



## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the general purpose financial statements**

#### **Illawarra Shoalhaven Joint Organisation**

To the Board of the Illawarra Shoalhaven Joint Organisation

### **Opinion**

I have audited the accompanying financial statements of Illawarra Shoalhaven Joint Organisation (the Joint Organisation), which comprise the Income Statement and Other Comprehensive Income for the period 1 July 2018 to 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and Statement of Cash Flows for the period 1 July 2018 to 30 June 2019, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Members of the Board and Management.

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 presented, 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 2019, and of its financial performance and its cash flows for the period 1 July 2018 to 30 June 2019 in accordance with Australian Accounting Standards – Reduced Disclosure Requirements
- 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' (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.

### **Other Information**

The Joint Organisation's Annual Performance Statement for the period 1 July 2018 to 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Board is responsible for the other information.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement in the other information, I must report that fact.

I have nothing to report in this regard.

### **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 – Reduced Disclosure Requirements and the *Local Government Act 1993*, and for such internal control as the Board determine 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 except where the Joint Organisation will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

### **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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not 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.

A handwritten signature in cursive script, appearing to read 'D Ryan'.

Dominika Ryan  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

4 December 2019  
SYDNEY



**ILLAWARRA SHOALHAVEN JOINT  
ORGANISATION  
FINANCIAL STATEMENTS  
YEAR ENDED 30 JUNE 2019**



# **Illawarra Shoalhaven Joint Organisation (ISJO)**

## **General purpose financial statements for the year ended 30 June 2019**

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## ISJO

### **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 ISJO's operating result and financial position for the period
- accord with ISJO'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 ISJO made on .....

\_\_\_\_\_  
Chairperson's name  
**Chairperson**

\_\_\_\_/\_\_\_\_/\_\_\_\_

\_\_\_\_\_  
Voting Representative Board Member's name  
**Voting Representative Board Member**

\_\_\_\_/\_\_\_\_/\_\_\_\_

\_\_\_\_\_  
Leanne Taylor  
**Chief Executive**

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## ISJO

### Income Statement for the Year ended 30 June 2019

	Notes	2019 \$
<b>Income from continuing operations</b>		
Constituent Council Contributions	2a	214,960
Interest	2b	21,685
Other revenues	2c	264,876
Grants and contributions provided for operating purposes	2d	1,427,135
Net Gain from the disposal of assets	4	9,944
<b>Total income from continuing operations</b>		<b>1,938,600</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	3a	769,695
Materials and contracts	3b	934,193
Depreciation and amortisation	3c	18,586
Other expenses	3d	209,308
<b>Total expenses from continuing operations</b>		<b>1,931,782</b>
<b>Net operating result for the period</b>		<b>6,818</b>
Gain on transfer of assets from former Illawarra Shoalhaven Joint Organisation	8	885,091
<b>Net result for the period</b>		<b>891,909</b>
Other comprehensive income		-
<b>Total comprehensive income</b>		<b>891,909</b>

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



## ISJO

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

	Notes	2019 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	5	1,403,336
Receivables		69,673
<b>Total current assets</b>		<b>1,473,009</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	6	79,112
<b>Total non-current assets</b>		<b>79,112</b>
<b>Total assets</b>		<b>1,552,121</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Unearned income		10,650
Payables	7	395,105
Provisions	7	254,457
<b>Total current liabilities</b>		<b>660,212</b>
<b>Total liabilities</b>		<b>660,212</b>
<b>Net assets</b>		<b>891,909</b>
<b>EQUITY</b>		
Accumulated surplus		891,909
<b>Total equity</b>		<b>891,909</b>

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

## ISJO

### Statement of Changes in Equity For the Year ended 30 June 2019

		2019 \$	
	Accumulated surplus	ISJO equity interest	Total Equity
Opening balance	-	-	-
Net operating result for the period	6,818	6,818	6,818
Other comprehensive income (gain on transfer from former entity – Note 8)	885,091	885,091	885,091
	891,909	891,909	891,909
Total comprehensive income			
Closing balance	891,909	891,909	891,909

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

## ISJO

### Statement of Cash Flows for the period from 1 July 2018 to 30 June 2019

	Notes	Year Ended 30 June 2019 \$
<b>Cash flows from operating activities</b>		
<i>Receipts:</i>		
Constituent Council Contributions		214,960
Investment revenue and interest		21,685
Grants and Contributions		1,437,785
Other		195,203
<i>Payments:</i>		
Employee benefits and on costs		(712,935)
Materials and contracts		(817,544)
Other		(196,931)
<b>Net cash provided / (used) in operating activities</b>		<b>142,223</b>
<b>Cash flows from investing activities</b>		
<i>Receipts:</i>		
Sale of infrastructure, property, plant and equipment		36,839
<i>Payments:</i>		
Purchase of property, plant and equipment		(79,410)
<b>Net cash provided / (used in) investing activities</b>		<b>(42,571)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>99,652</b>
Cash transferred from former Illawarra Shoalhaven Joint Organisation	8	1,303,684
<b>Cash and cash equivalents at beginning of reporting period</b>		<b>-</b>
<b>Cash and cash equivalents at end of reporting period</b>	5	<b>1,403,336</b>

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

## Note 1 Statement of Significant Accounting Policies

These financial statements were authorised for issue by the Board of the Illawarra Shoalhaven Joint Organisation (ISJO) on 6/11/2019. 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. ISJO is a not-for-profit entity. The financial statements are presented in Australian dollars.

### *(a) New and amended standards adopted by ISJO*

During the year, ISJO adopted all standards which were mandatorily effective for the first time at 30 June 2019.

ISJO has adopted AASB 9 Financial Instruments for the first time in the current year with a date of initial adoption of 1 July 2018. As part of the adoption of AASB 9, ISJO adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 Presentation of Financial Statements requires the impairment of financial assets to be presented in a separate line item in the income statement.
- AASB 7 Financial Instruments: Disclosures require amended disclosures due to changes arising from AASB 9.

### *(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 ISJO'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 ISJO and that are believed to be reasonable under the circumstances.

#### *Critical accounting estimates and assumptions*

ISJO makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) employee benefit provisions – refer Note 7.

### **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.

### **New accounting standards and interpretations issued not yet effective**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods (and which have not been early adopted by ISJO).

As at the date of authorisation of these financial statements, ISJO considers AASB 16 – Leases, may have a material impact on ISJO's future financial statements, financial position, financial performance or cash flows, in relation to the lease of office premises.

ISJO has not elected to apply any pronouncements before their operative date in these financial statements.

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## Note 2 Income from Continuing Operations

	2019 \$	
<b>a. Constituent Council Contribution</b>		
ISJO:		
Wollongong City Council	37,618	
Kiama Municipal Council	37,618	
Shoalhaven City Council	37,618	
Shellharbour City Council	37,618	
<b>Total</b>	<b>150,472</b>	
Programs & Projects:		
Wollongong City Council	16,122	
Kiama Municipal Council	16,122	
Shoalhaven City Council	16,122	
Shellharbour City Council	16,122	
<b>Total</b>	<b>64,488</b>	
<b>Total Constituent Council Contributions</b>	<b>214,960</b>	
<b>b. Interest</b>		
ISJO	5,885	
Regional Waste Strategy Program	2,388	
Better Waste & Recycling	2,216	
Illegal Dumping Clean Up & Prevention	7,805	
Regional Litter Prevention Program	100	
Community Recycling Centre & Education Plan	1,096	
LRIP Round 3	1,043	
LRIP Round 4	1,152	
<b>Total Interest</b>	<b>21,685</b>	
<b>c. Other revenues</b>		
ISJO:		
Motor Vehicle Leaseback	5,007	
Admin Fees – IDWA	11,673	
Admin Fees – Regional Illegal Dumping Program	9,676	
Admin Fees – Regional Waste Strategy Coordination	9,384	
Admin Fees – Better Waste and Recycling	5,954	
Admin Fees – Waste Administration (CRC Program)	5,000	
Admin Fees – IPJO Regional Procurement	5,954	
Admin Fees – Programs and Projects	5,975	
Contributions for Recruitment	29,098	
Sundry Income	5,195	
<b>Total</b>	<b>92,916</b>	

## Note 2 (continued)

Programs and Projects:		
ISJO Regional Procurement	171,960	
<b>Total Other Revenues</b>	<b>264,876</b>	
<b>d. Grants and Contributions</b>		
Regional Illegal Dumping Program	507,375	
Regional Waste Strategy Coordination	101,384	
Better Waste & Recycle	103,639	
Illegal Dumping Clean Up & Prevention – Wollongong	21,720	
Regional Disaster Waste Management Planning	90,000	
Community Recycling Centre Comm & Education Plan	60,000	
ISJO Establishment Grant	300,000	
LRIP Foreshore Recreation Parks Litter Reduction	42,600	
LRIP Major Road Intersections and Tourist Rd Hotspot	51,700	
LRIP Round 4	75,600	
Economic Outlook Project	73,117	
<b>Total Grants and Contributions</b>	<b>1,427,135</b>	

### Note 3 Expenses from Continuing Operations

	2019 \$	
<b>a. Employee Benefits and On costs</b>		
Salaries & Wages	654,687	
Employee Leave Entitlements	36,308	
Superannuation	58,094	
FBT	6,497	
Workers Compensation	14,109	
<b>Total Employee Benefits and On costs</b>	<b>769,695</b>	
<b>b. Materials and Contracts</b>		
Consultancy Fees	272,101	
Program Advertising & Communications	118,147	
Admin fee	10,326	
Recruitment Contribution	29,098	
Program Expenses	174,341	
Program Administration Fees	41,943	
Surveillance	12,247	
Program Contributions to Councils	227,529	
Memberships & Subscriptions	48,461	
<b>Total Materials and Contracts</b>	<b>934,193</b>	

### Note 3 (continued)

	2019 \$	
<b>c. Depreciation and amortisation</b>		
Vehicles	15,101	
Office Equip, Furniture & Fittings	3,485	
<b>Total Depreciation and amortisation</b>	<b>18,586</b>	
<b>d. Other Expenses</b>		
Audit Fees	6,050	
Training	10,383	
Vehicle Running Costs	10,357	
Catering & Tele Conferencing	2,524	
Travel	3,136	
Printing & Stationery	3,007	
Telephone	6,322	
Postage/Fax	76	
Cleaning	4,756	
Rent	38,529	
Sundry	49,855	
Insurance	28,809	
Security	3,202	
IT Expenses	42,302	
<b>Total Other Expenses</b>	<b>209,308</b>	



#### Note 4 Gain or loss from disposal of assets

	2019 \$	
Gain (or loss) on disposal of infrastructure, property, plant and equipment		
Proceeds from disposal	36,839	
Less : carrying amount of assets sold	(26,895)	
<b>Gain (or loss) on disposal</b>	<b>9,944</b>	
Gain (or loss) on disposal of investment property		
Proceeds from disposal		
Less : carrying value investment property		
<b>Gain (or loss) on disposal</b>	<b>0.00</b>	
Gain (or loss) on disposal of non-current assets held for sale		
Proceeds from disposal		
Less: carrying value on non-current assets held for sale		
<b>Gain (or loss) on disposal</b>	<b>0.00</b>	
Gain (or loss) on disposal of financial assets		
Proceeds from disposal		
Less: carrying value of financial assets		
<b>Gain (or loss) on disposal</b>	<b>0.00</b>	
<b>Net gain (or loss) from disposal of assets</b>	<b>0.00</b>	

## Note 5(a) Cash and cash equivalents

	2019	
	\$	
Cash at bank and on hand	1,403,336	
	<b>1,403,336</b>	

## Note 5(b) Restricted cash, cash equivalents and investments

	2019	
	\$	
Purpose		
External Restrictions:		
OLG Establishment Grant	185,200	
Regional Illegal Dumping Program	130,955	
Regional Waste Strategy Coordination	16,349	
Better Waste & Recycling	22,251	
EPA Clean Up and Prevention	17,606	
Community Recycling Centre	41,840	
LRIP Round 4	75,600	
LRIP Foreshore Rec Parks Litter Reduction	27,567	
LRIP Major Road Intersections Hotspot	31,707	
<b>Total External Restrictions</b>	<b>549,075</b>	
Internal Restrictions:		
ISJO Regional Procurement	16,425	
Regional Waste Projects	172,586	
Payments for sold Hope Centre Assets	175,204	
ELE Provision	95,612	
Redundancy Prov – Carers Program	158,844	
<b>Total Internal Restrictions</b>	<b>618,671</b>	
<b>Total Unrestricted</b>	<b>235,590</b>	
<b>Total Cash, Cash Equivalents and Investments</b>	<b>1,403,336</b>	

## Note 6 Infrastructure, property, plant and equipment

By Asset Class	At June 30 2018 (\$)		Movements during the year (\$)				As at June 30 2019 (\$)		
	Gross carrying amount	Accumulated depreciation and impairment	Transfer of assets from former entity – Note 8	Additions	Disposals	Depreciation and impairment	Gross Carrying amount	Accumulated depreciation and impairment	Net Carrying amount
Vehicles	-	-	38,672	75,040	(28,895)	(15,100)	86,817	(15,100)	71,717
Office Equipment	-	-	5,228	4,370	-	(3,348)	10,743	(3,348)	7,395
Furniture	-	-	137	4,338	(3,193)	(136)	136	(136)	-
and Fittings	-	-	18,412	-	(18,413)	-	-	-	-
Assets Held for Sale	-	-	62,449	83,748	(48,501)	(18,584)	97,696	(18,584)	79,112
Totals	-	-	-	-	-	-	-	-	-

## Note 7 Payables and Borrowings

	2019	
	\$	
<b>Payables</b>		
Goods and Services	379,705	
Accrued Expenses	15,400	
<b>Total Payables</b>	<b>395,105</b>	
<b>Provisions</b>		
ISJO Admin ELE	95,612	
<b>Total</b>	<b>95,612</b>	
ISJO Carers Respite		
Redundancy	158,845	
<b>Total</b>	<b>158,845</b>	
<b>Total Provisions</b>	<b>254,457</b>	

## Note 8 Gain on transfer of assets from former entity

	2019	
	\$	
<b>Assets</b>		
Cash and cash equivalents	1,303,684	
Infrastructure, property, plant and equipment	44,037	
Assets held for Sale	18,413	
<b>Total Assets</b>	<b>1,366,134</b>	
<b>Liabilities</b>		
Payables	206,010	
Provisions	275,033	
<b>Total Liabilities</b>	<b>481,043</b>	
<b>Net assets transferred / gain on transfer</b>	<b>885,091</b>	

## Note 9 Commitments

### Non-cancellable operating lease commitments

Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows:

– Not later than one year	38,875
– Later than one year and not later than five years	100,428
– Later than five years	-
<b>Total</b>	<b>139,303</b>

The operating lease is in place for the ISJO offices

## Note 10 Related Party Disclosures

### Key Management Personnel

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

The aggregate amount of KMP compensation included in the Income Statement and Other Comprehensive Income is \$235,422.

## Note 11 Events occurring after reporting date

There were no significant events occurring after the reporting date.

