

Northern Rivers Joint Organisation

GENERAL PURPOSE FINANCIAL STATEMENTS

For the period from 11 May 2018 to 30 June 2019

Northern Rivers Joint Organisation General Purpose Financial Statements

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Northern Rivers Joint Organisation is constituted under the *Local Government Act 1993 (NSW)* and has its principal place of business at:

PO Box 146
Lismore,
NSW 2480

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

Northern Rivers Joint Organisation

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

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


- the *Local Government Act 1993 (NSW) (as amended)* and the regulations made thereunder
- the Australian Accounting Standards – Reduced Disclosure Requirements and other pronouncements of the Australian Accounting Standards Board
- the Joint Organisations Supplement to the Local Government Code of Accounting Practice and Financial Reporting.

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


- present fairly NRJO's operating result and financial position for the period
- accord with JO NSW's accounting and other records.

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

Signed in accordance with a resolution of the Board of Northern Rivers Joint Organisation made on Friday 8 November 2019


Cr Danielle Mulholland
Chairperson
8/11/19


Cr Isaac Smith
Voting Representative Board Member
8/11/19


Isabel Perdriau
Executive Officer
8/11/19

Northern Rivers Joint Organisation

Income Statement and Other Comprehensive Income for the period 11 May 2018 to 30 June 2019

		Actual	11
		May 2018 to	30 June 2019
	Notes	\$	
Income from continuing operations			
Member council contributions	2a	102,893	
User charges and fees	2b	33,725	
Interest and investment revenue	2c	7,061	
Grants and contributions provided for operating purposes	2d	800,000	
Grants and contributions provided for capital purposes	2d	-	
Other Income	2e	36,602	
Total income from continuing operations		980,281	
Expenses from continuing operations			
Employee benefits and on-costs	3a	50,488	
Borrowing costs	3b	-	
Depreciation		-	
Project and Event Costs	3d	128,157	
Administrative Expenses	3c	108,774	
Total expenses from continuing operations		287,419	
Net operating result for the year		692,862	
Gain on transfer of assets from former entities NOROC	2f	440,893	
Net result for the period		440,893	
Total comprehensive income		1,133,755	

The above Income statement and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Northern Rivers Joint Organisation

Statement of financial position as at 30 June 2019

	Notes	Actual 2019 \$
ASSETS		
Current assets		
Cash and cash equivalents	4	1,195,754
Investments	5	-
Receivables	6	9,714
Prepayments		-
Total current assets		<u>1,205,468</u>
Non-current assets		
Investments	5	-
Property, plant and equipment	7	-
Other		-
Total non-current assets		<u>-</u>
Total assets		<u>1,205,468</u>
LIABILITIES		
Current liabilities		
Payables	8	69,117
Income received in advance		-
Borrowings	8	-
Provisions	9	2,596
Total current liabilities		<u>71,713</u>
Non-current liabilities		
Borrowings	8	-
Provisions	9	-
Total non-current liabilities		<u>-</u>
Total liabilities		<u>71,713</u>
Net assets		<u>1,133,755</u>
EQUITY		
Accumulated Surplus	10	1,133,755
Reserves	10	-
Total equity		<u>1,133,755</u>

The above Statement of financial position should be read in conjunction with the accompanying notes.

Northern Rivers Joint Organisation

Statement of changes in equity

For the period from 11 May 2018 to 30 June 2019

	Actual 2019 \$		
	Accumulated surplus	Reserves	Total equity
Opening balance	-	-	-
Net operating result for the period	1,133,755	-	1,133,755
Total comprehensive income	1,133,755	-	1,133,755
Closing balance	1,133,755	-	1,133,755

Northern Rivers Joint Organisation

Statement of cash flows

For the period from 11 May 2018 to 30 June 2019

	Actual
	11 May 2018 to 30 June 2019
Notes	\$
Cash flows from operating activities	
Receipts:	
Contributions from member councils	102,893
User charges and fees	31,825
Investment revenue and interest	6,978
Grants	800,000
Other	113,593
Payments:	
Employees and suppliers	(296,187)
Borrowing costs	-
Other	(4,761)
Net cash provided from (or used) in operating activities	754,341
Cash flows from investing activities	
Receipts:	
Other	-
Payments:	
Purchase of investments (term deposits)	-
Purchase of infrastructure, property, plant and equipment	-
Net cash used in investing activities	-
Cash flows from financing activities	
Receipts:	
Proceeds from investments	-
Payments:	
Repayment of investments	-
Net cash provided by (or used in) financing activities	-
Net increase/(decrease) in cash and cash equivalents	754,341
Cash and cash equivalents transferred from NOROC	441,413
Cash and cash equivalents at end of reporting period	1,195,754

The above Statement of cash flows should be read in conjunction with the accompanying notes.

Northern Rivers Joint Organisation

Notes to the financial statements

For the period from 11 May 2018 to 30 June 2019

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Note 1 Basis of preparation

Northern Rivers Joint Organisation was established on 11 May 2018 and the financial statements include the results of the Joint Organisation from establishment until 30 June 2019 and the financial position at 30 June 2019.

Future reporting periods will be from 1 July to 30 June of the relevant year.

These financial statements were authorised for issue by the Board of the Joint Organisation on **8 November 2019**. The Board has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below:

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, the *Local Government Act 1993 (NSW)* and Regulations, and the Joint Organisation Code of Accounting Practice and Financial Reporting. The Northern Rivers Joint Organisation is a not-for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest dollar.

(a) *New and amended standards adopted by Northern Rivers Joint Organisation*

During the year, JO adopted all standards which are **mandatorily** effective for the first time at 30 June 2019. The Northern Rivers Joint Organisation is currently in the process of determining the potential effect of the implementation of AASB 15: Revenue from contract with customers and AASB 1058 Income for not profits and will reflect accordingly in financial year 2019/20.

(b) *Historical cost convention*

These financial statements have been prepared under the historical cost convention.

(c) *Significant accounting standards adopted by Northern Rivers Joint Organisation*

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 Joint Organisation'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 Joint Organisation and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Northern Rivers Joint Organisation 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:

(1) employee leave provisions - refer Note 9

Significant judgements in applying the Joint Organisation accounting policies

(1) None are applicable at this stage.

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.

Note 2 Income from continuing operations

	Actual 11 May 2018 to 30 June 2019 \$	
(a) Member Council contributions		
Ballina Shire Council		17,567
Byron Shire Council		15,067
Kyogle Council		9,924
Lismore City Council		18,307
Richmond Valley Council		13,084
Tweed Shire Council		28,944
Total member council contributions		102,893
(b) User charges and fees		
MyRoadInfo		33,725
Total user charges and fees		33,725
(c) Interest and Investment revenue		
Interest in financial assets measured at amortised cost		7,061
Other		-
Total interest and investment revenue		7,061
(d) Grants		
	Operating	Capital
	Actual	11
	May 2018 to 30 June 2019	
Office of Local Government (OLG) joint organisation establishment funding	300,000	-
Regional Business Power Infrastructure Program	500,000	-
Total grants	800,000	-
Comprising:		
- Commonwealth funding	-	-
- State funding	800,000	-
- Other funding	-	-
	800,000	-

Note 2 Income from continuing operations

	Actual 11 May 2018 to 30 June 2019
(e) Other income	
Procurement Rebate	36,602
Total other income	36,602

(f) Gain on transfer of assets from former entity NOROC

On 1 July 2018, the assets and liabilities of NOROC were transferred to NRJO at their previous carrying amount as shown below:

	Assets and liabilities acquired \$
ASSETS	
Current assets	
Cash and cash equivalents	441,413
Accrued Interest	499
GST Receivable	2,281
Prepayments	-
Total current assets	444,193
Non-current assets	
Investments	-
Property, plant and equipment	-
Other	-
Total non-current assets	-
Total assets	444,193
LIABILITIES	
Current liabilities	
Payables	-
Accrued Expenses	3,300
Borrowings	-
Provisions	-
Total current liabilities	3,300
Non-current liabilities	
Provisions	-
Total non-current liabilities	-
Total liabilities	3,300
Net assets transferred / gain on transfer	440,893

Note 2 Income from continuing operations

Note 2 Income from continuing operations

Accounting policy for income

The Northern Rivers Joint Organisation recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Joint Organisation and specific criteria have been met for each of the Joint Organisation's activities as described below. The Joint Organisation bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Contributions by member councils are accounted for when the amount to be paid for the period has been determined and communicated to councils. The contribution may be in the form of a cash payment or non-monetary contribution (which is recorded as its fair value).

The methodology for determining the contributions is:

- equal contributions by all member councils in order to perform the principal functions of delivering on strategic regional priorities, regional leadership and intergovernmental cooperation.
- contributions by participating member councils for the functions of enhancing strategic capacity and direct service delivery.

User charges and fees are recognised as revenue when the service has been provided.

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

Grant revenue - Control over grants is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted asset at the date of transfer. Reciprocal grants where funding conditions have not been met and agreements require repayment if unspent funds are not recognised as revenue upon receipt.

Gain on transfer of assets relates to the value of net assets received free on charge from NOROC on establishment of the Joint Organisation.

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

Note 3 Expenses from continuing operations

	Actual 11 May 2018 to 30 June 2019 \$
(a) Employee benefits and on costs	
Salaries and wages	34,209
Travelling	3,341
Employee leave entitlements	2,596
Superannuation	2,842
Workers' compensation insurance	1,494
Other	6,006
Total employee costs expended	50,488

Accounting policy for employee benefits and on-costs

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

(b) Borrowing Costs

Interest on Loans	-
Total borrowing costs expended	-

Accounting policy for borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(c) Administrative expenses

Contractor and consultancy costs	94,150
Advertising	620
Audit	6,500
Board Costs	3,220
Catering	1,389
Office Expenses	2,415
Other	480
Total administrative expenses	108,774

(d) Project expenses

Contractor and Project Contributions	110,950
Advertising	10,618
Catering	975
Printing	2,411
Other	3,203
Total project expenses	128,157

Note 3 Expenses from continuing operations (continued)

	Actual 11 May 2018 to 30 June 2019 \$
Auditors' remuneration	
Auditors of the Joint Organisation - NSW Auditor-General:	
(i) Audit and other assurance services	
Audit and review of financial statements	6,500
Total fees paid or payable to the Auditor-General	6,500
(ii) Other assurance services - provided to the JO	-
Total fees paid or payable to other audit firms	-
Total remuneration of auditors	6,500

Accounting policy for expenses

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

Depreciation is calculated using the straight-line method to allocate the cost of the asset, net of residual values, over the asset's estimated useful lives.

Note 4 Cash and cash equivalents

	Actual 2019 \$
Cash at bank and on hand	556,176
Deposits at call	639,578
	<u>1,195,754</u>
Restricted cash and cash equivalents	
External restrictions	500,000
Internal restrictions	-
Unrestricted	695,754
	<u>1,195,754</u>

Accounting policy for cash and cash equivalents

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.

Note 5 Investments

	Actual 2019	
	Current \$	Non-Current \$

The following financial assets are held as investments:**Debt securities at amortised cost**

Term deposits

Total

-	-
<u>-</u>	<u>-</u>

Accounting policy for investments

Term deposits are initially recognised at fair value and then subsequently classified and measured at amortised cost. Interest income, impairment and gains or loss on derecognition are recognised in profit or loss.

Note 6 Receivables

	2019	
	Current	Non-Current
	\$	\$
Purpose		
Receivables from member councils	-	-
Grant receivables	-	-
Other (Myroadinfo annual license fee)	2,090	-
Other (interest)	583	-
Other (GST receivable)	7,041	-
Total	9,714	-
Net Receivables	9,714	-

Accounting policy for receivables

Receivables are recognised initially at fair value and subsequently measures at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

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

The Joint Organisation applies the simplified approach for receivables in providing for expected credit losses prescribed by AASB9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses receivables have been grouped based on shared credit risk characteristics and the days past due.

Note 7 Property, plant and equipment

By asset class	At 11 May 2018			Movements during the period			At 30 June 2019		
	Gross carrying amount \$	Accum depreciation & Impairment \$	Net carrying amount \$	Additions \$	Carrying value of disposals \$	Depn and impairment \$	Gross carrying amount \$	Accum depreciation & Impairment \$	Net carrying amount \$
Office equipment	-	-	-	-	-	-	-	-	-
Furniture and fittings	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	-	-	-

Accounting policy for infrastructure, property, plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the JO and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement and Other Comprehensive Income during the financial period in which they are incurred.

When property, plant and equipment are acquired by the JO for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

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

Vehicles - 5 to 8 years
Office Equipment - 5 to 10 years
Office Furniture - 10 to 20 years
Computer equipment - 5 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Note 8 Payables and borrowings

	2019	
	Current	Non-Current
	\$	\$
Payables		
Trade payables	11,000	-
Accrued expenses	6,500	-
Other payables (GST)	50,029	-
Other payables (PAYG)	1,588	-
Total payables	69,117	-
Borrowings		
Loans - Secured	-	-
Total borrowings	-	-

(d) Financing arrangements**2019****Total facilities**

The amount of total financing facilities available to council at the reporting date is:

- Bank overdraft facility	-
- Corporate credit cards	-
	<u>-</u>

Drawn facilities

The amount of financing facilities drawn down at the reporting date is:

- Bank overdraft facility	-
- Corporate credit cards	-
	<u>-</u>

Undrawn facilities

The amount of undrawn financing facilities available to council at the reporting date is:

- Bank overdraft facilities	-
- Purchase Cards	-
	<u>-</u>

Accounting policy for payables and borrowings

The Northern Rivers Joint Organisation measures all financial liabilities initially at fair value less transactions costs, subsequent financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Council comprise trade and other payables.

Trade payables represent liabilities for goods and services provided to the JO prior to the end of financial period that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 9 Provisions

	2019	
	Current	Non-Current
	\$	\$
Employee benefits provisions		
Annual leave	2,596	-
Long service leave	-	-
Other provisions		
Other provisions	-	-
Total provisions	2,596	-
Current provisions not expected to be settled within the next 12 months	-	-

(a) Description of and movements in provisions

The movement in each class of provision (excluding those relating to employee benefits) is presented in the table below.

	Other Provision	Total
At beginning of year	-	-
Changes in provision:		
Revised Costs	-	-
Revised discount rate	-	-
Unwinding of discount	-	-
Closing Balance	-	-

Nature and purpose of non-employee benefit provisions

Joint Organisation does not have any non-employee provisions.

Note 9 Provisions (continued)**Accounting policy for provisions**

Provisions are recognised when: the JO has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Employee benefits**Short-term obligations**

Liabilities for wages and salaries, (including non-monetary benefits and annual 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 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.

The obligations are presented as current liabilities in the Statement of Financial Position if the JO 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.

Note 10 Reserves

(a) Nature and purpose of reserve

The Northern Rivers Joint Organisation does not have any reserves at 30 June 2019.

Note 11 Commitments

(a) Capital commitments (exclusive of GST)

The Northern Rivers Joint Organisation does not have any capital commitments at 30 June 2019.

(b) Non-cancellable operating lease commitments

The Northern Rivers Joint Organisation does not have any non-cancellable operating lease commitments at 30 June 2019.

Note 12 Contingencies

The JO is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. The JO's share of the net assets or liabilities reflects the JO's contributions to the pool and the result of insurance claims within each of the fund years.

The future realisation and finalisation of claims incurred but not reported to 30 June 2019 may result in future liabilities or benefits as a result of past events that the JO will be required to fund or share respectively.

Note 13 Financial risk management

Risk management

The Northern Rivers Joint Organisation's activities expose it to a variety of financial risks, including credit risk, liquidity risk, and interest rate risk.

Financial risk management is carried out by the finance team under policies approved by the Board of the Joint Organisation.

The fair value of receivables, investments and financial liabilities approximates the carrying amount.

Note 14 Related Party Disclosures

Key management personnel

Key management personnel (KMP) of the Joint Organisation are those persons having the authority and responsibility for planning, directing and controlling the activities of the Joint Organisation, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement and Other Comprehensive Income is \$50,488

Other transactions with KMP and their related parties

Nature of the transaction	Amount of the transactions during the period (\$)	Outstanding balances, including commitments at period end (\$)	Terms and conditions	Provisions for impairment of receivables related to the amount of outstanding balances (\$)	The expense recognised during the period relating to bad or doubtful debts due from related parties (\$)
-	-	-	-	-	-

Other related parties

Nature of the transaction	Amount of the transactions during the period (\$)	Outstanding balances, including commitments at period end (\$)	Terms and conditions	Provisions for impairment of receivables related to the amount of outstanding balances (\$)	The expense recognised during the period relating to bad or doubtful debts due from related parties (\$)
-	-	-	-	-	-