

Central NSW Joint Organisation

Financial Statements

For the Year Ended 30 June 2021

Central NSW Joint Organisation

General purpose financial statements for the year ended 30 June 2021

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

Central NSW Joint Organisation
2 Court Street
FORBES, NSW 2871

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.centraljo.nsw.gov.au.

Central NSW Joint Organisation

Statement by Members of the Board 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:

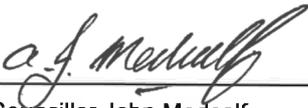
- the Local Government Act 1993 (NSW) (as amended) and the regulations made thereunder
- the Australian Accounting Standards – Simplified Disclosures and other pronouncements of the Australian Accounting Standards Board
- the Joint Organisations Supplement to the Local Government Code of Accounting Practice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

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

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

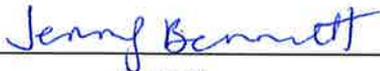
We are not aware of any matter that would render this report false or misleading in any way.

Signed by the delegates of the Board of Central NSW Joint Organisation.



Councillor John Medcalf
Chairperson

Dated: 25/10/21



Ms Jennifer Bennett
Executive Officer

Dated: 21/10/21



Councillor Phyllis Miller
Voting Representative Board Member

Dated: 21/10/21

Central NSW Joint Organisation

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

	2021	2020
	000's	000's
Notes	\$	\$
Income		
Member council contributions	B.1.1 752	731
Grants provided for operating purposes	B.1.2 180	850
Interest and investment revenue	B.1.3 -	1
Other income	B.1.4 741	756
Total income	1,673	2,338
Expenses		
Employee benefits and on costs	608	613
Administrative expenses	B.2.1 997	1,877
Depreciation	18	18
Total expenses	1,623	2,508
Net operating result for the year	50	(170)
Gain on transfer of assets from former entity (Centroc)	-	896
Net result for the year	50	726
Accumulated surplus at 1 July	799	-
Accumulated Surplus as at 30 June	849	726

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

Central NSW Joint Organisation

Statement of Financial Position as at 30 June 2021

		2021	2020
		000's	000's
Note		\$	\$
ASSETS			
Current assets			
	Cash and cash equivalents	1,150	1,040
	Receivables	207	125
	Total current assets	1,357	1,165
Non-current assets			
	Property, plant and equipment	34	50
	Total non-current assets	34	50
	Total assets	1,391	1,215
LIABILITIES			
Current liabilities			
	Payables	223	170
	Contract liabilities	220	131
	Employee benefit provisions	99	115
	Total current liabilities	542	416
	Total liabilities	542	416
	Net assets	849	799
EQUITY			
	Accumulated surplus	849	799
	Total equity	849	799

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

Central NSW Joint Organisation

Statement of Cash Flows for the year ended 30 June 2021

	2021	2020
	000's	000's
Notes	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts:		
Contributions from member councils	828	731
Investment revenue and interest	-	1
Grants	165	980
Other	910	1,028
Payments:		
Employees and suppliers	(1,790)	(2,722)
Net cash provided by operating activities	<u>113</u>	<u>18</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipts:		
Sale of property, plant and equipment	-	11
Payment for property, plant & equipment	(3)	(37)
Payments:		
Net cash (used in) investing activities	<u>(3)</u>	<u>(26)</u>
Net increase/(decrease) in cash and cash equivalents held	<u>110</u>	<u>8</u>
Cash transferred from former entity (Centroc)	-	973
Cash and cash equivalents at beginning of year	<u>1,040</u>	<u>75</u>
Cash and cash equivalents at end of financial year	<u>C.1.1 1,150</u>	<u>1,040</u>

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

Central NSW Joint Organisation

Notes to the Financial Statements for the year ended 30 June 2021

A. About the Joint Organisation and these financial statements

A1 Basis of Preparation

These financial statements were authorised for issue by the Board of the Central NSW Joint Organisation on 25/10/2021. 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 Disclosures, the Local Government Act 1993 (NSW) and Regulations, and the Joint Organisation Code of Accounting Practice and Financial Reporting. JO NSW is a not-for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

(a) New and amended standards adopted

The JO 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 JO, 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 JO'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 JO and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Central NSW 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:

- (i) employee benefit provisions – refer Note C2.3.

Significant judgements in applying the JO accounting policies

- (i) there are no significant judgements made by the JO

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.

Central NSW Joint Organisation

Notes to the Financial Statements for the year ended 30 June 2021

B. Financial Performance

B1 Sources of income

B.1.1 Member Council contributions

	2021	2020
	000's	000's
	\$	\$
Orange City Council	129	125
Bathurst Regional Council	128	125
Parkes Shire Council	77	75
Cowra Shire Council	57	55
Cowra Tourism Corp	16	16
Cabonne Council	71	69
Forbes Shire Council	60	58
Lachlan Shire Council	56	54
Blayney Shire Council	42	41
Oberon Council	53	51
Weddin Shire Council	32	31
Central Tablelands Water	31	31
	<u>752</u>	<u>731</u>

Accounting policy

Contributions by member councils are recognised as revenue at the point in time 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 at its fair value).

The methodology for determining the contribution is:

- Contributions by all member councils is prorated based on population in their respective Local Government Areas (LGA's) in order to perform the principal functions of delivering on strategic regional priorities, regional leadership and intergovernmental cooperation.

Central NSW Joint Organisation

Notes to the Financial Statements for the year ended 30 June 2021

B1 Sources of income (continued)

B.1.2 Grants

	Operating		Capital	
	2021 000's \$	2020 000's \$	2021 000's \$	2020 000's \$
OLG capacity building funding	60	19	-	-
Dept Planning, Industry & Environment	120	34	-	-
Tourism - DNCO	-	15	-	-
Restart NSW Fund - NSW Bridges	-	781	-	-
Total grants	180	850	-	-
Comprising:				
- Commonwealth funding	-	-	-	-
- State funding	180	835	-	-
- Other funding	-	15	-	-
	180	850	-	-
Timing of revenue recognition				
Grants recognised over time	60	850	-	-
Grants recognised at a point in time	120	-	-	-
Total grants	180	850	-	-

Accounting policy

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.

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.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

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.

Other grants

Assets arising from grants in the scope of AASB 1058 is recognised at the asset's 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.

Central NSW Joint Organisation

Notes to the Financial Statements for the year ended 30 June 2021

B1 Sources of income (continued)

B.1.3 Interest and investment income

	2021	2020
	000's	000's
	\$	\$
Interest revenue from:		
- interest on financial assets measured at amortised cost	-	1
Total interest and investment revenue	-	1

Accounting policy

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

B.1.4 Other income

	2021	2020
	000's	000's
	\$	\$
Procurement rebates	171	206
Vehicle leaseback	15	15
Management of aggregated electricity procurement fees	6	44
Copyright licence fees	19	18
Training fees	412	337
Regional tourism group other income	4	54
Other revenue	114	80
Gain on disposal of asset	-	2
Total other revenue	741	755

Accounting policy

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

Gain on transfer of assets relates to the value of net assets received free of charge from Centroc on establishment of the JO.

Central NSW Joint Organisation

Notes to the Financial Statements for the year ended 30 June 2021

B.2 Costs of providing services

B.2.1 Administrative expenses

	2021	2020
	000's	000's
	\$	\$
CWUA Group expenses	53	130
Audit of financial statements	13	13
Regional training program	370	337
Legal expenses	4	6
Phone expenses	2	3
Meeting expenses	6	7
IT expenses	16	12
Travel expenses	3	16
Advertising/Branding expenses	-	4
Joint organisation projects	309	1,076
Staff training/conferences	4	14
Hosting fees	14	14
Regional tourism group expenses	164	212
Motor vehicle expenses	14	15
Other expenses	25	18
	997	1,877

Accounting policy

Employee benefit expenses

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.

Administrative expenses

Administrative expenses are recorded on an accruals basis as the JO receives the goods or services.

Central NSW Joint Organisation

Notes to the Financial Statements for the year ended 30 June 2021

C Financial position

C.1 Assets we manage

C.1.1 Cash and cash equivalents

	2021	2020
	000's	000's
	\$	\$
Cash at bank and in hand	186	359
Deposits at call	964	681
	<u>1,150</u>	<u>1,040</u>
Restricted cash and cash equivalents		
External restrictions	220	71
Unrestricted	930	969
	<u>1,150</u>	<u>1,040</u>

Accounting policy

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

C.1.2 Receivables

	2021	2020
	000's	000's
	\$	\$
Trade receivables	136	37
GST receivable	33	39
Accrued revenues	38	49
Net receivables	<u>207</u>	<u>125</u>

Accounting policy

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

The JO applies the simplified approach for receivables in providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

Central NSW Joint Organisation

Notes to the Financial Statements for the year ended 30 June 2021

C.1.3 Property, plant and equipment

	Movements during the period						At 30 June 2021		
	Gross carrying amount \$'000	At July 2020 Accum Depn and impairment \$'000	Net carrying amount \$'000	Additions \$'000	Disposals \$'000	Depn and Impairment \$'000	Gross carrying amount 000's \$	Accum depn and impairment 000's \$	Net carrying amount 000's \$
Office equipment	5	(3)	2	2	-	(2)	7	(5)	2
Vehicles	58	(10)	48	-	-	(16)	58	(26)	32
Totals	63	(13)	50	2	-	(18)	65	(31)	34

Central NSW Joint Organisation

Notes to the Financial Statements for the year ended 30 June 2021

C.1.3 Property, plant and equipment (continued)

Accounting policy

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 significantly less than fair value, 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:

- (i) Office equipment 2-5 years
- (ii) Motor vehicle 5-6 years

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

C.2 Liabilities of the joint organisation

C.2.1 Payables

	2021 000's \$	2020 000's \$
Trade payables	183	170
Accrued expenses	40	-
	<u>223</u>	<u>170</u>

Accounting policy

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.

C.2.2 Contract liabilities

	2021 000's \$	2020 000's \$
Funds received prior to performance obligation being satisfied	220	131
Total payables	<u>220</u>	<u>131</u>

The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

Central NSW Joint Organisation

Notes to the Financial Statements for the year ended 30 June 2021

C.2 Liabilities of the joint organisation (continued)

Accounting policy

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

C.2.3 Employee benefits

	2021		2020	
	Current 000's \$	Non-current 000's \$	Current 000's \$	Non-current 000's \$
Annual leave	10	-	27	-
Long service leave	89	-	88	-
Total employee benefit provisions	99	-	115	-
Current employee benefits provisions not expected to be settled within the next 12 months	89	-	88	-

Accounting policy

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 benefits 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 that will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

Central NSW Joint Organisation

Notes to the Financial Statements for the year ended 30 June 2021

C.2.3 Employee benefits (continued)

Accounting policy

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.

C.3 Reserves

Asset revaluation reserve

The asset revaluation reserve records fair value movements on property, plant and equipment held under the revaluation model.

D Risks and accounting uncertainties

D1 Financial Risk Management

Risk Management

The JO'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 JO Board.

The fair value of receivables approximates the carrying amount.

D.2 Contingencies

There were no contingent assets or liabilities which the JO is party to at 30 June 2021 (30 June 2020:None).

E People and relationships

E1 Related party disclosures

E.1.1 Key management personnel

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

The aggregate amount of KMP compensation included in the employee expenses is: \$195,347.

Central NSW Joint Organisation

Notes to the Financial Statements for the year ended 30 June 2021

E1 Related party disclosures (continued)

E.1.2 Other related parties

Nature of transactions	Transactions during the year	Outstanding balances	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
	000's	000's		000's	000's
	\$	\$		\$	\$
2021					
Administration services	13	2	30 Days	-	-
Rental of office space and utilities	16	4	30 Days	-	-
Provision of Motor Vehicles	15	3	30 Days	-	-
2020					
	13	17	30 Days	-	-
Rental of office space and utilities	16	4	30 Days	-	-
Provision of Motor Vehicles	21	3	30 Days	-	-

Administration Services:

The JO has entered into an arrangement with Bathurst Regional Council and Orange City Council where 3% of payroll is paid for the provision of payroll to staff, they host. Amounts are payable on a continuing quarterly basis for staff hosted by these councils.

Central NSW Joint Organisation

Notes to the Financial Statements for the year ended 30 June 2021

E1 Related party disclosures (continued)

Rental of office space and utilities:

The JO has entered into an arrangement with Orange City Council, Bathurst Regional Council and Forbes Shire Council to provide office space and utilities to staff hosted in these locations to perform their required roles. There is an agreed annual amount paid depending on the number of staff members in each location.

Provisions of motor vehicles:

The JO has entered into an arrangement with Orange City Council to provide motor vehicles. Orange City Council will acquire motor vehicles and manage them as part of their fleet. The Council invoice for the costs incurred in acquiring the motor vehicles at the time of purchase. All running costs incurred are on charged to the JO as incurred on a quarterly basis throughout the financial year.

The JO has entered into an arrangement with Bathurst Regional Council to provide use of a motor vehicle for an annual charge of \$10,300 for the use of the motor vehicle and a set rate of \$2,700 per annum to cover operating expenses. These charges are billed on a quarterly basis over the year.

E.2 Other relationships

E.2.1 Audit fees

	2021 000's \$	2020 000's \$
Auditors of the JO - NSW Auditor-General Audit of financial statements	13	13
Total	13	13

F Other matters

F.1 Events occurring after reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the JO, the results of those operations or the state of affairs of the JO in future financial years.

Central NSW Joint Organisation

Auditor's Report to the members of Central NSW Joint Organisation

Report on the Audit of the Financial Report



INDEPENDENT AUDITOR'S REPORT
Report on the general purpose financial statements
Central NSW Joint Organisation

To the Board of the Central NSW Joint Organisation

Opinion

I have audited the accompanying financial statements of Central NSW Joint Organisation (the Joint Organisation), which comprise the Statement by Members of the Board and Management, the Statement of Income and Accumulated Surplus for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, and Statement of Cash Flows for the year ended 30 June 2021 and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Joint Organisation'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 Joint Organisation's accounting records
 - present fairly, in all material respects, the financial position of the Joint Organisation as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards–Simplified Disclosures
- 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 Joint Organisation in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

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

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of joint organisations
- precluding the Auditor-General from providing non-audit services.

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

The Board's Responsibilities for the Financial Statements

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards–Simplified Disclosures and the *Local Government Act 1993*, and for such internal control as the Board determines 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 Board is responsible for assessing the Joint Organisation'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 Joint Organisation carried out its activities effectively, efficiently and economically
- 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.



Karen Taylor

Delegate of the Auditor-General for New South Wales

25 October 2021
SYDNEY



Cr John Medcalf
Chairperson
Central NSW Joint Organisation
PO Box 333
FORBES NSW 2871

Contact: Karen Taylor
Phone no: 02 9275 7311
Our ref: D2123132/1858

25 October 2021

Dear Chairperson

Report on the Conduct of the Audit for the year ended 30 June 2021

I have audited the general purpose financial statements (GPFS) of the Central NSW Joint Organisation (the Joint Organisation) for the year ended 30 June 2021 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Joint Organisation's GPFS.

This Report on the Conduct of the Audit (the Report) for the Joint Organisation for the year ended 30 June 2021 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

PERFORMANCE

Net Operating Result

The Joint Organisation's net operating surplus for the year ended 30 June 2021 was \$50,000 (2020 loss \$170,000).

The Joint Organisation's primary income source during the year was from contributions from member councils \$752,000 which contributed to 44.95 per cent of the Joint Organisation's income from continuing operations of \$1,673,000.

Grant income of \$180,000 was significantly lower than 2020 (\$850,000) which included one off restart NSW bridge funding of \$781,000.

The Joint Organisation also generated \$412,000 of training income (2020 - \$337,000).

The Joint Organisation's total operating expenses from continuing operations for the period was \$1,623,000 which primarily consisted of employee benefits and on-costs of \$608,000 and administration expenses of \$997,000.

Financial position

At 30 June 2021, the Joint Organisation had total assets of \$1,391,000 and net assets of \$849,000. The Joint Organisation's main assets consist of cash of \$1,150,000 and receivables of \$207,000.

OTHER MATTERS

Impact of new accounting standards

AASB 1060 'General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2'

The Joint Organisation adopted the new accounting standard AASB 1060 'General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2' in its 2020–21 financial statements.

AASB 1060 sets out a new, separate disclosure Standard to be applied by all entities that are reporting under Tier 2 of the Differential Reporting Framework in AASB 1053 'Application of Tiers of Australian Accounting Standards'. AASB 1060 has been developed based on a new methodology and principles to determine the Tier 2 disclosures that are necessary for meeting user needs.

AASB 1060 reduces the reporting requirements of entities using the current Tier 2 reporting requirements for preparing general purpose financial statements.

The adoption of AASB 1060 has not affected the reported financial position or performance of the Joint Organisation, however certain disclosures have been added, amended or omitted.

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Joint Organisation's accounting records or financial statements. The Joint Organisation's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Karen Taylor
Delegate of the Auditor-General for New South Wales

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