

New England Joint Organisation

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2022

'To lead, advocate, collaborate and deliver outcomes which deliver positive benefits for our collective communities'



New England Joint Organisation

General Purpose Financial Statements

for the year ended 30 June 2022

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Overview

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

144 Otho Street
INVERELL NSW 2360

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.

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.nejo.nsw.gov.au

New England Joint Organisation

General Purpose Financial Statements

for the year ended 30 June 2022

Understanding the Joint Organisation's Financial Statements

Introduction

Each year NSW local governments are required to present audited financial statements to their council and community.

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of the JO for the financial year ended 30 June 2022.

The format of the financial statements is standard across all NSW JOs and complies with both the accounting and reporting requirements of Australian Accounting Standards - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 entities set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the JO's financial results for the year and are required to be adopted by the JO – ensuring both responsibility for and ownership of the financial statements.

About the Primary Financial Statements

The financial statements incorporate four 'primary' financial statements:

1. **The Statement of Income and Accumulated Surplus**

Summarises the JO's financial performance for the period, listing all income and expenses.

2. **The Statement of Financial Position**

A 30 June snapshot of the JO's financial position indicating its assets, liabilities and "net wealth".

4. **The Statement of Cash Flows**

Indicates where the JO's cash came from and where it was spent.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the three primary financial statements.

About the Auditor's Reports

The JO's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the JO's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the JO's financial performance and financial position.

New England Joint Organisation

General Purpose Financial Statements

for the year ended 30 June 2022

Statement by Members of the Board and Management

Statement by Members of the Board and Management pursuant to Section 413(2)(c) 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 – 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:

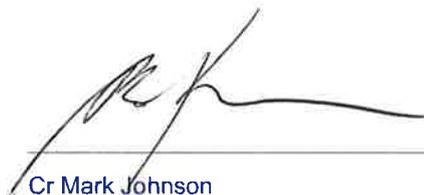
- present fairly the JO's operating result and financial position for the period
- accord with JO's accounting and other records.

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

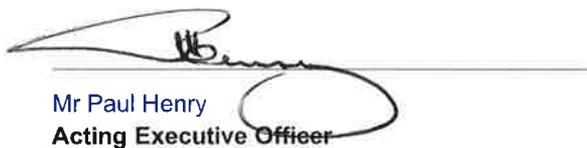
Signed in accordance with a resolution of the Board of New England Joint Organisation made on 29 August 2022.



Cr Paul Harmon
Chairperson
29 August 2022



Cr Mark Johnson
Voting Representative Board Member
29 August 2022



Mr Paul Henry
Acting Executive Officer
29 August 2022

New England Joint Organisation

Statement of Income and Accumulated Surplus

for the year ended 30 June 2022

| | Notes | 2022 \$ '000 | 2021 \$ '000 |
|--|-------|-----------------|-----------------|
| Income | | | |
| Member Council contributions | B1-1 | 137 | 149 |
| Grants and contributions provided for operating purposes | B1-2 | 157 | 75 |
| Total income | | 294 | 224 |
| Expenses | | | |
| Employee benefits and on-costs | B2-1 | 70 | 39 |
| Administrative expenses | B2-2 | 156 | 104 |
| Total expenses | | 226 | 143 |
| Operating result from continuing operations | | 68 | 81 |
| Net operating result for the year | | 68 | 81 |
| Accumulated surplus at 1 July | | 159 | 78 |
| Accumulated surplus as at 30 June | | 227 | 159 |

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

New England Joint Organisation

Statement of Financial Position

as at 30 June 2022

| | Notes | 2022 \$ '000 | 2021 \$ '000 |
|----------------------------------|-------|-----------------|-----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | C1-1 | 456 | 553 |
| Receivables | C1-3 | 5 | – |
| Total current assets | | 461 | 553 |
| Total assets | | 461 | 553 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | C2-1 | 9 | 14 |
| Contract liabilities | C2-2 | 222 | 379 |
| Employee benefit provisions | C2-3 | 3 | 1 |
| Total current liabilities | | 234 | 394 |
| Total liabilities | | 234 | 394 |
| Net assets | | 227 | 159 |
| EQUITY | | | |
| Accumulated surplus | | 227 | 159 |
| Total equity | | 227 | 159 |

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

New England Joint Organisation

Statement of Cash Flows

for the year ended 30 June 2022

| | Notes | 2022 \$ '000 | 2021 \$ '000 |
|---|-------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| Receipts: | | | |
| Member council contributions | | 151 | 164 |
| Grants | | – | 319 |
| Interest received | | – | 1 |
| Other | | – | 11 |
| Payments: | | | |
| Payments to employees | | (66) | (43) |
| Administrative expenses | | (167) | (122) |
| Other | | (15) | (8) |
| Net cash flows from operating activities | G1-1 | (97) | 322 |
| Net change in cash and cash equivalents | | | |
| | | (97) | 322 |
| Cash and cash equivalents at beginning of year | | 553 | 231 |
| Cash transferred from former entities | | – | – |
| Cash and cash equivalents at end of year | C1-1 | 456 | 553 |

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

New England Joint Organisation

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A About the Joint organisation and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by the Board of the Joint Organisation on 29 August 2022. 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. NEJO is a not for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Going Concern

These accounts have been prepared on a going concern basis. NEJO 2022-2023 Budget has revenue of \$222K and expenditure of \$ 245K. The net loss of \$23K will be funded from unrestricted cash reserves. Current Unrestricted Cash Reserves at 30 June 2022 is \$234K. Refer to note C1-2(c) for unrestricted cash Reserves.

COVID-19 Impacts

COVID-19 has had no impact on the operations of New England Joint Organisation. There has been no financial impacts to date, and it is anticipated COVID-19 will have no financial impacts in future years.

New and amended standards adopted by JO

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.

Historical cost convention

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

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.

Accounting estimates and assumptions

The JO 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

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.

B Financial Performance

B1 Sources of income

B1-1 Member Council contributions

| | 2022 \$ '000 | 2021 \$ '000 |
|---|-----------------|-----------------|
| Armidale Regional Council | 29 | 31 |
| Glen Innes Severn Council | 15 | 17 |
| Inverell Shire Council | 20 | 20 |
| Moree Plains Council | 18 | 17 |
| Narrabri Shire Council | 17 | 20 |
| Tenterfield Shire Council | 13 | 16 |
| Uralla Shire Council | 13 | 16 |
| Gwydir Shire Council | 12 | 12 |
| TOTAL MEMBER COUNCIL CONTRIBUTIONS | 137 | 149 |

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:

- Member contributions are paid by all member councils on the basis of a flat fee, plus a per capita fee, plus an increase in accordance with the annual rate peg amount in order to perform the principal functions of delivering on strategic regional priorities, regional leadership and intergovernmental cooperation.
- Member contributions are paid by associate councils at the flat fee only. The JO currently has one associate member council, Gwydir Shire Council.
- contributions by participating member councils for other functions of enhancing strategic capacity and direct service delivery.

B1-2 Grants

| | Timing | Operating 2022 \$ '000 | Operating 2021 \$ '000 | Capital 2022 \$ '000 | Capital 2021 \$ '000 |
|---|--------|------------------------------|------------------------------|----------------------------|----------------------------|
| Office of Local Government (OLG) Joint Organisation Capacity Building Grant | 1 | 35 | 75 | - | - |
| Office of Local Government (OLG) Joint Organisation Capacity Building Grant Stage 2 | 1 | 15 | - | - | - |
| Bushfire Community Resilience and Recovery Program | 1 | 107 | - | - | - |
| Total grants | | 157 | 75 | - | - |
| Comprising: | | | | | |
| - Commonwealth funding | | - | - | - | - |
| - State funding | | 157 | 75 | - | - |
| - Other funding | | - | - | - | - |
| | | 157 | 75 | - | - |
| Timing of revenue recognition for grants | | | | | |
| Grants recognised over time (1) | | 157 | 75 | - | - |
| Grants recognised at a point in time (2) | | - | - | - | - |
| Total grants | | 157 | 75 | - | - |

The timing column notation (above) identifies the revenue recognition pattern for material items of the JO's revenue:

- (1) indicates income recognised under AASB 15 or AASB 1058 "over time",
(2) indicates income recognised under AASB 15 or AASB 1058 "at a point in time".

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.

The performance obligations vary according to the agreement but include completion of contract milestones and reporting. 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 or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Capital grants

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

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

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

B1-2 Grants (continued)

Other grants

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 Costs of providing services

B2-1 Employee benefits and on-costs

| | 2022 \$ '000 | 2021 \$ '000 |
|--------------------------------------|-----------------|-----------------|
| Salaries and wages | 60 | 33 |
| Travel Allowance expenses | 1 | 1 |
| Employee leave entitlements (ELE) | 2 | 1 |
| Superannuation | 6 | 3 |
| Workers' compensation insurance | 1 | 1 |
| Total employee costs | 70 | 39 |
| Total employee costs expensed | 70 | 39 |

Accounting policy

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

| | 2022 \$ '000 | 2021 \$ '000 |
|---|-----------------|-----------------|
| Contractors/Consultants BCRRF Economic Development Plan | 91 | – |
| Contractors/ Consultants - Road Network Strategy OLG Capacity Building Fund | 35 | – |
| Contractors/Consultants - Business Cases -OLG Capacity Building Stage 2 | 15 | – |
| Tourism Promotional Campaign Expenses | – | 75 |
| IT expenses | 3 | 1 |
| Audit Fees | 6 | 6 |
| Accounting Fees | 5 | 5 |
| Advertising | – | 1 |
| Subscriptions | – | 15 |
| Email Hosting | – | 1 |
| Office Expenses | 1 | – |
| Total administrative expenses | 156 | 104 |
| Total administrative expenses | 156 | 104 |

Accounting policy

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

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

| | 2022 \$ '000 | 2021 \$ '000 |
|---|-----------------|-----------------|
| Cash assets | | |
| Cash on hand and at bank | 456 | 553 |
| Total cash and cash equivalents | 456 | 553 |
| Reconciliation of cash and cash equivalents | | |
| Total cash and cash equivalents per Statement of Financial Position | 456 | 553 |
| Balance as per the Statement of Cash Flows | 456 | 553 |

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, however are included as cash and cash equivalents in the Statement of Cash flows.

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

| | 2022 \$ '000 | 2021 \$ '000 |
|--|-----------------|-----------------|
| (a) Externally restricted cash, cash equivalents and investments | | |
| Total cash, cash equivalents and investments | 456 | 553 |
| Less: Externally restricted cash, cash equivalents and investments | (222) | (379) |
| Cash, cash equivalents and investments not subject to external restrictions | 234 | 174 |
| External restrictions | | |
| External restrictions – included in liabilities | | |
| External restrictions included in cash, cash equivalents and investments above comprise: | | |
| OLG Capacity Building Grant | 40 | 75 |
| OLG Capacity Building Grant Stage 2 | 135 | 150 |
| Bushfire Community Recovery and Resilience Fund | 47 | 154 |
| External restrictions – included in liabilities | 222 | 379 |

External restrictions – other

External restrictions included in cash, cash equivalents and investments above comprise:

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.

C1-2 Restricted and allocated cash, cash equivalents and investments (continued)

| | 2022 \$ '000 | 2021 \$ '000 |
|--|-----------------|-----------------|
| (b) Internal allocations | | |
| Cash, cash equivalents and investments not subject to external restrictions | 234 | 174 |
| Less: Internally restricted cash, cash equivalents and investments | - | - |
| Unrestricted and unallocated cash, cash equivalents and investments | 234 | 174 |

At 30 June, Council has internally allocated funds to the following:

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

| | 2022 \$ '000 | 2021 \$ '000 |
|--|-----------------|-----------------|
| (c) Unrestricted and unallocated | | |
| Unrestricted and unallocated cash, cash equivalents and investments | 234 | 174 |

C1-3 Receivables

| | 2022 Current \$ '000 | 2022 Non-current \$ '000 | 2021 Current \$ '000 | 2021 Non-current \$ '000 |
|------------------------------|----------------------------|--------------------------------|----------------------------|--------------------------------|
| Net GST receivable | 5 | - | - | - |
| Total | 5 | - | - | - |
| Total net receivables | 5 | - | - | - |

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 receivables is assessed using the simplified expected credit loss model where lifetime credit losses are recorded on initial recognition. To measure the expected credit losses, debtors have been grouped based on shared credit risk characteristics and the days past due.

C2 Liabilities of the joint organisation

C2-1 Payables

| | 2022 Current \$ '000 | 2022 Non-current \$ '000 | 2021 Current \$ '000 | 2021 Non-current \$ '000 |
|--|----------------------------|--------------------------------|----------------------------|--------------------------------|
| Trade payables – operating expenditure | 6 | – | 3 | – |
| Accrued expenses: | | | | |
| ATO – net GST payable | – | – | 10 | – |
| – Salaries and wages - PAYG | 3 | – | 1 | – |
| Total payables | 9 | – | 14 | – |

Accounting policy

JO measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

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

C2-2 Contract Liabilities

| | 2022 Current \$ '000 | 2022 Non-current \$ '000 | 2021 Current \$ '000 | 2021 Non-current \$ '000 |
|---|----------------------------|--------------------------------|----------------------------|--------------------------------|
| Notes | | | | |
| Grants and contributions received in advance: | | | | |
| Unexpended operating grants (received prior to performance obligation being satisfied) | (i) 47 | – | 154 | – |
| Unexpended operating contributions (received prior to performance obligation being satisfied) | (i) 175 | – | 225 | – |
| Total grants received in advance | 222 | – | 379 | – |
| Total contract liabilities | 222 | – | 379 | – |

Notes

(i) The contract liabilities relates to grants and contributions received prior to revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

Accounting policy

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

C2-3 Employee benefit provisions

| | 2022 Current \$ '000 | 2022 Non-current \$ '000 | 2021 Current \$ '000 | 2021 Non-current \$ '000 |
|--|----------------------------|--------------------------------|----------------------------|--------------------------------|
| Annual leave | 1 | – | 1 | – |
| Long service leave | 2 | – | – | – |
| Total employee benefit provisions | 3 | – | 1 | – |

Accounting policy

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 and workers compensation expenses that will be payable upon 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 the 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

JO's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

Financial risk management is carried out by JO's finance section under policies approved by the JO Board.

At the reporting date, the JO had no material liquidity, collection or other financial risks.

D2-1 Contingencies

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of the JO's financial report.

LIABILITIES NOT RECOGNISED

1. Guarantees

(ii) Statewide Limited

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. JO's share of the net assets or liabilities reflects 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 30/6 this year may result in future liabilities or benefits as a result of past events that JO will be required to fund or share in respectively.

(iii) StateCover Limited

JO is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically JO.

JO has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

(iv) Other guarantees

JO has provided no other guarantees other than those listed above.

2. Other liabilities

JO has provided no other liabilities other than those listed above.

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

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

The aggregate amount of KMP compensation included in employee expenses is:

| | 2022 \$ '000 | 2021 \$ '000 |
|--------------------------|-----------------|-----------------|
| Compensation: | | |
| Short-term benefits | 61 | 34 |
| Post-employment benefits | 6 | 3 |
| Other long-term benefits | - | - |
| Termination benefits | - | - |
| Total | 67 | 37 |

E2 Other relationships

E2-1 Audit fees

| | 2022 \$ '000 | 2021 \$ '000 |
|--|-----------------|-----------------|
|--|-----------------|-----------------|

During the year, the following fees were incurred for services provided by the auditor of the JO, related practices and non-related audit firms

Auditors of the JO - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

| | | |
|--|----------|----------|
| | 6 | 6 |
| Remuneration for audit and other assurance services | 6 | 6 |
| Total Auditor-General remuneration | 6 | 6 |
| Total audit fees | 6 | 6 |

F Other matters

F1-1 Events occurring after the reporting date

No other matters have arisen subsequent to balance date that would require these financials statements to be amended.

End of the audited financial statements



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

New England Joint Organisation

To the Board of the New England Joint Organisation

Opinion

I have audited the accompanying financial statements of the New England 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 2022, the Statement of Financial Position as at 30 June 2022, and Statement of Cash Flows for the year ended 30 June 2022 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 2022, 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.



Chris Harper
Director, Financial Audit

Delegate of the Auditor General for New South Wales

28 November 2022
SYDNEY



Cr Paul Harmon
Chairperson
New England Joint Organisation
PO Box 138
INVERELL NSW 2360

Contact: Chris Harper
Phone no: 02 9275 7374
Our ref: D2223466/1863

28 November 2022

Dear Chairperson

**Report on the Conduct of the Audit
for the year ended 30 June 2022
New England Joint Organisation**

I have audited the general-purpose financial statements (GPFS) of the New England Joint Organisation (the Joint Organisation) for the year ended 30 June 2022 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 2022 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 result for the year ended 30 June 2022 was a surplus of \$68,000.

The Joint Organisation's primary income source during the year was from operating grants of \$157,000 which contributed 53.4 per cent of the Joint Organisation's income from continuing operations of \$294,000. The grant income comprised:

- \$107,000 from the Bushfire Community Resilience and Recovery Program
- \$50,000 from the OLG Capacity Building fund.

The Joint Organisation also received \$137,000 of income from member council contributions.

The Joint Organisation's total operating expenses from continuing operations for the year ended 30 June 2022 was \$226,000, which primarily consisted of employee benefits and on-costs of \$70,000 and administrative expenses of \$156,000.

Financial position

At 30 June 2022, the Joint Organisation had total assets of \$461,000 and net assets of \$227,000. The Joint Organisation's main assets consist of cash of \$456,000.

OTHER MATTERS

Legislative compliance

My audit procedures identified the following instance of non-compliance with legislative requirements that will be reported in the Management Letter:

- non-compliance with Section 428A of the *Local Government Act 1993* - the Joint Organisation has not appointed an Audit, Risk and Improvement Committee.

The Joint Organisation's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the GPFS
- staff provided all accounting records and information relevant to the audit.



Chris Harper
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr Paul Henry, Acting Executive Officer
Mr Jacob Sauer, Principal, Forsyths
Mr Michael Cassel, Secretary of the Department of Planning and Environment