

# Illawarra Shoalhaven Joint Organisation

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2022

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# Illawarra Shoalhaven Joint Organisation

## General Purpose Financial Statements

for the year ended 30 June 2022

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# Illawarra Shoalhaven Joint Organisation

## General Purpose Financial Statements

for the year ended 30 June 2022

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

The attached General Purpose Financial Statements have been prepared in accordance with:

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

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

- present fairly the Joint Organisation's operating result and financial position for the period
- accord with the Joint Organisation'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 Illawarra Shoalhaven Joint Organisation made on 24 February 2023.



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Clr Gordon Bradbery

**Chairperson**

24 February 2023



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Roger Stephan **Chief**

**Executive Officer**

24 February 2023



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Clr Neil Reilly

**Voting Representative Board Member**

24 February 2023

# Illawarra Shoalhaven Joint Organisation

## Statement of Income

for the year ended 30 June 2022

	Notes	2022 \$ '000	2021 \$ '000
<b>Income</b>			
Member Council contributions	B1-1	403	394
User charges and fees	B1-2	241	125
Other income	B1-3	308	288
Grants and contributions provided for operating purposes	B1-4	1,063	1,385
Interest and investment income	B1-5	1	–
<b>Total income</b>		<b>2,016</b>	<b>2,192</b>
<b>Expenses</b>			
Employee benefits and on-costs	B2-1	986	1,056
Administrative expenses	B2-2	901	1,004
Borrowing costs	B3-3	1	2
Depreciation, amortisation and impairment of non-financial assets	B2-3	96	119
<b>Total expenses</b>		<b>1,984</b>	<b>2,181</b>
<b>Net operating result for the year</b>		<b>32</b>	<b>11</b>

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

# Illawarra Shoalhaven Joint Organisation

## Statement of Financial Position

as at 30 June 2022

	Notes	2022 \$ '000	2021 \$ '000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	1,654	1,695
Receivables	C1-3	41	60
Contract assets and contract cost assets	C1-4	57	10
Other	C1-6	36	—
<b>Total current assets</b>		<b>1,788</b>	<b>1,765</b>
<b>Non-current assets</b>			
Property, plant and equipment	C1-5	97	140
Right of use assets	C2-1	24	61
<b>Total non-current assets</b>		<b>121</b>	<b>201</b>
<b>Total assets</b>		<b>1,909</b>	<b>1,966</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	61	89
Contract liabilities	C3-2	441	329
Lease liabilities	C2-1	25	39
Employee benefit provisions	C3-3	386	523
<b>Total current liabilities</b>		<b>913</b>	<b>980</b>
<b>Non-current liabilities</b>			
Lease liabilities	C2-1	—	23
Employee benefit provisions	C3-3	8	7
<b>Total non-current liabilities</b>		<b>8</b>	<b>30</b>
<b>Total liabilities</b>		<b>921</b>	<b>1,010</b>
<b>Net assets</b>		<b>988</b>	<b>956</b>
<b>EQUITY</b>			
Accumulated surplus	C4-1	988	956
<b>Total equity</b>		<b>988</b>	<b>956</b>

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

## Illawarra Shoalhaven Joint Organisation

### Statement of Changes in Equity

for the year ended 30 June 2022

	2022			2021		
	Accumulated surplus \$ '000	Other reserves (specify) \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	Other reserves (specify) \$ '000	Total equity \$ '000
Opening balance at 1 July	956	–	956	945	–	945
<b>Opening balance</b>	<b>956</b>	<b>–</b>	<b>956</b>	<b>945</b>	<b>–</b>	<b>945</b>
Net operating result for the year	32	–	32	11	–	11
<b>Net operating result for the period</b>	<b>32</b>	<b>–</b>	<b>32</b>	<b>11</b>	<b>–</b>	<b>11</b>
<b>Total comprehensive income</b>	<b>32</b>	<b>–</b>	<b>32</b>	<b>11</b>	<b>–</b>	<b>11</b>
<b>Closing balance at 30 June</b>	<b>988</b>	<b>–</b>	<b>988</b>	<b>956</b>	<b>–</b>	<b>956</b>

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

# Illawarra Shoalhaven Joint Organisation

## Statement of Cash Flows

for the year ended 30 June 2022

	Notes	2022 \$ '000	2021 \$ '000
<b>Cash flows from operating activities</b>			
<b>Receipts:</b>			
Member council contributions		443	433
User charges and fees		280	103
Interest received		1	—
Grants		1,166	1,226
Other		343	317
<b>Payments:</b>			
Payments to employees		(1,168)	(1,029)
Administrative expenses		(1,052)	(1,248)
Borrowing costs		(1)	(2)
<b>Net cash flows from operating activities</b>		<b>12</b>	<b>(200)</b>
<b>Cash flows from investing activities</b>			
<b>Payments:</b>			
Payments for IPPE		(13)	(5)
<b>Net cash flows from investing activities</b>		<b>(13)</b>	<b>(5)</b>
<b>Cash flows from financing activities</b>			
<b>Payments:</b>			
Principal component of lease payments		(40)	(38)
<b>Net cash flows from financing activities</b>		<b>(40)</b>	<b>(38)</b>
<b>Net change in cash and cash equivalents</b>		<b>(41)</b>	<b>(243)</b>
Cash and cash equivalents at beginning of year		1,695	1,938
<b>Cash and cash equivalents at end of year</b>	C1-1	<b>1,654</b>	<b>1,695</b>

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

# Illawarra Shoalhaven Joint Organisation

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## A About the Joint organisation and these financial statements

### A1-1 Basis of preparation

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These financial statements were authorised for issue by the Board of the Joint Organisation on 24 February 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. Illawarra Shoalhaven Joint Organisation is a not-for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

#### **COVID-19 Impacts**

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

#### **New and amended standards adopted by Illawarra Shoalhaven Joint Organisation**

There were no new or amended accounting standards adopted by the Joint Organisation.

#### ***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 Joint Organisation'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 Joint Organisation and that are believed to be reasonable under the circumstances.

#### ***Critical accounting estimates and assumptions***

Illawarra Shoalhaven 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:

- (i) employee benefit provisions – refer Note C3-3.

#### **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

## B Financial Performance

### B1 Sources of income

#### B1-1 Member Council contributions

	2022 \$ '000	2021 \$ '000
<b>ISJO</b>		
Wollongong City Council	58	117
Kiama Municipal Council	58	78
Shoalhaven City Council	58	40
Shellharbour City Council	58	91
<b>Total</b>	<b>232</b>	<b>326</b>
<b>Programs and projects:</b>		
Wollongong City Council	79	17
Kiama Municipal Council	40	17
Shoalhaven City Council	–	17
Shellharbour City Council	52	17
<b>Total</b>	<b>171</b>	<b>68</b>
<b>TOTAL MEMBER COUNCIL CONTRIBUTIONS</b>	<b>403</b>	<b>394</b>

#### Change in cost allocation

In 2022 financial year, all IDWA contributions have been listed under Program and Projects, whereby all ISJO contributions were listed under ISJO.

In 2021 financial year and prior, ISJO received from member councils for regional activities. This was split into ISJO and Programs and projects. IDWA program was included under ISJO rather than Program and Projects.

#### 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 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.

#### B1-2 User charges and fees

	2022 \$ '000	2021 \$ '000
Private works – section 67	66	105
Service Income	157	–
Leaseback fees – Council vehicles	18	20
<b>Total other user charges and fees</b>	<b>241</b>	<b>125</b>
<b>Total user charges and fees</b>	<b>241</b>	<b>125</b>
<b>Timing of revenue recognition for user charges and fees</b>		
User charges and fees recognised over time (1)	–	–
User charges and fees recognised at a point in time (2)	241	125
<b>Total user charges and fees</b>	<b>241</b>	<b>125</b>

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

(1) indicates income recognised under AASB 15 or AASB 1058 “over time”,

continued on next page ...

## B1-2 User charges and fees (continued)

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(2) indicates income recognised under AASB 15 or AASB 1058 “at a point in time”.

### **Accounting policy**

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

## B1-3 Other income

	2022 \$ '000	2021 \$ '000
Sundry Income	115	63
ISJO regional procurement	193	225
<b>TOTAL OTHER INCOME</b>	<b>308</b>	<b>288</b>
<b>Timing of revenue recognition for other income</b>		
Other income recognised over time (1)	—	—
Other income recognised at a point in time (2)	308	288
<b>Total other income</b>	<b>308</b>	<b>288</b>

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

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

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

	Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
ISJO establishment grant	–	41	–	–
Regional Illegal Dumping Program	546	564	–	–
Regional Waste Strategy Coordination	86	129	–	–
Better Waste and Recycle	78	142	–	–
Illegal Dumping Clean Up & Prevention – Wollongong	–	12	–	–
Community Recycling Centre Comm & Education Plan	53	72	–	–
LRIP Foreshore Recreation Parks Litter Reduction	–	9	–	–
LRIP Major Road Intersections and Tourist Rd Hotspot	–	8	–	–
LRIP Round 4	–	42	–	–
LRIP Round 4 SilageWrap	–	(4)	–	–
Weeds Action Program	101	99	–	–
V.C.L Program	33	19	–	–
Cycling prospective	7	11	–	–
Building Capability	7	66	–	–
Enabling water sensitive communities	80	138	–	–
Asbestos clean up	45	26	–	–
Bald Hill Boneseed	6	6	–	–
Parthenium Weed	6	5	–	–
Roads and Reserves Weed Control	10	–	–	–
Regional Litter Projects	5	–	–	–
<b>Total grants</b>	<b>1,063</b>	<b>1,385</b>	<b>–</b>	<b>–</b>
<b>Comprising:</b>				
– State funding	1,058	1,385	–	–
– Other funding	5	–	–	–
	<b>1,063</b>	<b>1,385</b>	<b>–</b>	<b>–</b>

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

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

	Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
<b>Timing of revenue recognition for grants</b>				
Grants recognised over time (1)	1,063	1,385	–	–
Grants recognised at a point in time (2)	–	–	–	–
<b>Total grants</b>	<b>1,063</b>	<b>1,385</b>	<b>–</b>	<b>–</b>

### Accounting policy

#### Grants – enforceable agreement with sufficiently specific performance obligations

Grant revenue arising from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

The performance obligations vary according to the agreement but include performance obligations within AASB 15 grants such as completion of milestones. 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.

## B1-4 Grants (continued)

completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

Where control is transferred over time, generally the input methods or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

### Capital grants

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

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

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

### Other grants

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

## B1-5 Interest and investment income

	2022 \$ '000	2021 \$ '000
<b>Interest on financial assets measured at amortised cost</b>		
Cash at Bank	1	—
<b>Total interest and investment income (losses)</b>	<b>1</b>	<b>—</b>

### Accounting policy

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

## B2 Costs of providing services

### B2-1 Employee benefits and on-costs

	2022 \$ '000	2021 \$ '000
Salaries and wages	724	855
Employee leave entitlements (ELE)	132	89
Superannuation	90	80
Fringe benefit tax (FBT)	17	13
Workers' compensation insurance	23	19
<b>Total employee costs</b>	<b>986</b>	<b>1,056</b>
<b>Total employee costs expensed</b>	<b>986</b>	<b>1,056</b>

#### Accounting policy

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

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

### B2-2 Administrative expenses

	Notes	2022 \$ '000	2021 \$ '000
Materials and contracts		100	239
Consultancy fees		137	151
– Program advertising and communications		69	59
Training		5	8
Audit Fees	E2-1	4	6
Travel		2	4
Printing and stationery		6	6
Telephone		5	7
Bank charges		1	1
Admin fees		48	39
Vehicle running costs		51	8
Catering and tele conferencing		2	2
Postage / fax		–	1
Cleaning		6	2
Rent		6	10
Security		3	3
IT expenses		95	90
Legal expenses		–	2
Recruitment costs		10	–
Program contributions to Councils		351	365
Memberships and subscriptions		–	1
<b>Total administrative expenses</b>		<b>901</b>	<b>1,004</b>
<b>Total administrative expenses</b>		<b>901</b>	<b>1,004</b>

#### Accounting policy

Expenses are recorded on an accruals basis as the Council receives the goods or services.

## B2-3 Depreciation, amortisation and impairment of non-financial assets

	Notes	2022 \$ '000	2021 \$ '000
<b>Depreciation and amortisation</b>			
Vehicles		48	60
Plant and equipment		1	2
Office equipment, furniture and fittings		7	19
<b>Right of use assets</b>	C2-1	40	38
<b>Total gross depreciation and amortisation costs</b>		<b>96</b>	<b>119</b>
<b>Total depreciation and amortisation costs</b>		<b>96</b>	<b>119</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>96</b>	<b>119</b>

### Accounting policy

#### Depreciation and amortisation

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 of non-financial assets

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.



## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

	2022 \$ '000	2021 \$ '000
<b>Cash assets</b>		
Cash on hand and at bank	1,654	1,695
<b>Total cash and cash equivalents</b>	<b>1,654</b>	<b>1,695</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	1,654	1,695
<b>Balance as per the Statement of Cash Flows</b>	<b>1,654</b>	<b>1,695</b>

#### Accounting policy

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand and deposits held at call with financial institutions.

## C1-2 Restricted and allocated cash and cash equivalents

	2022 \$ '000	2021 \$ '000
(a) Externally restricted cash and cash equivalents		
<b>Total cash and cash equivalents</b>	<b>1,654</b>	<b>1,695</b>
Less: Externally restricted cash and cash equivalents	(441)	(350)
<b>Cash and cash equivalents not subject to external restrictions</b>	<b>1,213</b>	<b>1,345</b>

### External restrictions

External restrictions included in cash and cash equivalents above comprise:

Asbestos clean up	8	45
Bald Hill Boneseed	4	10
Better Waste and Recycling	23	1
Community Recycling Centre	12	18
Cycling Prospective	–	7
Enabling Water Sensitive Communities	–	23
LRIP Round 4	–	1
Parthenium Weed	24	16
OLG Building Capacity	193	176
OLG Establishment Grant	–	–
Regional Illegal Dumping Program	29	49
Regional Waste Strategy Coordination	6	(5)
Vacant Crown Land	5	9
Roads and Reserves Weed Control	45	–
Dunmore Wetlands	12	–
Regional Litter Projects	30	–
Illawarra Shoalhaven Promotions	50	–
<b>External restrictions – other</b>	<b>441</b>	<b>350</b>
<b>Total external restrictions</b>	<b>441</b>	<b>350</b>

Cash and cash equivalents subject to external restrictions are those which are only available for specific use by the Joint Organisation due to a restriction placed by legislation or third-party contractual agreement.

**C1-2 Restricted and allocated cash and cash equivalents (continued)**

	<b>2022</b>	2021
	<b>\$ '000</b>	\$ '000

**(b) Internal allocations**

<b>Cash and cash equivalents not subject to external restrictions</b>	<b>1,213</b>	1,345
Less: Internally allocated cash and cash equivalents	<b>(1,185)</b>	(1,341)
<b>Unrestricted and unallocated cash and cash equivalents</b>	<b>28</b>	4

**Internal allocations**

Joint organisation has internally restricted cash and cash equivalents as follows:

ELE Provision	<b>395</b>	371
IDWA	<b>676</b>	705
ISJO Regional Procurement	–	3
Redundancy Provision - Carers Program	–	159
Regional Waste Projects	<b>63</b>	103
Asset Replacement	<b>51</b>	–
<b>Total internal allocations</b>	<b>1,185</b>	1,341

Internal allocations over cash and cash equivalents are those assets restricted only by a resolution of the Joint organisation.

	<b>2022</b>	2021
	<b>\$ '000</b>	\$ '000

**(c) Unrestricted and unallocated**

<b>Unrestricted and unallocated cash and cash equivalents</b>	<b>28</b>	4
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## C1-3 Receivables

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
User charges and fees	37	–	52	–
Due from Kiama Council	–	–	8	–
Net GST receivable	4	–	–	–
<b>Total</b>	<b>41</b>	<b>–</b>	<b>60</b>	<b>–</b>
<b>Total net receivables</b>	<b>41</b>	<b>–</b>	<b>60</b>	<b>–</b>

### 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.

## C1-4 Contract assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Due from Grants	57	–	10	–
<b>Total contract assets</b>	<b>57</b>	<b>–</b>	<b>10</b>	<b>–</b>

### Contract assets

Due from Grants	57	–	10	–
<b>Total contract assets</b>	<b>57</b>	<b>–</b>	<b>10</b>	<b>–</b>

### (i) Externally restricted assets

<b>Total restricted assets</b>	<b>57</b>	<b>–</b>	<b>10</b>	<b>–</b>
<b>Total contract assets</b>	<b>57</b>	<b>–</b>	<b>10</b>	<b>–</b>

### Accounting policy

#### Contract assets

Contract assets represent Joint organisation's right to payment in exchange for goods or services the Joint organisation 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, Joint organisation 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 Property, plant and equipment

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period					At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions New assets	Additions Found Assets	Disposal of assets	Depreciation expense	Accumulated Depreciation on disposal	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Vehicles	246	(117)	129	–	55	–	(103)	–	302	(220)	82
Office equipment	75	(65)	10	11	30	(43)	(37)	43	74	(59)	15
Plant and equipment	37	(36)	1	–	4	(6)	(4)	6	35	(35)	–
<b>Property, plant and equipment</b>	<b>358</b>	<b>(218)</b>	<b>140</b>	<b>11</b>	<b>89</b>	<b>(49)</b>	<b>(144)</b>	<b>49</b>	<b>411</b>	<b>(314)</b>	<b>97</b>

By aggregated asset class	Asset movements during the reporting period							
	At 1 July 2020					At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions new assets	Depreciation expense	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Vehicles	247	(56)	191	–	(60)	246	(117)	129
Office equipment	69	(46)	23	6	(19)	75	(65)	10
Plant and equipment	36	(34)	2	–	(2)	37	(36)	1
<b>Property, plant and equipment</b>	<b>352</b>	<b>(136)</b>	<b>216</b>	<b>6</b>	<b>(81)</b>	<b>358</b>	<b>(218)</b>	<b>140</b>

## C1-5 Property, plant and equipment (continued)

### Accounting policy

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 Joint Organisation and the cost of the item can be measured reliably. All other repairs and maintenance are expensed during the financial period in which they are incurred.

When property, plant and equipment are acquired by the 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:

Plant and equipment 3 years

Office equipment 3 years

Vehicles 5 years

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

## C1-6 Other

### Other assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Prepayments	36	—	—	—
<b>Total other assets</b>	<b>36</b>	<b>—</b>	<b>—</b>	<b>—</b>

### Current other assets not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Total externally restricted assets	—	—	—	—
Total internally restricted assets	—	—	—	—
Total unrestricted assets	36	—	—	—
<b>Total other assets</b>	<b>36</b>	<b>—</b>	<b>—</b>	<b>—</b>

## C2 Leasing activities

### C2-1 Joint Organisation as a lessee

Illawarra Shoalhaven Joint Organisation has a lease for its administration building and for a photocopier. Information relating to the leases in place and associated balances and transactions is provided below.

#### Terms and conditions of leases

##### Buildings

Illawarra Shoalhaven Joint Organisation leases part of the ground floor and the whole of the top floor of 26-28 Terralong Street Kiama for their corporate offices; the lease is a 4 year lease with a 2 year option. At this time it has been assessed that it is unlikely the lease will be extended under the option.

The building leases contains a rent review at each anniversary of the lease inception.

##### Office and IT equipment

The lease for the photocopier for a low value assets. The lease is for 3 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

##### Extension options

Illawarra Shoalhaven Joint Organisation has a 2 year extension option in the building leases to provide flexibility and certainty to the Joint Organisation operations and reduce costs of moving premises; and the extension options are at the Joint Organisation's discretion.

There are \$80,000 in potential future lease payments which are not included in lease liabilities as the Joint Organisation has assessed that the exercise of the option is not reasonably certain.

#### (a) Right of use assets

	Buildings \$ '000	Total \$ '000
<b>2022</b>		
Opening balance at 1 July	61	61
Depreciation charge	(40)	(40)
<b>Balance at 30 June</b>	<b>24</b>	<b>24</b>
<b>2021</b>		
Opening balance at 1 July	99	99
Depreciation charge	(38)	(38)
<b>Balance at 30 June</b>	<b>61</b>	<b>61</b>

#### (b) Lease liabilities

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Lease liabilities	25	—	39	23
<b>Total lease liabilities</b>	<b>25</b>	<b>—</b>	<b>39</b>	<b>23</b>

## C2-1 Joint Organisation as a lessee (continued)

### (c) (i) The maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year \$ '000	1 – 5 years \$ '000	> 5 years \$ '000	Total \$ '000	Total per Statement of Financial Position \$ '000
<b>2022</b>					
Cash flows	25	–	–	25	25
<b>2021</b>					
Cash flows	39	23	–	62	62

### (ii) Lease liabilities relating to restricted assets

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
<b>Total lease liabilities relating to unrestricted assets</b>	25	–	39	23
<b>Total lease liabilities</b>	<b>25</b>	<b>–</b>	<b>39</b>	<b>23</b>

### (d) Statement of Income and Accumulated Surplus

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

	2022 \$ '000	2021 \$ '000
Interest on lease liabilities	1	2
Depreciation of right of use assets	40	38
	<b>41</b>	<b>40</b>

### (e) Statement of Cash Flows

Total cash outflow for leases	41	40
	<b>41</b>	<b>40</b>

### Accounting policy

#### Accounting policy

At inception of a contract, the Joint Organisation assessed 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?

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



## C2-1 Joint Organisation as a lessee (continued)

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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 is the rate implicit in the lease, however where this cannot be readily determined then the 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***

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. 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 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Goods and services	25	–	29	–
Accrued expenses:				
– Salaries and wages	8	–	7	–
- Other accrued expenses	28	–	6	–
- FBT	–	–	24	–
ATO – net GST payable	–	–	23	–
<b>Total payables</b>	<b>61</b>	<b>–</b>	<b>89</b>	<b>–</b>

#### Accounting policy

The Joint Organisation 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.

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

#### Payables

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

### C3-2 Contract Liabilities

	Notes	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
<b>Grants and contributions received in advance:</b>					
Unexpended operating grants (received prior to performance obligation being satisfied)	(i)	441	–	329	–
<b>Total grants received in advance</b>		<b>441</b>	<b>–</b>	<b>329</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>441</b>	<b>–</b>	<b>329</b>	<b>–</b>

#### 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 the Joint Organisation transferring a good or service to the customer, the Joint Organisation presents the funds which exceed revenue recognised as a contract liability.

### C3-3 Employee benefit provisions

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Annual leave	76	–	67	–
Sick leave	47	–	54	–
Long service leave	263	8	243	7
ISJO Carers Respite - Redundancy	–	–	159	–
<b>Total employee benefit provisions</b>	<b>386</b>	<b>8</b>	<b>523</b>	<b>7</b>

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

	2022 \$ '000	2021 \$ '000
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The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	287	273
	<b>287</b>	<b>273</b>

#### Accounting policy

##### Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

##### Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

## D Risks and accounting uncertainties

### D1-1 Financial risk management

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The 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 Joint Organisation's management under policies approved by the Joint Organisation's Board.

## E People and relationships

### E1 Related party disclosures

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

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

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

	2022	2021
	\$ '000	Restated \$ '000
Total compensation to all KMP <sup>1</sup>	441	458
<b>Total</b>	<b>441</b>	<b>458</b>

(1) The 2021 Total compensation to all KMP was understated by \$237,000, as the disclosure did not include two key management personnel, and excluded payments made in respect of superannuation benefits. The 2021 column has been adjusted for these errors and the correct amount of key management personnel compensation disclosed.

#### Other transactions with KMP and their related parties

There were no related party transactions with KMP of the Joint Organisation or other related parties.

## E2 Other relationships

### E2-1 Audit fees

	2022 \$ '000	2021 \$ '000
<b>a. The following fees will be incurred for services provided by the NSW Auditor-General for the Audit of the 2021/22 Financial Statements: \$11,965</b>		
b. During the year, the following fees were incurred for services provided by the auditor of the Joint Organisation, related practices and non-related audit firms		
<b>Auditors of the Joint Organisation - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	4	6
<b>Remuneration for audit and other assurance services</b>	<b>4</b>	<b>6</b>
<b>Total Auditor-General remuneration</b>	<b>4</b>	<b>6</b>
<b>Total audit fees</b>	<b>4</b>	<b>6</b>

## F Other matters

### F1-1 Events occurring after the reporting date

Illawarra Shoalhaven Joint Organisation is unaware of any material or significant 'non-adjusting events' that should be disclosed.

**End of the audited financial statements**

## Illawarra Shoalhaven Joint Organisation

### General Purpose Financial Statements

for the year ended 30 June 2022

#### Independent Auditor's Reports:

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#### On the Financial Statements (Sect 417 [2])

Independent Auditor's Report

#### **Independent Auditor's Report**

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

## Illawarra Shoalhaven Joint Organisation

### General Purpose Financial Statements

for the year ended 30 June 2022

### Independent Auditor's Reports: (continued)

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#### On the Financial Statements (Sect 417 [3])

Independent Auditor's Report

#### **Independent Auditor's Report**

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).