unrestricted	424	–	365	–
	<b>1,611</b>	<b>–</b>	<b>1,402</b>	<b>–</b>

\$ '000	2018		2017	
<b>Details of restrictions</b>				
<b>External restrictions – other</b>				
Specific purpose unexpended grants		807	713	
<b>External restrictions – other</b>		<b>807</b>	<b>713</b>	
<b>Total external restrictions</b>		<b>807</b>	<b>713</b>	
<b>Internal restrictions</b>				
Plant and vehicle replacement		192	160	
Employees leave entitlement		188	164	
<b>Total internal restrictions</b>		<b>380</b>	<b>324</b>	
<b>TOTAL RESTRICTIONS</b>		<b>1,187</b>	<b>1,037</b>	

## New England Weeds Authority

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 7. Receivables

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Purpose</b>				
Accrued revenues				
– Interest on investments	9	–	2	–
Net GST receivable	–	–	10	–
Other debtors	62	–	59	–
<b>Total</b>	<b>71</b>	<b>–</b>	<b>71</b>	<b>–</b>
<b><u>TOTAL NET RECEIVABLES</u></b>	<b><u>71</u></b>	<b><u>–</u></b>	<b><u>71</u></b>	<b><u>–</u></b>

There are no restrictions applicable to the above assets.

#### Accounting policy for receivables

##### Recognition and measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in other receivables (Note 8) and 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.

## New England Weeds Authority

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 8. Inventories and other assets

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>(a) Inventories</b>				
<b>(i) Inventories at cost</b>				
Stores and materials	14	–	15	–
<b>Total inventories at cost</b>	<b>14</b>	<b>–</b>	<b>15</b>	<b>–</b>
<b>TOTAL INVENTORIES</b>	<b>14</b>	<b>–</b>	<b>15</b>	<b>–</b>

#### Externally restricted assets

There are no restrictions applicable to the above assets.

#### Other disclosures

#### Accounting policy

##### Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.



## New England Weeds Authority

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 9(a). Infrastructure, property, plant and equipment

Asset class	as at 30/6/2017			Asset movements during the reporting period					as at 30/6/2018		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Reinstatement costs for impaired assets	Carrying value of disposals	Depreciation expense	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>											
Plant and equipment	576	264	312	109	–	–	(19)	(90)	589	277	312
Office equipment	65	46	19	–	4	–	–	(6)	69	52	17
<b><u>TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.</u></b>	<b>641</b>	<b>310</b>	<b>331</b>	<b>109</b>	<b>4</b>	<b>–</b>	<b>(19)</b>	<b>(96)</b>	<b>658</b>	<b>329</b>	<b>329</b>

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

## New England Weeds Authority

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 9(a). Infrastructure, property, plant and equipment (continued)

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##### Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least 5 yearly, however the carrying amount of assets is assessed at each reporting date to confirm that it is not materially different from current fair value.

Land is not depreciated. 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:

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40

## New England Weeds Authority

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 10. Payables and borrowings

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Payables</b>				
Goods and services – operating expenditure	6	–	12	–
Accrued expenses:				
– Salaries and wages	29	–	20	–
– Other expenditure accruals	7	–	7	–
GST payable	10	–	–	–
<b>Total payables</b>	<b>52</b>	<b>–</b>	<b>39</b>	<b>–</b>
<b>Borrowings</b>				
Bank overdraft	–	–	8	–
<b>Total borrowings</b>	<b>–</b>	<b>–</b>	<b>8</b>	<b>–</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>52</b>	<b>–</b>	<b>47</b>	<b>–</b>

#### (a) Payables and borrowings relating to restricted assets

There are no restricted assets (external or internal) applicable to the above payables and borrowings

\$ '000	2018	2017
<b>(b) Financing arrangements</b>		
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>		
Credit cards/purchase cards	5	5
<b>Total financing arrangements</b>	<b>5</b>	<b>5</b>
<b>Undrawn facilities as at balance date:</b>		
– Credit cards/purchase cards	5	5
<b>Total undrawn financing arrangements</b>	<b>5</b>	<b>5</b>

1. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

#### Accounting policy for payables and borrowings

##### 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.

## New England Weeds Authority

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 11. Provisions

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Provisions</b>				
<b>Employee benefits:</b>				
Annual leave	60	–	57	–
Long service leave	105	–	87	–
ELE on-costs	23	–	20	–
<b><u>TOTAL PROVISIONS</u></b>	<b><u>188</u></b>	<b><u>–</u></b>	<b><u>164</u></b>	<b><u>–</u></b>

#### (a) Provisions relating to restricted assets

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

\$ '000	2018	2017
---------	------	------

#### (b) Current provisions not anticipated to be settled within the next twelve months

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

Provisions – employees benefits	88	74
	<b><u>88</u></b>	<b><u>74</u></b>

#### Employee benefits

##### Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick 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 and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

##### 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.

## New England Weeds Authority

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 12. Statement of cash flows – additional information

\$ '000	Notes	2018	2017
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6a	1,611	1,402
Less bank overdraft	10	–	(8)
<b>Balance as per the Statement of Cash Flows</b>		<b>1,611</b>	<b>1,394</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		<b>177</b>	<b>73</b>
<b>Adjust for non-cash items:</b>			
Depreciation and amortisation		96	107
Net losses/(gains) on disposal of assets		(32)	(38)
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		–	(41)
Decrease/(increase) in inventories		1	(4)
Increase/(decrease) in payables		(6)	(1)
Increase/(decrease) in other accrued expenses payable		9	(12)
Increase/(decrease) in other liabilities		10	(12)
Increase/(decrease) in employee leave entitlements		24	31
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>279</b>	<b>103</b>

#### Note 13. Commitments for expenditure

##### 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	28	42
<b>Total non-cancellable operating lease commitments</b>	<b>42</b>	<b>56</b>

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

Rental of office and depot from Armidale Regional Council

Contingent rentals may be payable depending on the condition of items or usage during the lease term.

###### 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.

## New England Weeds Authority

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 14. Financial risk management

\$ '000

##### 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 finance section under policies approved by the Council.

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

##### Financial assets

Cash and cash equivalents	1,611	1,402	1,611	1,402
Receivables	71	71	71	71
<b>Total financial assets</b>	<b>1,682</b>	<b>1,473</b>	<b>1,682</b>	<b>1,473</b>

##### Financial liabilities

Bank overdraft	–	8	–	8
Payables	52	39	53	39
<b>Total financial liabilities</b>	<b>52</b>	<b>47</b>	<b>53</b>	<b>47</b>

## New England Weeds Authority

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 14. Financial risk management (continued)

\$ '000

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

Council has an investment policy which complies with the *Local Government Act 1993* and Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a quarterly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

The risks associated with the investments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

#### (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
<b>2018</b>				
Possible impact of a 1% movement in interest rates	4	4	(4)	(4)
<b>2017</b>				
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 2018

#### Note 14. Financial risk management (continued)

\$ '000

##### (b) Credit risk

Council's major receivables comprise user charges and fees.

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.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The level of outstanding receivables is reported to Council quarterly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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:

	2018 Rates and annual charges	2018 Other receivables	2017 Rates and annual charges	2017 Other receivables
<b>(i) Ageing of receivables – %</b>				
Current (not yet overdue)	100%	44%		76%
Overdue	0%	56%		24%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

##### (ii) Ageing of receivables – value

Rates and annual charges

Other receivables

	2018	2017
Current	8	12
0 – 30 days overdue	–	11
31 – 60 days overdue	19	11
61 – 90 days overdue	10	22
> 91 days overdue	34	15
	<u>71</u>	<u>71</u>



## New England Weeds Authority

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 14. 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.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity table below:

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 – 5 Years	> 5 Years		
<b>2018</b>							
Trade/other payables	0.00%	–	-	-	-	–	<b>52</b>
<b>Total financial liabilities</b>		–	–	–	–	–	<b>52</b>
<b>2017</b>							
Bank overdraft		8	-	-	-	8	<b>8</b>
Trade/other payables	0.00%	–	29	-	-	29	<b>39</b>
<b>Total financial liabilities</b>		<b>8</b>	<b>29</b>	–	–	<b>37</b>	<b>47</b>

## New England Weeds Authority

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 15. Material budget variations

\$ '000

Council's original financial budget for 17/18 was adopted by the Council on 20 June 2017 and is not required to be audited.

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	2018 Budget	2018 Actual	2018 ----- Variance* -----	
<b>REVENUES</b>				
<b>User charges and fees</b>	<b>100</b>	<b>332</b>	<b>232</b>	232% <b>F</b>
Council conservatively budgets for private works income. Additional works were completed during the year totalling over 200k				
<b>Interest and investment revenue</b>	<b>30</b>	<b>34</b>	<b>4</b>	13% <b>F</b>
Investment revenues have improved over budget because more investment funding has been available. This is also demonstrated in unexpended grants.				
<b>Other revenues</b>	<b>5</b>	<b>62</b>	<b>57</b>	1140% <b>F</b>
The key difference is the revenues for the Biennial Weeds conference of 62k				
<b>Operating grants and contributions</b>	<b>977</b>	<b>974</b>	<b>(3)</b>	(0%) <b>U</b>
<b>Net gains from disposal of assets</b>	<b>5</b>	<b>32</b>	<b>27</b>	540% <b>F</b>
Council has achieved excellent returns on plant sales. Council has also reviewed depreciation rates this year to reflect current trends.				

## New England Weeds Authority

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 15. Material budget variations (continued)

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----		
<b>EXPENSES</b>					
<b>Employee benefits and on-costs</b>	<b>545</b>	<b>822</b>	<b>(277)</b>	(51%)	<b>U</b>
Council budgets on a project basis and estimates employee costs for each project. This year's budget used incorrect estimations. The increase is offset by a reduction in materials and contract actuals.					
<b>Materials and contracts</b>	<b>266</b>	<b>183</b>	<b>83</b>	31%	<b>F</b>
Council budgets on a project basis and estimates employee costs for each project. This year's budget used incorrect estimations. The increase is offset by an increase in employee costs actuals.					
<b>Depreciation and amortisation</b>	<b>89</b>	<b>96</b>	<b>(7)</b>	(8%)	<b>U</b>
<b>Other expenses</b>	<b>215</b>	<b>156</b>	<b>59</b>	27%	<b>F</b>
The key variation is due to expenses incurred in the hosting of the biennial weeds conference totalling 60k					

**Budget variations relating to Council's Cash Flow Statement include:**

<b>Cash flows from operating activities</b>	<b>85</b>	<b>279</b>	<b>194</b>	228.2%	<b>F</b>
As detailed above, additional revenues for private works provided this increase.					
<b>Cash flows from investing activities</b>	<b>(85)</b>	<b>(62)</b>	<b>23</b>	(27.1%)	<b>F</b>
Investment returns have increased because investments are being held longer.					

## New England Weeds Authority

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 16. Related party transactions

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\$ '000

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##### 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:

<b>Compensation:</b>	<b>2018</b>	<b>2017</b>
Short-term benefits	147	143
Post-employment benefits	13	12
<b>Total</b>	<b>160</b>	<b>155</b>

## New England Weeds Authority

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 17(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
<b>Local government industry indicators – consolidated</b>					
<b>1. Operating performance ratio</b>					
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	<u>145</u>	<b>10.34%</b>	2.75%	9.36%	> 0.00%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	<u>1,402</u>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	<u>428</u>	<b>30.53%</b>	22.27%	25.46%	> 60.00%
Total continuing operating revenue <sup>(1)</sup>	<u>1,402</u>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions <sup>(2)</sup>	<u>889</u>	<b>5.85x</b>	5.66x	6.44x	> 1.5x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>	<u>152</u>				
<b>4. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<u>1,611</u>	<b>17.21 mths</b>	14.9 mths	11.8 mths	> 3 mths
Payments from cash flow of operating and financing activities	<u>94</u>				

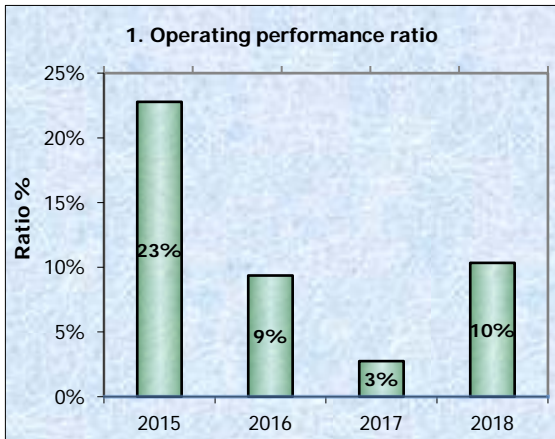
#### Notes

- <sup>(1)</sup> 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.
- <sup>(2)</sup> Refer Notes 6-8 inclusive.  
Also excludes any real estate and land for resale not expected to be sold in the next 12 months.
- <sup>(3)</sup> Refer to Notes 10 and 11.
- <sup>(4)</sup> Refer to Note 10(b) and 11(b) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

# New England Weeds Authority

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 17(b). Statement of performance measures – consolidated results (graphs)



**Purpose of operating performance ratio**

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

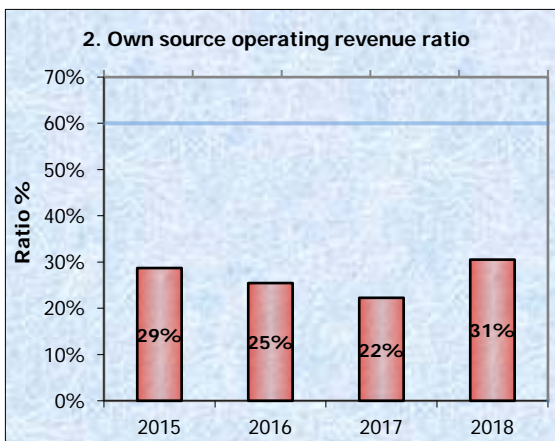
**Commentary on 2017/18 result**

**2017/18 ratio 10.34%**

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.

Benchmark: ——— Minimum  $\geq 0.00\%$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark  
Ratio is outside benchmark



**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.

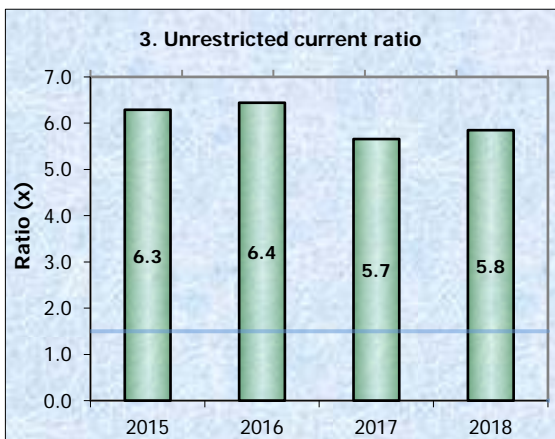
**Commentary on 2017/18 result**

**2017/18 ratio 30.53%**

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

Benchmark: ——— Minimum  $\geq 60.00\%$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark  
Ratio is outside benchmark



**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 2017/18 result**

**2017/18 ratio 5.85x**

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

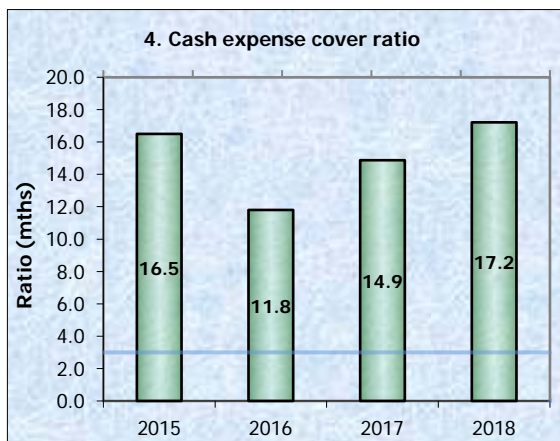
Benchmark: ——— Minimum  $\geq 1.50$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark  
Ratio is outside benchmark

# New England Weeds Authority

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 17(b). Statement of performance measures – consolidated results (graphs)



**Purpose of cash expense cover ratio**

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Commentary on 2017/18 result	
<b>2017/18 ratio</b>	<b>17.21 mths</b>
<p>A benchmark figure of greater than 3 has been established. The Authority exceeds this benchmark.</p>	

Benchmark: Minimum >=3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Ratio achieves benchmark

Ratio is outside benchmark

# New England Weeds Authority

## Notes to the Financial Statements for the year ended 30 June 2018

### Note 18. Council information and contact details

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**Principal place of business:**

2/129 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](http://www.newa.com.au)

**Email:** [newa@newa.nsw.gov.au](mailto:newa@newa.nsw.gov.au)

**Officers****GENERAL MANAGER**

Wayne Deer

**RESPONSIBLE ACCOUNTING OFFICER**

Wayne Deer

**PUBLIC OFFICER**

Wayne Deer

**AUDITORS**

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

**Elected members****CHAIRPERSON**

Mark Dusting

**COUNCILLORS**

Mark Dusting  
John Galletly  
Scott Kermode  
Libby Martin  
Andrew Murat

**Other information**

**ABN:** 35 514 070 354





**INDEPENDENT AUDITOR'S REPORT**  
**Report on the general purpose financial report**  
**New England Weeds Authority**

To the Councillors of the New England Weeds Authority

## Opinion

I have audited the accompanying financial report of the New England Weeds Authority (the Authority), which comprises the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the 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 report:
  - has been presented, in all material respects, in accordance with the requirements of this Division
  - is consistent with the Authority's accounting records
  - presents fairly, in all material respects, the financial position of the Authority as at 30 June 2018, 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 report 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 Responsibilities for the Audit of the Financial Report' 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.

## **Other Information**

Other information comprises the information included in the Authority's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Special Schedules (the Schedules).

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Report**

The Councillors are responsible for the preparation and fair presentation of the financial report 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 report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Councillors are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting except where the Authority will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

## **Auditor's Responsibilities for the Audit of the Financial Report**

My objectives are to:


- obtain reasonable assurance about whether the financial report as a whole is 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 report.

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.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, and Note 15 Material budget variations
- on the Special Schedules
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

A handwritten signature in black ink that reads "James Sugumar". The signature is written in a cursive style with a large initial 'J' and a long, sweeping underline.

James Sugumar  
Director, Financial Audit Services

24 August 2018  
SYDNEY

Cr M Dusting  
Chairperson  
New England Weeds Authority  
PO Box 881  
ARMIDALE NSW 2350

Contact: James Sugumar  
Phone no: 02 9275 7288  
Our ref: D1818383/1675

24 August 2018

Dear Councillor Dusting

**Report on the Conduct of the Audit  
New England Weeds Authority  
Audit for the year ended 30 June 2018**

I have audited the general purpose financial statements of the New England Weeds Authority (the Authority) for the year ended 30 June 2018 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 2018 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(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

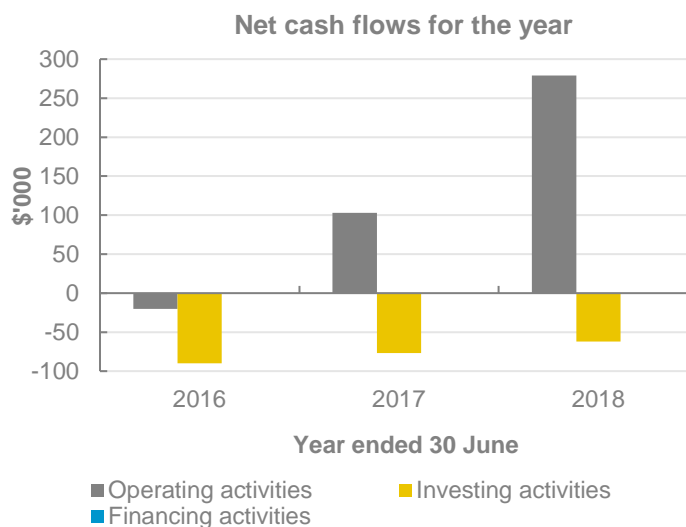
	2018	2017	Variance
	\$'000	\$'000	%
Grants and contributions revenue	974	991	↓ 1.7
Total revenue	1,434	1,313	↑ 9.2
Total expenses	1,257	1,240	↑ 1.4
Operating result for the year	177	73	↑ 142

Grants and contributions revenue decreased by \$17,000 due to reduction in the grant funding for the Weed Action Program. However, total revenue increased by \$121,000 largely due to larger user charges and fees (private works) earned during 2017–18.

The increase in operating result for the year was attributable to the growth in total revenue.

### STATEMENT OF CASH FLOWS

- The Authority reported positive cash flows in the last two years.
- The rise in operating activities' cash flow was from increased user charges and fees.
- The Authority's continued acquisition of plant and equipment contributed to negative cash flows from investing activities for the past three years.



## FINANCIAL POSITION

### Cash and Investments

Cash and Investments	2018	2017	Commentary
	\$'000	\$'000	
External restrictions	807	713	• Increase in externally restricted cash balance represents grant funding received and not spent at 30 June 2018.
Internal restrictions	380	324	
Unrestricted	424	365	• Rise in internally restricted cash balance is in line with increases in employee entitlement and other provisions.
<b>Total Cash and Investments</b>	<b>1,611</b>	<b>1,402</b>	

## PERFORMANCE RATIOS

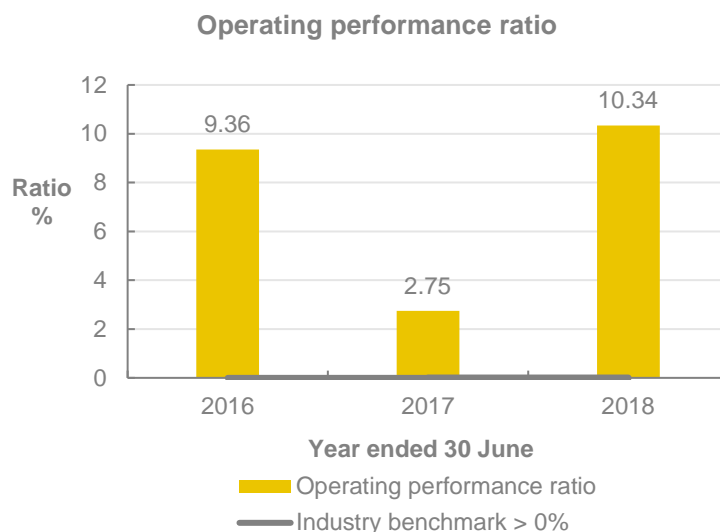
The definition of each ratio analysed below is included in Note 17 of the Council's audited general purpose financial statements.

### Operating performance ratio

- The Authority continued to report a positive operating performance ratio and met the benchmark in 2018 and prior years.
- The increase in operating performance ratio from 2.75 per cent to 10.34 per cent was due to higher revenue from user charges and fees and projects.

The 'operating performance 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.

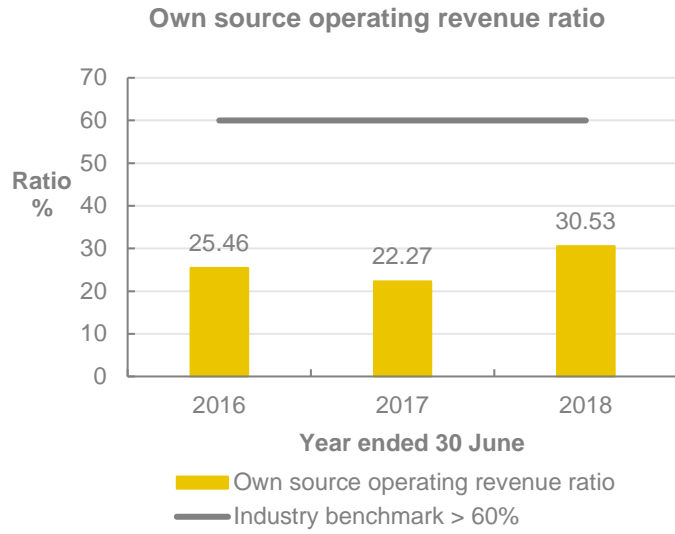


## Own source operating revenue ratio

- As in prior years, the Authority did not meet the own source operating revenue ratio benchmark.
- Whilst the ratio increased to 30.5 per cent in 2018 in line with the growth in revenue, it was below the benchmark of 60 per cent.

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.

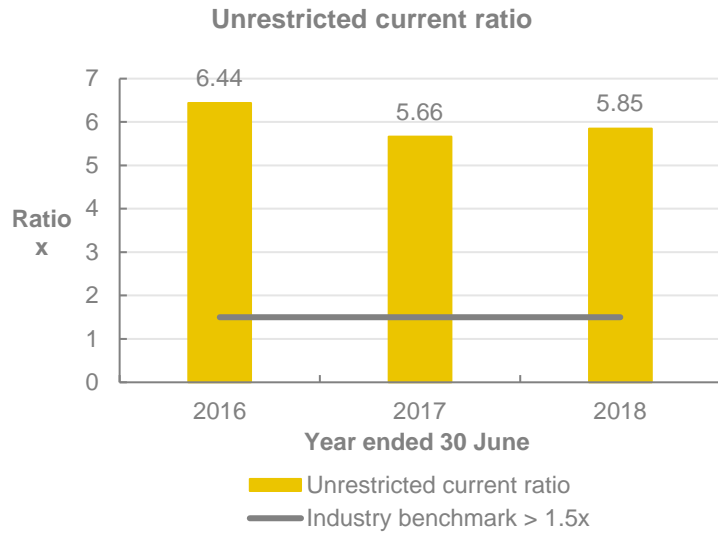


## Unrestricted current ratio

- The Authority continued to meet and exceed the benchmark in 2018 and prior years.
- This ratio has been consistent 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 times.

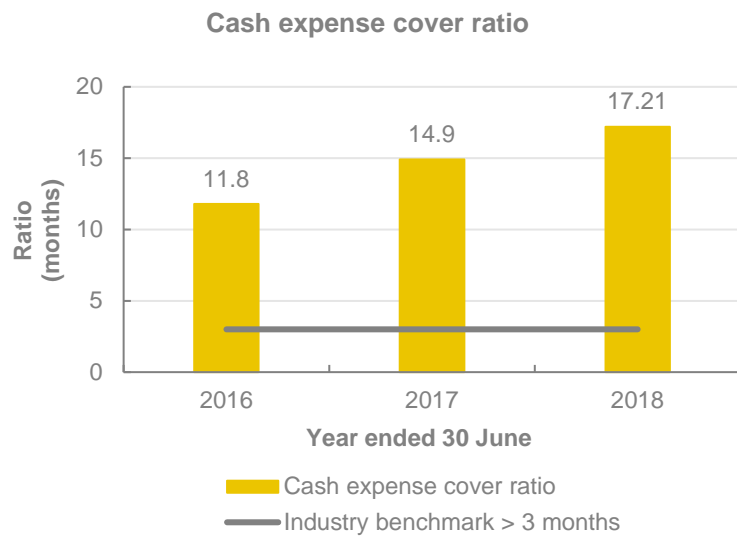


## Cash expense cover ratio

- The Authority continued to meet and exceed the benchmark in 2018.
- The ratio has increased from 14.9 months to 17.2 months in 2018 due to a higher cash balance in 2018.

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

### 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

cc: Mr Wayne Deer, General Manager  
 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 2018

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



# New England Weeds Authority

## Special Schedules

for the year ended 30 June 2018

### Contents

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#### Special Schedules <sup>1</sup>

<b>Special Schedule 1</b>	Net Cost of Services	2
<b>Special Schedule 2</b>	Permissible income for general rates	n/a
<b>Special Schedule 2</b>	Independent Auditors Report	n/a
<b>Special Schedule 3</b>	Water Supply Operations – incl. Income Statement	n/a
<b>Special Schedule 4</b>	Water Supply – Statement of Financial Position	n/a
<b>Special Schedule 5</b>	Sewerage Service Operations – incl. Income Statement	n/a
<b>Special Schedule 6</b>	Sewerage Service – Statement of Financial Position	n/a
<b>Notes to Special Schedules 3 and 5</b>		n/a
<b>Special Schedule 7</b>	Report on Infrastructure Assets	n/a

<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 2).

---

#### 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 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Governance</b>	42	–	–	(42)
<b>Administration</b>	–	–	–	–
<b>Public order and safety</b>				
Fire service levy, fire protection, emergency services	–	–	–	–
Beach control	–	–	–	–
Enforcement of local government regulations	–	–	–	–
Animal control	–	–	–	–
Other	–	–	–	–
<b>Total public order and safety</b>	–	–	–	–
<b>Health</b>	–	–	–	–
<b>Environment</b>				
Noxious plants and insect/vermin control	1,215	1,400	–	185
Other environmental protection	–	–	–	–
Solid waste management	–	–	–	–
Street cleaning	–	–	–	–
Drainage	–	–	–	–
Stormwater management	–	–	–	–
<b>Total environment</b>	1,215	1,400	–	185
<b>Community services and education</b>				
Administration and education	–	–	–	–
Social protection (welfare)	–	–	–	–
Aged persons and disabled	–	–	–	–
Children's services	–	–	–	–
<b>Total community services and education</b>	–	–	–	–
<b>Housing and community amenities</b>				
Public cemeteries	–	–	–	–
Public conveniences	–	–	–	–
Street lighting	–	–	–	–
Town planning	–	–	–	–
Other community amenities	–	–	–	–
<b>Total housing and community amenities</b>	–	–	–	–
<b>Water supplies</b>	–	–	–	–
<b>Sewerage services</b>	–	–	–	–

## New England Weeds Authority

Special Schedule 1 – Net Cost of Services (continued)  
for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Recreation and culture</b>				
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	–	–	–	–
<b>Total recreation and culture</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Fuel and energy</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Agriculture</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Mining, manufacturing and construction</b>				
Building control	–	–	–	–
Other mining, manufacturing and construction	–	–	–	–
<b>Total mining, manufacturing and const.</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Transport and communication</b>				
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	–	–	–	–
<b>Total transport and communication</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Economic affairs</b>				
Camping areas and caravan parks	–	–	–	–
Other economic affairs	–	–	–	–
<b>Total economic affairs</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Totals – functions</b>	<b>1,257</b>	<b>1,400</b>	<b>–</b>	<b>143</b>
<b>General purpose revenues <sup>(1)</sup></b>		<b>34</b>		<b>34</b>
<b>Share of interests – joint ventures and associates using the equity method</b>	<b>–</b>	<b>–</b>		<b>–</b>
<b>NET OPERATING RESULT <sup>(2)</sup></b>	<b>1,257</b>	<b>1,434</b>	<b>–</b>	<b>177</b>

(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