

# ORANA JOINT ORGANISATION

## FINANCIAL REPORT

FOR THE PERIOD FROM  
9 MAY 2018 TO  
30 JUNE 2019

**Orana**

JOINT ORGANISATION OF COUNCILS

---

[www.oranajointorganisation.nsw.gov.au](http://www.oranajointorganisation.nsw.gov.au)



# Orana Joint Organisation NSW

## General purpose financial statements for the period from 9 May 2018 to 30 June 2019

### Contents

	Page
Statement by Members of the Board and Management	3
Income Statement and Other Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the financial statements	8

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

Orana Joint Organisation NSW  
124 Dandaloo Street  
Narromine NSW 2821

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.oranajointorganisation.nsw.gov.au](http://www.oranajointorganisation.nsw.gov.au).

## Orana Joint Organisation NSW

### Statement by Members of the Board and Management made pursuant to Section 413 (2c) of the *Local Government Act 1993 (NSW)* (as amended)

The attached general purpose financial statements have been prepared in accordance with:

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

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

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

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

Signed in accordance with a resolution of the Board of Orana Joint Organisation NSW made on 30 September 2019.

---

Clr Doug Batten  
**Chairperson**  
30 September 2019

---

Clr Craig Davies  
**Board Member**  
30 September 2019

---

Belinda Barlow  
**Executive Officer**  
30 September 2019

## Orana Joint Organisation NSW

### Income Statement and Other Comprehensive Income for the period 9 May 2018 to 30 June 2019

	Notes	Actual Period 9 May 2018 to 30 June 2019 \$
<b>Income from continuing operations</b>		
Member council contributions	2a	80,595
User charges and fees	2b	-
Interest and investment revenue	2c	2,132
Grants provided for operating purposes	2d	300,000
Grants provided for capital purposes	2d	-
Other income	2f	5,829
<b>Total income from continuing operations</b>		<b>388,556</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs		169,764
Borrowing costs		-
Depreciation	7	1,322
Administrative expenses	3	139,602
<b>Total expenses from continuing operations</b>		<b>310,690</b>
<b>Net operating result for the period</b>		<b>77,864</b>
Gain on transfer of assets from former entities	2e	68,960
Net result for the period		<b>146,824</b>
<b>Other comprehensive income</b>		
<b>Total other comprehensive income</b>		<b>-</b>
<b>Total comprehensive income</b>		<b>146,824</b>

The above Income Statement and Other Comprehensive Income should be read in conjunction with the accompanying notes.

## Orana Joint Organisation NSW

### Statement of Financial Position as at 30 June 2019

	Notes	2019 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4	168,802
Investments	5	-
Receivables	6	145
Prepayments		-
<b>Total current assets</b>		<u>168,947</u>
<b>Non-current assets</b>		
Investments	5	-
Property, plant and equipment	7	-
Other		-
<b>Total non-current assets</b>		<u>-</u>
<b>Total assets</b>		<u><u>168,947</u></u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	8	17,489
Income received in advance		-
Borrowings	8	-
Provisions	9	4,634
<b>Total current liabilities</b>		<u>22,123</u>
<b>Non-current liabilities</b>		
Provisions	9	-
<b>Total non-current liabilities</b>		<u>-</u>
<b>Total liabilities</b>		<u>22,123</u>
<b>Net assets</b>		<u>146,824</u>
<b>EQUITY</b>		
Accumulated surplus		146,824
Other reserves	10	-
<b>Total equity</b>		<u>146,824</u>

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

## Orana Joint Organisation NSW

### Statement of Changes in Equity

For the period from 9 May 2018 to 30 June 2019

	2019	
	Accumulated surplus	Total equity
		\$
Opening balance	-	-
Net operating result for the period	77,865	77,865
Other comprehensive income	68,960	68,960
Total comprehensive income	<u>146,824</u>	<u>146,824</u>
Closing balance	<u>146,824</u>	<u>146,824</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Orana Joint Organisation NSW

### Statement of Cash Flows

For the period from 9 May 2018 to 30 June 2019

	Notes	Period 9 May 2018 to 30 June 2019 \$
<b>Cash flows from operating activities</b>		
<i><b>Receipts:</b></i>		
Contributions from member councils		80,595
User charges and fees		-
Investment revenue and interest		2,131
Grants		300,000
Other		74,788
<i><b>Payments:</b></i>		
Employees and suppliers		(189,727)
Borrowing costs		-
Other		(97,663)
<b>Net cash provided from (or used) in operating activities</b>		<b>170,124</b>
<b>Cash flows from investing activities</b>		
<i><b>Receipts:</b></i>		
Sale of property, plant and equipment		-
Other		-
<i><b>Payments:</b></i>		
Purchase of investments (term deposits)		-
Purchase of property, plant and equipment		(1,322)
Other		-
<b>Net cash provided from (or used in) investing activities</b>		<b>(1,322)</b>
<b>Cash flows from financing activities</b>		
<i><b>Receipts:</b></i>		
Proceeds from investments		-
Other		-
<i><b>Payments:</b></i>		
Repayment of investments		-
Other		-
<b>Net cash provided from (or used in) financing activities</b>		<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>168,802</b>
Cash transferred from former entities		-
<b>Cash and cash equivalents at beginning of reporting period</b>		-
<b>Cash and cash equivalents at end of reporting period</b>	4	<b>168,802</b>

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

# Orana Joint Organisation NSW

## Notes to the Financial Statements for the period from 9 May 2018 to 30 June 2019

### Contents of the Notes to the Financial Statements

	Page	
Note 1	Basis of preparation	9
Note 2	Income	10
Note 3	Expenses	12
Note 4	Cash and cash equivalents	13
Note 5	Investments	13
Note 6	Receivables	14
Note 7	Property, plant and equipment	14
Note 8	Payables and borrowings	15
Note 9	Provisions	16
Note 10	Reserves	17
Note 11	Commitments	17
Note 12	Contingencies	17
Note 13	Financial risk management	17
Note 14	Related party disclosures	18
Note 15	Events occurring after reporting date	18

## Note 1 Basis of preparation

Orana Joint Organisation NSW was established on 9 May 2018 and the financial statements include the results of the Orana Joint Organisation from establishment until 30 June 2019 and the financial position at 30 June 2019.

Future reporting periods will be from 1 July to 30 June of the relevant year.

These financial statements were authorised for issue by the Board of the Orana Joint Organisation on 30 September 2019. 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 – Reduced Disclosure Requirements, the *Local Government Act 1993* (NSW) and Regulations, and the Joint Organisation Code of Accounting Practice and Financial Reporting. Orana Joint Organisation NSW is a not-for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest dollar.

*(a) New and amended standards adopted by Orana Joint Organisation*

There have been no new (or amended) accounting standards adopted by Orana Joint Organisation in this year's financial statements which have had any material impact on reported financial position, performance or cashflows.

*(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. There are no critical estimates or assumptions for the 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.

**Note 2 Income from continuing operations**

	Period 9 May 2018 to 30 June 2019 \$
<b>(a) Member Council contributions</b>	
Bogan Shire Council	10,425
Gilgandra Shire Council	11,259
Mid-Western Regional Council	21,973
Narromine Shire Council	12,452
Warren Shire Council	10,447
Warrumbungle Shire Council	14,039
<b>Total member council contributions</b>	<b>80,595</b>
<b>(b) User charges and fees</b>	-
<b>Total user charges and fees</b>	-
<b>(c) Interest and investment revenue</b>	
Interest on financial assets measured at amortised cost	2,131
Other	-
<b>Total interest and investment revenue (losses)</b>	<b>2,131</b>
<b>(d) Grants</b>	
	<b>Operating Period</b>
	<b>9 May 2018 to 30 June 2019 \$</b>
Office of Local Government (OLG) joint organisation establishment funding	300,000
Waste Action Recycle	-
Illegal dumping program	-
Litter prevention and reduction	-
Capital works	-
Other	-
<b>Total grants</b>	<b>300,000</b>
<b>Comprising:</b>	
- Commonwealth funding	-
- State funding	300,000
- Other funding	-
	<b>300,000</b>
<b>(e) Gain on transfer of assets from former entity Orana Regional Organisation of Councils</b>	
On 2 May 2019, the assets and liabilities of Orana Regional Organisation of Councils were transferred to Orana Joint Organisation NSW at their previous carrying amount as shown below:	
	Assets and liabilities acquired \$
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	68,960
Investments	-
Receivables	-
Other	-
<b>Total current assets</b>	<b>68,960</b>
<b>Non-current assets</b>	-
Property, plant and equipment	-
<b>Total non-current assets</b>	-
<b>Total assets</b>	<b>68,960</b>

**Note 2 Income from continuing operations (continued)**

	Assets and liabilities acquired \$
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Payables	-
Borrowings	-
Provisions	-
Income received in advance	-
<b>Total current liabilities</b>	-
<b>Non-current liabilities</b>	
Provisions	-
<b>Total non-current liabilities</b>	-
<b>Total liabilities</b>	-
<b>Net assets transferred / gain on transfer</b>	<b>68,960</b>
	<b>Period 9 May 2018 to 30 June 2019 \$</b>
<b>(f) Other income</b>	
Procurement rebates	-
Admin fees	5,829
Gain on disposal of property, plant and equipment	-
Other	-
<b>Total other revenue</b>	<b>5,829</b>

**Accounting policy for income**

Orana Joint Organisation recognises revenue when: the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Orana Joint Organisation, and specific criteria have been met for each of the Orana Joint Organisation's income streams as described below. The Orana Joint Organisation bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

**Contributions by member councils** are accounted for when the amount to be paid for the period has been determined and communicated to councils. The contribution may be in the form of a cash payment or non-monetary contribution (which is recorded at its fair value).

The methodology for determining the contribution 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 other functions of enhancing strategic capacity and direct service delivery.

**User charges and fees** are recognised as revenue when the service has been provided.

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

**Grant revenue** – Control over grants is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted asset at the date of transfer.

A liability is recognised in respect of grant income that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.

**Gain on transfer of assets** relates to the value of net assets received free of charge from Orana Regional Organisation of Councils on establishment of the Orana Joint Organisation.

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

### Note 3 Expenses

	Period 9 May 2018 to 30 June 2019 \$
<b>Administrative expenses</b>	
Contractor and consultancy costs	12,875
Remuneration of auditors	6,000
IT expenses	-
Legal fees	-
Administration	86,219
Operating leases:	
– Computers	-
– Other	-
Motor vehicles	19,962
Insurance	-
Training	983
Travel	10,112
Loss on disposal of property, plant and equipment	-
Other	3,451
<b>Total administrative expenses</b>	<b>139,602</b>
 <b>Auditors' remuneration</b>	
Auditors of the Orana Joint Organisation – NSW Auditor-General	
Audit of financial statements	6,000
<b>Total fees paid or payable to the Auditor-General</b>	<b>6,000</b>

#### Accounting policy for expenses

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

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**Depreciation** is calculated using the straight-line method to allocate the cost of the asset, net of residual values, over the asset's estimated useful lives.

**Impairment** – Property, plant and equipment assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

**Operating lease expense** – Leases in which a significant portion of the risks and rewards of ownership are not transferred to Orana Joint Organisation as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the period of the lease.

**Other expenses** are recorded on an accruals basis as the Orana Joint Organisation receives the goods or services.

#### Note 4 Cash and cash equivalents

	2019 \$
Cash at bank and on hand	168,802
Deposits at call	-
	<u>168,802</u>
<b>Restricted cash and cash equivalents</b>	
External restrictions	-
Internal restrictions	-
Unrestricted	168,802
	<u>168,802</u>

##### Accounting policy for cash and cash equivalents

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

#### Note 5 Investments

##### Accounting policy for investments

Term deposits are initially recognised at fair value and then subsequently classified and measured at amortised cost. Interest income, impairment and gains or loss on derecognition are recognised in profit or loss.

No Investments are held at the end of the financial year.

## Note 6 Receivables

	<b>2019</b>
	<b>Current</b>
	<b>\$</b>
Receivables from member councils	-
Grant receivables	-
Interest Receivable	<b>145</b>
<b>Total</b>	<b>145</b>

### Accounting policy for receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

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

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

## Note 7 Property, plant and equipment

	At 5 May 2018			Movements during the period			At 30 June 2019		
	Gross carrying amount \$	Acc.dep. and impairment \$	Net carrying amount \$	Additions \$	Disposals \$	Depn. and impairment \$	Gross carrying amount \$	Acc. dep. and impairment \$	Net carrying amount \$
Office equipment	-	-	-	1,322	-	(1,322)	1,322	(1,322)	-
Furniture and fittings	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
<b>Totals</b>	-	-	-	<b>1,322</b>	-	<b>(1,322)</b>	<b>1,322</b>	<b>(1,322)</b>	-

### Accounting policy for property, plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Orana Joint Organisation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement and Other Comprehensive Income during the financial period in which they are incurred.

When property, plant and equipment are acquired by the Orana Joint Organisation for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

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

**Note 8 Payables and borrowings**

	<u>2019</u>
	<b>Current</b>
	<b>\$</b>
<b>Payables</b>	
Trade payables	<b>7,819</b>
Accrued expenses	<b>9,670</b>
<b>Total payables</b>	<b><u>17,489</u></b>

**Accounting policy for payables**

The Orana 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.

The financial liabilities of the Orana Joint Organisation comprise trade and other payables.

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

**Note 9 Provisions**

	2019	
	Current \$	Non-current \$
<b>Employee benefit provisions</b>		
Annual leave	4,634	-
Long-service leave	-	-
<b>Other provisions</b>		
Other	-	-
<b>Total provisions</b>	<b>4,634</b>	<b>-</b>
 <b>Current provisions not expected to be settled within the next 12 months</b>	<b>-</b>	<b>-</b>

**Employee benefits**

*Short-term obligations*

Liabilities for wages and salaries (including non-monetary benefits and annual leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period, and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave 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.

*Note 9 Provisions (continued)*

*On-costs*

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

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

The obligations are presented as current liabilities in the Statement of Financial Position if the Orana 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.

**Note 10 Reserves**

<b>Nature and purpose of reserves</b>	<b>2019</b>
(i) <i>Other reserves</i>	<b>NIL</b>

**Note 11 Commitments**

Orana Joint Organisation has an annual agreement for the provision of a serviced office with Narromine Shire Council. Amounts are invoiced monthly and payable within 30 days of receipt or invoice. Either party may at any time and for any reason terminate the Agreement effective from the time and date stated in the notice.

**Note 12 Contingencies**

There are no contingent assets or liabilities which the Orana Joint Organisation is party to.

**Note 13 Financial risk management**

**Risk management**

The OJO'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 Orana Joint Organisation Board. The fair value of receivables and payables approximates the carrying amount.

## Note 14 Related party disclosures

### Key management personnel

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

The aggregate amount of KMP compensation included in the Income Statement and Other Comprehensive Income is \$161,438.

### Other transactions with KMP and their related parties

Nature of the transaction	Amount of the transactions during the period (\$)	Outstanding balances, including commitments at period end (\$)	Terms and conditions	Provisions for doubtful debts (impairment of receivables) related to the amount of outstanding balances (\$)	Expense recognised during the period relating to bad or doubtful debts (impairment expense) due from related parties (\$)
<b>2019</b>					
Admin services <sup>1</sup>	86,219	-	30 days	-	-
Motorvehicle costs <sup>1</sup>	19,962	-	30 days	-	-

<sup>1</sup> The JO entered into a 1-year contract in 2019 with Narromine Shire Council, a member of the JO. The total minimum contract value is \$70,300 for the provision of administration services including an office and motor vehicle. Amounts are payable on a monthly basis for the duration of the contract.

## Note 15 Events occurring after reporting date

There are no events occurring between the period end and date of signing the financial statements.