

# Northern Rivers Joint Organisation

## GENERAL PURPOSE FINANCIAL STATEMENTS

For the year ended 30 June 2021

---

# Northern Rivers Joint Organisation General Purpose Financial Statements

For the year ended 30 June 2021

## Contents

Statement by Members of the Board and Management	1
Statement of Income and Accumulated Surplus	2
Statement of Financial Position	3
Statement of Cash Flows	4
Notes to the financial statements	5

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](http://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.

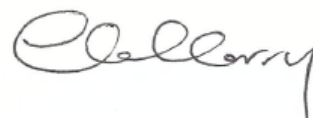
We are not aware of any matter that would render this report false or misleading in any way.

Signed in accordance with a resolution of the Board of Northern Rivers Joint Organisation made on Friday 12 November 2021



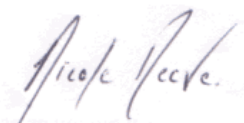
Cr Danielle Mulholland  
**Chairperson**

12 /11 / 21



Cr Chris Cherry (Deputy Chair)  
**Voting Representative Board Member**

12 /11 /2021



Nicole Reeve  
**Executive Officer**

12 /11/2021

## Northern Rivers Joint Organisation

### Statement of Income and Accumulated Surplus for the year ended 30 June 2021

		<b>2021</b>	<b>2020</b>
	<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b>Income</b>			
Member council contributions	B1-1	160,800	128,600
User charges and fees	B1-2	33,725	33,725
Interest and investment revenue	B1-3	2,235	5,090
Grants and contributions provided for operating purposes	B1-4	150,000	150,000
Other Income	B1-5	37,386	43,664
<b>Total income</b>		<b>384,146</b>	<b>361,079</b>
<b>Expenses</b>			
Employee benefits and on-costs	B2-1	92,240	104,541
Project Expenses	B2-3	140,512	280,088
Administrative Expenses	B2-2	103,687	113,947
<b>Total expenses</b>		<b>336,439</b>	<b>498,576</b>
<b>Net operating result for the year</b>		<b>47,707</b>	<b>(137,497)</b>
<b>Net result for the year</b>		<b>47,707</b>	<b>(137,497)</b>
<b>Accumulated surplus at 1 July</b>		<b>996,259</b>	<b>1,133,756</b>
<b>Accumulated surplus at 30 June</b>		<b>1,043,966</b>	<b>996,259</b>

The above Statement of Income and Accumulated Surplus should be read in conjunction with the accompanying notes.

# Northern Rivers Joint Organisation

## Statement of financial position as at 30 June 2021

	Notes	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	1,161,879	1,021,504
Receivables	C1-2	23,279	6,777
<b>Total current assets</b>		<b>1,185,158</b>	<b>1,028,281</b>
<b>Non-current assets</b>			
<b>Total non-current assets</b>		<b>-</b>	<b>-</b>
<b>Total assets</b>		<b>1,185,158</b>	<b>1,028,281</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C2-1	93,520	32,022
Contract Liabilities	C2-2	44,352	-
Provisions	C2-2	3,320	-
<b>Total current liabilities</b>		<b>141,192</b>	<b>32,022</b>
<b>Non-current liabilities</b>			
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>141,192</b>	<b>32,022</b>
<b>Net assets</b>		<b>1,043,966</b>	<b>996,260</b>
<b>EQUITY</b>			
Accumulated Surplus		1,043,966	996,259
<b>Total equity</b>		<b>1,043,966</b>	<b>996,259</b>

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

# Northern Rivers Joint Organisation

## Statement of cash flows

For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
<b>Receipts:</b>			
Contributions from member councils		160,800	128,600
User charges and fees		24,463	35,815
Investment revenue and interest		2,235	5,673
Grants		194,350	150,000
Other (GST, Procurement rebate)		30,144	-
<b>Payments:</b>			
Employees and suppliers		(271,618)	(488,240)
Borrowing costs		-	-
Other (GST)		-	(6,098)
<b>Net cash provided from / (used in) operating activities</b>		<b>140,374</b>	<b>(174,250)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		140,374	(174,250)
<b>Cash and cash equivalents at beginning of reporting period</b>		1,021,504	1,195,754
<b>Cash and cash equivalents at end of reporting period</b>	C1-1	<b>1,161,878</b>	<b>1,021,504</b>

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 year ended 30 June 2021

### Contents of the notes to the financial statements

	Page
A1 Basis of preparation	7
B1 Sources of income	8
B2 Cost of providing services	10
C1-1 Cash and cash equivalents	11
C1-2 Receivables	11
C2-1 Payables	12
C2-2 Contract liabilities	12
C2-3 Provisions	13
D2-1 Contingencies	14
D1-1 Financial risk management	15
E1 Related party disclosures	15
E2 Other relationships	15
F1 Events after the reporting period	16

## A1 Basis of preparation

These financial statements were authorised for issue by the Board of the Joint Organisation on 12 November 2021. 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 - Simplified Disclosure, 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*

The Northern Rivers Joint Organisation has early adopted AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities, the adoption of this standard has not affected the reported financial position or performance of the Northern Rivers Joint Organisation, however certain disclosures have been added, amended or omitted.

### (b) *Historical cost convention*

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

### (c) *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 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 C2-3

#### *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.



**B1 Sources of Income**

	2021 \$	2020 \$
<b>B1-1 Member Council contributions</b>		
Ballina Shire Council	27,400	21,900
Byron Shire Council	24,100	19,300
Kyogle Council	16,400	13,100
Lismore City Council	27,700	22,200
Richmond Valley Council	20,800	16,700
Tweed Shire Council	44,400	35,400
<b>Total member council contributions</b>	<b>160,800</b>	<b>128,600</b>
<b>B1-2 User charges and fees</b>		
MyRoadInfo	33,725	33,725
<b>Total user charges and fees</b>	<b>33,725</b>	<b>33,725</b>
<b>B1-3 Interest and Investment revenue</b>		
Interest in financial assets measured at amortised cost	2,235	5,090
<b>Total interest and investment revenue</b>	<b>2,235</b>	<b>5,090</b>
<b>B1-4 Grants</b>		
	2021 \$	2020 \$
Office of Local Government (OLG) joint organisation capacity building funding	150,000	150,000
<b>Total grants</b>	<b>150,000</b>	<b>150,000</b>
<b>Comprising:</b>		
- Commonwealth funding	-	-
- State funding	150,000	150,000
- Other funding	-	-
	<b>150,000</b>	<b>150,000</b>

## B1 Sources of Income continued

	2021	2020
	\$	\$
<b>B1-5 Other income</b>		
Procurement Rebate	37,386	37,388
Sundry Income (recharges)	-	6,276
<b>Total other income</b>	<b>37,386</b>	<b>43,664</b>

**Accounting policy**

**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** 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.

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

**Grant revenue****Grants - enforceable agreement with sufficiently specific performance obligations**

Grant revenue arising 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.

**Other grant revenue**

Assets (e.g. cash) received from other grants are recognised at fair value when the asset is received. The JO 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 Cost of providing services

	2021 \$	2020 \$
<b>B2-1 Employee benefits and on costs</b>		
Salaries and wages	74,409	82,955
Travelling	909	3,981
Employee leave entitlements	3,320	(2,596)
Superannuation	6,355	6,590
Workers' compensation insurance	1,539	1,891
Other	5,708	11,720
<b>Total employee costs expended</b>	<b>92,240</b>	<b>104,541</b>

**Accounting policy for employee benefits and on-costs**

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

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.

**B2-2 Administrative expenses**

Contractor and consultancy costs	78,572	82,631
Audit	10,560	6,500
Board Costs	10,567	18,888
Catering	733	1,988
Office Expenses	3,255	3,326
Other	-	614
<b>Total administrative expenses</b>	<b>103,687</b>	<b>113,947</b>

**B2-3 Project expenses**

Contractor and Project Contributions	140,512	279,838
Catering	-	250
<b>Total project expenses</b>	<b>140,512</b>	<b>280,088</b>

**Accounting policy for expenses**

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

## C1 Assets we manage

## C1-1 Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank and on hand	122,044	6,904
Deposits at call	1,039,836	1,014,600
	<b>1,161,879</b>	<b>1,021,504</b>
<b>Restricted cash and cash equivalents</b>		
External restrictions	556,057	415,537
Unrestricted	605,822	605,967
	<b>1,161,879</b>	<b>1,021,504</b>

**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.

## C1-2 Receivables

	2021 \$	2020 \$
Trade Debtors	10,189	-
GST receivable	13,090	6,777
<b>Net Receivables</b>	<b>23,279</b>	<b>6,777</b>

**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.

## C2 Liabilities of the Joint Organisation

## C2-1 Payables

	2021	2020
	\$	\$
<b>Payables</b>		
Trade payables	68,749	19,195
Accrued expenses	22,630	9,335
Other payables (GST)	-	2
Other payables (PAYG)	2,141	3,490
<b>Total payables</b>	<b>93,520</b>	<b>32,022</b>

**Accounting policy**

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 Joint Organisation 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.

## C2-2 Contract liabilities

	2021	2020
	\$	\$
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15(i)	44,352	-
<b>Total contract liabilities</b>	<b>44,352</b>	<b>-</b>

**Accounting policy**

When an amount of consideration is received from a customer / fund provider prior to the JO transferring a good or service to the customer, the JO presents the funds which exceed revenue recognised as a contract liability.

## C2-3 Provisions

	2021	2020
	Current	Current
	\$	\$
<b>Employee benefits provisions</b>		
Annual leave	3,320	-
<b>Total provisions</b>	<b>3,320</b>	<b>-</b>
<b>Current provisions not expected to be settled within the next 12 months</b>	<b>-</b>	<b>-</b>

**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.

## D Risks and accounting uncertainties

### D1-1 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.

### D2-1 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 2021 may result in future liabilities or benefits as a result of past events that the JO will be required to fund or share respectively.

## E People and relationships

### E1 Related Party Disclosures

#### E1-1 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 \$94,084 (2020: \$101,308)

#### Other transactions with KMP and their related parties

There were no other transactions between the JO and the KMP and their related parties (2020: nil).

#### E1-2 Other related parties

There were no transactions between the JO and other related parties (2020: nil).

### E2 Other Relationships

#### E2-1 Audit Fees

Auditors of the Joint Organisation - NSW Auditor-General:

Audit and review of financial statements

**Total fees paid or payable to the Auditor-General**

**Total remuneration of auditors**

	2021	2020
	\$	\$
	10,560	6,500
	10,560	6,500
	<b>10,560</b>	<b>6,500</b>



**F Other matters**

**F1 Events occurring after reporting date**

Events that occur after the reporting date of 30 June 2021, and up to and including the date when the financial report is “authorised for issue” have been taken into account in preparing this financial report. The Joint Organisation has determined the date of the Auditors’ Report as the appropriate “authorised for issue” date relating to this General Purpose Financial Report.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Joint Organisation or the results of those operations.