

New England Weeds Authority

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2021



New England Weeds Authority

General Purpose Financial Statements

for the year ended 30 June 2021

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New England Weeds Authority

General Purpose Financial Statements

for the year ended 30 June 2021

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 2021.

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 2021

Statement by Councillors and Management

Statement by Councillors and Management made pursuant to Section 413(2)(c) 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 01 September 2021.



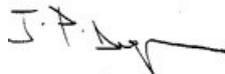
Clr Mark Dusting
Chairperson
01 September 2021



Clr Scott Kermode
Deputy Chairperson
01 September 2021



Tim Weeks
General Manager
01 September 2021



John Duggan
Responsible Accounting Officer
01 September 2021

New England Weeds Authority

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	2021	2020
Net operating result for the year – from Income Statement	(73)	94
Total comprehensive income for the year attributable to Council	(73)	94

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 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	701	774
Investments	C1-2	1,301	1,000
Receivables	C1-4	5	22
Inventories	C1-5	19	47
Total current assets		2,026	1,843
Non-current assets			
Infrastructure, property, plant and equipment	C1-6	394	387
Total non-current assets		394	387
Total assets		2,420	2,230
LIABILITIES			
Current liabilities			
Payables	C3-1	181	213
Contract liabilities	C3-2	372	53
Employee benefit provisions	C3-4	116	140
Total current liabilities		669	406
Total liabilities		669	406
Net assets		1,751	1,824
EQUITY			
Accumulated surplus		1,751	1,824
Council equity interest		1,751	1,824
Total equity		1,751	1,824

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 2021

\$ '000	as at 30/06/21		as at 30/06/20	
	Accumulated surplus	Total equity	Accumulated surplus	Total equity
Opening balance at 1 July	1,824	1,824	1,924	1,924
Changes due to AASB 1058 and AASB 15 adoption	–	–	(194)	(194)
Net operating result for the year	(73)	(73)	94	94
Restated net operating result for the period	(73)	(73)	94	94
Total comprehensive income	(73)	(73)	94	94
Closing balance at 30 June	1,751	1,751	1,824	1,824

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 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
<i>Receipts:</i>				
100	User charges and fees		300	279
29	Investment and interest revenue received		7	31
1,177	Grants and contributions		1,222	771
1	Other		16	48
<i>Payments:</i>				
(636)	Employee benefits and on-costs		(791)	(750)
(406)	Materials and services		(411)	(245)
(172)	Other		(46)	(86)
93	Net cash flows from operating activities	F1-1	297	48
Cash flows from investing activities				
<i>Receipts:</i>				
107	Sale of investment securities		-	-
45	Sale of infrastructure, property, plant and equipment		50	47
<i>Payments:</i>				
(135)	Purchase of investment securities		(301)	(1,000)
(107)	Purchase of infrastructure, property, plant and equipment		(119)	(153)
(90)	Net cash flows from investing activities		(370)	(1,106)
3	Net change in cash and cash equivalents		(73)	(1,058)
1,611	Cash and cash equivalents at beginning of year		774	1,832
1,614	Cash and cash equivalents at end of year	C1-1	701	774
-	plus: Investments on hand at end of year	C1-2	1,301	1,000
1,614	Total cash, cash equivalents and investments		2,002	1,774

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

These financial statements were authorised for issue by Council on 12 October 2021. 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 materially affected Council's financial results for the year ending 30 June 2021. Staff continued to be fully employed and spraying and other works continued as normal. Some minor changes occurred during the year:

- Inspection programs were altered to adhere to social distancing requirements.
- The Council office was closed to the public for a period approximating 2 months.
- Some Council meetings were conducted on-line.

New accounting standards and interpretations issued 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 2021 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions or activities										
Civic Leadership	50	61	439	444	(389)	(383)	–	–	1,409	1,402
Environment	743	748	526	451	217	297	747	737	394	387
Economic Affairs	330	282	314	226	16	56	–	–	15	23
NSW Weeds Action Program	132	175	49	51	83	124	156	175	602	418
Total functions and activities	1,255	1,266	1,328	1,172	(73)	94	903	912	2,420	2,230

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	2021	2020
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Private works	1	296	275
Regulatory fees	2	4	3
Total fees and charges – statutory/regulatory		300	278
Total user charges and fees		300	278
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		296	275
User charges and fees recognised at a point in time (2)		4	3
Total user charges and fees		300	278

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 revenue

\$ '000	Timing	2021	2020
Fines	2	–	1
Commissions and agency fees	2	6	11
Other	2	1	8
Total other revenue		7	20
Timing of revenue recognition for other revenue			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		7	20
Total other revenue		7	20

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 2021	Operating 2020	Capital 2021	Capital 2020
General purpose grants and non-developer contributions (untied)					
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Pensioners' rates subsidies:					
Priority weeds	2	436	453	-	-
Previously contributions:					
Other councils – joint works/services	2	467	459	-	-
Total special purpose grants and non-developer contributions – cash		903	912	-	-
Total special purpose grants and non-developer contributions (tied)		903	912	-	-
Total grants and non-developer contributions		903	912	-	-
Comprising:					
– State funding		436	453	-	-
– Other funding		467	459	-	-
		903	912	-	-

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 2021	Operating 2020	Capital 2021	Capital 2020
Unspent grants and contributions				
Unspent funds at 1 July	418	454	–	–
Add: Funds received and not recognised as revenue in the current year	494	197	–	–
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(135)	–	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	(175)	(233)	–	–
Unspent funds at 30 June	602	418	–	–

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	2021	2020
Interest on financial assets measured at amortised cost		
– Cash and investments	<u>7</u>	<u>27</u>
Total interest and investment income (losses)	<u>7</u>	<u>27</u>
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
General Council cash and investments	<u>7</u>	<u>27</u>
Total interest and investment income	<u>7</u>	<u>27</u>

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	2021	2020
Salaries and wages	701	664
Travel expenses	1	2
Employee leave entitlements (ELE)	(24)	(17)
Superannuation	63	64
Workers' compensation insurance	17	14
Other	13	6
Total employee costs	771	733
Total employee costs expensed	771	733
Number of 'full-time equivalent' employees (FTE) at year end	8	9
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	10	9

Accounting policy

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

B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		147	178
Contractor and consultancy costs		109	8
Audit Fees	E2-1	13	11
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	E1-2	16	22
Advertising		4	3
Electricity and heating		2	2
Insurance		24	25
Office expenses (including computer expenses)		12	13
Postage		1	1
Printing and stationery		4	2
Subscriptions and publications		19	17
Telephone and communications		12	10
Training costs (other than salaries and wages)		26	23
Other expenses		5	2
Aircraft hire		–	5
Rebate to member councils for 2020/21 year		39	–
Rent		14	14
Legal expenses:			
– Legal expenses: other		2	–
Total materials and services		449	336
Total materials and services		449	336

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	2021	2020
Depreciation and amortisation		
Plant and equipment	91	93
Office equipment	9	9
Total depreciation and amortisation costs	100	102
Total depreciation, amortisation and impairment for non-financial assets	100	102

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	2021	2020
Impairment of receivables			
Other		8	1
Total impairment of receivables	C1-4	8	1
Total other expenses		8	1

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	2021	2020
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		50	47
Less: carrying amount of plant and equipment assets sold/written off		(12)	(18)
Gain (or loss) on disposal		38	29
Net gain (or loss) on disposal of assets		38	29

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 16/06/2020 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	2021 Budget	2021 Actual	2021 ----- Variance -----	
REVENUES				
User charges and fees	100	300	200	200% F
Council was successful in accessing funds for a Tropical soda apple project improving the budget by about 160k. Other projects totalling approximately 80k were also accessed. These funds were budgeted as grant income.				
Other revenues	1	7	6	600% F
Council received a contribution for organisation development of 5k				
Operating grants and contributions	1,177	903	(274)	(23)% U
Council originally budgeted for the Tropical Soda Apple and other projects as grant income.				
Interest and investment revenue	29	7	(22)	(76)% U
Investment returns were much lower than budgeted with interest rates remaining very low.				
Net gains from disposal of assets	5	38	33	660% F
Council obtained better resale values on its trade in vehicles than budgeted.				
EXPENSES				
Employee benefits and on-costs	636	771	(135)	(21)% U
Council budgeted for project costs in other expenses. Approx 100k of the these costs are employee costs. These costs are offset by a reduction in other expenses.				
Materials and services	406	449	(43)	(11)% U
These costs are offset by the reduction in other expenses.				
Other expenses	172	8	164	95% F
Project expenses were budgeted here, however actuals now appear in employee costs and materials and contracts under the new Code of Accounting Practice.				
STATEMENT OF CASH FLOWS				
Cash flows from operating activities	93	297	204	219% F
The recognition of additional project revenues of approximately 200k have improved the operating activities result.				
Cash flows from investing activities	(90)	(370)	(280)	311% U
Council invested its additional project revenues reducing cash flows from investing activities.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2021	2020
Cash and cash equivalents		
Cash on hand and at bank	57	48
Cash-equivalent assets		
– Deposits at call	644	726
Total cash and cash equivalents	701	774

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	701	774
Balance as per the Statement of Cash Flows	701	774

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	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Debt securities at amortised cost				
Term deposits	1,301	–	1,000	–
Total	1,301	–	1,000	–
Total financial investments	1,301	–	1,000	–
Total cash assets, cash equivalents and investments	2,002	–	1,774	–

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 cash, cash equivalents and investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total cash, cash equivalents and investments	2,002	–	1,774	–
attributable to:				
External restrictions	602	–	418	–
Internal restrictions	340	–	324	–
Unrestricted	1,060	–	1,032	–
	2,002	–	1,774	–

\$ '000	2021	2020
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants	487	223
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External restrictions – included in liabilities

	487	223
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External restrictions – other

External restrictions included in cash, cash equivalents and investments above comprise:

Specific purpose unexpended grants (recognised as revenue)	115	195
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External restrictions – other

	115	195
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Total external restrictions

	602	418
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Internal restrictions

Council has internally restricted cash, cash equivalents and investments as follows:

Plant and vehicle replacement	224	184
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Employees leave entitlement	116	140
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Total internal restrictions

	340	324
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Total restrictions

	942	742
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Internal restrictions over cash, cash equivalents and investments are those assets restricted only by a resolution of the elected Council.

C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Purpose				
Accrued revenues				
– Interest on investments	1	–	1	–
Other debtors	5	–	22	–
Total	6	–	23	–
Less: provision of impairment				
User charges and fees	(1)	–	(1)	–
Total provision for impairment – receivables	(1)	–	(1)	–
Total net receivables	5	–	22	–

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	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(i) Inventories at cost				
Stores and materials	19	–	47	–
Total inventories at cost	19	–	47	–
Total inventories	19	–	47	–

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 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)

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period			At 30 June 2020		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Carrying value of disposals	Depreciation expense	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000									
Plant and equipment	628	(293)	335	143	(18)	(93)	669	(302)	367
Office equipment	77	(58)	19	10	–	(9)	87	(67)	20
Total infrastructure, property, plant and equipment	705	(351)	354	153	(18)	(102)	756	(369)	387

(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 not entered into a further leasing arrangement but the rental has become a month to month payment as at 1 July 2020. Council is planning to construct its own office and depot space within the next twelve months. Given the above, Council has not recognised any lease transactions.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Payables				
Goods and services – operating expenditure	10	–	–	–
Accrued expenses:				
– Salaries and wages	9	–	5	–
– Other expenditure accruals	33	–	28	–
GST payable	14	–	10	–
DPI Weeds Capacity Building	67	–	107	–
DPI Parthenium Fund	48	–	63	–
Total payables	181	–	213	–

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	181	–	213

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	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Grants and contributions received in advance:					
Unexpended operating grants (received prior to performance obligation being satisfied)	(i)	372	–	53	–
Total grants received in advance		372	–	53	–
Total contract liabilities		372	–	53	–

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	2021	2020
Grants and contributions received in advance:		
Operating grants (received prior to performance obligation being satisfied)	14	11

C3-2 Contract Liabilities (continued)

Total revenue recognised that was included in the contract liability balance at the beginning of the period	14	11
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C3-3 Borrowings**Financing arrangements**

\$ '000	2021	2020
Total facilities		
Credit cards/purchase cards	10	5
Total financing arrangements	10	5
Undrawn facilities		
Credit cards/purchase cards	10	10
Total undrawn financing arrangements	10	10

C3-4 Employee benefit provisions

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Annual leave	26	–	38	–
Long service leave	76	–	85	–
ELE on-costs	14	–	17	–
Total employee benefit provisions	116	–	140	–

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

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	65	85
	65	85

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 2021	Carrying value 2020	Fair value 2021	Fair value 2020
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	701	774	701	774
Receivables	5	22	5	22
Investments				
– Debt securities at amortised cost	1,301	1,000	1,301	1,000
Total financial assets	2,007	1,796	2,007	1,796
Financial liabilities				
Payables	181	213	181	213
Total financial liabilities	181	213	181	213

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	2021	2020
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	17
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

(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 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	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
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
2020						
Gross carrying amount	–	6	7	10	–	23
Expected loss rate (%)	0.00%	0.00%	0.00%	10.00%	0.00%	4.35%
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
2021							
Trade/other payables	0.00%	62	119	–	–	181	181
Total financial liabilities		62	119	–	–	181	181
2020							
Trade/other payables	0.00%	33	180	–	–	213	213
Total financial liabilities		33	180	–	–	213	213

E People and relationships

E1 Related party disclosures

E1 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	2021	2020
Compensation:		
Short-term benefits	191	168
Post-employment benefits	72	14
Total	263	182

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					
2021					
Financial Management Contract	2	–	14 days	–	–
2020					
Financial Management Contract	1	–	14 days	–	–

Council contracted a business to assist in financial matters. A KMP is an associate of that Business.

E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2021	2020
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	5	6
Councillors' fees	10	12
Other Councillors' expenses (including Mayor)	1	4
Total	16	22

E2 Other relationships

E2-1 Audit fees

\$ '000	2021	2020
<p>During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms</p> <p>Auditors of the Council - NSW Auditor-General:</p>		
(i) Audit and other assurance services		
Audit and review of financial statements	13	11
Remuneration for audit and other assurance services	13	11
Total Auditor-General remuneration	13	11
Total audit fees	13	11

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2021	2020
Net operating result from Income Statement	(73)	94
Adjust for non-cash items:		
Depreciation and amortisation	100	102
Net losses/(gains) on disposal of assets	(38)	(29)
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	17	32
Increase/(decrease) in provision for impairment of receivables	-	1
Decrease/(increase) in inventories	28	(37)
Increase/(decrease) in payables	10	(11)
Increase/(decrease) in other accrued expenses payable	9	21
Increase/(decrease) in other liabilities	(51)	(141)
Increase/(decrease) in contract liabilities	319	33
Increase/(decrease) in provision for employee benefits	(24)	(17)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	297	48

F2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2021	2020
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

Council has paid a deposit on land and has exchanged contracts. The land will be used for a new depot and admin building.

F3 Statement of performance measures

F3-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Prior periods		Benchmark
			2020	2019	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(103)	(8.46)%	5.34%	8.55%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	1,217				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	314	25.80%	26.27%	21.04%	>60.00%
Total continuing operating revenue ¹	1,217				
3. Unrestricted current ratio					
Current assets less all external restrictions	1,424	6.14x	5.32x	6.06x	>1.50x
Current liabilities less specific purpose liabilities	232				
4. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	2,002	19.25	19.69	21.53	>3.00
Monthly payments from cash flow of operating and financing activities	104	mths	mths	mths	mths

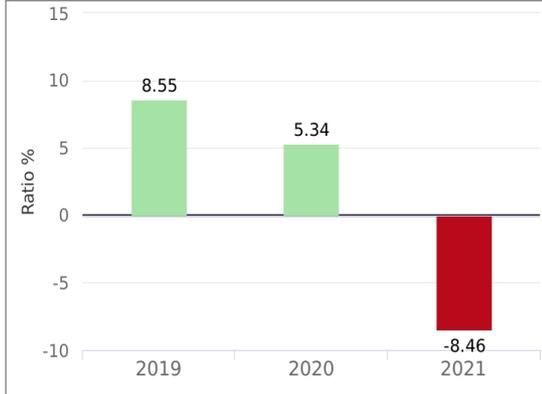
(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(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

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 2020/21 result

2020/21 ratio (8.46)%

A position above or equal to break even is considered to be optimal. This result is expected to be a one-off occurrence.

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 2020/21 result

2020/21 ratio 25.80%

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

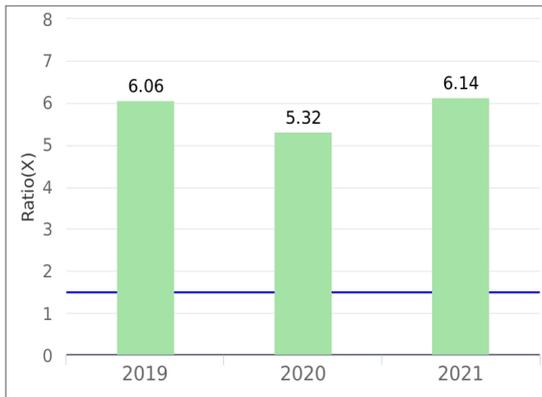
Benchmark: — > 60.00%

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 2020/21 result

2020/21 ratio 6.14x

A benchmark above 1.5 is recommended. The Council is above benchmark.

Benchmark: — > 1.50x

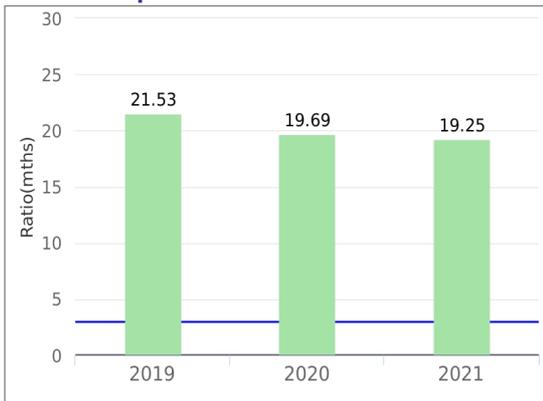
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2020/21 result

2020/21 ratio	19.25 mths
----------------------	-------------------

A benchmark figure of greater than 3 has been established. The Council exceeds the benchmark.

Benchmark: — > 3.00mths

■ 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

John Duggan

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 Mark Dusting

Councillors

Mark Dusting
Jon Galletly
Scott Kermode
Andrew Murat
Margaret O'Connor
Carol Sparks

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 2021, the Statement of Financial Position as at 30 June 2021, 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 2021, 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.

Other Information

The Council's annual report for the year ended 30 June 2021 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information.

My opinion on the financial statements 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 statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 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
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in black ink, appearing to read 'CHarper', with a long horizontal stroke extending to the right.

Chris Harper
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

7 September 2021
SYDNEY



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

Contact: Chris Harper
Phone no: 02 9275 7374
Our ref: D2118528/1675

7 September 2021

Dear Councillor Dusting

**Report on the Conduct of the Audit
for the year ended 30 June 2021
New England Weeds Authority**

I have audited the general purpose financial statements (GPFS) of the New England Weeds Authority (the Council) for the year ended 30 June 2021 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 2021 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

	2021	2020	Variance
	\$m	\$m	%
User charges and fees	300	278	 8
Grants and contributions revenue	903	912	 1
Operating result from continuing operations	(73)	94	 178
Net operating result before capital grants and contributions	(73)	94	 178

The Council's operating result from continuing operations (negative \$73,000) including depreciation and amortisation expense of \$100,000 was \$167,000 lower than the 2019–20 result. This is primarily due to:

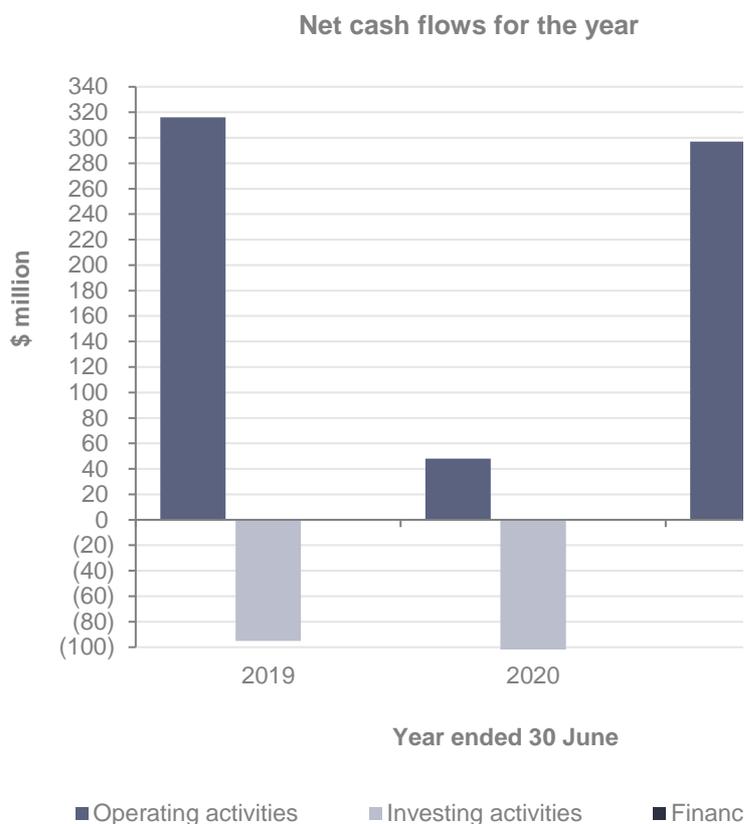
- a net increase in contractor and consultancy costs of \$101,000
- employee termination pay benefits of \$60,000.

STATEMENT OF CASH FLOWS

Cash flows from operating activities increased by \$249,000 and was primarily due to increased grants and contributions. Council received \$410,000 in relation to the Priority Weed Tropical Soda Apple project.

This was offset by increases in outflow mainly due to:

- employee termination costs of \$60,000
- consultancy and contractor costs of \$101,000.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$000	\$000	
Total cash, cash equivalents and investments	2,002	1,774	Cash and cash equivalents increased mainly due to unexpended grant funds on: <ul style="list-style-type: none"> • Priority Weed Tropical Soda Apple (\$272,000) • Gondwana Shield Project (\$62,000). This increase was mainly offset by net outflows relating to contractor and consultancy costs of \$101,000.
Restricted cash and investments:			External restrictions include specific purpose unexpended grants at the end of the reporting period.
• External restrictions	602	418	
• Internal restrictions	340	324	

PERFORMANCE

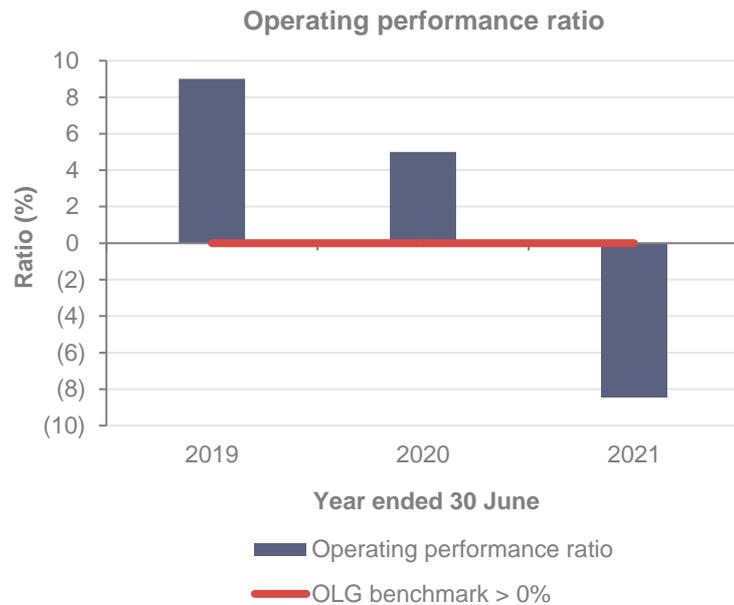
Performance measures

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, Industry and Environment.

Operating performance ratio

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

The Council did not meet the OLG benchmark for the current reporting period predominately due to increases in consultancy and termination benefits costs.



Own source operating revenue ratio

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.

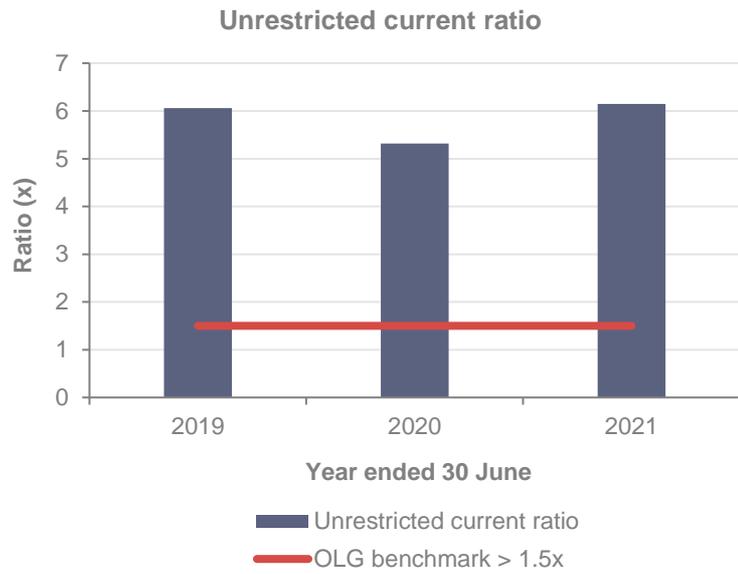
The Council did not meet the benchmark because it does not receive any rates revenue. Most of its revenue comprises of annual external grants and contributions provided to control weeds in the northern tablelands.



Unrestricted current ratio

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.

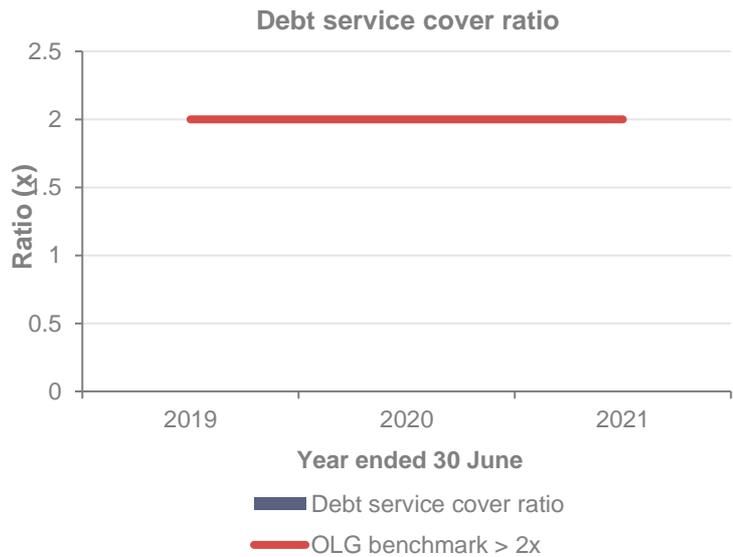
The Council exceeded the OLG benchmark for the current reporting period.



Debt service cover ratio

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.

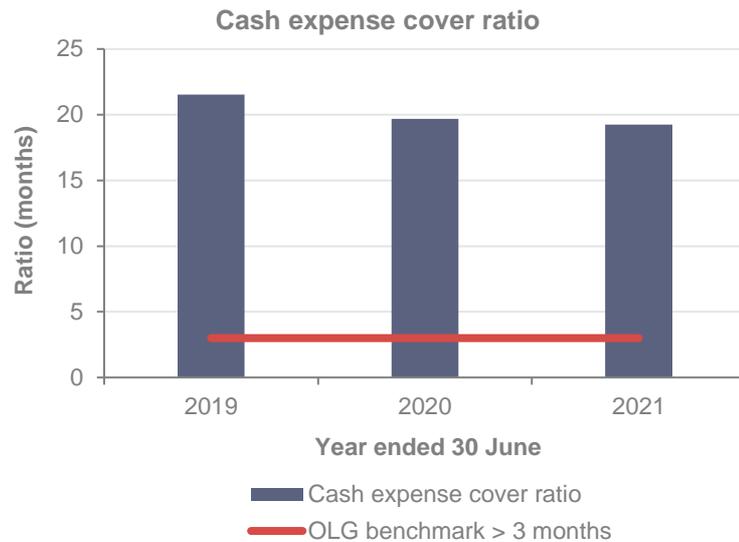
The Council does not have any borrowings and therefore the debt service cover ratio is not relevant.



Cash expense cover ratio

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 Council exceeded the OLG benchmark for the current reporting period.



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 Services

Delegate of the Auditor-General for New South Wales

cc: Mr Tim Weeks, General Manager
Mr Phil Thomas, Chair of Audit, Risk and Improvement Committee
Mr Jim Betts, Secretary of the Department of Planning, Industry and Environment