

Namoi Joint Organisation

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

Namoi Joint Organisation

General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

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

474 Peel Street
TAMWORTH NSW 2340

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.namounlimited.nsw.gov.au

Namoi Joint Organisation

General Purpose Financial Statements

for the year ended 30 June 2023

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:

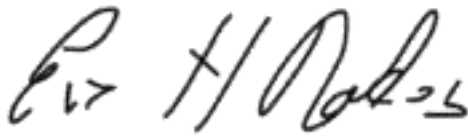
- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards - Simplified Disclosures and other pronouncements of the Australian Accounting Standards Board
- the Joint Organisations Supplement to the Local Government Code of Accounting Practice and Financial Reporting.

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

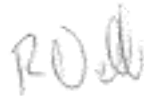
- present fairly JO's operating result and financial position for the period
- accord with JO's accounting and other records.

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 Namoi Joint Organisation made on 23 October 2023.



Cr Eric Noakes
Chairperson
23 October 2023



Cr Russell Webb
Voting Representative Board Member
23 October 2023



Paul Bennett
Acting Executive Officer
23 October 2023

Namoi Joint Organisation | Statement of Income and Accumulated Surplus | for the year ended 30 June 2023

Namoi Joint Organisation

Statement of Income and Accumulated Surplus

for the year ended 30 June 2023

\$	Notes	2023	2022
Income			
Member Council contributions	81-1	164,818	202,960
User charges and fees	81-2	110,487	11,409
Other income	81-3	–	38,558
Grants and contributions provided for operating purposes	81-4	553,357	585,033
Interest and investment income	81-5	4,525	146
Total income		833,187	838,115
Expenses			
Employee benefits and on-costs	82-1	1,134	197,065
Administrative expenses	82-2	834,377	691,988
Borrowing costs	82-3	–	736
Depreciation, amortisation and impairment of non-financial assets	82-4	–	17,147
Other expenses	82-5	–	383
Total expenses		835,511	907,319
Operating result		(2,324)	(69,204)
Net operating result for the year		(2,324)	(69,204)
Accumulated Surplus at 1 July		261,806	331,010
Accumulated Surplus at 30 June		259,482	261,806

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

Namoi Joint Organisation | Statement of Financial Position | for the year ended 30 June 2023

Namoi Joint Organisation

Statement of Financial Position

as at 30 June 2023

\$	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	421,567	631,228
Receivables	C1-3	118,669	49,479
Contract assets and contract cost assets	C1-4	43,276	71,385
Other	C1-5	–	36,450
Total current assets		583,512	788,542
Non-current assets			
Right of use assets	C2-1	–	–
Total non-current assets		–	–
Total assets		583,512	788,542
LIABILITIES			
Current liabilities			
Payables	C3-1	45,656	106,921
Contract liabilities	C3-2	278,374	419,815
Lease liabilities	C2-1	–	–
Employee benefit provisions	C3-3	–	–
Total current liabilities		324,030	526,736
Non-current liabilities			
Employee benefit provisions	C3-3	–	–
Total non-current liabilities		–	–
Total liabilities		324,030	526,736
Net assets		259,482	261,806
EQUITY			
Accumulated surplus		259,482	261,806
Total equity		259,482	261,806

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

Namoi Joint Organisation | Statement of Cash Flows | for the year ended 30 June 2023

Namoi Joint Organisation

Statement of Cash Flows

for the year ended 30 June 2023

\$	Notes	2023	2022
Cash flows from operating activities			
Receipts:			
Member council contributions		154,000	255,587
User charges and fees		112,187	14,107
Interest received		4,525	146
Grants		376,373	479,640
Other		41,896	77,585
Payments:			
Payments to employees and non-employee cash outflows		(1,248)	(237,059)
Administrative expenses		(893,238)	(714,148)
Borrowing costs		-	(738)
Other		(4,156)	(3,570)
Net cash flows from operating activities		(209,661)	(128,448)
Cash flows from financing activities			
Principal component of lease payments		-	(16,642)
Net cash flows from financing activities		-	(16,642)
Net change in cash and cash equivalents		(209,661)	(145,090)
Cash and cash equivalents at beginning of year		631,228	776,318
Cash and cash equivalents at end of year	C1-1	421,567	631,228

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

Namoi 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 23 October 2023. 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 is a not for-profit entity.

The financial statements are presented in Australian dollars and are rounded to the nearest dollar.

New and amended standards adopted by JO

During the year JO adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2023.

The newly adopted standards did not have a material impact on the JO's reported financial position or financial performance.

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.

Critical accounting estimates and assumptions

JO makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no 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.

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

\$	Timing	2023	2022
Gunnedah Shire Council	2	35,000	34,403
Gwydir Shire Council	2	–	24,765
Liverpool Plains Shire Council	2	35,000	33,497
Tamworth Regional Council	2	35,000	43,893
Tamworth Regional Council (in-kind)	2	24,818	6,793
Walcha Council	2	35,000	32,578
Namoi Water Alliance Membership	2	–	27,040
TOTAL MEMBER COUNCIL CONTRIBUTIONS		164,818	202,969
Timing of revenue recognition for Member Council contributions			
Member Council contributions recognised over time (1)		–	–
Member Council contributions recognised at a point in time (2)		164,818	202,969
Total Member Council contributions		164,818	202,969

Accounting policy

Contributions by member councils are recognised as revenue at the point in time for when the amount to be paid for the period has been determined and communicated to councils. The contribution is in the form of a cash payment and in-kind contributions.

The methodology for determining the contribution is:

- contributions comprised of a fixed and per capita amount, 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 other functions of enhancing strategic capacity and direct service delivery.
- an arrangement exists between Namoi Joint Organisation and Tamworth Regional Council (the Council) where the Council undertakes the functions of finance, information technology, human resources, some project management and Acting Executive Officer for no fee. Namoi JO recognises the in-kind contribution revenue and administration support costs.

Namoi Joint Organisation | Notes to the Financial Statements 30 June 2023

B1-2 User charges and fees

\$	Timing	2023	2022
Vehicle Leaseback Fees	1	–	8,409
Consultancy Fees	1	–	3,000
Company Director Course		<u>110,487</u>	–
Total other user charges and fees		<u>110,487</u>	<u>11,409</u>
Total user charges and fees		<u>110,487</u>	<u>11,409</u>
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		110,487	11,409
User charges and fees recognised at a point in time (2)		–	–
Total user charges and fees		<u>110,487</u>	<u>11,409</u>

Accounting policy

Revenue arising from user charges and fees is recognised when or as the performance obligation of providing the related service is completed and the customer receives the benefit of the goods / services being provided.

Namoi Joint Organisation | Notes to the Financial Statements 30 June 2023

B1-3 Other income

\$	Timing	2023	2022
Procurement rebates	2	–	37,605
Other	2	–	953
TOTAL OTHER INCOME		–	38,558
Other income recognised over time (1)		–	–
Other income recognised at a point in time (2)		–	38,558
Total other income		–	38,558

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

B1-4 Grants

\$	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Contaminated Lands Program	1	316,534	86,588	–	–
Increasing Resilience to Climate Change ⁽¹⁾	1	–	(2,969)	–	–
Namoi Regional Town Water Supply Strategy	1	154,041	353,229	–	–
OLG Capacity Building Funding #1	2	32,500	69,475	–	–
OLG Capacity Building Funding #2	2	14,282	48,710	–	–
Trade Waste Pilot	1	–	30,000	–	–
Innovative Workforce Attraction & Retention	1	36,000	–	–	–
Total grants		553,357	585,033	–	–
Comprising:					
– Commonwealth funding		–	–	–	–
– State funding		553,357	588,002	–	–
– Other funding		–	(2,969)	–	–
		553,357	585,033	–	–

(1) Unexpended grant returned to funding body

Timing of revenue recognition for grants

Grants recognised over time (1)	506,575	486,848	–	–
Grants recognised at a point in time (2)	46,782	118,185	–	–
Total grants	553,357	585,033	–	–

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 are varied based on the agreement but include conditions whereby the JO must carry out the project and spend the grant in accordance with the approved plans and in accordance with the Agreement conditions. 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.

Namoi Joint Organisation | Notes to the Financial Statements 30 June 2023

B1-5 Interest and investment income

\$	2023	2022
Interest on financial assets measured at amortised cost		
– Cash and investments	4,525	146
Total interest and investment income (losses)	4,525	146

Accounting policy

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

Namoi Joint Organisation | Notes to the Financial Statements 30 June 2023

B2 Costs of providing services

B2-1 Employee benefits and on-costs

\$	2023	2022
Salaries and wages	–	148,463
Employee leave entitlements (ELE)	–	26,673
Superannuation	–	18,479
Workers' compensation insurance	1,134	3,450
Total employee costs	1,134	197,065
Total employee costs expensed	1,134	197,065
Number of 'full-time equivalent' employees (FTE) at year end	–	–
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	1	1

Accounting policy

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

B2-2 Administrative expenses

\$	Notes	2023	2022
Contractor and consultancy costs			
– Administration Support (TRC in-kind)		24,818	6,793
– Contaminated Lands		316,534	68,790
– Executive Officer (contractor)		50,400	2,400
– Increasing Resilience to Climate Change		–	5,910
– Innovative Workforce Attraction & Retention		36,000	–
– IT expenses		–	50
– Namoi Industry Database		32,500	32,500
– Namoi Regional Town Water Supply Strategy		205,388	470,972
– Trade Waste Pilot		–	20,000
Audit Fees	E2-1	14,108	6,355
Subscriptions		36,450	61,122
Training (Company Director Course)		110,487	–
Travel			
– Chair		–	562
– Employees		–	1,012
Meetings		216	1,527
Other		7,476	13,995
Total administrative expenses		834,377	691,988
Total administrative expenses		834,377	691,988

Accounting policy

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

B2-3 Borrowing costs

\$	2023	2022
Interest on leases	–	736
Total borrowing costs expensed	–	736

Accounting policy

Borrowing costs are expensed as incurred.

Namoi Joint Organisation | Notes to the Financial Statements 30 June 2023

B2-4 Depreciation, amortisation and impairment of non-financial assets

\$	Notes	2023	2022
Depreciation and amortisation			
Right of use assets	C2-1	–	17,147
Total gross depreciation and amortisation costs		–	17,147
Total depreciation and amortisation costs		–	17,147
Total depreciation, amortisation and impairment for non-financial assets		–	17,147

Accounting policy for depreciation of non-financial assets

Depreciation and amortisation

Depreciation is calculated using the straight line method to allocate the cost of the asset over the estimated useful life or lease term.

B2-5 Other expenses

\$	2023	2022
Other		
Other	–	383
Total other	–	383
Total other expenses	–	383

Accounting policy

Other expenses are recorded on an accruals basis when JO has an obligation for the expenses.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$	2023	2022
Cash assets		
Cash on hand and at bank	421,567	631,228
Total cash and cash equivalents	421,567	631,228

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	421,567	631,228
Less bank overdraft	C3-5	–
Balance as per the Statement of Cash Flows	421,567	631,228

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.

Namoi Joint Organisation | Notes to the Financial Statements 30 June 2023

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

\$	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	421,567	631,228
Less: Externally restricted cash, cash equivalents and investments	<u>(278,374)</u>	<u>(419,815)</u>
Cash, cash equivalents and investments not subject to external restrictions	143,193	211,413
External restrictions		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants	<u>278,374</u>	419,815
Total external restrictions	278,374	419,815
Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by JO due to a restriction placed by legislation or third-party contractual agreement.		
\$	2023	2022
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	143,193	211,413
Less: Internally restricted cash, cash equivalents and investments	<u>(41,317)</u>	<u>(96,385)</u>
Unrestricted and unallocated cash, cash equivalents and investments	101,876	115,028
Internal allocations		
At 30 June, JO has internally allocated funds to the following:		
Namoi Water Alliance reserve	<u>41,317</u>	96,385
Total internal allocations	41,317	96,385
\$	2023	2022
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	101,876	115,028

Namoi Joint Organisation | Notes to the Financial Statements 30 June 2023

C1-3 Receivables

\$	2023		2022	
	Current	Non-current	Current	Non-current
User charges and fees	–	–	283	–
Accrued revenues				
– Other income accruals	–	–	23	–
Grant receivables	100,000	–	27,850	–
Net GST receivable	18,669	–	21,323	–
Total	118,669	–	49,479	–
Total net receivables	118,669	–	49,479	–

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

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.

C1-4 Contract assets and Contract cost assets

\$	2023		2022	
	Current	Non-current	Current	Non-current
Contract assets	43,276	–	71,385	–
Total contract assets and contract cost assets	43,276	–	71,385	–

Contract assets

Revenue from Grants where Obligations satisfied	43,276	–	71,385	–
Total contract assets	43,276	–	71,385	–

Significant changes in contract assets

At 30 June 2023 the JO had satisfied the requirements of the Namoi Regional Town Water Supply Strategy funding agreement and recognised that amount as revenue.

Accounting policy

Contract assets

Contract assets represent JO's right to payment in exchange for goods or services the JO has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, JO recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

C1-5 Other

continued on next page ...

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Namoi Joint Organisation | Notes to the Financial Statements 30 June 2023

C1-5 Other (continued)

Other assets

\$	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepayments	-	-	36,450	-
Total other assets	-	-	36,450	-

C2 Leasing activities

C2-1 Joint Organisation as a lessee

JO had a lease over a vehicle. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Vehicles

JO leased a vehicle for the term of an employment contract, with that lease terminating on 15 June 2022. The lease payments are fixed during the lease term. At the termination of the lease the Right of Use Asset and Lease Liability were extinguished.

(a) Right of use assets

\$	Motor Vehicle	Total
2023		
Balance at 30 June	-	-
2022		
Opening balance at 1 July	35,787	35,787
Depreciation charge	(17,147)	(17,147)
Termination of Lease	(18,640)	(18,640)
Balance at 30 June	-	-

(b) Statement of Income and Accumulated Surplus

The amounts recognised as expenses relating to leases where JO is a lessee are shown below:

\$	2023	2022
Interest on lease liabilities	-	736
Depreciation of right of use assets	-	17,147
	-	17,883

Accounting policy

At inception of a contract, JO 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?

JO 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, JO recognises a right-of-use asset and associated lease liability for the lease term.

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 asset 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 published by TCorp for AASB16 lease valuations has been used.

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

Namoi Joint Organisation | Notes to the Financial Statements 30 June 2023

C3 Liabilities of the joint organisation

C3-1 Payables

\$	2023		2022	
	Current	Non-current	Current	Non-current
Trade payables – operating expenditure	38,821	–	100,566	–
Accrued expenses:				
– Other expenditure accruals	6,835	–	6,355	–
Total payables	45,656	–	106,921	–

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 financial period that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

C3-2 Contract Liabilities

\$	Notes	2023		2022	
		Current	Non-current	Current	Non-current
Grants and contributions received in advance:					
Unexpended operating grants (received prior to performance obligation being satisfied)	(i)	278,374	–	419,815	–
Total grants received in advance		278,374	–	419,815	–
Total contract liabilities		278,374	–	419,815	–

Notes

(i) The contract liability relates to grants received prior to the 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.

C3-3 Employee benefit provisions

\$	2023		2022	
	Current	Non-current	Current	Non-current
Annual leave ¹	-	-	-	-
Long service leave ¹	-	-	-	-
Total employee benefit provisions	-	-	-	-

¹⁾ Executive Officer position vacant, no employee benefit provisions at 30 June 2023

Current employee benefit provisions not anticipated to be settled within the next twelve months

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Description of and movements in provisions

\$	ELE provisions		
	Annual leave	Long service leave	Total
2023			
At beginning of year	-	-	-
Additional provisions	-	-	-
Amounts used (payments)	-	-	-
Remeasurement effects	-	-	-
Total ELE provisions at end of year	-	-	-
2022			
At beginning of year	9,790	24,265	34,055
Additional provisions	14,259	3,152	17,411
Amounts used (payments)	(23,013)	(24,849)	(47,862)
Remeasurement effects	(1,036)	(2,568)	(3,604)
Total ELE provisions at end of year	-	-	-

Accounting policy

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

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

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.

continued on next page ...

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C3-3 Employee benefit provisions (continued)

These amounts include superannuation and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

The obligations are presented as current liabilities in the Statement of Financial Position if the JO does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

D Risks and accounting uncertainties

D1-1 Financial risk management

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 Tamworth Regional Council finance team under the delegated function as approved by the Namoi Joint Organisation Board.

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

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 JO's financial report.

LIABILITIES NOT RECOGNISED

1. Guarantees

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that the JO will be required to fund or share in respectively.

(iii) StateCover Limited

The 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 the JO.

The 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

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

2. Other liabilities

The 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 JO, directly or indirectly.

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

\$	2023	2022
Compensation:		
Short term benefits	-	179,197
Post-employment benefits	-	18,479
Termination benefits	-	29,994
Total	-	227,670

Other transactions with KMP and their related parties

JO has determined that transactions at arm's length between KMP and JO as part of JO delivering a public service objective (e.g. access to library or JO swimming pool by KMP) will not be disclosed.

Refer to Note B1-1 and B2-2 for the Tamworth Regional Council Administration in-kind value.

Nature of the transaction	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
2023					
Tamworth Regional Council - Internal Audit Services ¹	7,273	-	30-day creditor payment terms	-	-
Tamworth Regional Council - GIS services ²	9,091	-	30-day creditor payment terms	-	-
Walcha Council - Acting Executive Officer ¹	43,200	-	30-day creditor payment terms	-	-
2022					
Tamworth Regional Council - Internal Audit Services ¹	-	-		-	-
Tamworth Regional Council - GIS services ²	-	-		-	-
Walcha Council - Acting Executive Officer ²	-	-		-	-

⁽¹⁾ Commencing 1 January 2023, Tamworth Regional Council provides Internal Audit services to the JO.

⁽²⁾ Tamworth Regional Council provided GIS services as part of the Contaminated Lands grant project continued on next page...

E1-1 Key management personnel (KMP) (continued)

(i) The Walcha Council General Manager was acting as Executive Officer for 1.5 days per week for the period 1 September 2022 to 16 February 2023.

E2 Other relationships

E2-1 Audit fees

\$	2023	2022
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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	6,835	6,355
Remuneration for audit and other assurance services	6,835	6,355
Total Auditor-General remuneration	6,835	6,355
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Other audit and assurance services – TRC Internal Auditor	7,273	–
Remuneration for audit and other assurance services	7,273	–
Total remuneration of non NSW Auditor-General audit firms	7,273	–
Total audit fees	14,108	6,355

F Other matters

F1-1 Events occurring after the reporting date

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

End of the audited financial statements



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Namoi Joint Organisation

To the Board of the Namoi Joint Organisation

Opinion

I have audited the accompanying financial statements of the Namoi 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 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Cash Flows for the year ended 30 June 2023 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 2023, 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).

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

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.



Jan-Michael Perez
Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY



Councillor Eric Noakes
Chairperson
Namoi Joint Organisation
PO Box 555
TAMWORTH NSW 2340

Contact: Jan-Michael Perez
Phone no: 02 9275 7115
Our ref: R008-16585809-46002 / 1861

31 October 2023

Dear Cr Noakes

**Report on the Conduct of the Audit
for the year ended 30 June 2023
Namoi Joint Organisation**

I have audited the general purpose financial statements (GPFS) of the Namoi Joint Organisation (the Joint Organisation) for the year ended 30 June 2023 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 2023 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 result

The Joint Organisation's net operating result for the year ended 30 June 2023 was a deficit of \$2,324.

The Joint Organisation's income for the year ended 30 June 2023 of \$833,187 consisted mainly of operating grants of \$553,357, which contributed to 66.4 per cent of the Joint Organisation's income. Other main sources of income includes member council contributions of \$164,818 and charges earned by holding a training seminar with Australian Institute of Company Directors of \$110,487.

The sources of operating grant income comprised of:

- Contaminated Land Program: \$316,534
- Regional Town Water Supply Strategy: \$154,041
- Office of Local Government Funding: \$46,782
- Innovative Workforce Attraction and Retention: \$36,000

The Joint Organisation's total expenses for the year ended 30 June 2023 of \$835,511 primarily consisted of administration expenses of \$834,377 and employee benefits and on-costs of \$1,134.

Financial position

At 30 June 2023, the Joint Organisation's:

- Total assets of \$583,512 consisted mainly of cash and cash equivalents of \$421,567, receivables of \$118,669 and contract assets of \$43,276.
- total liabilities of \$324,030 consisted of contract liabilities of \$278,374 and payables of \$45,656.

OTHER MATTERS

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.



Jan-Michael Perez
Director, Financial Audit

Delegate of the Auditor-General for New South Wales