



GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2022

Mid North Coast Joint Organisation

General purpose financial statements for the year ended 30 June 2022

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

Mid North Coast Joint Organisation
17 Burrawan Street
Port Macquarie NSW 2444

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.mncjo.nsw.gov.au

Mid North Coast Joint Organisation

Statement of Income and Accumulated Surplus for the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Income:			
Member council contributions	B1-1	185,000	203,000
Grants provided for operating purposes	B1-2	45,000	634,263
Interest and investment revenue	B1-3	-	46
Other Income	B1-4	1,634	8,663
Total income		<u>231,634</u>	<u>845,972</u>
Expenses			
Employee benefits and on-costs		55,015	101,762
Administrative Expenses	B2-1	459,976	282,611
Total expenses		<u>514,991</u>	<u>384,373</u>
Net operating result for the year		<u>(283,357)</u>	<u>461,599</u>
Net result for the year		<u>(283,357)</u>	<u>461,599</u>
Accumulated surplus at 1 July		1,023,897	562,298
Accumulated surplus at 30 June		<u>740,540</u>	<u>1,023,897</u>

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

Mid North Coast Joint Organisation

Statement of Financial Position as at 30 June 2022

	Notes	2022 \$	2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	771,851	1,095,734
Receivables	C1-2	30,259	-
Total current assets		802,110	1,095,734
Total assets		802,110	1,095,734
LIABILITIES			
Current liabilities			
Payables	C3-1	58,518	51,358
Employee benefit provisions	C3-2	3,052	20,479
Total current liabilities		61,570	71,837
Total liabilities		61,570	71,837
Net assets		740,540	1,023,897
EQUITY			
Accumulated Surplus		740,540	1,023,897
Total equity		740,540	1,023,897

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

Mid North Coast Joint Organisation

Statement of Cash Flows for the year ended 30 June 2022

	2022	2021
Notes	\$	\$
Cash flows from operating activities		
Receipts:		
Contributions from member councils	185,000	253,000
User charges and fees	-	-
Grants	17,500	634,263
Interest received	-	46
Other income	(1,125)	8,663
Payments:		
Employees	(72,595)	(95,617)
Non-employee cash outflows	(452,663)	(244,302)
Net cash provided from (or used) in operating activities	(323,883)	556,053
Net increase/(decrease) in cash and cash equivalents	(323,883)	556,053
Cash and cash equivalents at beginning of reporting period	1,095,734	539,681
Cash and cash equivalents at end of reporting period	771,851	1,095,734

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

Mid North Coast Joint Organisation

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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 Joint Organisation on the 28 October 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. Mid North Coast Joint Organisation is a not-for-profit entity.

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

Mid North Coast 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:

employee benefit provisions - refer Note C3-2

Significant judgements in applying the JO accounting policies

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.

B. Financial Performance**B1. Sources of income****B1-1 Member Council contributions**

	2022	2021
	\$	\$
Port Macquarie Hastings Council	115,000	121,000
Kempsey Shire Council	45,000	51,000
Bellingen Shire Council	25,000	31,000
Total member council contributions	185,000	203,000

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 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.

B. Financial Performance**B1. Sources of income****B1-2 Grants**

	Operating		Capital	
	2022	2021	2022	2021
	\$	\$	\$	\$
Resilience NSW - Administration Costs	-	12,918	-	-
Office of Local Government (OLG) joint organisation capacity building funding	-	150,000	-	-
Office of Environment & Heritage - Saving our Species - Koala Recovery Partnership	-	150,000	-	-
Office of Local Government - Increasing Resilience to Climate Change	-	58,400	-	-
Office of Local Government - BCRRF Simtable for Community Empowerment	-	157,945	-	-
Office of Environment & Heritage - FABCON Grant	-	-	-	-
Koala Hospital Port Macquarie	45,000	105,000	-	-
Total grants	45,000	634,263	-	-
Comprising:				
- Commonwealth funding				
- State funding	-	634,263	-	-
- Other funding	45,000	-	-	-
	45,000	634,263	-	-
Timing of revenue recognition				
Grants recognised over time	-	-		
Grants recognised at a point in time	45,000	634,263	-	-
Total grants	45,000	634,263	-	-

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 obligation is transferred.

The performance obligations are varied according to the agreement but include reaching project milestones, completion of grant acquittals, whether the grant will be refunded if performance obligations are not met.

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 the 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 of costs or time are deemed to be the most appropriate methods to reflect the transfer of the 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 the Mid North Coast Joint Organisation's control on completion are recognised as revenue 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 acquisition of assets, the revenue is recognised when the asset is acquired and controlled by the Mid North Coast Joint Organisation.

Other grants

Assets (e.g cash) received from other grants are recognised at fair value when the asset is received. The Mid North Coast Joint Organisation 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.

B. Financial Performance**B1. Sources of income****B1-3 Interest and investment income**

	2022	2021
	\$	\$
Interest in financial assets measured at amortised cost		46
Total interest and investment income	-	46

Accounting policy

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

B1-4 Other income

	2021	2021
	\$	\$
Contribution from Local Land Services - Koala Recovery Partnership	-	3,000
Other	1,634	5,663
Total other income	1,634	8,663

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 assets is de-recognised.

B2. Costs of providing services**B2-1 Administrative Expenses**

	2022	2021
	\$	\$
Contractor and consultancy costs		
- Project Manager Services	55,258	44,745
- Biodiversity Stewardship Project	10,000	68,692
- Koala Monitoring Program consultancy costs	187,833	116,373
- Community Land Trust	35,792	-
- Platform/Co-ordination Hub	10,000	-
- Scholarship Program	47,740	-
Advertising	-	440
Remuneration of auditors	10,250	10,000
Office Expenses	23,804	11,412
Other	69,388	13,910
Sitting Fees	7,250	250
Travelling	2,662	32
Return of Office of Environment & Heritage - FABCON Grant	-	16,757
Total administrative expenses	459,976	282,611

Accounting policy**Employee benefit expenses**

Employee benefit expenses are recorded when the service has been provided to 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 of the future payments is available.

Administrative expenses

Administrative expenses are recorded on an accruals basis as the Mid North Coast Joint Organisation receives the goods or services.

C. Financial position**C1. Assets we manage****C1-1 Cash and cash equivalents**

	2022	2021
	\$	\$
Cash at bank and on hand	771,851	1,095,734
	771,851	1,095,734
Restricted cash and cash equivalents		
External restrictions	608,455	679,579
Unrestricted	163,396	416,155
	771,851	1,095,734
Restricted cash and cash equivalents		
Total cash and cash equivalents per Statement of Financial Position	771,851	1,095,734
Balances as per Statement of Cash Flows	771,851	1,095,734

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 Cashflows.

C1-2 Receivables

	2022	2021
	\$	\$
Other (GST receivable)	2,759	-
Other	27,500	-
Total	30,259	-
Net Receivables	30,259	-

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.

The Joint Organisation has not recognised a provision for impairment at 30 June 2022 on the basis that the Mid North Coast Joint Organisation has no history of credit losses being incurred.

C2. Leasing activities**C2-1 Joint Organisation as a lessee**

(a) Mid North Coast Joint Organisation as a lessee

The Mid North Coast Joint Organisation had one lease for a vehicle during the financial year.

The JO was provided with a vehicle for use in its operations during the first half of the year. There was no official lease and the vehicle was returned to the lessor in November 2021.

This lease is considered a short-term lease and as such is exempt from AASB 16 reporting.

Accounting policy

At inception of a contract, the Mid North Coast Joint Organisation assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

The Mid North Coast Joint Organisation has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

At the lease commencement, the Mid North Coast Joint Organisation recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Mid North Coast Joint Organisation believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Mid North Coast Joint Organisation's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a lease modification or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

Exceptions to lease accounting

Mid North Coast Joint Organisation has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Mid North Coast Joint Organisation recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

C3. Liabilities of the joint organisation**C3-1 Payables**

	2022	2021
	\$	\$
Trade payables	41,684	26,823
Accrued expenses	16,834	24,535
Total payables	58,518	51,358

Accounting policy

The Mid North Coast Joint Organisation measures all financial liabilities initially at fair value less transaction costs, subsequent financial liabilities are measured at amortised cost using the effective interest rate method.

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

C3-2 Employee benefits

	2022		2021	
	Current \$	Non-Current \$	Current \$	Non-Current \$
Employee benefits provisions				
Annual leave	-	-	3,265	-
Long service leave	3,052	-	17,214	-
Total employee benefit provisions	3,052	-	20,479	-
Current employee benefit provisions not expected to be settled within the next 12 months	-	-	-	-

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 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 Mid North Coast Joint Organisation 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. Financial risk management

Risk management

The Mid North Coast 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 Mid North Coast Joint Organisation Board.

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

D2. Contingencies

The Mid North Coast Joint Organisation 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 Mid North Coast Joint Organisation's share of the net assets or liabilities reflects the 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 2022 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 Mid North Coast Joint Organisation are those persons having the authority and responsibility for planning, directing and controlling the activities of the Mid North Coast Joint Organisation, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement and Other Comprehensive Income is \$61,544 (2021: \$44,995)

Other transactions with KMP and their related parties

There were no other transactions between the JO and the KMP and their related parties.

E1-2 Other related parties

There were no transactions between the JO and other related parties (2021:nil)

E2. Other relationships**E2-1 Audit fees**

	2022	2021
	\$	\$
Auditors of the JO - NSW Auditor-General:		
Audit of financial statements	10,250	10,000
Total fees paid or payable to the Auditor-General	10,250	10,000

F. Other matters**F1. Commitments**

The Mid North Coast Joint Organisation does not have any commitments relating to the acquisition of property, plant and equipment that are not recognised in the financial statements as liabilities.

F2. Events occurring after reporting date

At the JO meeting held 28 September, the MNCJO Board resolved to transfer the remaining Koala Recovery Partnership funds to Koala Conservation Australia. This is in accordance with advice of the NSW Department of Planning and Environment.

Mid North Coast Joint Organisation

General Purpose Audit Reports

for the year ended 30 June 2022