

Upper Macquarie County Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024



Upper Macquarie County Council

General Purpose Financial Statements

for the year ended 30 June 2024

Contents	Page
Statement by Councillors and Management	2
Primary Financial Statements:	
Income Statement	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Contents for the notes to the Financial Statements	8
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	35
On the Financial Statements (Sect 417 [3])	36

Overview

Upper Macquarie County Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

7 Lee Street
Kelso NSW 2795.

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

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

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: <https://www.umcc.nsw.gov.au/>

Upper Macquarie County Council

General Purpose Financial Statements

for the year ended 30 June 2024

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 09 August 2024.



Andrew McKibbin
Chairperson

~~dd MMMM yyyy~~

9/8/2024



Bruce Reynolds
Deputy Chairperson

~~dd MMMM yyyy~~

9/8/2024



Tim Johnston
General Manager and Responsible Accounting Officer

~~dd MMMM yyyy~~

9/8/24

Upper Macquarie County Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
	Income from continuing operations			
437	User charges and fees	B2-1	295	423
14	Other revenues	B2-2	94	50
1,232	Grants and contributions provided for operating purposes	B2-3	1,406	1,143
40	Interest and investment income	B2-4	53	45
2	Other income	B2-5	8	4
40	Net gain from the disposal of assets	B4-1	–	51
<u>1,765</u>	Total income from continuing operations		<u>1,856</u>	<u>1,716</u>
	Expenses from continuing operations			
744	Employee benefits and on-costs	B3-1	790	786
915	Materials and services	B3-2	904	748
70	Depreciation, amortisation and impairment of non-financial assets	B3-3	46	38
–	Other expenses	B3-4	34	15
<u>1,729</u>	Total expenses from continuing operations		<u>1,774</u>	<u>1,587</u>
<u>36</u>	Operating result from continuing operations		<u>82</u>	<u>129</u>
<u>36</u>	Net operating result for the year attributable to Council		<u>82</u>	<u>129</u>
<u>36</u>	Net operating result for the year before grants and contributions provided for capital purposes		<u>82</u>	<u>129</u>

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

Upper Macquarie County Council

Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	2024	2023
Net operating result for the year – from Income Statement	82	129
Total comprehensive income for the year attributable to Council	82	129

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

Upper Macquarie County Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents		1,374	1,393
Receivables	C1-3	27	39
Inventories	C1-4	127	40
Other		14	14
Total current assets		1,542	1,486
Non-current assets			
Infrastructure, property, plant and equipment (IPPE)	C1-5	186	220
Total non-current assets		186	220
Total assets		1,728	1,706
LIABILITIES			
Current liabilities			
Payables	C2-1	60	123
Contract liabilities	C2-2	44	43
Employee benefit provisions	C2-3	223	220
Total current liabilities		327	386
Non-current liabilities			
Employee benefit provisions	C2-3	6	7
Total non-current liabilities		6	7
Total liabilities		333	393
Net assets		1,395	1,313
EQUITY			
Accumulated surplus		1,395	1,313
Total equity		1,395	1,313

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

Upper Macquarie County Council

Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	2024		2023	
	Accumulated surplus	Total equity	Accumulated surplus	Total equity
Opening balance at 1 July	1,313	1,313	1,184	1,184
Net operating result for the year	82	82	129	129
Total comprehensive income	82	82	129	129
Closing balance at 30 June	1,395	1,395	1,313	1,313

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

Upper Macquarie County Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Cash flows from operating activities				
<i>Receipts:</i>				
437	User charges and fees		310	641
40	Interest received		53	45
1,232	Grants and contributions		1,407	1,142
14	Other		238	54
<i>Payments:</i>				
(744)	Payments to employees		(806)	(752)
(915)	Payments for materials and services		(1,813)	(1,004)
–	Bonds, deposits and retentions refunded		–	(6)
–	Other		604	(14)
64	Net cash flows from operating activities	F1-1	(7)	106
Cash flows from investing activities				
<i>Receipts:</i>				
40	Proceeds from sale of IPPE		–	106
<i>Payments:</i>				
(243)	Payments for IPPE		(12)	(269)
(203)	Net cash flows from investing activities		(12)	(163)
(139)	Net change in cash and cash equivalents		(19)	(57)
1,393	Cash and cash equivalents at beginning of year		1,393	1,450
1,254	Cash and cash equivalents at end of year	C1-1	1,374	1,393

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

Upper Macquarie County Council

Contents for the notes to the Financial Statements for the year ended 30 June 2024

A About Council and these financial statements	10
A1-1 Basis of preparation	10
B Financial Performance	12
B1 Functions or activities	12
B1-1 Functions or activities – income, expenses and assets	12
B1-2 Components of functions or activities	13
B2 Sources of income	14
B2-1 User charges and fees	14
B2-2 Other revenues	14
B2-3 Grants and contributions	15
B2-4 Interest and investment income	16
B2-5 Other income	16
B3 Costs of providing services	17
B3-1 Employee benefits and on-costs	17
B3-2 Materials and services	17
B3-3 Depreciation, amortisation and impairment of non-financial assets	18
B3-4 Other expenses	18
B4 Gains or losses	19
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	19
B5 Performance against budget	20
B5-1 Material budget variations	20
C Financial position	21
C1 Assets we manage	21
C1-1 Cash and cash equivalents	21
C1-2 Restricted and allocated cash, cash equivalents and investments	22
C1-3 Receivables	23
C1-4 Inventories	24
C1-5 Infrastructure, property, plant and equipment	25
C2 Liabilities of Council	27
C2-1 Payables	27
C2-2 Contract Liabilities	27
C2-3 Employee benefit provisions	28
D Risks and accounting uncertainties	29
D1-1 Risks relating to financial instruments held	29
D2-1 Contingencies	30
E People and relationships	31
E1 Related party disclosures	31
E1-1 Key management personnel (KMP)	31
E1-2 Members and Chairpersons fees and associated expenses	32
E2 Other relationships	32

Upper Macquarie County Council

Contents for the notes to the Financial Statements for the year ended 30 June 2024

E2-1 Audit fees	32
F Other matters	33
F1-1 Statement of Cash Flows information	33
F2-1 Commitments	33
F3 Statement of performance measures	34
F3-1 Statement of performance measures – consolidated results	34

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 09 August 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 material accounting policy information related to 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* (Act) and *Local Government (General) Regulation 2022* (Regulation), 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.

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:

employee benefit provisions – refer Note C2-3.

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-3.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-3.

Monies and other assets received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993*, all money and property received by Council is held in the Council's Consolidated Fund.

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993*, a separate and distinct Trust Fund is maintained to account for all money and property received by Council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these reports.

A separate statement of monies held in the Trust Fund is available for inspection at the council office by any person free of charge.

Goods and Services Tax (GST)

A1-1 Basis of preparation (continued)

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.

New accounting standards and interpretations issued but not yet effective

The Council has not applied any pronouncements before their operative date in the annual reporting period beginning 1 July 2023.

It is not anticipated that the adoption of these Australian Accounting Standards and interpretations will affect the financial statements of the Council.

New accounting standards adopted during the year

The accounting policies applied for the year ended 30 June 2024 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards. The following amendments and interpretations materially apply for the first time to the Council:

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting

Estimates. This AAS amends AASB 101 Presentation of Financial Statements to require entities to disclose their material accounting policy information rather than their significant accounting policies.

The amendment has led to a reduction of accounting policy information being disclosed by the Council.

Going concern

In preparing these financial statements, management and those charged with governance have made an assessment of the ability of the Council to continue as a going concern, which contemplates the continuity of business operations, realisation of assets and settlement of liabilities in the ordinary course of business. Management and those charged with governance are of the opinion the Council will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial statements after consideration of the following factors:

At 30 June 2024, the Council reported a surplus of \$82 thousand (2022-23: \$129 thousand); accumulated surpluses of \$1.4 million (2022-23: \$1.3 million); total assets (\$1.7 million) in excess of its total liabilities (\$0.3 million) (2023-24: \$1.7 million and \$0.4 million respectively); total cash and cash equivalents of \$1.4 million (2022-23: \$1.5 million).

The Council's main sources of revenue are contributions from constituent councils and government grants under the 'Weeds Action Program' (WAP). All four constituent councils have paid contributions subsequent to 30 June 2024, totalling \$760.7 thousand. These contributions relate to the 2024-25 year. The council received \$346.5 thousand in WAP funding in July 2024, which relates to the 2023-24 year (ie. the council had already incurred the related expenditure prior to receiving these monies). Payment for 2023-24's funding was delayed as the program requires the approval of annual applications from 2023-24 onwards. Previously, this was not a requirement.

The Council's operational budget for the 2024-25 year forecasts a surplus of \$13.9 thousand. In addition, 2025-26 contributions from constituent councils and WAP funding payments are expected to be received in the first quarter of 2025-26. The Council has access to an overdraft facility of \$50 thousand (nil drawn down at 30 June 2024 and at the date of the auditor's report on these financial statements).

Considering the above factors, management and those charged with governance are of the opinion the Council will have sufficient cash available to enable it to pay its debts as and when they fall due for the next 12 months from the date of the auditor's report on these financial statements. As such, the financial statements for the year ended 30 June 2024 have been prepared under the assumption of a going concern basis.

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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Functions or activities										
Governance	–	–	78	50	(78)	(50)	–	–	–	–
Environment	1,856	1,716	1,696	1,537	160	179	–	1,143	–	1,705
Other	–	–	–	–	–	–	1,406	–	1,728	1
Total functions and activities	1,856	1,716	1,774	1,587	82	129	1,406	1,143	1,728	1,706

B1-2 Components of functions or activities

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

Governance

Council Costs relating to the Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance.

Environment

Council carries out the functions of the Biosecurity Act 2015 (Th Act). The primary object of this Act is to provide a framework for the prevention, elimination and minimisation of biosecurity risks posed by biosecurity matter, dealing with biosecurity matter, carriers and potential carriers, and other activities that involve biosecurity matter, carriers or potential carriers. The Biosecurity matter focus is noxious weeds.

B2 Sources of income

B2-1 User charges and fees

\$ '000	2024	2023
Specific user charges (per s502 - specific 'actual use' charges)		
User charges - Chemical Sales	49	34
Total specific user charges	49	34
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s608)		
Section 64 Certificates	3	4
Private works	243	385
Total fees and charges – statutory/regulatory	246	389
Total other user charges and fees	246	389
Total user charges and fees	295	423
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time (1)	–	385
User charges and fees recognised at a point in time (2)	295	38
Total user charges and fees	295	423

Material accounting policy information

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 or in some cases, the customer is required to pay on arrival or a deposit in advance of the good or service being provided. Council may be required to provide a refund if the good or service is not provided.

B2-2 Other revenues

\$ '000	2024	2023
Fines	13	11
Insurance Rebates	5	5
Other income	76	34
Total other revenue	94	50
Timing of revenue recognition for other revenue		
Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	94	50
Total other revenue	94	50

Material accounting policy information 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	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Constituent Council Contributions	1,059	796	-	-
State Government grants - WAP	347	347	-	-
Total special purpose grants and non-developer contributions (tied)	1,406	1,143	-	-
Total grants and non-developer contributions	1,406	1,143	-	-
Total grants and contributions	1,406	1,143	-	-
Timing of revenue recognition for grants and contributions				
Grants and contributions recognised over time (1)	-	-	-	-
Grants and contributions recognised at a point in time (2)	1,406	1,143	-	-
Total grants and contributions	1,406	1,143	-	-

Unspent grants and contributions

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

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Unspent grants and contributions				
Unspent funds at 1 July	44	43	-	-
Unspent funds at 30 June	44	43	-	-

B2-3 Grants and contributions (continued)

Material accounting policy information

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 conducting specific services in relation to dealing with noxious weeds, or supply of agreed deliverables such as publications. 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.

Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

B2-4 Interest and investment income

\$ '000	2024	2023
Interest on financial assets measured at amortised cost		
– Cash and investments	53	45
<u>Total interest and investment income (losses)</u>	<u>53</u>	<u>45</u>

Material accounting policy information

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

B2-5 Other income

\$ '000	Notes	2024	2023
Reversal of impairment losses on receivables			
User charges and fees		8	4
<u>Total reversal of impairment losses on receivables</u>	C1-3	<u>8</u>	<u>4</u>
<u>Total other income</u>		<u>8</u>	<u>4</u>

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2024	2023
Salaries and wages	539	555
Employee leave entitlements (ELE)	77	118
Superannuation	73	69
Workers' compensation insurance	77	31
Training costs (other than salaries and wages)	11	6
Other	13	7
Total employee costs	790	786
<u>Total employee costs expensed</u>	<u>790</u>	<u>786</u>

Material accounting policy information

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

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

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

B3-2 Materials and services

\$ '000	Notes	2024	2023
Raw materials and consumables		127	109
Consultancy costs		7	9
Contractor costs		451	349
Audit Fees	E2-1	21	19
Members and Chairpersons fees and associated expenses	E1-2	58	50
Advertising		3	4
Bank charges		1	1
Insurance		53	44
Office expenses (including computer expenses)		2	–
Subscriptions and publications		4	4
Telephone		9	8
IT expenses		59	53
Postage, printing and stationary		5	5
Rent		10	10
Motor vehicles		56	63
Legal expenses:			
– Legal expenses: other		15	14
Other		23	6
Total materials and services		904	748
<u>Total materials and services</u>		<u>904</u>	<u>748</u>

Material accounting policy information

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	2024	2023
Depreciation and amortisation		
Plant and equipment	46	38
Total depreciation and amortisation costs	46	38
<u>Total depreciation, amortisation and impairment for non-financial assets</u>	<u>46</u>	<u>38</u>

Material accounting policy information

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.

Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement

B3-4 Other expenses

\$ '000	2024	2023
Other		
Donations, contributions and assistance to other organisations (Section 356)	5	–
Bad & Doubtful Debts	29	15
Total other	34	15
<u>Total other expenses</u>	<u>34</u>	<u>15</u>

Material accounting policy information

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

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

\$ '000	Notes	2024	2023
Gain (or loss) on disposal of Infrastructure, Property, Plant and Equipment	C1-5		
Proceeds from disposal		-	53
Less: carrying amount of assets sold		-	(2)
Gain (or loss) on disposal		<u>-</u>	<u>51</u>
<u>Net gain (or loss) from disposal of assets</u>		<u>-</u>	<u>51</u>

Material accounting policy information

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 16 June 2023 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	2024 Budget	2024 Actual	2024 ----- Variance -----	
Revenues				
User charges and fees	437	295	(142)	(32)% U
The Autumn Aerial Spraying program 2024 did not generate as much income as expected.				
Other revenues	14	94	80	571% F
Workers compensation payments income contributes significantly to "other revenue". These were not budgeted for.				
Interest and investment revenue	40	53	13	33% F
Careful management of cash flow invested funds returned a favourable interest income.				
Net gains from disposal of assets	40	-	(40)	(100)% U
No fleet vehicles were sold during the 23/24 FY.				
Expenses				
Depreciation, amortisation and impairment of non-financial assets	70	46	24	34% F
New fleet vehicles were not purchased and did not attract depreciation.				
Other expenses	-	34	(34)	∞ U
Doubtful debts from previous years aerial spraying programs and unpaid penalty infringement notices.				
Statement of cash flows				
Cash flows from operating activities	64	(7)	(71)	(111)% U
Cash flows from investing activities	(203)	(12)	191	(94)% F

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2024	2023
Cash assets		
Cash on hand and at bank	223	92
Cash equivalent assets		
– Deposits at call	1,151	1,301
<u>Total cash and cash equivalents</u>	<u>1,374</u>	<u>1,393</u>

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	1,374	1,393
<u>Balance as per the Statement of Cash Flows</u>	<u>1,374</u>	<u>1,393</u>

Material accounting policy information

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.

Financing facilities - the Council has a bank overdraft facility of \$50 thousand available at the reporting date, with nil drawn down (2022-23: \$50 thousand bank overdraft facility, nil drawn down). Thank bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

C1-2 Restricted and allocated cash, cash equivalents and investments

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	1,374	1,393
Less: Externally restricted cash, cash equivalents and investments	<u>(44)</u>	<u>(43)</u>
Cash, cash equivalents and investments not subject to external restrictions	1,330	1,350
External restrictions		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	<u>44</u>	<u>43</u>
Total external restrictions	<u>44</u>	<u>43</u>

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	2024	2023
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	1,330	1,350
Less: Internally restricted cash, cash equivalents and investments	<u>(766)</u>	<u>(740)</u>
Unrestricted and unallocated cash, cash equivalents and investments	564	610
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Infrastructure replacement	100	100
Employees leave entitlement	150	150
Other	50	50
Business viability fund	400	400
Plant replacement	9	9
Biosecurity enforcement	<u>57</u>	<u>31</u>
Total internal allocations	766	740

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

C1-3 Receivables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
User charges and fees	64	-	56	-
- Other income accruals	-	-	5	-
Total	64	-	61	-
Less: provision for impairment				
User charges and fees	(37)	-	(22)	-
Total provision for impairment – receivables	(37)	-	(22)	-
Total net receivables	27	-	39	-

Material accounting policy information

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.

Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information

For debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Council uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial asset is more than 90 days past due.

Credit losses are measured at present value as the difference between what is owed and what is expected to be received.

C1-4 Inventories

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
(i) Inventories at cost				
Stores, materials and trading stock	127	-	40	-
Total inventories at cost	127	-	40	-
<u>Total inventories</u>	<u>127</u>	<u>-</u>	<u>40</u>	<u>-</u>

Material accounting policy information

Raw materials and stores

Stores 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.

C1-5 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period			At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions new assets	Carrying value of disposals	Depreciation expense	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000									
Plant and equipment	407	(187)	220	12	–	(46)	419	(233)	186
Infrastructure:									
– Buildings – specialised	21	(21)	–	–	–	–	21	(21)	–
Total infrastructure, property, plant and equipment	428	(208)	220	12	–	(46)	440	(254)	186

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	Carrying value of disposals	Depreciation expense	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000									
Plant and equipment	343	(299)	44	216	(2)	(38)	407	(187)	220
Infrastructure:									
– Buildings – specialised	21	(21)	–	–	–	–	21	(21)	–
Total infrastructure, property, plant and equipment	364	(320)	44	216	(2)	(38)	428	(208)	220

C1-5 Infrastructure, property, plant and equipment (continued)

Material accounting policy information

Accounting policy for infrastructure, property, plant and equipment

Plant and Equipment is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

Useful lives of Property Plant and Equipment

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

Plant and equipment	5 Years
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income statement.

C2 Liabilities of Council

C2-1 Payables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Goods and services – operating expenditure	6	–	68	–
Accrued expenses:				
– Salaries and wages	3	–	21	–
– Other expenditure accruals	36	–	18	–
Deposits and retentions	2	–	2	–
Other	3	–	2	–
GST & PAYG Payable	10	–	12	–
<u>Total payables</u>	<u>60</u>	<u>–</u>	<u>123</u>	<u>–</u>

Material accounting policy information

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

C2-2 Contract Liabilities

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Grants and contributions received in advance:					
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15 (i)	(i)	44	–	43	–
Total grants received in advance		<u>44</u>	<u>–</u>	<u>43</u>	<u>–</u>
<u>Total contract liabilities</u>		<u>44</u>	<u>–</u>	<u>43</u>	<u>–</u>

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.

Material accounting policy information

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

C2-3 Employee benefit provisions

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Time in Lieu	16	–	29	–
Annual leave	85	–	77	–
Long service leave	122	6	114	7
Total employee benefit provisions	223	6	220	7

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

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Other	165	154
	165	154

Material accounting policy information

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 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's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The General Manager and managerial staff manage the cash and investments portfolio. Council has an investment policy which complies with the Local Government Act and Minister's Order. The policy is regularly reviewed by Council and an Investment Report provided to Council at each meeting setting out the make-up and performance of the portfolio.

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

The risks associated with the financial instruments held

Interest rate risk – the risk that movements in interest rates could affect returns.

Credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Liquidity risk - the risk that Council will not be able to pay its debts as and when they fall due.

Financial risk management is carried out by the General Manager and administration staff under policies approved by the Council.

a) Market risk – interest rate and price risk

\$ '000	2024	2023
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. (2023: 1%)		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	13	14

(b) Credit risk

Council's major receivables comprise of user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing stringent debt recovery policies.

Council makes a suitable provision for doubtful receivables as required.

Receivables - non-rates and annual charges

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

The loss allowance provision is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2024						
Gross carrying amount	1	22	–	8	33	64
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	80.77%	43.29%
ECL provision	–	–	–	–	27	27
2023						
Gross carrying amount	1	30	–	5	26	62
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	80.77%	35.51%
ECL provision	–	–	–	1	21	22

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

(c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – that is 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 be extended and overdraft facilities drawn upon in extenuating circumstances.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the maturity table below:

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
2024							
Payables	0.00%	–	60	–	–	60	60
Total financial liabilities		–	60	–	–	60	60
2023							
Payables	0.00%	–	123	–	–	123	123
Total financial liabilities		–	123	–	–	123	123

D2-1 Contingencies

Council is not aware of any contingent assets or contingent liabilities that are not disclosed.

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

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

\$ '000	2024	2023
Compensation:		
Short-term benefits	156	152
Post-employment benefits	13	12
Other long-term benefits	2	2
Total	171	166

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 will not be disclosed.

There have been no transactions to disclose.

E1-2 Members and Chairpersons fees and associated expenses

\$ '000	2024	2023
The aggregate amount of Member and Chairperson fees and associated expenses included in materials and services expenses in the Income Statement are:		
Chairman's fee	9	8
Member's fees	40	33
Member's (including Chairman) expenses	9	9
<u>Total</u>	<u>58</u>	<u>50</u>

E2 Other relationships

E2-1 Audit fees

\$ '000	2024	2023
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	21	19
	<u>21</u>	<u>19</u>
<u>Total audit fees</u>	<u>21</u>	<u>19</u>

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of Operating Result

\$ '000	2024	2023
Net operating result from Income Statement	82	129
Add / (less) non-cash items:		
Depreciation and amortisation	46	38
(Gain) / loss on disposal of assets	–	(51)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(3)	50
Increase / (decrease) in provision for impairment of receivables	15	11
(Increase) / decrease of inventories	(87)	21
Decrease/(increase) in prepayments	–	(4)
Increase / (decrease) in payables	(62)	(120)
Increase / (decrease) in other accrued expenses payable	–	(2)
Increase / (decrease) in other liabilities	(1)	–
Increase / (decrease) in contract liabilities	1	(1)
Increase / (decrease) in employee benefit provision	2	35
Net cash flows from operating activities	(7)	106

F2-1 Commitments

Council has no commitments for expenditure.

F3 Statement of performance measures

F3-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023 2022		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	74	4.00%	4.46%	0.79%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	1,848				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	442	23.92%	31.19%	33.13%	> 60.00%
Total continuing operating revenue ¹	1,848				
3. Unrestricted current ratio					
Current assets less all external restrictions	1,498				
Current liabilities less specific purpose liabilities	118	12.69x	7.63x	5.27x	> 1.50x
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	1,374				
Monthly payments from cash flow of operating and financing activities	168	8.18 months	9.41 months	10.81 months	> 3.00 months

(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

Upper Macquarie County Council

General Purpose Financial Statements

for the year ended 30 June 2024

Independent Auditor's Reports:

On the Financial Statements (Sect 417 [2])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

Upper Macquarie County Council

General Purpose Financial Statements

for the year ended 30 June 2024

Independent Auditor's Reports: (continued)

On the Financial Statements (Sect 417 [3])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements Upper Macquarie County Council

To the Councillors of Upper Macquarie County Council

Opinion

I have audited the accompanying financial statements of Upper Macquarie 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 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information 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 2024, 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).

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.

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

The Councillors' Responsibilities for the Financial Statements

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

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

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

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 'Material budget variations'
- 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.



Cassie Malone
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

31 October 2024
SYDNEY