

New England Weeds Authority

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023



New England Weeds Authority

General Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
Understanding Council's Financial Statements	3
Statement by Councillors and Management	4
Primary Financial Statements:	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	49
On the Financial Statements (Sect 417 [3])	51

New England Weeds Authority

General Purpose Financial Statements

for the year ended 30 June 2023

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 2023.

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 2023

Statement by Councillors and Management

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

During preparation of the 2022-23 financial statements, underlying issues were identified relating to Council's internal control environment and the maintenance of appropriate books and records. These issues related to the year ended 30 June 2023.

Although Council prepared the 2022-23 financial statements based on the underlying books and records, deficiencies in maintaining the books and records and other internal controls means the councillors and management are unable to warrant the completeness and reliability of the financial statements taken as a whole.

As a result we are unable to certify that 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.

Signed in accordance with a resolution of Council made on 20 February 2024.



Clr Dorothy Robinson
Chairperson
25 March 2024



Clr Tim Bower
Deputy Chairperson
25 March 2024



Tim Weeks
General Manager
25 March 2024

New England Weeds Authority

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Net operating result for the year – from Income Statement		40	155
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	50	–
Total comprehensive income for the year attributable to Council		90	155

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 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	870	1,467
Investments	C1-2	666	502
Receivables	C1-4	33	62
Inventories	C1-5	18	25
Other	C1-7	71	–
Total current assets		1,658	2,056
Non-current assets			
Infrastructure, property, plant and equipment (IPPE)	C1-6	683	590
Total non-current assets		683	590
Total assets		2,341	2,646
LIABILITIES			
Current liabilities			
Payables	C3-1	268	252
Contract liabilities	C3-2	7	380
Employee benefit provisions	C3-4	61	108
Total current liabilities		336	740
Non-current liabilities			
Employee benefit provisions	C3-4	9	–
Total non-current liabilities		9	–
Total liabilities		345	740
Net assets		1,996	1,906
EQUITY			
Accumulated surplus		1,946	1,906
IPPE revaluation reserve	C4-1	50	–
Total equity		1,996	1,906
Total equity		1,996	1,906

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 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		1,906	–	1,906	1,751	–	1,751
Net operating result for the year		40	–	40	155	–	155
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	50	50	–	–	–
Other comprehensive income		–	50	50	–	–	–
Total comprehensive income		40	50	90	155	–	155
Closing balance at 30 June		1,946	50	1,996	1,906	–	1,906

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 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Cash flows from operating activities				
<i>Receipts:</i>				
167	User charges and fees		111	417
11	Interest received		26	3
1,695	Grants and contributions		1,454	1,449
150	Other		55	12
<i>Payments:</i>				
(915)	Payments to employees		(864)	(901)
(761)	Payments for materials and services		(881)	(553)
(18)	Borrowing costs		-	-
(62)	Other		(179)	(172)
267	Net cash flows from operating activities	F1-1	(278)	255
Cash flows from investing activities				
<i>Receipts:</i>				
-	Sale of investments		1,956	1,301
46	Proceeds from sale of IPPE		33	15
<i>Payments:</i>				
-	Purchase of investments		(2,120)	(502)
(961)	Payments for IPPE		(188)	(303)
(915)	Net cash flows from investing activities		(319)	511
Cash flows from financing activities				
<i>Receipts:</i>				
600	Proceeds from borrowings		-	-
<i>Payments:</i>				
(18)	Repayment of borrowings		-	-
582	Net cash flows from financing activities		-	-
(66)	Net change in cash and cash equivalents		(597)	766
608	Cash and cash equivalents at beginning of year		1,467	701
542	Cash and cash equivalents at end of year	C1-1	870	1,467
220	plus: Investments on hand at end of year	C1-2	666	502
762	Total cash, cash equivalents and investments		1,536	1,969

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

New England Weeds Authority

Contents for the notes to the Financial Statements for the year ended 30 June 2023

A About Council and these financial statements	12
A1-1 Basis of preparation	12
B Financial Performance	14
B1 Functions or activities	14
B1-1 Functions or activities – income, expenses and assets	14
B1-2 Components of functions or activities	15
B2 Sources of income	16
B2-1 User charges and fees	16
B2-2 Other revenues	16
B2-3 Grants and contributions	17
B2-4 Interest and investment income	19
B3 Costs of providing services	20
B3-1 Employee benefits and on-costs	20
B3-2 Materials and services	20
B3-3 Depreciation, amortisation and impairment of non-financial assets	21
B3-4 Other expenses	21
B4 Gains or losses	22
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	22
B5 Performance against budget	23
B5-1 Material budget variations	23
C Financial position	25
C1 Assets we manage	25
C1-1 Cash and cash equivalents	25
C1-2 Financial investments	25
C1-3 Restricted and allocated cash, cash equivalents and investments	26
C1-4 Receivables	27
C1-5 Inventories	27
C1-6 Infrastructure, property, plant and equipment	28
C1-7 Other	30
C2 Leasing activities	31
C2-1 Council as a lessee	31
C3 Liabilities of Council	32
C3-1 Payables	32
C3-2 Contract Liabilities	32
C3-3 Borrowings	33
C3-4 Employee benefit provisions	34
D Risks and accounting uncertainties	36
D1-1 Risks relating to financial instruments held	36
D2-1 Fair value measurement	39
E People and relationships	40
E1 Related party disclosures	40

New England Weeds Authority

Contents for the notes to the Financial Statements for the year ended 30 June 2023

E1-1 Key management personnel (KMP)	40
E1-2 Councillor and Mayoral fees and associated expenses	41
E2 Other relationships	42
E2-1 Audit fees	42
F Other matters	43
F1-1 Statement of Cash Flows information	43
F2-1 Commitments	44
F3 Statement of performance measures	45
F3-1 Statement of performance measures – consolidated results	45
G Additional Council disclosures (unaudited)	46
G1-1 Statement of performance measures – consolidated results (graphs)	46
G1-2 Council information and contact details	48

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 20 February 2024. 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 2023. 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 2023 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions or activities										
Civic Leadership	13	30	443	457	(430)	(427)	–	–	1,981	1,465
Environment	829	788	1,154	636	(325)	152	726	904	357	368
Economic Affairs	39	378	4	370	35	8	–	–	3	15
NSW Weeds Action Program	995	539	235	117	760	422	962	422	–	798
Total functions and activities	1,876	1,735	1,836	1,580	40	155	1,688	1,326	2,341	2,646

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	2023	2022
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Private works	1	102	377
Regulatory fees	2	–	3
Total fees and charges – statutory/regulatory		102	380
Total user charges and fees		102	380
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		102	377
User charges and fees recognised at a point in time (2)		–	3
Total user charges and fees		102	380

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	2023	2022
Insurance claims recoveries	2	13	–
Sales – general	1	–	6
Other	2	12	5
Total other revenue		25	11
Timing of revenue recognition for other revenue			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		25	11
Total other revenue		25	11

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 2023	Operating 2022	Capital 2023	Capital 2022
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Priority weeds	2	1,154	732	-	-
Other councils – joint works/services	2	534	594	-	-
Total grants and non-developer contributions		1,688	1,326	-	-
Comprising:					
– State funding		794	422	-	-
– Other funding		894	904	-	-
		1,688	1,326	-	-

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 2023	Operating 2022	Capital 2023	Capital 2022
Unspent grants and contributions				
Unspent funds at 1 July	604	602	-	-
Add: Funds received and available for expenditure in the current or future periods	720	370	-	-
Less: Funds recognised as revenue in the reporting year and now spent in accordance with the conditions	(668)	-	-	-
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(96)	(5)	-	-
Less: Funds received in prior year but revenue recognised and funds spent in current year	(434)	(363)	-	-
Unspent funds at 30 June	126	604	-	-

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	2023	2022
Interest on financial assets measured at amortised cost		
– Cash and investments	28	3
Total interest and investment income (losses)	28	3

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	2023	2022
Salaries and wages	760	871
Employee leave entitlements (ELE)	(38)	(8)
Superannuation	81	78
Workers' compensation insurance	7	16
Other	17	13
Total employee costs	827	970
Total employee costs expensed	827	970
Number of 'full-time equivalent' employees (FTE) at year end	7	8
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	15	15

Accounting policy

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

B3-2 Materials and services

\$ '000	Notes	2023	2022
Consultancy costs		76	–
Raw materials and consumables		134	230
Contractor costs		371	72
Advertising		7	4
Audit Fees	E2-1	27	13
Councillor and Mayoral fees and associated expenses	E1-2	55	15
Computer software charges		6	–
Electricity and heating		1	2
Insurance		45	26
Office expenses (including computer expenses)		20	12
Postage		1	1
Printing and stationery		11	3
Repairs and maintenance		1	–
Rent		15	14
Aircraft hire		–	13
Subscriptions and publications		23	21
Telephone and communications		39	27
Training costs (other than salaries and wages)		10	22
Other expenses		–	7
Legal expenses		15	11
Total materials and services		863	503

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	2023	2022
Depreciation and amortisation		
Plant and equipment	130	97
Office equipment	15	10
Total depreciation and amortisation costs	145	107

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	2023	2022
Impairment of receivables			
User charges and fees		1	–
Total impairment of receivables	C1-4	1	–
Total other expenses		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	2023	2022
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		33	15
Less: carrying amount of plant and equipment assets sold/written off		–	–
Gain (or loss) on disposal		33	15
Net gain (or loss) from disposal of assets		33	15

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 02 November 2022 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	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
User charges and fees	310	102	(208)	(67)% U
Council's activities focused more on delivering and completing grant programs during the year, which reduced the capacity to undertake project and private works, with a consequent reduction in fee income.				
Other revenues	7	25	18	257% F
Variable minor income items, including reimbursement of Workers Compensation costs and refunds on ATO payments have contributed to this item.				
Operating grants and contributions	1,695	1,688	(7)	0% U
Several anticipated grant programs did not eventuate during the year. The completion of various projects held over from previous years was able to supplement reduced current year income, acting as a partial offset.				
Interest and investment revenue	11	28	17	155% F
Council was able to capitalise on increasing interest rates, coupled with a sound cash position for the majority of the year.				
Net gains from disposal of assets	46	33	(13)	(28)% U
While only a small contribution to overall income, the sale of surplus or retiring plant items was not as high as expected in the original budget.				
Expenses				
Employee benefits and on-costs	915	827	88	10% F
Council's workforce has been reducing over the past 2 years, which has resulted in lower than anticipated wages and salary costs.				
Materials and services	840	863	(23)	(3)% U
Reduced staffing levels has contributed to a reduced utilisation of materials, however contained within this item is an increased use of external contractors to deliver core services which has resulted in operating costs exceeding original budget.				
Borrowing costs	18	-	18	100% F
The anticipated takeup of loan funds to commence construction of Council's new works depot and office facilities, was delayed until the 2023/24 FY, resulting in nil expenditure on loan costs.				
Depreciation, amortisation and impairment of non-financial assets	67	145	(78)	(116)% U
Depreciation charges for Council's property, plant and equipment were understated in the original budget. Council has also acquired a range of new plant assets over the past 2 years which has contributed to increased charges.				

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Other expenses	-	1	(1)	∞ U

Statement of cash flows

Cash flows from operating activities	267	(278)	(545)	(204)% U
Reduced operating income, coupled with increased cost of services, resulted in reductions in the cash position for the FY.				
Cash flows from investing activities	(915)	(319)	596	(65)% F
Commencement of the construction of new works depot and office facilities was deferred until 2023/24 FY.				
Cash flows from financing activities	582	-	(582)	(100)% U
Anticipated loan funds were not taken up in the current FY.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	870	1,000
Cash equivalent assets		
– Deposits at call	–	467
Total cash and cash equivalents	870	1,467

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	870	1,467
Balance as per the Statement of Cash Flows	870	1,467

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Debt securities at amortised cost				
Term deposits	666	–	502	–
Total	666	–	502	–
Total financial investments	666	–	502	–
Total cash assets, cash equivalents and investments	1,536	–	1,969	–

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	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	1,536	1,969
Less: Externally restricted cash, cash equivalents and investments	<u>(126)</u>	<u>(604)</u>
Cash, cash equivalents and investments not subject to external restrictions	1,410	1,365
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants	<u>55</u>	489
External restrictions – included in liabilities	55	489
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants (recognised as revenue)	<u>71</u>	115
External restrictions – other	71	115
Total external restrictions	126	604

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	2023	2022
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	1,410	1,365
Less: Internally restricted cash, cash equivalents and investments	<u>(476)</u>	<u>(494)</u>
Unrestricted and unallocated cash, cash equivalents and investments	934	871
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	<u>245</u>	224
Employees leave entitlement	<u>69</u>	108
Contribution to works DPI TSA Strategic Plan	<u>162</u>	162
Total internal allocations	476	494

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

\$ '000	2023	2022
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	934	871

C1-4 Receivables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Accrued revenues				
– Interest on investments	3	–	1	–
Net GST receivable	7	–	–	–
Other debtors	25	–	62	–
Total	35	–	63	–
Less: provision for impairment				
User charges and fees	(2)	–	(1)	–
Total provision for impairment – receivables	(2)	–	(1)	–
Total net receivables	33	–	62	–

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Stores and materials	18	–	25	–
Total inventories at cost	18	–	25	–
Total inventories	18	–	25	–

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 2022			Asset movements during the reporting period			At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions new assets	Depreciation expense	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000									
Capital work in progress	6	–	6	28	–	–	35	–	35
Plant and equipment	741	(414)	327	141	(130)	–	803	(465)	338
Office equipment	143	(86)	57	18	(15)	–	161	(101)	60
Land:									
– Operational land	200	–	200	–	–	50	250	–	250
Total infrastructure, property, plant and equipment	1,090	(500)	590	187	(145)	50	1,249	(566)	683

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

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 new assets	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	–	–	–
Land:									
– Operational land	–	–	–	–	–	–	200	–	200
Total infrastructure, property, plant and equipment	787	(393)	394	303	(107)	–	1,090	(500)	590

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

C1-7 Other

Other assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepayments	71	-	-	-
Total other assets	71	-	-	-

Current other assets not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Total unrestricted assets	71	-	-	-
Total other assets	71	-	-	-

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Goods and services – operating expenditure	108	–	47	–
Accrued expenses:				
– Salaries and wages	87	–	86	–
– Other expenditure accruals	20	–	7	–
GST payable	–	–	3	–
DPI Weeds Capacity Building	–	–	61	–
DPI Parthenium Fund	48	–	48	–
Other	5	–	–	–
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	268	–	252	–

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Grants and contributions received in advance:					
Unexpended operating grants (received prior to performance obligation being satisfied)	(i)	7	–	380	–
Total contract liabilities		7	–	380	–

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.

C3-2 Contract Liabilities (continued)

Contract liabilities relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Externally restricted assets				
Unspent grants held as contract liabilities	7	–	380	–
Contract liabilities relating to externally restricted assets	7	–	380	–
Total contract liabilities relating to restricted assets	7	–	380	–
Total contract liabilities	7	–	380	–

Revenue recognised that was included in the contract liability balance at the beginning of the period

\$ '000	2023	2022
Grants and contributions received in advance:		
Operating grants (received prior to performance obligation being satisfied)	321	362
Total revenue recognised that was included in the contract liability balance at the beginning of the period	321	362

C3-3 Borrowings

Financing arrangements

\$ '000	2023	2022
Total facilities		
Credit cards/purchase cards	5	10
Total financing arrangements	5	10
Undrawn facilities		
Credit cards/purchase cards	5	10
Total undrawn financing arrangements	5	10

C3-4 Employee benefit provisions

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Annual leave	30	–	54	–
Long service leave	29	9	49	–
ELE on-costs	2	–	5	–
Total employee benefit provisions	61	9	108	–

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	34	48
	34	48

Description of and movements in provisions

\$ '000	ELE provisions			Total
	Annual leave	Long service leave	ELE on-costs	
2023				
At beginning of year	54	49	5	108
Additional provisions	25	2	–	27
Amounts used (payments)	(49)	(13)	(4)	(66)
Other	–	–	1	1
Total ELE provisions at end of year	30	38	2	70
2022				
At beginning of year	26	76	14	116
Other	28	(27)	(9)	(8)
Total ELE provisions at end of year	54	49	5	108

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.

C3-4 Employee benefit provisions (continued)

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 2023	Carrying value 2022	Fair value 2023	Fair value 2022
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	870	1,467	870	1,467
Receivables	33	62	33	62
Investments				
– Term deposits	666	502	666	502
Total financial assets	1,569	2,031	1,569	2,031
Financial liabilities				
Payables	268	252	268	252
Total financial liabilities	268	252	268	252

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	2023	2022
---------	------	------

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	16	20
-----------------------------	----	----

Impact of a 10% movement in price of investments

– Equity / Income Statement	–	–
-----------------------------	---	---

(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	
2023						
Gross carrying amount	10	–	11	–	14	35
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	45.00%	18.00%
ECL provision	–	–	–	–	6	6
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

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
2023							
Payables	0.00%	202	48	–	–	250	268
Total financial liabilities		202	48	–	–	250	268
2022							
Payables	0.00%	142	110	–	–	252	252
Total financial liabilities		142	110	–	–	252	252

D2-1 Fair value measurement

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Operational Land
- Financial assets and liabilities

\$ '000	Notes	Fair value measurement hierarchy						Total		
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2023	2022	
		2023	2022	2023	2022	2023	2022	2023	2022	
Recurring fair value measurements										
Infrastructure, property, plant and equipment										
	C1-6									
Operational Land		30/06/2023			250	–	–	–	250	–
Total infrastructure, property, plant and equipment					250	–	–	–	250	–

Valuation techniques

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

Infrastructure, property, plant and equipment (IPPE)

IPPE assets acquired and in use by New England County Council consist of Plant & Equipment and Office Equipment assets, which are valued and carried at Cost. Council purchased a parcel of Operational Land in 2021, for the purpose of constructing specific purpose office and depot facilities. Construction of these facilities commenced in 2023 financial year and are expected to be completed by 30 June 2024.

Council has recognised a revaluation of the Operational Land asset in the financial statements for year ending 30 June 2023. The revaluation was undertaken by an external valuer and relied on Level 2 observable inputs in arriving at the Fair Value of the land in accordance with AASB 13 and AASB 116.

Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use.

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	2023	2022
Compensation:		
Short-term benefits	137	231
Post-employment benefits	12	67
Total	149	298

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					
2023					
Financial Management Contract	-	-	14 days	-	-
2022					
Financial Management Contract	-	-	14 days	-	-

Council provided no other short term benefits to any related party during 2023.

E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2023	2022
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	6	4
Councillors' fees	38	9
Other Councillors' expenses (including Mayor)	11	2
Total	55	15

E2 Other relationships

E2-1 Audit fees

\$ '000	2023	2022
---------	------	------

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

	27	13
--	----	----

Remuneration for audit and other assurance services	27	13
--	-----------	-----------

Total Auditor-General remuneration	27	13
---	-----------	-----------

Total audit fees	27	13
------------------	-----------	-----------

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2023	2022
Net operating result from Income Statement	40	155
Add / (less) non-cash items:		
Depreciation and amortisation	145	107
(Gain) / loss on disposal of assets	(33)	(15)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	28	(57)
Increase / (decrease) in provision for impairment of receivables	1	–
(Increase) / decrease of inventories	7	(6)
(Increase) / decrease of other current assets	(71)	–
Increase / (decrease) in payables	61	37
Increase / (decrease) in other accrued expenses payable	14	51
Increase / (decrease) in other liabilities	(59)	(17)
Increase / (decrease) in contract liabilities	(373)	8
Increase / (decrease) in employee benefit provision	(38)	(8)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	(278)	255

F2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2023	2022
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	1,827	–
Total commitments	1,827	–
These expenditures are payable as follows:		
Within the next year	1,827	–
Total payable	1,827	–
Sources for funding of capital commitments:		
Unrestricted general funds	827	–
New loans (to be raised)	1,000	–
Total sources of funding	1,827	–

Details of capital commitments

Council has commenced construction of new office and works depot facilities during the current financial year. Works are expected to be completed during the 2024 financial year. There are no other material capital commitments.

F3 Statement of performance measures

F3-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	8	0.43%	8.14%	(8.46)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	1,843				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	155	8.41%	22.91%	25.80%	> 60.00%
Total continuing operating revenue ¹	1,843				
3. Unrestricted current ratio					
Current assets less all external restrictions	1,532	5.19x	4.65x	6.14x	> 1.50x
Current liabilities less specific purpose liabilities	295				
4. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	1,536	9.58 months	14.53 months	19.25 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	160				

(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

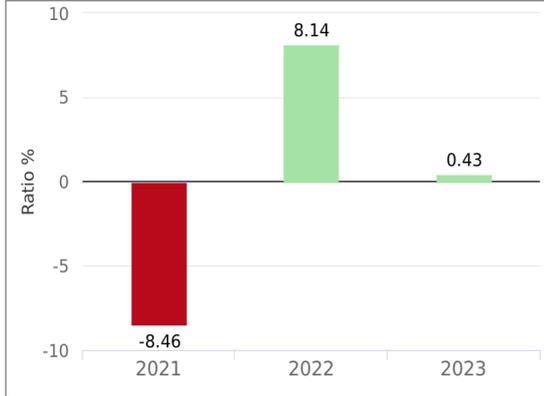
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

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 2022/23 result

2022/23 ratio 0.43%

This ratio reveals an equal with benchmark result for the year, as net operating result is equivalent to gains from sale of assets, which is excluded from the ratio calculation. The result is down on the previous year, but reflects the variability of annual performance and is equivalent to the average result for the past 4 years.

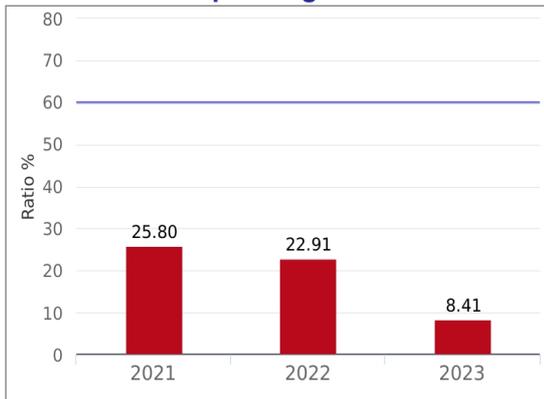
Benchmark: — > 0.00%

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 2022/23 result

2022/23 ratio 8.41%

The nature of Council's service activities, on behalf of its member Councils, means that the capacity to generate significant income from other sources is very limited. The industry benchmark is suited more to general purpose local government authorities, and historically this ratio has never reached close to that level. The decline for the current year reflects the focus on grant expenditure programs at the expense of other project or private works.

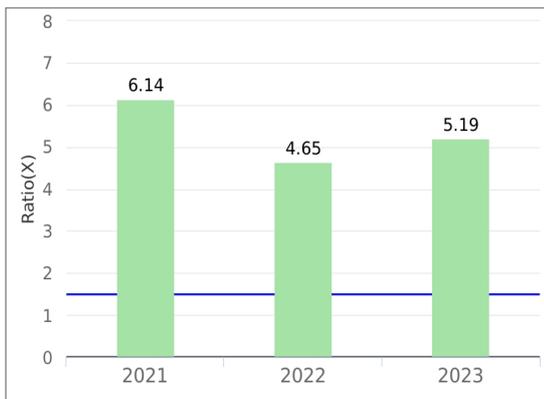
Benchmark: — > 60.00%

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 2022/23 result

2022/23 ratio 5.19x

While performance against budget was not as favourable as anticipated, this ratio confirms that Council has maintained a sound capacity to meet obligations from unrestricted funds.

Benchmark: — > 1.50x

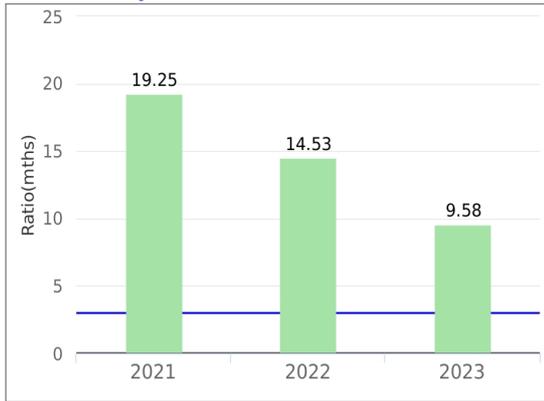
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2022/23 result

2022/23 ratio 9.58 months

The result for the year remains well above benchmark, however the short term trend for the past 3 years is something Council will need to address in subsequent years.

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

Opening hours:

7.30am to 4.30pm
Monday to Friday
Except Public Holidays

Telephone: 02 6770 3602

Facsimile: 02 6771 1893

Internet: www.newa.com.au

Email: newa@newa.nsw.gov.au

Officers

General Manager

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 Dorothy Robinson

Councillors

Tim Bower
Lara Gresham
Scott Kermod
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 County Council (trading as the New England Weeds Authority)

To the Councillors of New England County Council

Disclaimer of Opinion

I am required to audit the accompanying financial statements of the New England County Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, 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.

I do not express an opinion on the accompanying financial statements of the Council. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for Disclaimer of Opinion

Councillors and Management declared, in the Statement required by Councillors and Management (the Statement) under section 413(2)(c) of the *Local Government Act 1993* (the LG Act), they were unable to certify as to the completeness and reliability of the financial statements taken as a whole for the year ended 30 June 2023. As a result, I have disclaimed my opinion on the financial statements.

Council has not maintained adequate books and records to support transactions, balances and disclosures reported in the financial statements. The deficiencies in Council's books and records means I have been unable to obtain sufficient appropriate audit evidence or perform alternative testing procedures to enable me to conclude:

- on the completeness and accuracy of the balances and related notes in the Council's financial statements
- on the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements, or whether a material uncertainty exists related to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern.

Accordingly, I have been unable to determine whether adjustments have been necessary in respect of balances and amounts reported in the financial statements. The pervasiveness of these issues means I cannot express an opinion on the accompanying financial statements for the year ended 30 June 2023.

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 LG Act, 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.

However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

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).

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



Jan-Michael Perez
Delegate of the Auditor-General for New South Wales

16 April 2024
SYDNEY



Councillor Dorothy Robinson
Chair
New England County Council
(trading as the New England Weeds Authority)

Contact: Jan-Michael Perez
Phone no: 02 9275 7115
Our ref: R008-16585809-52874/1675

16 April 2024

Dear Councillor Robinson

Report on the Conduct of the Audit for the year ended 30 June 2023 New England County Council

I have audited the general purpose financial statements (GPFS) of the New England County Council (the Council) for the year ended 30 June 2023 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed a disclaimer of opinion on the Council's GPFS. This means I do not express an opinion on the GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2023 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.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

The following significant matters came to my attention during the audit:

- The councillors and management have declared, in the statement required by councillors and management (the Statement) under section 413(2)(c) of the *Local Government Act 1993*, that they are unable to certify as to the completeness and reliability of the financial statements taken as a whole for the year ended 30 June 2023, because the Council has not maintained adequate internal controls or books and records across the reporting period.
- The deficiencies in books and records, which have been acknowledged by councillors and management in their statement, mean I have been unable to obtain sufficient appropriate audit evidence or perform alternative testing procedures to enable me to conclude:
 - on the completeness and accuracy of the balances and related notes in the council's financial statements
 - on the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements, or whether a material uncertainty exists related to events or conditions that, individually or collectively, may cast significant doubt on the council's ability to continue as a going concern.

Accordingly, I have been unable to determine whether adjustments have been necessary in respect of balances and amounts reported in the financial statements. The pervasiveness of these issues means I cannot express an opinion on the financial statements for the year ended 30 June 2023.

FINANCIAL INFORMATION AND PERFORMANCE RATIOS

In the circumstances as described above, I do not believe it is meaningful to provide commentary on financial information or performance ratios in this report.

OTHER MATTERS

Legislative compliance

My audit procedures identified non-compliance with legislative requirements.

Maintenance of Accounting Records

The council did not maintain adequate accounting records as required by Section 412 of the Act. Council staff were unable to provide all accounting records and information relevant to the audit.

Establishment of an effective internal control environment

Section 209(c) of the Local Government Regulation (General) Regulation 2021 requires the general manager to ensure that the authorising and recording procedures are established to provide effective control over the council's assets, liabilities, revenue and expenditure, and secure the accuracy of the accounting records, including a proper division of accounting responsibilities among the council staff.

The councillors and management have declared, in the statement required by councillors and management (the Statement) under section 413(2)(c) of the *Local Government Act 1993*, that they are unable to certify as to the completeness and reliability of the financial statements taken as a whole for the year ended 30 June 2023, because the Council has not maintained adequate internal controls or books and records across the reporting period.

Submission of financial statements to the Office of Local Government

As a result of the issues identified above the Council did not submit the audited financial statements for the year ended 30 June 2023 to the Office of Local Government by the agreed deadline 31 March 2024. Section 416(1) of the Act requires the annual financial statements of Councils must be prepared and audited within four months after the end of the year, unless an extension is granted by the Office of Local Government. Council did not meet the revised submission date.



Jan-Michael Perez
Director, Financial Audit

Delegate of the Auditor-General for New South Wales