

New England Weeds Authority

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2022



New England Weeds Authority

General Purpose Financial Statements

for the year ended 30 June 2022

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New England Weeds Authority

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding Council's Financial Statements

Introduction

Each year NSW local governments are required to present 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 2022.

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 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 2022

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

The attached general purpose financial statements have been prepared in accordance with:

- the *Local Government Act 1993* 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 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 04 October 2022.



pp Cllr Scott Kermode
Chairperson
04 October 2022



Cllr Tim Bower
Deputy Chairperson
04 October 2022



Tim Weeks
General Manager
04 October 2022



Tim Weeks
Responsible Accounting Officer
04 October 2022

New England Weeds Authority

Statement of Comprehensive Income

for the year ended 30 June 2022

\$ '000	2022	2021
Net operating result for the year – from Income Statement	155	(73)
Total comprehensive income for the year attributable to Council	155	(73)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

New England Weeds Authority

Statement of Financial Position

as at 30 June 2022

\$ '000	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	1,467	701
Investments	C1-2	502	1,301
Receivables	C1-4	62	5
Inventories	C1-5	25	19
Total current assets		2,056	2,026
Non-current assets			
Infrastructure, property, plant and equipment (IPPE)	C1-6	590	394
Total non-current assets		590	394
Total assets		2,646	2,420
LIABILITIES			
Current liabilities			
Payables	C3-1	252	181
Contract liabilities	C3-2	380	372
Employee benefit provisions	C3-4	108	116
Total current liabilities		740	669
Total liabilities		740	669
Net assets		1,906	1,751
EQUITY			
Accumulated surplus		1,906	1,751
Total equity		1,906	1,751
Total equity		1,906	1,751

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

New England Weeds Authority

Statement of Changes in Equity

for the year ended 30 June 2022

\$ '000	2022		2021	
	Accumulated surplus	Total equity	Accumulated surplus	Total equity
Opening balance at 1 July	1,751	1,751	1,824	1,824
Net operating result for the year	155	155	(73)	(73)
Total comprehensive income	155	155	(73)	(73)
Closing balance at 30 June	1,906	1,906	1,751	1,751

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

New England Weeds Authority

Statement of Cash Flows

for the year ended 30 June 2022

Original unaudited budget 2022	\$ '000	Notes	Actual 2022	Actual 2021
Cash flows from operating activities				
<i>Receipts:</i>				
486	User charges and fees		417	300
11	Interest received		3	7
1,024	Grants and contributions		1,449	1,222
3	Other		12	16
<i>Payments:</i>				
(974)	Payments to employees		(901)	(791)
(363)	Payments for materials and services		(553)	(411)
(11)	Borrowing costs		-	-
-	Other		(172)	(46)
176	Net cash flows from operating activities	G1-1	255	297
Cash flows from investing activities				
<i>Receipts:</i>				
-	Sale of investments		1,301	-
53	Proceeds from sale of IPPE		15	50
<i>Payments:</i>				
-	Purchase of investments		(502)	(301)
(1,122)	Payments for IPPE		(303)	(119)
(1,069)	Net cash flows from investing activities		511	(370)
Cash flows from financing activities				
<i>Receipts:</i>				
1,000	Proceeds from borrowings		-	-
<i>Payments:</i>				
(70)	Repayment of borrowings		-	-
930	Net cash flows from financing activities		-	-
37	Net change in cash and cash equivalents		766	(73)
-	Cash and cash equivalents at beginning of year		701	774
37	Cash and cash equivalents at end of year	C1-1	1,467	701
-	plus: Investments on hand at end of year	C1-2	502	1,301
37	Total cash, cash equivalents and investments		1,969	2,002

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

New England Weeds Authority

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A About Council and these financial statements

A1-1 Basis of preparation

New England Weeds Authority (Council), is the registered trading name of the New England County Council.

These financial statements were authorised for issue by Council on 04 October 2022. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the 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.

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.

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

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 B5-1 – Material budget variations

and are clearly marked.

Historical cost convention

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

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 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 C1-6
- (ii) employee benefit provisions – refer Note C3-4.

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 that are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

A1-1 Basis of preparation (continued)

Volunteer services

Council has a limited reliance on volunteer services and any contributions would not be material.

Covid-19 Impacts

Covid-19 has not impacted Council's financial results for the year ending 30 June 2022. Staff continued to be fully employed and bio-security inspections and spraying operations have continued as normal. Staff who contracted Covid-19 were managed within the sick leave system. Where appropriate, staff and third-party meetings were held using MS Teams.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2022 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

B Financial Performance

B1 Functions or activities

B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Functions or activities										
Civic Leadership	30	50	457	439	(427)	(389)	–	–	1,465	1,409
Environment	788	743	636	526	152	217	904	747	368	394
Economic Affairs	378	330	370	314	8	16	–	–	15	15
NSW Weeds Action Program	539	132	117	49	422	83	422	156	798	602
Total functions and activities	1,735	1,255	1,580	1,328	155	(73)	1,326	903	2,646	2,420

B1-2 Components of functions or activities

Details relating to the Council's functions or activities as reported in B1-1 are as follows:

Civic Leadership

Covers Key Civic 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.

B2 Sources of income

B2-1 User charges and fees

\$ '000	Timing	2022	2021
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Private works	1	377	296
Regulatory fees	2	3	4
Total fees and charges – statutory/regulatory		380	300
Total user charges and fees		380	300
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		377	296
User charges and fees recognised at a point in time (2)		3	4
Total user charges and fees		380	300

Accounting policy

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service.

B2-2 Other revenues

\$ '000	Timing	2022	2021
Commissions and agency fees	2	–	6
Sales – general		6	–
Other	2	5	1
Total other revenue		11	7
Timing of revenue recognition for other revenue			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		11	7
Total other revenue		11	7

Accounting policy for other revenue

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received or when the penalty has been applied, whichever occurs first.

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

B2-3 Grants and contributions

\$ '000	Timing	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Priority weeds	1	732	436	-	-
Other councils – joint works/services	2	594	467	-	-
Total grants and non-developer contributions		1,326	903	-	-
Comprising:					
– State funding		422	436	-	-
– Other funding		904	467	-	-
		1,326	903	-	-

The timing column notation (above) identifies the revenue recognition pattern for material items of Council's revenue:

- (1) indicates income recognised under AASB 15 or AASB 1058 “over time”,
 (2) indicates income recognised under AASB 15 or AASB 1058 “at a point in time”.

B2-3 Grants and contributions (continued)

Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

\$ '000	Operating 2022	Operating 2021	Capital 2022	Capital 2021
Unspent grants and contributions				
Unspent funds at 1 July	602	418	-	-
Add: Funds received and not recognised as revenue in the current year	370	494	-	-
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(5)	(135)	-	-
Less: Funds received in prior year but revenue recognised and funds spent in current year	(363)	(175)	-	-
Unspent funds at 30 June	604	602	-	-

Council is completing a project to assist landholders with their obligations for Tropical Soda Apple under the Biosecurity Act (2015)

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

The performance obligations vary according to the agreement but include requirements to provide services. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

B2-4 Interest and investment income

\$ '000	2022	2021
Interest on financial assets measured at amortised cost		
– Cash and investments	3	7
Total interest and investment income (losses)	3	7

Accounting policy

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

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2022	2021
Salaries and wages	871	701
Travel expenses	–	1
Employee leave entitlements (ELE)	(8)	(24)
Superannuation	78	63
Workers' compensation insurance	16	17
Other	13	13
Total employee costs	970	771
Total employee costs expensed	970	771
Number of 'full-time equivalent' employees (FTE) at year end	8	8
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	15	10

Accounting policy

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

B3-2 Materials and services

\$ '000	Notes	2022	2021
Raw materials and consumables		230	147
Contractor and consultancy costs		72	109
Advertising		4	4
Audit Fees	E2-1	13	13
Councillor and Mayoral fees and associated expenses	E1-2	15	16
Electricity and heating		2	2
Insurance		26	24
Office expenses (including computer expenses)		12	12
Postage		1	1
Printing and stationery		3	4
Rebate to member councils for 2020/21 year		–	39
Rent		14	14
Aircraft hire		13	–
Subscriptions and publications		21	19
Telephone and communications		27	12
Training costs (other than salaries and wages)		22	26
Other expenses		7	5
Legal expenses		11	2
Total materials and services		503	449

Accounting policy

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

B3-3 Depreciation, amortisation and impairment of non-financial assets

\$ '000	2022	2021
Depreciation and amortisation		
Plant and equipment	97	91
Office equipment	10	9
Total depreciation and amortisation costs	107	100

Accounting policy

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 C1-6 for IPPE assets.

B3-4 Other expenses

\$ '000	Notes	2022	2021
Impairment of receivables			
Other		-	8
Total impairment of receivables	C1-4	-	8
Total other expenses		-	8

Accounting policy

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

Impairment expenses are recognised when identified.

B4 Gains or losses**B4-1 Gain or loss from the disposal, replacement and de-recognition of assets**

\$ '000	Notes	2022	2021
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		15	50
Less: carrying amount of plant and equipment assets sold/written off		–	(12)
Gain (or loss) on disposal		15	38
Net gain (or loss) from disposal of assets		15	38

Accounting policy

Gains and losses on disposals are determined by comparing proceeds with carrying amount. 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 de-recognised.

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 15/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

Material variations of more than 10% between original budget and actual results or where the variance is considered material by nature are explained below.

Variation Key: **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
Revenues				
User charges and fees	485	380	(105)	(22)% U
Fees for Council services have been impacted by continued wet weather during the year.				
Other revenues	3	11	8	267% F
Operating grants and contributions	1,025	1,326	301	29% F
Interest and investment revenue	11	3	(8)	(73)% U
Council had fewer than expected funds placed on short term investment during the period, a planned loan for the construction of new premises was not taken up as provided for in the budget.				
Net gains from disposal of assets	5	15	10	200% F
Council recieved better than expected return on sale of surplus plant.				
Expenses				
Employee benefits and on-costs	974	970	4	0% F
Materials and services	363	503	(140)	(39)% U
Costs for materials including chemicals and fuel have risen at a rate greater than anticipated in the original budget.				
Borrowing costs	11	-	11	100% F
Council did not take up loan funds as anticipated in the original budget.				
Other expenses	-	-	-	∞ F
Statement of cash flows				
Cash flows from operating activities	176	255	79	45% F
Increased cost of materials as well as higher consultancy costs for outsourced administrative functions.				
Cash flows from investing activities	(1,069)	511	1,580	(148)% F
Council drew down some investment funds during the year.				
Cash flows from financing activities	930	-	(930)	(100)% U
A planned loan was not taken up during the year.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2022	2021
Cash assets		
Cash on hand and at bank	1,000	57
Cash equivalent assets		
– Deposits at call	467	644
Total cash and cash equivalents	1,467	701

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	1,467	701
Balance as per the Statement of Cash Flows	1,467	701

Accounting policy

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: 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.

C1-2 Financial investments

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Debt securities at amortised cost				
Term deposits	502	–	1,301	–
Total	502	–	1,301	–
Total financial investments	502	–	1,301	–
Total cash assets, cash equivalents and investments	1,969	–	2,002	–

Accounting policy

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

C1-3 Restricted and allocated cash, cash equivalents and investments

\$ '000	2022	2021
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	1,969	2,002
Less: Externally restricted cash, cash equivalents and investments	<u>(604)</u>	<u>(602)</u>
Cash, cash equivalents and investments not subject to external restrictions	1,365	1,400
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants	<u>489</u>	487
External restrictions – included in liabilities	489	487
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants (recognised as revenue)	<u>115</u>	115
External restrictions – other	115	115
Total external restrictions	604	602

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

\$ '000	2022	2021
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	1,365	1,400
Less: Internally restricted cash, cash equivalents and investments	<u>(494)</u>	<u>(340)</u>
Unrestricted and unallocated cash, cash equivalents and investments	871	1,060
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	<u>224</u>	224
Employees leave entitlement	<u>108</u>	116
Contribution to works DPI TSA Strategic Plan	<u>162</u>	–
Total internal allocations	494	340

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

\$ '000	2022	2021
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	871	1,060

C1-4 Receivables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Accrued revenues				
– Interest on investments	1	–	1	–
Other debtors	62	–	5	–
Total	63	–	6	–
Less: provision for impairment				
User charges and fees	(1)	–	(1)	–
Total provision for impairment – receivables	(1)	–	(1)	–
Total net receivables	62	–	5	–

Accounting policy

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. 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.

C1-5 Inventories

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
(i) Inventories at cost				
Stores and materials	25	–	19	–
Total inventories at cost	25	–	19	–
Total inventories	25	–	19	–

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 the 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.

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period					At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000											
Capital work in progress	20	–	20	–	7	–	–	(20)	6	–	6
Plant and equipment	681	(317)	364	–	60	–	(97)	–	741	(414)	327
Office equipment	86	(76)	10	–	56	–	(10)	–	143	(86)	57
Land	–	–	–	–	180	–	–	20	200	–	200
Total infrastructure, property, plant and equipment	787	(393)	394	–	303	–	(107)	–	1,090	(500)	590

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

C1-6 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period				At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000										
Capital work in progress	–	–	–	–	20	–	–	20	–	20
Plant and equipment	669	(302)	367	97	–	(9)	(91)	681	(317)	364
Office equipment	87	(67)	20	2	–	(3)	(9)	86	(76)	10
Total infrastructure, property, plant and equipment	756	(369)	387	99	20	(12)	(100)	787	(393)	394

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

C1-6 Infrastructure, property, plant and equipment (continued)

Accounting policy

Infrastructure, property, plant and equipment are held at cost.

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

Plant and equipment	Years
Office equipment	5 to 10
Office furniture	10 to 20
Computer equipment	4
Vehicles	5 to 8

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over land and buildings. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Council leases office space and depot land and buildings. The lease for both of these terminated on 30 June 2020. Council has continued to extend the lease on a six monthly basis pending construction of new office and depot space. Given the above, Council has not recognised any lease liability.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Goods and services – operating expenditure	47	–	10	–
Accrued expenses:				
– Salaries and wages	86	–	9	–
– Other expenditure accruals	7	–	33	–
GST payable	3	–	14	–
DPI Weeds Capacity Building	61	–	67	–
DPI Parthenium Fund	48	–	48	–
Comment re: DPI Liabilities Council has received monies from the NSW Department of Primary Industries (DPI) related to a weed capacity building project and a parthenium management project. These funds have not been included as revenue nor any monies transferred to other entities as expenses. The Council has acted merely as an agent.	–	–	–	–
Total payables	252	–	181	–

Accounting policy

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Council comprise trade payables.

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2022 Current	2022 Non-current	2021 Current	2021 Non-current
Grants and contributions received in advance:					
Unexpended operating grants (received prior to performance obligation being satisfied)	(i)	380	–	372	–
Total contract liabilities		380	–	372	–

Notes

(i) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

\$ '000	2022	2021
Grants and contributions received in advance:		
Operating grants (received prior to performance obligation being satisfied)	–	14
Total revenue recognised that was included in the contract liability balance at the beginning of the period	–	14

C3-3 Borrowings

Financing arrangements

\$ '000	2022	2021
Total facilities		
Credit cards/purchase cards	10	10
Total financing arrangements	10	10
Undrawn facilities		
Credit cards/purchase cards	10	10
Total undrawn financing arrangements	10	10

C3-4 Employee benefit provisions

\$ '000	2022	2022	2021	2021
	Current	Non-current	Current	Non-current
Annual leave	54	–	26	–
Long service leave	49	–	76	–
ELE on-costs	5	–	14	–
Total employee benefit provisions	108	–	116	–

Current employee benefit provisions not anticipated to be settled within the next twelve months

\$ '000	2022	2021
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	48	65
	48	65

Accounting policy

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if 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 and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

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.

On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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 General Manager under policies approved by the Council.

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

\$ '000	Carrying value 2022	Carrying value 2021	Fair value 2022	Fair value 2021
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	1,467	701	1,467	701
Receivables	62	5	62	5
Investments				
– Term deposits	502	1,301	502	1,301
Total financial assets	2,031	2,007	2,031	2,007
Financial liabilities				
Payables	252	181	252	181
Total financial liabilities	252	181	252	181

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.

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 Minister's investment order 625. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a quarterly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the investments held are:

- **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.

D1-1 Risks relating to financial instruments held (continued)

(a) Market risk – interest rate and price risk

\$ '000	2022	2021
---------	------	------

The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

Impact of a 1% movement in interest rates

– Equity / Income Statement	20	20
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Impact of a 10% movement in price of investments

– Equity / Income Statement	–	–
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(b) Credit risk

Council's major receivables comprise other debtors.

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 regularly 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:

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due as follows.

Council does not believe there is sufficient risk of losses at reporting date.

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2022						
Gross carrying amount	62	–	–	–	1	63
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	100.00%	1.59%
ECL provision	–	–	–	–	1	1
2021						
Gross carrying amount	3	3	–	–	–	6
Expected loss rate (%)	0.00%	33.00%	0.00%	0.00%	10.00%	16.50%
ECL provision	–	1	–	–	–	1

D1-1 Risks relating to financial instruments held (continued)

(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 of Council's payables are set out in the maturity table below:

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2022							
Payables	0.00%	142	110	–	–	252	252
Total financial liabilities		142	110	–	–	252	252
2021							
Payables	0.00%	62	119	–	–	181	181
Total financial liabilities		62	119	–	–	181	181

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

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:

\$ '000	2022	2021
Compensation:		
Short-term benefits	231	191
Post-employment benefits	67	72
Total	298	263

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000					
2022					
Financial Management Contract	-	-	14 days	-	-
2021					
Financial Management Contract	2	-	14 days	-	-

Council provided no other short term benefits to any related party during 2022.

E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2022	2021
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Councillor expenses – Chairpersons fee	4	5
Councillors' fees	9	10
Other Councillors' expenses (including Mayor)	2	1
Total	15	16

E2 Other relationships

E2-1 Audit fees

\$ '000	2022	2021
---------	------	------

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

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

13	13
----	----

Remuneration for audit and other assurance services

13	13
----	----

Total Auditor-General remuneration

13	13
----	----

Total audit fees

13	13
----	----

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2022	2021
Net operating result from Income Statement	155	(73)
Add / (less) non-cash items:		
Depreciation and amortisation	107	100
(Gain) / loss on disposal of assets	(15)	(38)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(57)	17
(Increase) / decrease of inventories	(6)	28
Increase / (decrease) in payables	37	10
Increase / (decrease) in other accrued expenses payable	51	9
Increase / (decrease) in other liabilities	(17)	(51)
Increase / (decrease) in contract liabilities	8	319
Increase / (decrease) in employee benefit provision	(8)	(24)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	255	297

F2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2022	2021
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Other	-	180
Total commitments	-	180
These expenditures are payable as follows:		
Within the next year	-	180
Total payable	-	180
Sources for funding of capital commitments:		
New loans (to be raised)	-	180
Total sources of funding	-	180

Details of capital commitments

During the year Council settled the purchase of land for construction of new office and depot facilities. Design and engineering preliminary works will commence in the next financial year. At this time Council has not determined a final scope and costs for the works.

F3 Statement of performance measures

F3-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	Indicators 2021 2020		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	140	8.14%	(8.46)%	5.34%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	1,720				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	394	22.91%	25.80%	26.27%	> 60.00%
Total continuing operating revenue ¹	1,720				
3. Unrestricted current ratio					
Current assets less all external restrictions	1,452	4.64x	6.14x	5.32x	> 1.50x
Current liabilities less specific purpose liabilities	313				
4. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	1,969	14.53 months	19.25 months	19.69 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	135				

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

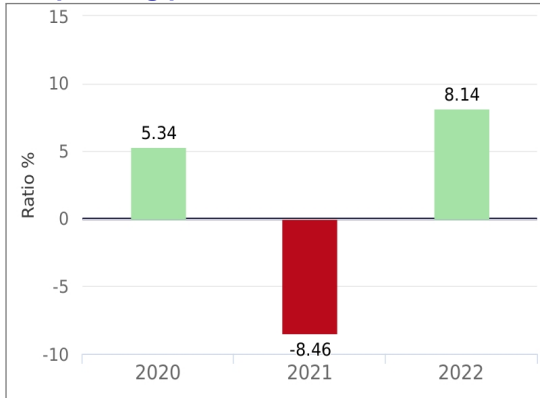
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

G Additional Council disclosures (unaudited)

G1-1 Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2021/22 result

2021/22 ratio 8.14%

Council's operating result returned to positive in the current year due largely to release of grant of liabilities for completed works.

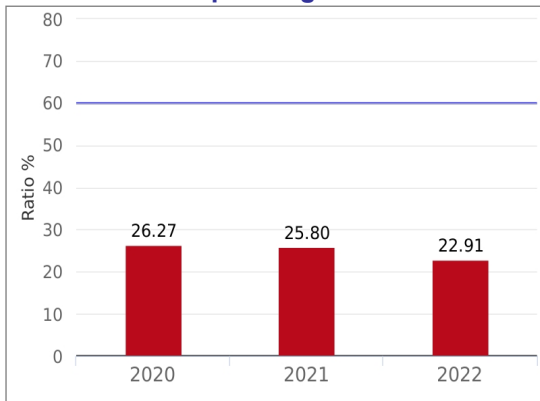
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



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 2021/22 result

2021/22 ratio 22.91%

Council is a service provider relying heavily on external grants and contributions.

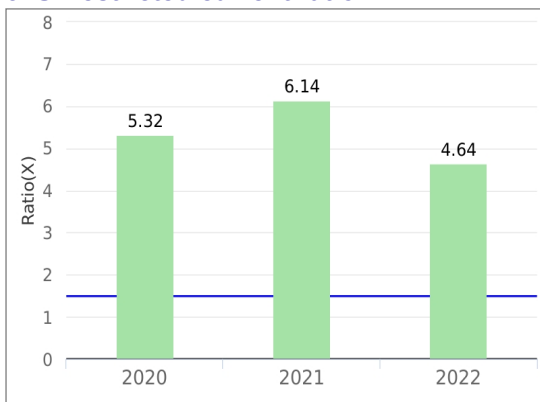
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



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 2021/22 result

2021/22 ratio 4.64x

Council's unrestricted funds decreased during the year as a result of increases in restricted funds from external sources.

Benchmark: — > 1.50x

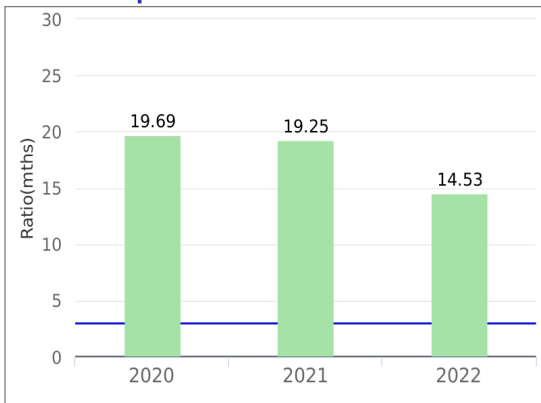
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Cash expense cover ratio



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 2021/22 result

2021/22 ratio 14.53 months

While Council experienced a decline in the cash expenses cover ratio, it still remains well above benchmark.

Benchmark: — > 3.00months

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

G1-2 Council information and contact details

Principal place of business:

2/129 Rusden Street
ARMIDALE NSW 2350

Contact details

Mailing Address:

129 Rusden Street
ARMIDALE NSW 2350

Telephone: 02 6770 3602

Facsimile: 02 6771 1893

Opening hours:

7.30am to 4.30pm
Monday to Friday
Except Public Holidays

Internet: www.newa.com.au

Email: newa@newa.nsw.gov.au

Officers

General Manager

Tim Weeks

Responsible Accounting Officer

Tim Weeks

Public Officer

Tim Weeks

Auditors

Audit Office of New South Wales
Level 19, Darling Park Tower 2,
201 Sussex Street
SYDNEY NSW 2000.

Elected members

Chairperson

Clr Scott Kermode

Councillors

Tim Bower
Lara Gresham
Scott Kermode
Margaret O'Connor
Paul Packham
Dorothy Robinson

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 New England Weeds Authority

Opinion

I have audited the accompanying financial statements of New England Weeds Authority (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council'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 prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2022, 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 Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council 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 (including Independence Standards)' (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' Responsibilities 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 are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities 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/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- 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.



Chris Harper
Director, Financial Audit

Delegate of the Auditor General for New South Wales

27 February 2023
SYDNEY



Cr Scott Kermod
 Chairperson
 New England Weeds Authority
 PO Box 881
 ARMIDALE NSW 2350

Contact: Chris Harper
 Phone no: 02 9275 7374
 Our ref: D2301985/1675

27 February 2023

Dear Chairperson

Report on the Conduct of the Audit for the year ended 30 June 2022 New England Weeds Authority

I have audited the general purpose financial statements (GPFS) of the New England Weeds Authority¹ (the Council) for the year ended 30 June 2022 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2022 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2022	2021	Variance
	\$000	\$000	%
User charges and fees	380	300	↑ 26.7
Grants and contributions revenue	1,326	903	↑ 46.8
Operating result from continuing operations	155	(73)	↑ >100
Net operating result before capital grants and contributions	155	(73)	↑ >100

¹ New England Weeds Authority, is the registered trading name of The New England County Council.

User charges and fees revenue (\$380,000) increased by \$80,000 (26.7 per cent) in 2021–22 mainly due to an increase in user charges and fees for private works.

Grants and contributions revenue (\$1.3 million) increased by \$423,000 (46.8 per cent) in 2021–22 due to the following increases:

- \$127,000 relating to Council contributions recognised during the year
- \$296,000 of grants recognised for the Priority Weeds and Weed Action Plan (WAP) programs.

The Council's operating result from continuing operations of \$155,000 (including depreciation and amortisation expense of \$107,000) was \$228,000 higher than the 2020–21 result. The increase is largely attributable to the increases in grants and contributions revenue and user charges and fees explained above, partially offset by an increase in employee costs of \$199,000 and materials and services of \$54,000.

STATEMENT OF CASH FLOWS

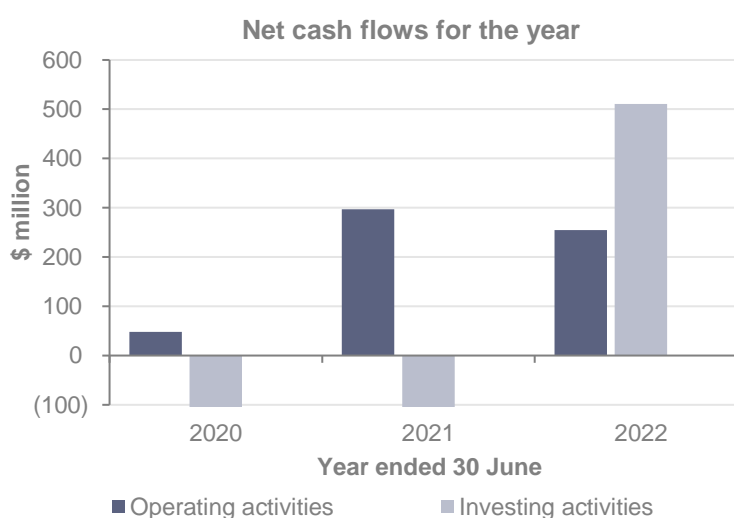
Cash flows from operating activities decreased by \$42,000 (14.1 per cent) primarily due to increased payments:

- to employees with termination payments and the employment of the new general manager
- for materials and services with increased projects during the year and higher costs associated with project delivery.

These movements were offset by an increase in cash receipts relating to:

- user charges received of \$117,000
- grants and contributions of \$227,000.

Cash flows from investing activities increased by \$881,000 (>100 per cent) primarily due to matured term deposits of \$1.3 million, offset by an increase in reinvested funds of \$200,000 and purchases of infrastructure, property, plant and equipment of \$184,000.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$000	\$000	
Total cash, cash equivalents and investments	1,969	2,002	Cash and cash equivalents decreased due to reduced investments on hand for the funding of the land and building purchases, partially offset by a positive operational performance for the year.
Restricted and allocated cash, cash equivalents and investments:			Externally restricted cash increased by \$2,000 due to new grants received of \$370,000 for the bushfire
• External restrictions	604	602	

<ul style="list-style-type: none"> Internal allocations 	494	340	recovery, Landcare and Glenrac projects, offset by expenditure of restricted funds. Internally allocated cash increased by \$154,000 due to Council's commitment to the Tropical Soda Apple strategic plan.
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PERFORMANCE

Performance measures

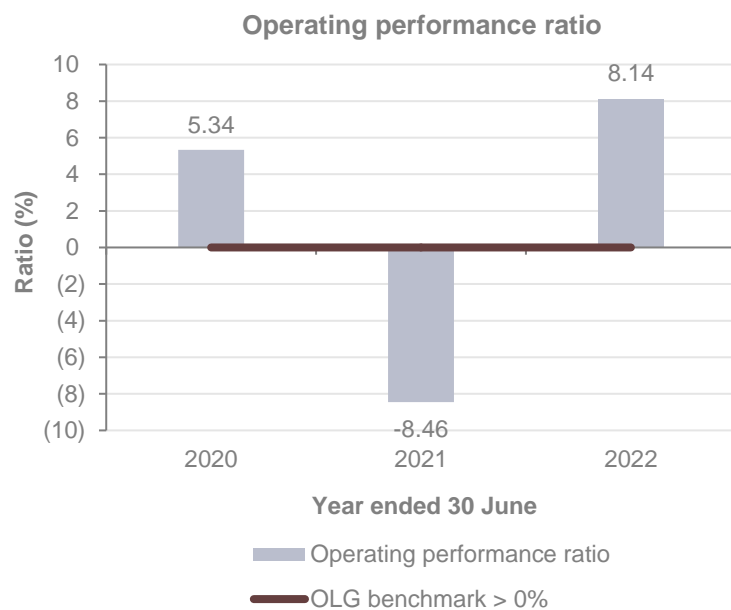
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

The Council exceeded the OLG benchmark for the current reporting period.

The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue. The benchmark set by OLG is greater than zero per cent.

The increase is mainly attributable to the completion of grant milestones as operations continue to return to pre-pandemic conditions, partially offset by an increase in project costs.



Own source operating revenue ratio

The Council did not meet the OLG benchmark for the current reporting period.

The 'own source operating revenue ratio' measures Council'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.

The decrease is attributable to a lower investment income as a result of holding funds available for investment in infrastructure, property, plant and equipment and a reduction in gains on the disposal of assets compared to previous years.

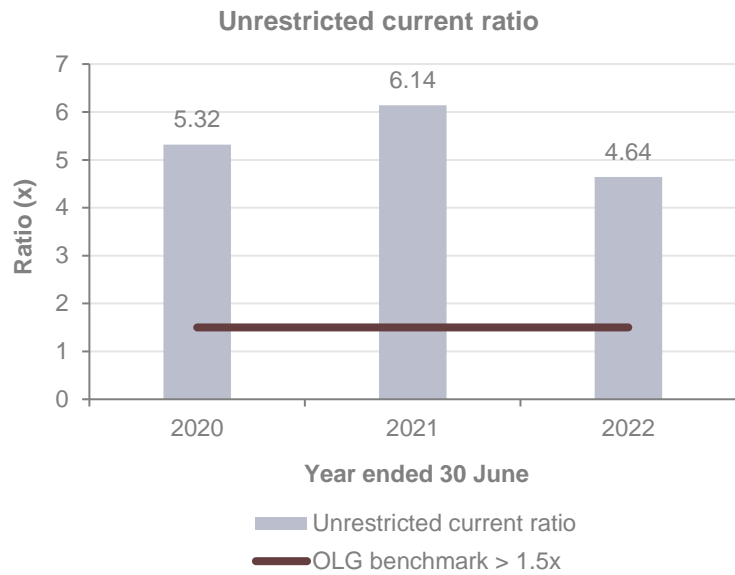


Unrestricted current ratio

The Council exceeded the OLG benchmark for the current reporting period.

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

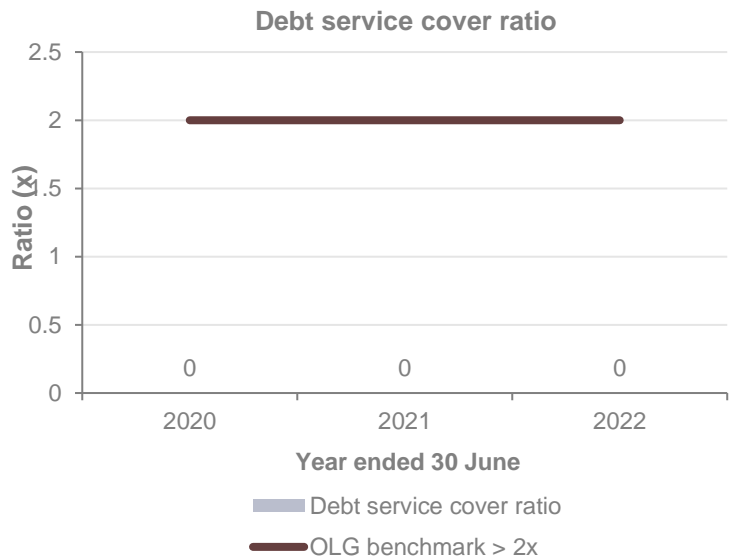
Council's unrestricted funds decreased as a result of increases in restricted funds from external sources relating to new grants for bushfire recovery, Landcare and the Glenrac projects.



Debt service cover ratio

The Council does not have any borrowings and therefore the debt service cover ratio is not relevant.

The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.

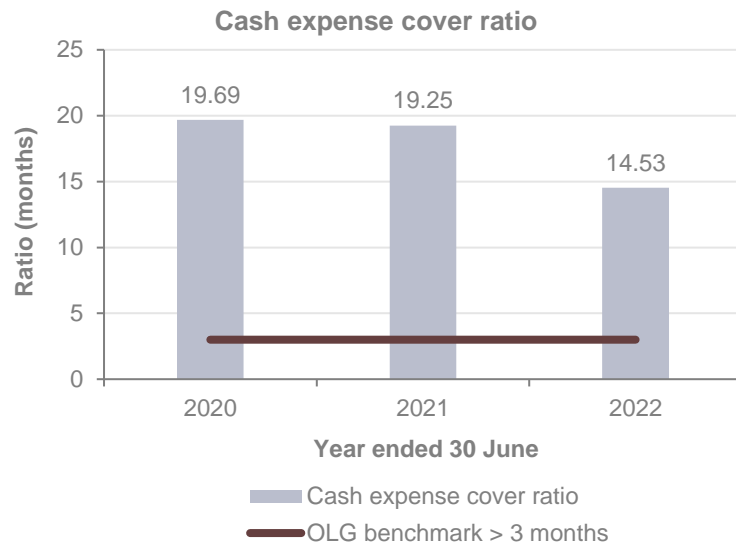


Cash expense cover ratio

The Council exceeded the OLG benchmark for the current reporting period.

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

The decrease in the cash expense cover ratio is attributable to a decrease in cash and investments due to the purchase of infrastructure, property, plant and equipment and an increase in payroll and material costs associated with project delivery.



OTHER MATTERS

Legislative compliance

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

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

Chris Harper
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr Tim Weeks, General Manager
Mr Paul Cornell, Principal, Forsyths
Mr Michael Cassel, Secretary of the Department of Planning and Environment