

# Richmond Valley Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2013

---

“The development of community and  
natural attributes of the area to enable  
a pleasant and sustainable lifestyle.”



# Richmond Valley Council

## General Purpose Financial Statements

for the financial year ended 30 June 2013

Contents	Page
<b>1. Understanding Council's Financial Statements</b>	2
<b>2. Statement by Councillors &amp; Management</b>	3
<b>3. Primary Financial Statements:</b>	
- Income Statement	4
- Statement of Comprehensive Income	5
- Statement of Financial Position	6
- Statement of Changes in Equity	7
- Statement of Cash Flows	8
<b>4. Notes to the Financial Statements</b>	9
<b>5. Independent Auditor's Reports:</b>	
- On the Financial Statements (Sect 417 [2])	77
- On the Conduct of the Audit (Sect 417 [3])	79

---

### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Richmond Valley Council.
- (ii) Richmond Valley Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

Council's Statutory Charter is detailed in Paragraph 8 of the LGA and includes giving Council;

- the ability to provide goods, services & facilities, and to carry out activities appropriate to the current & future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the area.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 15 October 2013. Council has the power to amend and reissue these financial statements.
-

# Richmond Valley Council

## Notes to the Financial Statements for the financial year ended 30 June 2013

### Understanding Council's Financial Statements

---

#### Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their Council & Community.

#### What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2013.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting & reporting requirements of Australian Accounting Standards and requirements as set down by the NSW Division of Local Government.

#### About the Councillor/Management Statement

The financial statements must be certified by Senior staff as "presenting fairly" the Council's financial results for the year, and are required to be adopted by Council - ensuring both responsibility for & ownership of the financial statements.

#### About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

##### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income & expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

##### 2. The Statement of Comprehensive Income

Primarily records changes in the fair values of Council's Infrastructure, Property, Plant & Equipment.

##### 3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities & "Net Wealth".

##### 4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "Net Wealth".

##### 5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

#### About the Notes to the Financial Statements

The Notes to the financial statements provide greater detail and additional information on the 5 primary financial statements.

#### About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialize in Local Government).

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance & position, &
2. Their observations on the conduct of the Audit including commentary on the Council's financial performance & financial position.

#### Who uses the Financial Statements ?

The financial statements are publicly available documents & must be presented at a Council meeting between 7 days & 5 weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to 7 days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Division of Local Government.

## Richmond Valley Council

### General Purpose Financial Statements for the financial year ended 30 June 2013

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

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

- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

**To the best of our knowledge and belief, these Financial Statements:**

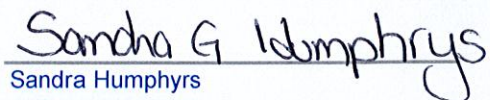
- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

**We are not aware of any matter that would render the Reports false or misleading in any way.**

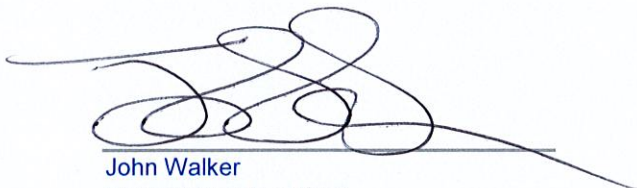
**Signed in accordance with a resolution of Council made on 15 October 2013.**



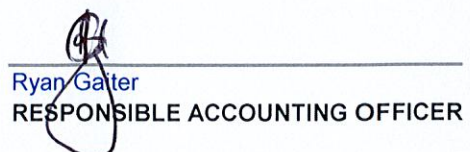
Ernie Bennett  
MAYOR



Sandra Humphrys  
DEPUTY MAYOR



John Walker  
GENERAL MANAGER



Ryan Gatter  
RESPONSIBLE ACCOUNTING OFFICER

# Richmond Valley Council

## Income Statement

for the financial year ended 30 June 2013

Budget <sup>(1)</sup> 2013	\$ '000	Notes	Actual 2013	Actual 2012
<b>Income from Continuing Operations</b>				
<b>Revenue:</b>				
17,226	Rates & Annual Charges	3a	17,288	16,822
11,206	User Charges & Fees	3b	12,908	13,530
1,105	Interest & Investment Revenue	3c	2,191	2,396
285	Other Revenues	3d	381	37
8,668	Grants & Contributions provided for Operating Purposes	3e,f	9,052	13,023
2,614	Grants & Contributions provided for Capital Purposes	3e,f	3,707	7,439
<b>41,104</b>	<b>Total Income from Continuing Operations</b>		<b>45,527</b>	<b>53,247</b>
<b>Expenses from Continuing Operations</b>				
16,300	Employee Benefits & On-Costs	4a	13,653	13,957
1,715	Borrowing Costs	4b	1,720	1,722
8,048	Materials & Contracts	4c	13,085	15,453
13,886	Depreciation & Amortisation	4d	13,665	14,422
-	Impairment	4d	-	-
5,039	Other Expenses	4e	5,150	5,002
-	Net Losses from the Disposal of Assets	5	1,327	3,232
<b>44,988</b>	<b>Total Expenses from Continuing Operations</b>		<b>48,600</b>	<b>53,788</b>
<b>(3,884)</b>	<b>Operating Result from Continuing Operations</b>		<b>(3,073)</b>	<b>(541)</b>
<b>Discontinued Operations</b>				
(207)	Net Profit/(Loss) from Discontinued Operations	24	(1,802)	(838)
<b>(4,091)</b>	<b>Net Operating Result for the Year</b>		<b>(4,875)</b>	<b>(1,379)</b>
(4,091)	Net Operating Result attributable to Council		(4,875)	(1,379)
-	Net Operating Result attributable to Non-controlling Interests		-	-
<b>(6,705)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>(8,582)</b>	<b>(8,818)</b>

(1) Original Budget as approved by Council - refer Note 16

## Richmond Valley Council

## Statement of Comprehensive Income

for the financial year ended 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
<b>Net Operating Result for the year</b> (as per Income statement)		<b>(4,875)</b>	<b>(1,379)</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	40,798	48,897
Impairment (loss) reversal relating to I,PP&E	20b (ii)	(1,755)	(2,556)
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>39,043</b>	<b>46,341</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
<b>Total Other Comprehensive Income for the year</b>		<b>39,043</b>	<b>46,341</b>
<b>Total Comprehensive Income for the Year</b>		<b>34,168</b>	<b>44,962</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>34,168</b>	<b>44,962</b>
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		<b>-</b>	<b>-</b>



## Richmond Valley Council

## Statement of Financial Position

as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	26,040	26,011
Investments	6b	1,722	1,972
Receivables	7	6,924	9,971
Inventories	8	2,485	2,067
Other	8	592	501
Non-current assets classified as "held for sale"	22	-	-
<b>Total Current Assets</b>		<b>37,763</b>	<b>40,521</b>
<b>Non-Current Assets</b>			
Investments	6b	3,336	2,654
Receivables	7	2,330	2,193
Inventories	8	539	854
Infrastructure, Property, Plant & Equipment	9	593,836	558,435
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	-	9
<b>Total Non-Current Assets</b>		<b>600,041</b>	<b>564,145</b>
<b>TOTAL ASSETS</b>		<b>637,804</b>	<b>604,666</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	4,269	5,338
Borrowings	10	1,218	1,048
Provisions	10	4,712	5,476
<b>Total Current Liabilities</b>		<b>10,199</b>	<b>11,862</b>
<b>Non-Current Liabilities</b>			
Payables	10	308	308
Borrowings	10	21,992	20,771
Provisions	10	1,991	2,579
<b>Total Non-Current Liabilities</b>		<b>24,291</b>	<b>23,658</b>
<b>TOTAL LIABILITIES</b>		<b>34,490</b>	<b>35,520</b>
<b>Net Assets</b>		<b>603,314</b>	<b>569,146</b>
<b>EQUITY</b>			
Retained Earnings	20	325,010	329,510
Revaluation Reserves	20	278,304	239,636
Council Equity Interest		603,314	569,146
Non-controlling Interests		-	-
<b>Total Equity</b>		<b>603,314</b>	<b>569,146</b>

## Richmond Valley Council

### Statement of Changes in Equity for the financial year ended 30 June 2013

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2013</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		329,510	239,636	569,146	-	569,146
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/12)</b>		<b>329,510</b>	<b>239,636</b>	<b>569,146</b>	<b>-</b>	<b>569,146</b>
<b>c. Net Operating Result for the Year</b>		<b>(4,875)</b>	<b>-</b>	<b>(4,875)</b>	<b>-</b>	<b>(4,875)</b>
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	40,798	40,798	-	40,798
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(1,755)	(1,755)	-	(1,755)
- Other Movements	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		<b>-</b>	<b>39,043</b>	<b>39,043</b>	<b>-</b>	<b>39,043</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>(4,875)</b>	<b>39,043</b>	<b>34,168</b>	<b>-</b>	<b>34,168</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		375	(375)	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>325,010</b>	<b>278,304</b>	<b>603,314</b>	<b>-</b>	<b>603,314</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2012</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		330,889	193,295	524,184	-	524,184
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/11)</b>		<b>330,889</b>	<b>193,295</b>	<b>524,184</b>	<b>-</b>	<b>524,184</b>
<b>c. Net Operating Result for the Year</b>		<b>(1,379)</b>	<b>-</b>	<b>(1,379)</b>	<b>-</b>	<b>(1,379)</b>
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	48,897	48,897	-	48,897
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(2,556)	(2,556)	-	(2,556)
- Other Movements	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		<b>-</b>	<b>46,341</b>	<b>46,341</b>	<b>-</b>	<b>46,341</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>(1,379)</b>	<b>46,341</b>	<b>44,962</b>	<b>-</b>	<b>44,962</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>329,510</b>	<b>239,636</b>	<b>569,146</b>	<b>-</b>	<b>569,146</b>



## Richmond Valley Council

## Statement of Cash Flows

for the financial year ended 30 June 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
17,226	Rates & Annual Charges		17,021	16,817
11,206	User Charges & Fees		14,097	14,856
1,105	Investment & Interest Revenue Received		1,365	1,731
11,282	Grants & Contributions		14,343	17,953
-	Bonds, Deposits & Retention amounts received		111	28
285	Other		925	(114)
<b>Payments:</b>				
(16,300)	Employee Benefits & On-Costs		(14,396)	(13,469)
(8,407)	Materials & Contracts		(14,008)	(17,862)
(1,446)	Borrowing Costs		(2,029)	(1,614)
(5,039)	Other		(7,680)	(4,616)
<u>9,912</u>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<u>9,749</u>	<u>13,710</u>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		1,409	4,190
900	Sale of Real Estate Assets		1,123	679
4,120	Sale of Infrastructure, Property, Plant & Equipment		449	511
3	Deferred Debtors Receipts		1	4
<b>Payments:</b>				
(17,936)	Purchase of Infrastructure, Property, Plant & Equipment		(13,058)	(17,456)
-	Purchase of Real Estate Assets		(35)	(978)
<u>(12,913)</u>	<b>Net Cash provided (or used in) Investing Activities</b>		<u>(10,111)</u>	<u>(13,050)</u>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
1,732	Proceeds from Borrowings & Advances		2,708	6,100
<b>Payments:</b>				
(1,252)	Repayment of Borrowings & Advances		(1,317)	(1,072)
<u>480</u>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<u>1,391</u>	<u>5,028</u>
<u>(2,521)</u>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<u>1,029</u>	<u>5,688</u>
26,011	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	26,011	20,323
<u>23,490</u>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<u>27,040</u>	<u>26,011</u>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	4,058	4,626
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		<u>31,098</u>	<u>30,637</u>

Please refer to Note 11 for additional cash flow information

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10
2(a)	Council Functions / Activities - Financial Information	30
2(b)	Council Functions / Activities - Component Descriptions	31
3	Income from Continuing Operations	32
4	Expenses from Continuing Operations	38
5	Gains or Losses from the Disposal of Assets	41
6(a)	Cash & Cash Equivalent Assets	42
6(b)	Investments	42
6(c)	Restricted Cash, Cash Equivalents & Investments - Details	43
7	Receivables	45
8	Inventories & Other Assets	46
9(a)	Infrastructure, Property, Plant & Equipment	47
9(b)	Externally Restricted Infrastructure, Property, Plant & Equipment	48
10(a)	Payables, Borrowings & Provisions	49
10(b)	Description of (and movements in) Provisions	50
11	Statement of Cash Flows - Additional Information	51
12	Commitments for Expenditure	53
13	Statement of Performance Measures:	
	13a (i) Local Government Industry Indicators (Consolidated)	54
	13a (ii) Local Government Industry Graphs (Consolidated)	55
	13b Local Government Industry Indicators (by Fund)	56
14	Investment Properties	57 n/a
15	Financial Risk Management	57
16	Material Budget Variations	62
17	Statement of Developer Contributions	64
18	Contingencies and Other Liabilities/Assets not recognised	67
19	Controlled Entities, Associated Entities & Interests in Joint Ventures	68
20	Equity - Retained Earnings and Revaluation Reserves	69
21	Financial Result & Financial Position by Fund	70
22	"Held for Sale" Non Current Assets & Disposal Groups	72 n/a
23	Events occurring after the Reporting Period	72 n/a
24	Discontinued Operations	73
25	Intangible Assets	74
26	Reinstatement, Rehabilitation & Restoration Liabilities	75
 <b>Additional Council Disclosures</b>		
27	Council Information & Contact Details	76

n/a - not applicable

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below in order to assist in its general understanding.

Under Australian Accounting Standards (AASBs), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

##### (a) Basis of preparation

###### (i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with;

- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act (1993) & Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

###### (ii) Compliance with International Financial Reporting Standards (IFRSs)

Because AASBs are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's, or
- (b) specifically exclude application by Not for Profit entities.

Accordingly in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

Under the Local Government Act (LGA), Regulations and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with AASBs.

###### (iii) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

###### (iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

###### (v) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** except for:

- (i) financial assets and liabilities at fair value through profit or loss, available-for-sale financial assets and investment properties which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of Infrastructure, property, plant & equipment that are accounted for at fair valuation.

The accrual basis of accounting has also been applied in their preparation.

###### (vi) Changes in Accounting Policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

##### (vii) Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs).

Accordingly this requires management to exercise its judgement in the process of applying the Council'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 entity and that are believed to be reasonable under the circumstances.

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

Council 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 are set out below.

- (i) Estimated fair values of investment properties
- (ii) Estimated fair values of infrastructure, property, plant and equipment.
- (iii) Estimated tip remediation provisions.

##### **Critical judgements in applying the entity's accounting policies**

- (i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.
- (ii) Projected Section 94 Commitments - Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

##### (b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Council's activities as described below.

Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

##### **Rates, Annual Charges, Grants and Contributions**

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, **(i)** it is probable that the economic benefits comprising the contribution will flow to the Council and **(ii)** the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

unused grant or contribution is disclosed in Note 3(g).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

Whilst Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon their physical receipt by Council, due to the possibility that individual Development Consents may not be acted upon by the applicant and accordingly would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required but the Council may apply contributions according to the priorities established in work schedules.

A detailed Note relating to developer contributions can be found at Note 17.

#### User Charges, Fees and Other Income

User charges, fees and other income (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided as at balance date.

#### Sale of Infrastructure, Property, Plant and Equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

#### Interest and Rents

Rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

Interest Income from Cash & Investments is accounted for using the Effective Interest method in accordance with AASB 139.

#### (c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any Entities (or operations) that it **controls** (as at 30 June 2013) and **(ii)** all the related operating results (for the financial year ended the 30th June 2013).

The financial statements also include Council's share of the assets, liabilities, income and expenses of any **Jointly Controlled Operations** under the appropriate headings.

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

#### (i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

The Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the Consolidated Fund:

- General Purpose Operations
- Water Supply
- Sewerage Service

#### (ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these statements.

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these statements.

A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

#### (iii) Joint Ventures

##### Jointly Controlled Assets & Operations

The proportionate interests in the assets, liabilities and expenses of a Joint Venture Activity have been incorporated throughout the financial statements under the appropriate headings.

##### Jointly Controlled Entities

Any interests in Joint Venture Entities & Partnerships are accounted for using the equity method and is carried at cost.

Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in retained earnings & reserves is recognised in the balance sheet.

#### (iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the equity method of accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed Associates.

#### (v) County Councils

Council is a member of the following County Councils (which are bodies corporate under the Local Government Act);

- **Rous County Council (Rous Water)**

*Rous Water provides bulk water supply to the lower river area of Richmond Valley Council. This County Council contains four Constituent Councils.*

- **Richmond River County Council**

*Richmond River County Council provides floodplain management services. This County Council contains three Constituent Councils.*

- **Far North Coast County Council**  
(Far North Coast Weeds)

*Far North Coast Weeds provides administration of the Noxious Weeds Act 1993. This County Council contains six Constituent Councils.*

The governing body of each County Council is responsible for managing its own affairs.

Council is of the opinion that it neither controls nor significantly influences the above County Councils and accordingly these entities have not been consolidated or otherwise included within these financial statements.

#### (vi) Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

#### (d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either a Finance Lease or an Operating Lease.

##### Finance Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased



## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

#### Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

#### (e) Cash and Cash Equivalents

Cash and cash equivalents includes;

- 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 balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

#### (f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss**,
- **loans and receivables**,
- **held-to-maturity investments**, and
- **available-for-sale financial assets**.

Each classification depends on the purpose/intention for which the investment was acquired & at the time it was acquired.

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

#### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are "held for trading".

A financial asset is classified in the "held for trading" category if it is acquired principally for the purpose of selling in the short term.

Derivatives are classified as held for trading unless they are designated as hedges.

Assets in this category are primarily classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the balance sheet date.

#### (ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

They are included in current assets, except for those with maturities greater than 12 months after the

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

balance sheet date which are classified as non-current assets.

##### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

In contrast to the "Loans & Receivables" classification, these investments are generally quoted in an active market.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

##### (iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

##### Financial Assets – Reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising

from a single event that is unusual and highly unlikely to recur in the near term.

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

##### General Accounting & Measurement of Financial Instruments:

###### (i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

###### (ii) Subsequent Measurement

**Available-for-sale financial assets** and **financial assets at fair value through profit and loss** are subsequently carried at fair value.

**Loans and receivables** and **held-to-maturity investments** are carried at amortised cost using the effective interest method.

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as **"fair value through profit or loss"** category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as **"available-for-sale"** are recognised in equity in the available-for-sale investments revaluation reserve.

When securities classified as **"available-for-sale"** are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

#### Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

#### (iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order.

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments that Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

#### (g) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

##### (h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes

uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

##### (i) Inventories

###### Raw Materials and Stores, Work in Progress and Finished Goods

Raw materials and stores, work in progress and finished goods in respect of business undertakings are all stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

###### Land Held for Resale/Capitalisation of Borrowing Costs

Land held for resale is stated at the lower of cost and net realisable value.

Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development.

When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made.

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

#### (j) Infrastructure, Property, Plant and Equipment (I,PP&E)

##### Acquisition of assets

Council's non current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Division of Local Government.

At balance date, the following classes of I,PP&E were stated at their Fair Value;

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks**  
(External Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**  
(External Valuation)
- **Plant and Equipment**  
(as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**  
(External Valuation)
- **Drainage Assets** (Internal Valuation)
- **Bulk Earthworks** (External Valuation)
- **Community Land** (External Valuation)
- **Land Improvements**  
(as approximated by depreciated historical cost)
- **Other Structures**  
(as approximated by depreciated historical cost)
- **Other Assets**  
(as approximated by depreciated historical cost)

##### Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

##### Subsequent costs

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 Council and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

##### Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

- Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve.
- To the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

Water and sewerage network assets are indexed annually between full revaluations in accordance with



## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

the latest indices provided in the NSW Office of Water - Rates Reference Manual.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

#### Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

##### Land

- council land	100% Capitalised
- open space	100% Capitalised

##### Plant & Equipment

Office Furniture	> \$1,000
Office Equipment	> \$1,000
Other Plant & Equipment	> \$1,000

##### Buildings & Land Improvements

Park Furniture & Equipment	> \$2,000
----------------------------	-----------

##### Building

- construction/extensions	100% Capitalised
- renovations	> \$10,000

Other Structures	> \$2,000
------------------	-----------

##### Water & Sewer Assets

Reticulation extensions	> \$5,000
Other	> \$5,000

##### Stormwater Assets

Drains & Culverts	> \$5,000
Other	> \$5,000

##### Transport Assets

Road construction & reconstruction	100% Capitalised
Reseal/Re-sheet & major repairs:	100% Capitalised

Bridge construction & reconstruction	100% Capitalised
--------------------------------------	------------------

#### Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method for all Councils infrastructure except for Water and Sewer assets. Council has reassessed the remaining lives of Water and Sewerage infrastructure assets using a more sophisticated asset condition based assessment model.

The refined condition assessment model utilises a methodology that better represents the pattern in which each asset's future economic benefits are expected to be consumed.

Roads, Bridges and Footpaths were re-valued as at 30 June 2013 using the refined condition assessment model also.

The adoption of the methodology from 1 July 2013 (as a result of the 2013 revaluation process) will result in a significant change in depreciation expense from 1 July 2013

For the year ending 30 June 2014 the accounting result is estimated to be as follows:

- Roads, Bridges and Footpaths infrastructure decrease from \$7,869,000 to \$4,649,000.

Land is not depreciated.

Estimated useful lives for Council's I,PP&E include:

##### Plant & Equipment

- Office Equipment	3 to 10 years
- Office furniture	5 to 20 years
- Computer Equipment	3 years
- Vehicles	5 to 20 years
- Heavy Plant/Road Making equip.	5 to 20 years
- Other plant and equipment	3 to 50 years

##### Other Equipment

- Playground equipment	10 years
- Benches, seats etc	25 to 40 years

##### Buildings & Other Structures

- Buildings	10 to 100 years
-------------	-----------------



## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

<b>Stormwater Drainage</b>	
- Drains	80 to 100 years
- Culverts	50 to 80 years
<b>Transportation Assets</b>	
- Sealed Roads : Surface	12 to 36 years
- Sealed Roads : Structure	36 to 60 years
- Unsealed roads	10 years
- Bridge : Concrete	120 years
- Bridge : Doolan Deck	100 years
- Bridge : Timber	50 years
- Kerb and Gutter	60 years
- Footpaths and Cycleways	15 to 60 years
- Minor and Major Culverts	60 years
<b>Water &amp; Sewer Assets</b>	
- Dams and reservoirs	25 to 100 years
- Treatment Plant structure	15 to 100 years
- Treatment Plant mech & elect	20 to 25 years
- Pump Station structure	15 to 100 years
- Pump Station mech & elect	20 to 25 years
- Reticulation pipes : PVC	70 years
- Reticulation pipes : Other	70 to 90 years
<b>Other Infrastructure Assets</b>	
- Bulk earthworks	Infinite

All asset residual values and useful lives are reviewed and adjusted (where appropriate), at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1(s) on Asset Impairment.

#### Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

#### (k) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

This classification of Land is disclosed in Note 9(a).

#### (l) Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

#### (m) Intangible Assets

Council has not classified any assets as Intangible.

#### (n) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating the reserves are recognised within Council's Income Statement.

Representations are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

## Richmond Valley Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

---

##### (o) Rural Fire Service assets

Under section 119 of the Rural Fires Act 1997, *“all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed”*.

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these financial statements.

##### (p) Investment property

Council has deemed that it does not have any investment properties.

##### (q) Provisions for close down, restoration and for environmental clean up costs – including Tips and Quarries

Close down, Restoration and Remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas.

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance.

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and

revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down, Restoration and Remediation costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations.

Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

The amortisation or ‘unwinding’ of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period.

This amortisation of the discount is disclosed as a borrowing cost in Note 4(b).

Other movements in the provisions for Close down, Restoration and Remediation costs including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment.

These costs are then depreciated over the lives of the assets to which they relate.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the income statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date. These costs are charged to the income statement.

Movements in the environmental clean up provisions are presented as an operating cost, except for the unwind of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations.

The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates.

As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

Specific Information relating to Council's provisions relating to Close down, Restoration and Remediation costs can be found at Note 26.

#### **(r) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations**

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either **(i)** their carrying amount and **(ii)** fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets in the balance sheet.

A Discontinued Operation is a component of the entity that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

#### **(s) Impairment of assets**

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed 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.

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

#### **(t) Payables**

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

---

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

##### **(u) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

##### **(v) Borrowing costs**

Borrowing costs are expensed except to the extent that they are incurred during the construction of qualifying assets.

##### **(w) Provisions**

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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 interest expense.

##### **(x) Employee benefits**

###### **(i) Short Term Obligations**

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

##### (ii) Other Long Term Obligations

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

These liabilities are measured at the present value of the expected future payments to be made 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 then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

##### (iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death.

Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

##### Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B"

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

The last valuation of the Scheme was performed by Mr Martin Stevenson (BSc,FIA,FIAA) on 20/02/13 and covers the period ended 30/06/13.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2013 the prior period deficit still exists.

Effective from 1 July 2013, employers are required to contribute additional contributions to assist in extinguishing this deficit.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2013 was \$551,198.

The amount of additional contributions included in the total employer contribution advised above is \$292,893.



## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$ 1,361,761 as at 30 June 2013.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

Council has, however, disclosed a contingent liability in Note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

#### Defined Contribution Plans

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.

#### (iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/13.

#### (y) Self insurance

Council has determined to self-insure for insurance claims relating to plant and vehicles.

No provisions for future claims has been provided for in Note 10.

#### (z) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is

given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

#### Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

#### (aa) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

#### Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component



## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

#### **(ab) New accounting standards and UIG interpretations**

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2013.

**Council has not adopted any of these standards early.**

Council's assessment of the impact of these new standards and interpretations is set out below.

#### **Applicable to Local Government with implications:**

***AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures (effective from 1 January 2015)***

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a

Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

***AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)***

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures.

Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements.

However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

#### **Applicable to Local Government but no implications for Council;**

***AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 132 & AASB 7] (effective 1 January 2013)***

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (effective 1 January 2014).

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

**Applicable to Local Government but not relevant to Council at this stage;**

***AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)***

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

***Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)***

This revised standard on accounting for employee benefits requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.

This replaces the expected return on plan assets that is currently included in profit or loss.

The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits.

The amendments will have to be implemented retrospectively.

Council does not recognise defined benefit assets and liabilities for the reasons set out in paragraph (x) (iii) and so these changes will not have an impact on its reported results.

**Not applicable to Local Government per se;**

***AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle (effective 1 January 2013)***

AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once. An entity can elect to apply AASB 123 from the transition date or an earlier date.

AASB 101 - clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments.

AASB 116 - clarifies the classification of servicing equipment.

AASB 132 and Interpretation 2 - clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes

AASB 134 - provides clarification about segment reporting.

The amendments arising from this standard are not expected to change the reported financial position or performance of the Council.

**There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.**

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Summary of Significant Accounting Policies

---

##### **(ac) Rounding of amounts**

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.

##### **(ad) Comparative Figures**

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

##### **(ae) Disclaimer**

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

# Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 2(a). Council Functions / Activities - Financial Information

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2013	2013	2012	2013	2013	2012	2013	2013	2012	2013	2012	2013	2012
Governance	-	-	-	1,282	1,314	1,047	(1,282)	(1,314)	(1,047)	-	-	-	-
Administration	1,264	805	839	26	518	206	1,238	287	633	-	11	55,320	48,693
Public Order & Safety	1,689	1,706	4,545	2,149	2,177	2,173	(460)	(471)	2,372	1,035	3,841	7,411	6,982
Health	253	186	212	823	670	883	(570)	(484)	(671)	-	-	415	686
Environment	5,172	5,127	5,594	6,387	5,937	5,662	(1,215)	(810)	(68)	304	814	31,709	31,579
Community Services & Education	-	-	-	24	52	25	(24)	(52)	(25)	-	-	6	-
Housing & Community Amenities	1,597	850	1,190	3,165	2,949	3,232	(1,568)	(2,099)	(2,042)	154	135	1,470	1,682
Water Supplies	4,822	4,981	4,655	5,359	4,964	5,569	(537)	17	(914)	115	81	71,447	70,172
Sewerage Services	7,158	9,218	7,526	6,743	7,519	9,463	415	1,699	(1,937)	860	348	102,717	97,396
Recreation & Culture	590	782	736	4,220	4,444	4,184	(3,630)	(3,662)	(3,448)	211	226	52,113	54,351
Mining, Manufacturing & Construction	275	352	330	-	353	(20)	275	(1)	350	-	-	3,979	3,236
Transport & Communication	3,535	6,423	10,962	12,616	16,120	19,517	(9,081)	(9,697)	(8,555)	2,285	4,942	300,131	276,028
Economic Affairs	1,232	1,623	1,553	2,194	2,175	2,219	(962)	(552)	(666)	-	-	11,086	13,861
<b>Total Functions &amp; Activities</b>	<b>27,587</b>	<b>32,053</b>	<b>38,142</b>	<b>44,988</b>	<b>49,192</b>	<b>54,160</b>	<b>(17,401)</b>	<b>(17,139)</b>	<b>(16,018)</b>	<b>4,964</b>	<b>10,398</b>	<b>637,804</b>	<b>604,666</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income <sup>1</sup>	13,517	14,066	15,477	-	-	-	13,517	14,066	15,477	4,738	6,087	-	-
<b>Operating Result from Continuing Operations</b>	<b>41,104</b>	<b>46,119</b>	<b>53,619</b>	<b>44,988</b>	<b>49,192</b>	<b>54,160</b>	<b>(3,884)</b>	<b>(3,073)</b>	<b>(541)</b>	<b>9,702</b>	<b>16,485</b>	<b>637,804</b>	<b>604,666</b>

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Untied General Purpose Grants & Unrestricted Interest & Investment Income.

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 2(b). Council Functions / Activities - Component Descriptions

**Details relating to the Council's functions / activities as reported in Note 2(a) are as follows:**

##### **GOVERNANCE**

Costs relating to the Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance.

##### **ADMINISTRATION**

Corporate Support and Other Support Services (not otherwise attributed to the listed functions / activities).

##### **PUBLIC ORDER & SAFETY**

Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

##### **HEALTH**

Inspection, immunisations, food control, health centres, other, administration.

##### **ENVIRONMENT**

Noxious plants and insect/vermin control, other environmental protection, solid waste management (including domestic and other waste management services), street cleaning, drainage, stormwater management.

##### **COMMUNITY SERVICES & EDUCATION**

Administration, youth services, other family and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

##### **HOUSING & COMMUNITY AMENITIES**

Town planning, street lighting, public cemeteries, public conveniences, other community amenities.

##### **WATER SUPPLIES**

##### **SEWERAGE SERVICES**

##### **RECREATION & CULTURE**

Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

##### **MINING, MANUFACTURING & CONSTRUCTION**

Quarries & pits.

##### **TRANSPORT & COMMUNICATION**

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RMS works, other.

##### **ECONOMIC AFFAIRS**

Camping areas, tourism and area promotion, industrial development promotion, saleyards and markets, real estate development, other business undertakings.



## Richmond Valley Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		5,124	4,957
Farmland		1,593	1,565
Business		1,120	1,114
<b>Total Ordinary Rates</b>		<b>7,837</b>	<b>7,636</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		2,468	2,448
Stormwater Management Services		197	197
Water Supply Services		866	841
Sewerage Services		5,529	5,307
Waste Management Services (non-domestic)		391	393
<b>Total Annual Charges</b>		<b>9,451</b>	<b>9,186</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>17,288</b>	<b>16,822</b>

Council has used 2011 year valuations provided by the NSW Valuer General in calculating its rates.

## Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		3,590	3,387
Sewerage Services		952	880
Waste Management Services (non-domestic)		9	10
<b>Total User Charges</b>		<b>4,551</b>	<b>4,277</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Planning & Building Regulation		328	346
Private Works - Section 67		1,455	809
Regulatory/ Statutory Fees		58	97
Registration Fees		164	117
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>2,005</b>	<b>1,369</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Aerodrome		15	12
Casino Showground		22	19
Cemeteries		209	247
Plant Hire (External)		102	221
Rent / Hire of Council Property		166	169
Richmond Upper Clarence Regional Library		11	13
RMS (formerly RTA) Charges (State Roads not controlled by Council)		3,198	4,220
Saleyards		722	879
Sports Grounds		30	26
Waste Disposal Tipping Fees		1,640	1,682
Other		237	396
<b>Total Fees &amp; Charges - Other</b>		<b>6,352</b>	<b>7,884</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>12,908</b>	<b>13,530</b>

## Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		200	191
- Interest earned on Investments (interest & coupon payment income)		1,150	1,565
<b>Fair Value Adjustments</b>			
- Fair Valuation movements in Investments (at FV or Held for Trading)		841	640
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>2,191</u></b>	<b><u>2,396</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		108	97
General Council Cash & Investments		1,413	1,662
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		21	47
- Section 64		161	170
Water Fund Operations		236	97
Sewerage Fund Operations		252	323
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<b><u>2,191</u></b>	<b><u>2,396</u></b>
<b>(d) Other Revenues</b>			
Fines		24	37
Insurance Claim Recoveries		357	-
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>381</u></b>	<b><u>37</u></b>

## Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	3,112	4,083	-	-
Financial Assistance - Local Roads Component	1,406	1,788	-	-
Pensioners' Rates Subsidies - General Component	220	216	-	-
<b>Total General Purpose</b>	<b>4,738</b>	<b>6,087</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	81	81	-	-
- Sewerage	81	85	-	-
- Domestic Waste Management	90	92	-	-
Water Supplies	34	-	-	-
Sewerage Services	34	-	745	263
Bushfire & Emergency Services	810	773	225	3,068
Coastal Reserve Management	21	-	-	-
Employment & Training Programs	-	11	-	-
Evans Head Memorial Aerodrome Remediation	75	814	-	-
Flood Restoration	-	128	-	-
Library	-	-	-	23
Library - Richmond Upper Clarence Regional	162	126	-	-
Natural Disaster Funding	441	2,273	896	1,521
Sporting Grounds	-	-	21	33
Strategic Planning	31	17	-	-
Street Lighting	88	86	-	-
Transport (Roads to Recovery)	-	-	694	694
Transport (Other Roads & Bridges Funding)	-	-	229	118
Waste and Sustainability	141	129	-	-
Other	45	43	20	20
<b>Total Specific Purpose</b>	<b>2,134</b>	<b>4,658</b>	<b>2,830</b>	<b>5,740</b>
<b>Total Grants</b>	<b>6,872</b>	<b>10,745</b>	<b>2,830</b>	<b>5,740</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	4,594	6,684	694	738
- State Funding	2,278	4,061	2,136	5,002
	<b>6,872</b>	<b>10,745</b>	<b>2,830</b>	<b>5,740</b>

## Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 3. Income from Continuing Operations (continued)

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
S 94 - Contributions towards amenities/services	-	-	45	237
S 94A - Fixed Development Consent Levies	-	-	57	116
S 64 - Water Supply Contributions	-	-	14	45
S 64 - Sewerage Service Contributions	-	-	498	111
<b>Total Developer Contributions</b>	17 -	-	<b>614</b>	<b>509</b>
<b>Other Contributions:</b>				
Bushfire and Emergency Services	494	544	-	-
Dedications (other than by S94)	-	-	31	834
Evans Head Memorial Aerodrome	-	-	90	-
Library - Richmond Upper Clarence Regional	254	246	-	-
Roads & Bridges	-	-	-	185
RMS Contributions (Regional Roads, Block Grant)	815	777	-	-
Saleyards	-	-	48	55
Sewerage (excl. Section 64 contributions)	2	5	-	6
Sports Grounds	74	45	-	61
Tourism	82	124	-	-
Water Supplies (excl. Section 64 contributions)	3	4	2	-
Other	456	533	92	49
<b>Total Other Contributions</b>	<b>2,180</b>	<b>2,278</b>	<b>263</b>	<b>1,190</b>
<b>Total Contributions</b>	<b>2,180</b>	<b>2,278</b>	<b>877</b>	<b>1,699</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>9,052</b>	<b>13,023</b>	<b>3,707</b>	<b>7,439</b>

## Richmond Valley Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2013	Actual 2012
<b>(g) Restrictions relating to Grants and Contributions</b>		
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the Close of the Previous Reporting Period	8,770	7,598
<b>add:</b> Grants & contributions recognised in the current period but not yet spent:	3,523	3,548
<b>less:</b> Grants & contributions recognised in a previous reporting period now spent:	(4,660)	(2,376)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>(1,137)</b>	<b>1,172</b>
<b>Unexpended and held as Restricted Assets</b>	<b><u>7,633</u></b>	<b><u>8,770</u></b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	2,870	2,836
- Developer Contributions	4,309	5,479
- Other Contributions	454	455
	<b><u>7,633</u></b>	<b><u>8,770</u></b>



## Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		9,810	9,620
Employee Leave Entitlements (ELE)		2,054	2,594
Superannuation		1,439	1,421
Workers' Compensation Insurance		561	578
Fringe Benefit Tax (FBT)		38	27
Payroll Tax		94	109
Training Costs (other than Salaries & Wages)		223	292
Other		71	88
<b>Total Employee Costs</b>		<b>14,290</b>	<b>14,729</b>
less: Capitalised Costs		(637)	(772)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>13,653</b>	<b>13,957</b>
Number of "Equivalent Full Time" Employees at year end		<b>191</b>	<b>198</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		1,588	1,614
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>1,588</b>	<b>1,614</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	132	108
<b>Total Other Borrowing Costs</b>		<b>132</b>	<b>108</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>1,720</b>	<b>1,722</b>

## Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		12,561	14,733
Auditors Remuneration <sup>(1)</sup>		50	49
Legal Expenses:			
- Legal Expenses: Planning & Development		12	147
- Legal Expenses: Other		68	108
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments <sup>(2)</sup>		394	416
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>13,085</u></b>	<b><u>15,453</u></b>
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>(i) Audit and Other Assurance Services</b>			
- Audit & review of financial statements: Council's Auditor		50	48
- Other audit & assurance services		-	1
<b>Remuneration for audit and other assurance services</b>		<b><u>50</u></b>	<b><u>49</u></b>
<b>Total Auditor Remuneration</b>		<b><u>50</u></b>	<b><u>49</u></b>
<b>2. Operating Lease Payments are attributable to:</b>			
Computers		292	272
Motor Vehicles		88	124
Other		14	20
		<b><u>394</u></b>	<b><u>416</u></b>

## Richmond Valley Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>(d) Depreciation, Amortisation &amp; Impairment</b>					
Plant and Equipment		-	-	1,531	1,424
Office Equipment		-	-	34	28
Furniture & Fittings		-	-	60	51
Land Improvements (depreciable)		-	-	330	322
Buildings - Specialised		-	-	1,061	1,014
Other Structures		-	-	583	576
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	7,869	7,476
- Stormwater Drainage		-	-	530	506
- Water Supply Network		-	-	778	1,305
- Sewerage Network		-	-	921	1,632
Other Assets					
- Library Books		-	-	75	74
Asset Reinstatement Costs	9 & 26	-	-	74	235
<b>Total Depreciation &amp; Impairment Costs</b>		-	-	<b>13,846</b>	<b>14,643</b>
less: Capitalised Costs		-	-	(181)	(221)
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>-</b>	<b>13,665</b>	<b>14,422</b>

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(e) Other Expenses</b>			
Advertising		229	268
Bad & Doubtful Debts		3	39
Bank Charges		43	39
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy		36	31
- NSW Fire Brigade Levy		93	95
- NSW Rural Fire Service Levy		688	801
- Waste Levy		1,100	909
Councillor Expenses - Mayoral Fee		23	22
Councillor Expenses - Councillors' Fees		80	96
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		30	23
Donations, Contributions & Assistance to other organisations (Section 356)		374	391
Electricity & Heating		891	705
Insurance		849	888
Street Lighting		283	347
Subscriptions & Publications		131	100
Telephone & Communications		217	172
Valuation Fees		67	63
Other		13	13
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>5,150</u></b>	<b><u>5,002</u></b>

#### Note 5. Gains or Losses from the Disposal of Assets

<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal - Property		-	-
less: Carrying Amount of Property Assets Sold / Written Off		(213)	(122)
<b>Net Gain/(Loss) on Disposal</b>		<b>(213)</b>	<b>(122)</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		449	511
less: Carrying Amount of P&E Assets Sold / Written Off		(424)	(434)
<b>Net Gain/(Loss) on Disposal</b>		<b>25</b>	<b>77</b>
<b>Infrastructure</b>			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(1,683)	(3,502)
<b>Net Gain/(Loss) on Disposal</b>		<b>(1,683)</b>	<b>(3,502)</b>
<b>Real Estate Assets Held For Sale</b>			
Proceeds from Disposal - Real Estate Assets		1,123	679
less: Carrying Amount of Real Estate Assets Sold / Written Off		(579)	(364)
<b>Net Gain/(Loss) on Disposal</b>		<b>544</b>	<b>315</b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>(1,327)</u></b>	<b><u>(3,232)</u></b>

## Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 6a. - Cash Assets and Note 6b. - Investments

\$ '000	Notes	2013	2013	2012	2012
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		2,744	-	2,572	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		23,296	1,000	23,439	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>26,040</b>	<b>1,000</b>	<b>26,011</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Managed Funds		1,234	-	1,550	-
- CDO's		-	903	-	849
- Listed Equity Securities		488	1,433	-	1,805
- Other Long Term Financial Assets		-	-	422	-
<b>Total Investments</b>		<b>1,722</b>	<b>2,336</b>	<b>1,972</b>	<b>2,654</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>27,762</b>	<b>3,336</b>	<b>27,983</b>	<b>2,654</b>

<sup>1</sup> Those Investments where time to maturity (from date of purchase) is < 3 mths.

**Cash, Cash Equivalents & Investments were classified at year end in accordance with AASB 139 as follows:**

**Cash & Cash Equivalents**

a. "At Fair Value through the Profit & Loss"		<b>26,040</b>	<b>1,000</b>	<b>26,011</b>	<b>-</b>
--	--	---------------	--------------	---------------	----------

**Investments**

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	1,722	2,336	1,972	2,654
<b>Investments</b>		<b>1,722</b>	<b>2,336</b>	<b>1,972</b>	<b>2,654</b>

**Note 6(b-i)**

**Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"**

Balance at the Beginning of the Year		1,972	2,654	4,775	3,401
Revaluations (through the Income Statement)		697	144	319	321
Disposals (sales & redemptions)		(1,409)	-	(4,190)	-
Transfers between Current/Non Current		462	(462)	1,068	(1,068)
<b>Balance at End of Year</b>		<b>1,722</b>	<b>2,336</b>	<b>1,972</b>	<b>2,654</b>

**Comprising:**

- Managed Funds		1,234	-	1,550	-
- CDO's		-	903	-	849
- Listed Equity Securities		488	1,433	-	1,805
- Other Long Term Financial Assets		-	-	422	-
<b>Total</b>		<b>1,722</b>	<b>2,336</b>	<b>1,972</b>	<b>2,654</b>

## Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 6c. Restricted Cash, Cash Equivalents &amp; Investments - Details

\$ '000	2013	2013	2012	2012
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investments</b>	<b>27,762</b>	<b>3,336</b>	<b>27,983</b>	<b>2,654</b>
<b>attributable to:</b>				
External Restrictions (refer below)	21,571	3,336	23,822	2,654
Internal Restrictions (refer below)	5,689	-	4,161	-
Unrestricted	502	-	-	-
	<b>27,762</b>	<b>3,336</b>	<b>27,983</b>	<b>2,654</b>

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

## Details of Restrictions

**External Restrictions - Included in Liabilities**

Specific Purpose Unexpended Loans-Sewer (A)	3,901	-	(1,053)	2,848
Bonds & Deposits	265	105	-	370
<b>External Restrictions - Included in Liabilities</b>	<b>4,166</b>	<b>105</b>	<b>(1,053)</b>	<b>3,218</b>

**External Restrictions - Other**

Developer Contributions - General (D)	1,187	123	(966)	344
Developer Contributions - Water Fund (D)	1,914	81	(500)	1,495
Developer Contributions - Sewer Fund (D)	2,378	592	(500)	2,470
Specific Purpose Unexpended Grants (F)	2,836	34	-	2,870
Water Supplies (G)	1,484	496	-	1,980
Sewerage Services (G)	9,591	-	(348)	9,243
Domestic Waste Management (G)	2,327	261	(4)	2,584
Stormwater Management (G)	118	210	(155)	173
Other	475	167	(112)	530
<b>External Restrictions - Other</b>	<b>22,310</b>	<b>1,964</b>	<b>(2,585)</b>	<b>21,689</b>
<b>Total External Restrictions</b>	<b>26,476</b>	<b>2,069</b>	<b>(3,638)</b>	<b>24,907</b>

A Loan moneys which must be applied for the purposes for which the loans were raised.

D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)

G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.



## Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 6c. Restricted Cash, Cash Equivalents &amp; Investments - Details (continued)

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	121	4,477	(3,722)	876
Infrastructure Replacement	-	1,993	(1,859)	134
Employees Leave Entitlement	391	344	-	735
Carry Over Works	435	607	(435)	607
Casino Saleyards	445	787	(841)	391
Insurance	52	-	-	52
Other Waste Management	1,862	190	(305)	1,747
Petersons Quarry	92	874	(944)	22
Public Cemeteries Perpetual Maintenance	365	53	(27)	391
Quarry Rehabilitation	54	24	(23)	55
Revolving Energy and Sustainability Fund	11	64	(67)	8
Richmond Upper Clarence Regional Library	258	936	(878)	316
Unexpended Rates Variations	49	18	(49)	18
Woodview Quarry	26	826	(796)	56
Evans Head Airport	-	402	(387)	15
Rural Road Safety	-	70	(70)	-
RMS State Roads Maintenance Contract	-	3,198	(2,932)	266
<b>Total Internal Restrictions</b>	<b>4,161</b>	<b>14,863</b>	<b>(13,335)</b>	<b>5,689</b>
<b>TOTAL RESTRICTIONS</b>	<b>30,637</b>	<b>16,932</b>	<b>(16,973)</b>	<b>30,596</b>

## Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 7. Receivables

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		402	662	363	434
Interest & Extra Charges		134	137	135	126
User Charges & Fees		3,784	1,200	5,047	1,261
Capital Debtors (being sale of assets)					
- Other Asset Sales		488	-	-	-
Accrued Revenues					
- Interest on Investments		114	-	139	-
Government Grants & Subsidies		1,142	-	2,953	-
Deferred Debtors		2	23	2	24
Net GST Receivable		384	-	176	-
Bank Guarantees		21	308	230	308
Bridge Construction		-	-	430	40
Other Debtors		537	-	618	-
<b>Total</b>		<b>7,008</b>	<b>2,330</b>	<b>10,093</b>	<b>2,193</b>
<b>less: Provision for Impairment</b>					
Rates & Annual Charges		(79)	-	(79)	-
User Charges & Fees		(4)	-	(34)	-
Other Debtors		(1)	-	(9)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(84)</b>	<b>-</b>	<b>(122)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>6,924</u></b>	<b><u>2,330</u></b>	<b><u>9,971</u></b>	<b><u>2,193</u></b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Specific Purpose Grants		95	-	93	-
- Rates & Availability Charges		2	2	3	2
- Other		1,132	486	1,208	670
<b>Sewerage Services</b>					
- Specific Purpose Grants		88	-	80	-
- Rates & Availability Charges		2	3	3	2
- Other		1,840	714	1,792	592
<b>Domestic Waste Management</b>		141	143	128	95
<b>Stormwater Management</b>		12	12	11	8
<b>Other - Bank Guarantees</b>		21	308	230	308
<b>Total External Restrictions</b>		<b>3,333</b>	<b>1,668</b>	<b>3,548</b>	<b>1,677</b>
<b>Internally Restricted Receivables - Nil</b>					
<b>Unrestricted Receivables</b>		<b>3,591</b>	<b>662</b>	<b>6,423</b>	<b>516</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>6,924</u></b>	<b><u>2,330</u></b>	<b><u>9,971</u></b>	<b><u>2,193</u></b>

**Notes on Debtors above:**

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding. An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 10.00% (2012 11.00%). Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Richmond Valley Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		310	539	539	854
Stores & Materials		2,175	-	1,528	-
<b>Total Inventories</b>		<b>2,485</b>	<b>539</b>	<b>2,067</b>	<b>854</b>
<b>Other Assets</b>					
Prepayments		575	-	460	-
Work In Progress		-	-	24	-
Work In Progress - Real Estate		17	-	17	-
<b>Total Other Assets</b>		<b>592</b>	<b>-</b>	<b>501</b>	<b>-</b>
<b>TOTAL INVENTORIES/OTHER ASSETS</b>		<b>3,077</b>	<b>539</b>	<b>2,568</b>	<b>854</b>

**Externally Restricted Assets**

There are no restrictions applicable to the above assets.

## (i) Other Disclosures

**(a) Details for Real Estate Development**

Residential		310	413	417	840
Industrial/Commercial		-	126	122	14
<b>Total Real Estate for Resale</b>		<b>310</b>	<b>539</b>	<b>539</b>	<b>854</b>

(Valued at the lower of cost and net realisable value)

**Represented by:**

Acquisition Costs		58	416	81	493
Development Costs		252	123	458	361
<b>Total Costs</b>		<b>310</b>	<b>539</b>	<b>539</b>	<b>854</b>
<b>Total Real Estate for Resale</b>		<b>310</b>	<b>539</b>	<b>539</b>	<b>854</b>

**Movements:**

Real Estate assets at beginning of the year		539	854	361	418
- Purchases and other costs		35	-	542	436
- WDV of Sales (exp)	5	(243)	(336)	(364)	-
- Transfer between Current/Non Current		(21)	21	-	-
<b>Total Real Estate for Resale</b>		<b>310</b>	<b>539</b>	<b>539</b>	<b>854</b>

Notes to the Financial Statements  
for the financial year ended 30 June 2013

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2012					Asset Movements during the Reporting Period								as at 30/6/2013					
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Impairment Loss (recognised in Equity)	Impairment Reversal (via Equity)	WIP Transfers	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying	
	Cost	Fair Value	Dep'n	Impairment	Value									Cost	Fair Value	Dep'n	Impairment	Value	
Capital Work in Progress	5,858	-	-	-	5,858	6,339	(137)	-	-	-	(1,568)	-	-	10,492	-	-	-	-	10,492
Plant & Equipment	-	20,427	9,724	-	10,703	2,020	(991)	(1,601)	-	-	-	-	-	-	20,085	9,954	-	-	10,131
Office Equipment	-	868	732	-	136	34	-	(34)	-	-	-	-	-	-	891	755	-	-	136
Furniture & Fittings	-	840	483	-	357	28	(1)	(61)	-	-	-	-	-	-	864	541	-	-	323
<b>Land:</b>																			
- Operational Land	-	24,313	-	-	24,313	443	(198)	-	-	-	62	(1,479)	-	-	23,141	-	-	-	23,141
- Community Land	-	23,916	-	-	23,916	-	-	-	-	-	-	(1,529)	-	-	22,387	-	-	-	22,387
- Land under Roads (post 30/6/08)	-	142	-	-	142	-	-	-	-	-	-	-	-	-	142	-	-	-	142
Land Improvements - non depreciable	-	3,492	-	-	3,492	-	-	-	-	-	68	-	-	-	3,560	-	-	-	3,560
Land Improvements - depreciable	-	8,670	3,606	-	5,064	125	(9)	(331)	-	-	34	-	-	-	8,802	3,919	-	-	4,883
Buildings - Specialised	-	57,667	26,213	-	31,454	417	(935)	(1,100)	-	-	-	-	-	-	56,617	26,781	-	-	29,836
Other Structures	-	22,530	10,158	-	12,372	514	(797)	(602)	-	-	7	-	-	-	22,122	10,628	-	-	11,494
<b>Infrastructure:</b>																			
- Roads, Bridges, Footpaths	-	322,015	123,709	1,381	196,925	2,523	(746)	(7,869)	(1,790)	1,055	202	-	37,404	-	279,106	49,285	2,116	-	227,705
- Bulk Earthworks (non-depreciable)	-	67,003	-	-	67,003	41	-	-	-	-	-	-	2,005	-	69,049	-	-	-	69,049
- Stormwater Drainage	-	43,991	19,176	311	24,504	138	(28)	(530)	(50)	-	-	-	667	-	45,278	20,217	360	-	24,701
- Water Supply Network	-	75,829	11,250	-	64,579	776	(368)	(778)	-	-	90	-	1,587	-	77,931	12,045	-	-	65,886
- Sewerage Network	-	105,957	20,101	-	85,856	1,296	(494)	(921)	-	-	1,105	-	2,143	-	110,256	21,271	-	-	88,985
<b>Other Assets:</b>																			
- Library Books	-	1,263	873	-	390	83	(1)	(75)	-	-	-	-	-	-	1,294	897	-	-	397
<b>Reinstatement, Rehabilitation &amp; Restoration Assets (refer Note 26)</b>																			
- Tip Asset	2,160	-	1,139	-	1,021	-	(556)	(43)	-	-	-	-	-	1,604	-	1,182	-	-	422
- Quarry Asset	521	-	171	-	350	-	(153)	(31)	-	-	-	-	-	368	-	202	-	-	166
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>8,539</b>	<b>778,923</b>	<b>227,335</b>	<b>1,692</b>	<b>558,435</b>	<b>14,777</b>	<b>(5,414)</b>	<b>(13,976)</b>	<b>(1,840)</b>	<b>1,055</b>	<b>-</b>	<b>(3,008)</b>	<b>43,806</b>	<b>12,464</b>	<b>741,525</b>	<b>157,677</b>	<b>2,476</b>	<b>-</b>	<b>593,836</b>

Additions to Buildings and Infrastructure Assets are made up of Asset Renewals (\$4,735) and New Assets (\$456). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

## Richmond Valley Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

## Note 9b. Externally Restricted Infrastructure, Property, Plant &amp; Equipment

\$ '000 Class of Asset	Actual 2013				Actual 2012			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
WIP	926	-	-	<b>926</b>	536	-	-	<b>536</b>
Plant & Equipment	-	164	126	<b>38</b>	-	139	118	<b>21</b>
Office Equipment	-	3	3	-	-	3	3	-
Furniture & Fittings	-	27	10	<b>17</b>	-	27	10	<b>17</b>
Land								
- Operational Land	-	2,009	-	<b>2,009</b>	-	1,968	-	<b>1,968</b>
Infrastructure	-	77,931	12,045	<b>65,886</b>	-	75,829	11,250	<b>64,579</b>
<b>Total Water Supply</b>	<b>926</b>	<b>80,134</b>	<b>12,184</b>	<b>68,876</b>	<b>536</b>	<b>77,966</b>	<b>11,381</b>	<b>67,121</b>
<b>Sewerage Services</b>								
WIP	8,040	-	-	<b>8,040</b>	4,802	-	-	<b>4,802</b>
Plant & Equipment	-	547	454	<b>93</b>	-	547	427	<b>120</b>
Office Equipment	-	26	22	<b>4</b>	-	24	19	<b>5</b>
Furniture & Fittings	-	9	5	<b>4</b>	-	9	5	<b>4</b>
Land								
- Operational Land	-	1,577	-	<b>1,577</b>	-	1,681	-	<b>1,681</b>
Infrastructure	-	110,256	21,271	<b>88,985</b>	-	105,957	20,101	<b>85,856</b>
<b>Total Sewerage Services</b>	<b>8,040</b>	<b>112,415</b>	<b>21,752</b>	<b>98,703</b>	<b>4,802</b>	<b>108,218</b>	<b>20,552</b>	<b>92,468</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>8,966</b>	<b>192,549</b>	<b>33,936</b>	<b>167,579</b>	<b>5,338</b>	<b>186,184</b>	<b>31,933</b>	<b>159,589</b>

## Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 10a. Payables, Borrowings &amp; Provisions

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		1,135	-	1,410	-
Goods & Services - capital expenditure		1,598	-	2,061	-
Payments Received In Advance		22	-	127	-
Accrued Expenses:					
- Salaries & Wages		462	-	455	-
- Other Expenditure Accruals		475	-	610	-
Security Bonds, Deposits & Retentions		360	-	249	-
Bank Guarantees		21	308	230	308
Payable to LPMA (MRRV Discontinued Op)		196	-	196	-
<b>Total Payables</b>		<b>4,269</b>	<b>308</b>	<b>5,338</b>	<b>308</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		1,218	21,992	1,048	20,771
<b>Total Borrowings</b>		<b>1,218</b>	<b>21,992</b>	<b>1,048</b>	<b>20,771</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		1,571	-	1,590	-
Long Service Leave		3,113	67	3,790	53
Other Leave		28	-	96	-
Sub Total - Aggregate Employee Benefits		4,712	67	5,476	53
Asset Remediation/Restoration (Future Works)	26	-	1,924	-	2,526
<b>Total Provisions</b>		<b>4,712</b>	<b>1,991</b>	<b>5,476</b>	<b>2,579</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>10,199</b>	<b>24,291</b>	<b>11,862</b>	<b>23,658</b>
 (i) Liabilities relating to Restricted Assets					
		2013		2012	
		Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>					
Water		10	-	39	-
Sewer		1,333	21,993	1,280	20,771
Other		370	-	265	-
Liabilities relating to externally restricted assets		1,713	21,993	1,584	20,771
<b>Internally Restricted Assets</b>					
Nil					
<b>Total Liabilities relating to restricted assets</b>		1,713	21,993	1,584	20,771
<b>Total Liabilities relating to Unrestricted Assets</b>		8,486	2,298	10,278	2,887
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>		<b>10,199</b>	<b>24,291</b>	<b>11,862</b>	<b>23,658</b>

<sup>1</sup> Loans are secured over the General Rating Income of Council  
Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.



## Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 10a. Payables, Borrowings &amp; Provisions (continued)

\$ '000	Actual 2013	Actual 2012
---------	----------------	----------------

## (ii) Current Liabilities not anticipated to be settled within the next 12 months

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

Provisions - Employees Benefits	2,240	3,453
	<u>2,240</u>	<u>3,453</u>

## Note 10b. Description of and movements in Provisions

Class of Provision	2012		2013			
	Opening Balance as at 1/7/12	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/13
Annual Leave	1,590	925	(930)	(14)	-	1,571
Long Service Leave	3,843	113	(873)	97	-	3,180
Other Leave	96	101	(167)	(2)	-	28
Asset Remediation	2,526	(292)	-	(310)	-	1,924
<b>TOTAL</b>	<b>8,055</b>	<b>847</b>	<b>(1,970)</b>	<b>(229)</b>	<b>-</b>	<b>6,703</b>

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- b. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

## Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	27,040	26,011
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>27,040</b>	<b>26,011</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>(4,875)</b>	<b>(1,379)</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		13,665	14,570
Net Losses/(Gains) on Disposal of Assets		1,327	3,236
Non Cash Capital Grants and Contributions		(227)	(975)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(841)	(640)
- Other		(1)	-
Unwinding of Discount Rates on Reinstatement Provisions		(309)	108
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		3,435	(1,820)
Increase/(Decrease) in Provision for Doubtful Debts		(38)	39
Decrease/(Increase) in Inventories		(647)	88
Decrease/(Increase) in Other Assets		(91)	1,768
Increase/(Decrease) in Payables		(275)	(747)
Increase/(Decrease) in other accrued Expenses Payable		(128)	116
Increase/(Decrease) in Other Liabilities		(203)	(1,302)
Increase/(Decrease) in Employee Leave Entitlements		(750)	513
Increase/(Decrease) in Other Provisions		(293)	135
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>9,749</b>	<b>13,710</b>

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 11. Statement of Cash Flows - Additional Information (continued)

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Bushfire Grants		196	33
Subdivider Dedications		31	834
Estimated Future Reinstatement Costs		-	108
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>227</b>	<b>975</b>
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		500	500
Credit Cards / Purchase Cards		26	20
<b>Total Financing Arrangements</b>		<b>526</b>	<b>520</b>
<b>Amounts utilised as at Balance Date:</b>			
- Credit Cards / Purchase Cards		1	13
<b>Total Financing Arrangements Utilised</b>		<b>1</b>	<b>13</b>

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

#### **(ii) Secured Loan Liabilities**

Loans are secured by a mortgage over future years Rate Revenue only.

#### **(e) Net Cash Flows Attributable to Discontinued Operations**

Please refer to Note 24 for details of Cash Flows that relate to Discontinued Operations

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Buildings		565	-
Plant & Equipment		382	-
Infrastructure - Broadwater Sewerage Scheme		300	4,881
Infrastructure - Northern Rivers Livestock Exchange Upgrade		838	-
Infrastructure - Namoonah Waste Transfer Facility		493	-
Infrastructure - Other		14	-
<b>Total Commitments</b>		<b>2,592</b>	<b>4,881</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		2,592	4,881
<b>Total Payable</b>		<b>2,592</b>	<b>4,881</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		2,592	4,881
<b>Total Sources of Funding</b>		<b>2,592</b>	<b>4,881</b>

#### (b) Finance Lease Commitments

Nil

#### (c) Operating Lease Commitments (Non Cancellable)

##### a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:

Within the next year	201	228
Later than one year and not later than 5 years	158	140
Later than 5 years	1	-
<b>Total Non Cancellable Operating Lease Commitments</b>	<b>360</b>	<b>368</b>

##### b. Non Cancellable Operating Leases include the following assets:

Heavy Plant, Computer and Office Equipment.

Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

##### Conditions relating to Operating Leases:

- All Operating Lease Agreements are secured only against the Leased Asset.
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

# Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 13a(i). Statement of Performance Measurement - Indicators (Consolidated)

\$ '000	Amounts	Indicator	Prior Periods	
	2013	2013	2012	2011
<b>Local Government Industry Indicators - Consolidated</b>				
<b>1. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(1)</sup>	<u>12,859</u>	<b>2.06 : 1</b>	1.93	1.73
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	<u>6,246</u>			
<b>2. Debt Service Ratio</b>				
Debt Service Cost	<u>2,906</u>	<b>7.75%</b>	6.69%	5.18%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	<u>37,506</u>			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>				
Rates & Annual Charges	<u>17,288</u>	<b>37.97%</b>	30.83%	35.62%
Income from Continuing Operations	<u>45,527</u>			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual & Extra Charges Outstanding	<u>1,256</u>	<b>6.80%</b>	5.21%	5.30%
Rates, Annual & Extra Charges Collectible	<u>18,467</u>			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>				
Asset Renewals <sup>(4)</sup>	<u>4,735</u>	<b>42.28%</b>	32.77%	36.61%
Depreciation, Amortisation & Impairment	<u>11,198</u>			

#### Notes

<sup>(1)</sup> Refer Notes 6-8 inclusive.

Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

<sup>(2)</sup> Refer to Note 10(a).

<sup>(3)</sup> Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

<sup>(4)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

# Richmond Valley Council

## Notes to the Financial Statements for the financial year ended 30 June 2013

### Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)

<p><b>1. Unrestricted Current Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>1.45</td> </tr> <tr> <td>2011</td> <td>1.73</td> </tr> <tr> <td>2012</td> <td>1.93</td> </tr> <tr> <td>2013</td> <td>2.06</td> </tr> </tbody> </table>	Year	Ratio : 1	2010	1.45	2011	1.73	2012	1.93	2013	2.06	<p><b>Purpose of Unrestricted Current Ratio</b></p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 2.06 : 1</b></p> <p>A decrease in current liabilities has contributed towards an improvement in the unrestricted current ratio. This was mainly due to a reduction in capital creditors and employee leave liabilities.</p>
Year	Ratio : 1											
2010	1.45											
2011	1.73											
2012	1.93											
2013	2.06											
<p><b>2. Debt Service Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>20.96%</td> </tr> <tr> <td>2011</td> <td>5.18%</td> </tr> <tr> <td>2012</td> <td>6.69%</td> </tr> <tr> <td>2013</td> <td>7.75%</td> </tr> </tbody> </table>	Year	Ratio %	2010	20.96%	2011	5.18%	2012	6.69%	2013	7.75%	<p><b>Purpose of Debt Service Ratio</b></p> <p>To assess the impact of loan principal &amp; interest repayments on the discretionary revenue of council.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 7.75%</b></p> <p>This ratio has increased due to borrowings of \$2.418m in Sewerage Fund during 2012/2013.</p>
Year	Ratio %											
2010	20.96%											
2011	5.18%											
2012	6.69%											
2013	7.75%											
<p><b>3. Rates &amp; Annual Charges Coverage Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>29.56%</td> </tr> <tr> <td>2011</td> <td>35.62%</td> </tr> <tr> <td>2012</td> <td>30.83%</td> </tr> <tr> <td>2013</td> <td>37.97%</td> </tr> </tbody> </table>	Year	Ratio %	2010	29.56%	2011	35.62%	2012	30.83%	2013	37.97%	<p><b>Purpose of Rates &amp; Annual Charges Coverage Ratio</b></p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 37.97%</b></p> <p>This ratio has increased due to a higher proportion of income from Rates &amp; Annual Charges. This was mainly due to a significant reduction in operating and capital grants received in 2012/2013.</p>
Year	Ratio %											
2010	29.56%											
2011	35.62%											
2012	30.83%											
2013	37.97%											
<p><b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>5.33%</td> </tr> <tr> <td>2011</td> <td>5.30%</td> </tr> <tr> <td>2012</td> <td>5.21%</td> </tr> <tr> <td>2013</td> <td>6.80%</td> </tr> </tbody> </table>	Year	Ratio %	2010	5.33%	2011	5.30%	2012	5.21%	2013	6.80%	<p><b>Purpose of Rates &amp; Annual Charges Outstanding Ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 6.80%</b></p> <p>Whilst Council has continued to pursue outstanding Rates &amp; Annual Charges, there has been an increase in the amount outstanding at year end, resulting in an increase in this ratio. Council will continue to monitor and pursue outstanding amounts through its debt recovery practices.</p>
Year	Ratio %											
2010	5.33%											
2011	5.30%											
2012	5.21%											
2013	6.80%											
<p><b>5. Building &amp; Infrastructure Renewals Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>41.08%</td> </tr> <tr> <td>2011</td> <td>36.61%</td> </tr> <tr> <td>2012</td> <td>32.77%</td> </tr> <tr> <td>2013</td> <td>42.28%</td> </tr> </tbody> </table>	Year	Ratio %	2010	41.08%	2011	36.61%	2012	32.77%	2013	42.28%	<p><b>Purpose of Asset Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 42.28%</b></p> <p>The 2011/2012 year included construction of major new assets of a non-recurrent nature, whereas 2012/2013 included a higher proportion of capital expenditure on renewals. A reduction in water and sewerage depreciation also contributed to the improvement of this ratio.</p>
Year	Ratio %											
2010	41.08%											
2011	36.61%											
2012	32.77%											
2013	42.28%											

# Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 13b. Statement of Performance Measurement - Indicators (by Fund)

\$ '000	Water 2013	Sewer 2013	General <sup>1</sup> 2013
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Unrestricted Current Ratio</b>			
Current Assets less all External Restrictions <sup>(1)</sup>	<b>311.02:1</b>	<b>10.51 : 1</b>	<b>2.06 : 1</b>
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>			
prior period:	71.10 : 1	12.00 : 1	1.92 : 1
<b>2. Debt Service Ratio</b>			
Debt Service Cost	<b>0.00%</b>	<b>32.06%</b>	<b>1.02%</b>
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)			
prior period:	0.00%	34.08%	0.55%
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>			
Rates & Annual Charges	<b>17.97%</b>	<b>58.98%</b>	<b>29.71%</b>
Income from Continuing Operations			
prior period:	18.55%	70.28%	21.72%
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
Rates, Annual & Extra Charges Outstanding	<b>0.27%</b>	<b>0.07%</b>	<b>10.15%</b>
Rates, Annual & Extra Charges Collectible			
prior period:	0.29%	0.09%	7.74%
<b>5. Building &amp; Infrastructure Renewals Ratio</b>			
Asset Renewals (Building & Infrastructure assets)	<b>94.13%</b>	<b>128.40%</b>	<b>29.69%</b>
Depreciation, Amortisation & Impairment			
prior period:	39.39%	20.89%	33.96%

#### Notes

<sup>(1)</sup> General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.



## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 14. Investment Properties

\$ '000

Council has not classified any Land or Buildings as "Investment Properties"

#### Note 15. Financial Risk Management

##### Risk Management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's Finance Section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2013	2012	2013	2012
<b>Financial Assets</b>				
Cash and Cash Equivalents	27,040	26,011	27,040	26,011
Investments				
- "Held for Trading"	4,058	4,626	4,058	4,626
Receivables	9,254	12,164	9,254	12,164
<b>Total Financial Assets</b>	<b>40,352</b>	<b>42,801</b>	<b>40,352</b>	<b>42,801</b>
<b>Financial Liabilities</b>				
Payables	4,555	5,519	4,555	5,519
Loans / Advances	23,210	21,819	26,823	22,105
<b>Total Financial Liabilities</b>	<b>27,765</b>	<b>27,338</b>	<b>31,378</b>	<b>27,624</b>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) "**at fair value through profit & loss**" or (ii) **Available for Sale** - are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

## Richmond Valley Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (a) Fair Value Measurements

The fair value of financial assets and financial liabilities must be estimated in accordance with Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 7 Financial Instruments: Disclosures, requires the disclosure of how fair valuations have been arrived at for all financial assets and financial liabilities that have been measured at fair value.

Arriving at fair values for financial assets & liabilities can be broken up into 3 distinct measurement hierarchies:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table presents the financial assets and financial liabilities that have been measured & recognised at fair values:

<b>2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>				
Investments				
- "Held for Trading"	903	3,155	-	4,058
<b>Total Financial Assets</b>	<b>903</b>	<b>3,155</b>	<b>-</b>	<b>4,058</b>
<b>2012</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>				
Investments				
- "Held for Trading"	849	3,777	-	4,626
<b>Total Financial Assets</b>	<b>849</b>	<b>3,777</b>	<b>-</b>	<b>4,626</b>

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 15. Financial Risk Management (continued)

\$ '000

#### (b) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss' "Available-for-sale" financial assets & "Held-to-maturity" Investments

Council's objective is to maximise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's Finance area manages the Cash & Investments portfolio with the assistance of independent advisors.

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and it's staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

Cash & Investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with Cash & Investments is credit risk - the risk that the investment counterparty) will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

Council also seeks advice from independent advisers before placing any funds in Cash Equivalents & Investments.

The following represents a summary of the sensitivity of Council's Income Statement and Accumulated Surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2013</b>				
Possible impact of a 10% movement in Market Values	406	-	(406)	-
Possible impact of a 1% movement in Interest Rates	310	-	(310)	-
<b>2012</b>				
Possible impact of a 10% movement in Market Values	463	-	(463)	-
Possible impact of a 1% movement in Interest Rates	306	-	(306)	-

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (c) Receivables

Council's major receivables comprise **(i)** Rates & Annual charges and **(ii)** User Charges & Fees.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts - that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates & annual charges at higher than market rates which further encourages the payment of debt.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

A profile of Council's receivables credit risk at balance date follows:

	2013	2013	2012	2012
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
Current (not yet overdue)	37.81%	79.84%	45.55%	84.68%
Overdue	62.19%	20.16%	54.45%	15.32%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

##### (ii) Movement in Provision for Impairment of Receivables

	2013	2012
Balance at the beginning of the year	122	84
+ new provisions recognised during the year	5	39
- amounts already provided for & written off this year	(43)	-
<b>Balance at the end of the year</b>	<u>84</u>	<u>123</u>

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (d) Payables & Borrowings

Payables & Borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended & overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the Liquidity Table below:

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2013</b>									
Trade/Other Payables	360	4,195	-	-	-	-	-	4,555	4,555
Loans & Advances	-	2,975	2,790	2,758	2,723	2,689	29,601	43,536	23,210
<b>Total Financial Liabilities</b>	<b>360</b>	<b>7,170</b>	<b>2,790</b>	<b>2,758</b>	<b>2,723</b>	<b>2,689</b>	<b>29,601</b>	<b>48,091</b>	<b>27,765</b>
<b>2012</b>									
Trade/Other Payables	249	5,270	-	-	-	-	-	5,519	5,519
Loans & Advances	-	2,571	2,392	2,368	2,344	2,321	27,718	39,714	21,819
<b>Total Financial Liabilities</b>	<b>249</b>	<b>7,841</b>	<b>2,392</b>	<b>2,368</b>	<b>2,344</b>	<b>2,321</b>	<b>27,718</b>	<b>45,233</b>	<b>27,338</b>

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs & debt servicing requirements. Council manages this risk through the diversification of borrowing types, maturities & interest rate structures.

The following interest rates were applicable to Council's Borrowings at balance date:

	2013		2012	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	4,555	0.0%	5,519	0.0%
Loans & Advances - Fixed Interest Rate	23,210	7.2%	21,819	7.1%
	<u>27,765</u>		<u>27,338</u>	

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 12/13 was adopted by the Council on 19 June 2012.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act requires Council to review its Financial Budget on a Quarterly Basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

**Note that for Variations\* of Budget to Actual :**

Material Variations represent those variances that amount to **10%** or more of the original budgeted figure.

**F** = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----	
<b>REVENUES</b>				
<b>User Charges &amp; Fees</b>	<b>11,206</b>	<b>12,908</b>	<b>1,702</b>	15% <b>F</b>
User Charges and Fees were over budget by \$1,702,000 (15%). This was primarily due to a higher than anticipated level of ordered works under the State Roads Maintenance Contract with Roads and Maritime Services, along with an increase in the level of private works. The increase in private works was mainly associated with the the North Woodburn component of the Broadwater Sewerage Augmentation project.				
<b>Interest &amp; Investment Revenue</b>	<b>1,105</b>	<b>2,191</b>	<b>1,086</b>	98% <b>F</b>
Interest and Investment Revenue was over budget by \$1,086,000 (98%). This was primarily due to the fair value gain on investments of \$841,000 (unbudgeted) as well as a conservative original estimate based on the size of the capital works program, which was not fully completed.				
<b>Other Revenues</b>	<b>285</b>	<b>381</b>	<b>96</b>	34% <b>F</b>
Other Revenues were over budget by \$96,000 (34%). This was primarily as a result of insurance claims being received to cover Council's costs of storm damage restoration during 2012/2013.				
<b>Capital Grants &amp; Contributions</b>	<b>2,614</b>	<b>3,707</b>	<b>1,093</b>	42% <b>F</b>
Capital Grants and Contributions were over budget by \$1,093,000 (42%). In many instances, the actual amount of grants received depends upon decisions made by State and Federal Governments after the original budget was adopted. The main reason for the variance was due to natural disaster funding from Roads and Maritime Services of \$896,000.				

## Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 16. Material Budget Variations (continued)

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----	
<b>EXPENSES</b>				
<b>Employee Benefits &amp; On-Costs</b>	<b>16,300</b>	<b>13,653</b>	<b>2,647</b>	16% <b>F</b>
Employee Benefits & On-Costs were under budget by \$2,647,000 (16%). This was due in part to a reduction in the number of full-time equivalent employees from 198 to 191. Salary efficiencies were also achieved having experienced delays in the replacement of some positions. Additionally, there were savings of \$414,000 in Workers' Compensation premiums, \$172,000 in superannuation and a reduction in long service leave provisions of \$663,000, of which this movement has reduced the employee leave entitlement expense for 2012/2013.				
<b>Materials &amp; Contracts</b>	<b>8,048</b>	<b>13,085</b>	<b>(5,037)</b>	(63%) <b>U</b>
Materials and contracts were over budget by \$5,037,000 (63%). Council's budget is based on a normal mix of self-constructed and contract works. The process of calling and accepting tenders during the year, along with decisions made by State and Federal Governments and uncontrollable weather events can result in significant budget variations in this item. The main reasons for this increase included additional works of \$930,000 undertaken as part of the State Roads Maintenance Contract, expenditure of \$985,000 associated with various storm and flood events during 2012/2013 as well as the private works component of the Broadwater Sewerage Augmentation project of \$866,000 and changes in the mix of self-constructed and contract works.				
<b>Net Losses from Disposal of Assets</b>	-	<b>1,327</b>	<b>(1,327)</b>	0% <b>U</b>
The net profit or loss from the disposal of assets is unknown at the time of setting the original budget. Due to this, asset purchases and sales are budgeted for on a gross basis. The net loss from the disposal of assets is \$1,327,000, details of which are disclosed in Note 5 to the General Purpose Financial Statements.				
<b>Operating Result from Discontinued Operations</b>	<b>(207)</b>	<b>(1,802)</b>	<b>(1,595)</b>	771% <b>U</b>
Council closed is Bridge and Pretressing business activity during 2012/2013. This included selling two properties and the associated assets of the operation. The net loss of the discontinued operation was \$1,802,000, of which further details are disclosed in Note 24 of the General Purpose Financial Statements.				



# Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 17. Statement of Developer Contributions

\$ '000

Council recovers contributions, raises levies & enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions & levies and the value of all remaining funds which are "restricted" in their future use.

#### SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	334	-	-	10	(169)	-	175	-	(4,369)	(4,194)	-
Parking	157	-	-	-	(157)	-	-	-	-	-	-
Open Space	37	-	-	-	(37)	-	-	-	(339)	(339)	-
Community Facilities	4	-	-	-	-	-	4	-	(103)	(99)	-
Infrastructure	107	-	-	-	(107)	-	-	-	(277)	(277)	-
Community Services	166	-	-	4	(124)	-	46	-	(247)	(201)	-
Recreation & Civil Facilities	45	-	-	-	(45)	-	-	-	(654)	(654)	-
Emergency Safety	8	-	-	-	(8)	-	-	-	(144)	(144)	-
Environmental Protection	47	-	-	-	(47)	-	-	-	(2)	(2)	-
Quarry Roads	16	-	-	-	(16)	-	-	122	(302)	(180)	-
Rural Heavy Haulage	134	45	-	3	(164)	-	18	909	(927)	-	-
Bushfire	7	-	-	-	-	-	7	-	(7)	-	-
<b>S94 Contributions - under a Plan</b>	<b>1,062</b>	<b>45</b>	<b>-</b>	<b>17</b>	<b>(874)</b>	<b>-</b>	<b>250</b>	<b>1,031</b>	<b>(7,371)</b>	<b>(6,090)</b>	<b>-</b>
<b>S94A Levies - under a Plan</b>	<b>111</b>	<b>57</b>	<b>-</b>	<b>4</b>	<b>(78)</b>	<b>-</b>	<b>94</b>				<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>1,173</b>	<b>102</b>	<b>-</b>	<b>21</b>	<b>(952)</b>	<b>-</b>	<b>344</b>				<b>-</b>
S94 not under Plans	13	-	-	-	(13)	-	-	-	-	-	-
S64 Contributions	4,293	511	-	161	(1,000)	-	3,965				
<b>Total Contributions</b>	<b>5,479</b>	<b>613</b>	<b>-</b>	<b>182</b>	<b>(1,965)</b>	<b>-</b>	<b>4,309</b>	<b>1,031</b>	<b>(7,371)</b>	<b>(6,090)</b>	<b>-</b>

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 1 - Ex RRSC

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Parking	157	-	-	-	(157)	-	-	-	-	-	-
<b>Total</b>	<b>157</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(157)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

CONTRIBUTION PLAN NUMBER 2 - EX RRSC

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	264	-	-	7	(169)	-	102	-	(4,296)	(4,194)	-
Infrastructure	107	-	-	-	(107)	-	-	-	(277)	(277)	-
Community Services	166	-	-	4	(124)	-	46	-	(247)	(201)	-
Recreation & Civil Facilities	45	-	-	-	(45)	-	-	-	(654)	(654)	-
Emergency Safety	8	-	-	-	(8)	-	-	-	(144)	(144)	-
Environmental Protection	47	-	-	-	(47)	-	-	-	(2)	(2)	-
Quarry Roads	16	-	-	-	(16)	-	-	122	(302)	(180)	-
Rural Heavy Haulage	134	45	-	3	(164)	-	18	909	(927)	-	-
<b>Total</b>	<b>787</b>	<b>45</b>	<b>-</b>	<b>14</b>	<b>(680)</b>	<b>-</b>	<b>166</b>	<b>1,031</b>	<b>(6,849)</b>	<b>(5,652)</b>	<b>-</b>

CONTRIBUTION PLAN NUMBER 1 - Ex Casino

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	37	-	-	-	(37)	-	-	-	(339)	(339)	-
Community Facilities	-	-	-	-	-	-	-	-	(99)	(99)	-
<b>Total</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(37)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(438)</b>	<b>(438)</b>	<b>-</b>

# Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 17. Statement of Developer Contributions (continued)

\$ '000

#### S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER - Ex Copmanhurst

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	70	-	-	3	-	-	73	-	(73)	-	-
Community Facilities	4	-	-	-	-	-	4	-	(4)	-	-
Bushfire	7	-	-	-	-	-	7	-	(7)	-	-
<b>Total</b>	<b>81</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>84</b>	<b>-</b>	<b>(84)</b>	<b>-</b>	<b>-</b>

#### S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 1 - Richmond Valley Council

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Section 94A Levies	111	57	-	4	(78)	-	94	-	-	-	-
<b>Total</b>	<b>111</b>	<b>57</b>	<b>-</b>	<b>4</b>	<b>(78)</b>	<b>-</b>	<b>94</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Parking	13	-	-	-	(13)	-	-	-	-	-	-
<b>Total</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but their knowledge & disclosure is considered relevant to the users of Council's Financial Report.

#### LIABILITIES NOT RECOGNISED:

##### 1. Defined Benefit Superannuation Contribution Plans

The Local Government Superannuation Scheme - Pool B (the Scheme) is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB119. Sufficient information under AASB119 is not available to account for the Scheme as a defined benefit plan, because the assets to the Scheme are pooled together for all employers.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2013 was \$551,198. The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20 February 2013 and covers the period ended 30 June 2013. However the position is monitored annually and the Actuary has estimated that as at 30 June 2013, a deficit still exists.

Effective from 1 July 2013, employers were required to contribute additional contributions to assist in extinguishing this deficit.

The share of this deficit that can be broadly attributable to the employer is estimated to be in the order of \$1,361,761 as at 30 June 2013.

##### 2. Self-Insurance: NORPOOL

Council has previously entered into an agreement with a number of Local Government Authorities to jointly manage certain civil liabilities of these Councils which may arise as a result of the exercise of their powers, authorities, duties or functions.

The insurance pool known as NORPOOL was wound up during the 2005/2006 financial year with surplus funds distributed to former members. There are no

##### 2. Self-Insurance: NORPOOL (continued)

outstanding claims associated with NORPOOL, however if future claims arise then these will be the responsibility of the Council to whom the claims relate.

##### 3. Native Title Claims

The Richmond Valley Council area is currently subject to three (3) native title claims being NSD6034 of 1998, NSD6107 of 1998/19 and NSD2300 of 2011.

NSD6034 of 1998 and NSD6107 of 1998. Council has begun negotiations with the applicant and the State of NSW to finalise Consent Determination Orders. Failing consent between the parties it is expected that the Federal Court will make Determination Orders in relation to both claims.

NSD2300 of 2011. On 3rd October 2012 the Federal Court made orders joining Council as a party to the proceedings. The first respondent (State of NSW) advised that as at 21st May 2013 they had not accepted the applicants evidence as being sufficient to establish a connection. Richmond Valley Council is waiting on further advice from the applicant and first respondent before proceeding further.

As at balance date it is unknown what exposure to compensation, if any, Council may be subject to.

##### 4. Mid Richmond Residents Village - Grants

As of 1 July 2010, the Mid Richmond Residents Village was transferred to Baptist Community Services, being the new approved provider for the facility. A possible consequence of this transfer, is the status of previously received Capital Grants from the Federal Government. Clauses in the Residential Care Grants agreements, used towards the construction of the Dementia Unit and the Upgrade of Fire Safety Systems, have been referred to the Director of the Capital Grants Section of the Federal Department of Health and Ageing for determination as to whether any repayment of Grant funds may be requested. As at 30 June 2013, no determination has been made.

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

##### ASSETS NOT RECOGNISED:

###### (i) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.

#### Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

Council's objectives can and in some cases are best met through the use of separate entities & operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, Bodies and other Outside Organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of Councils (i) interest and (ii) control and the type (form) of entity/operation, as follows;

##### Joint Venture Operations

**Note 19(a)**

Arrangements that do not comprise an actual individual entity which can deploy the resources of the individual participants. Under JV Operations, Council Jointly Controls the operations with the Other Parties involved.

##### (a) Council is involved in the following Joint Venture Operations (JVO)

Name of Operation	Principal Activity	Councils Interests in Outputs of JVO's
North East Weight of Loads Group	<i>Policing Vehicle weight limits to reduce road damage</i>	10%

The constitution of this group specifies the Council as having a part 'Ownership' of the group's net assets. The stated objectives include to generally promote the aim of reducing damage to Council and classified roads by the policing of vehicle weight limits.

##### (b) Council Assets employed in the Joint Venture Operations

	2013	2012
<b>Council's share of assets jointly owned with other partners</b>		
Current Assets	67	58
Current Liabilities	(32)	(24)
Property, Plant & Equipment	10	15
<b>Total Net Assets Employed - Council &amp; Jointly Owned</b>	<b>45</b>	<b>49</b>

# Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		329,510	330,889
a. Net Operating Result for the Year		(4,875)	(1,379)
b. Transfers between Equity		375	-
<b>Balance at End of the Reporting Period</b>		<b><u>325,010</u></b>	<b><u>329,510</u></b>
<b>(b) Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		<u>278,304</u>	<u>239,636</u>
<b>Total</b>		<b><u>278,304</u></b>	<b><u>239,636</u></b>
<b>(ii) Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		239,636	193,295
- Revaluations for the year	9(a)	40,798	48,897
- Impairment of revalued assets (incl. impairment reversals)	9(a),(c)	(1,755)	(2,556)
- Transfer to Retained Earnings for Asset disposals		(375)	-
<b>- Balance at End of Year</b>		<b><u>278,304</u></b>	<b><u>239,636</u></b>
<b>TOTAL VALUE OF RESERVES</b>		<b><u>278,304</u></b>	<b><u>239,636</u></b>

#### (iii) Nature & Purpose of Reserves

##### Infrastructure, Property, Plant & Equipment Revaluation Reserve

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

#### (c) Correction of Error/s relating to a Previous Reporting Period

Council made no correction of errors during the current reporting period.

#### (d) Voluntary Changes in Accounting Policies

Council made no voluntary changes in any accounting policies during the year.

## Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 21. Financial Result &amp; Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
<u>Continuing Operations</u>	<u>Water</u>	<u>Sewer</u>	<u>General<sup>1</sup></u>
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	930	5,528	10,830
User Charges & Fees	3,803	2,081	7,024
Interest & Investment Revenue	301	347	1,543
Other Revenues	2	-	379
Grants & Contributions provided for Operating Purposes	118	147	8,787
Grants & Contributions provided for Capital Purposes	21	1,270	2,416
<b>Total Income from Continuing Operations</b>	<b>5,175</b>	<b>9,373</b>	<b>30,979</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	761	1,002	11,890
Borrowing Costs	-	1,573	147
Materials & Contracts	1,847	3,194	8,044
Depreciation & Amortisation	789	952	11,924
Other Expenses	1,249	360	3,541
Net Losses from the Disposal of Assets	392	503	432
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>5,038</b>	<b>7,584</b>	<b>35,978</b>
<b>Operating Result from Continuing Operations</b>	<b>137</b>	<b>1,789</b>	<b>(4,999)</b>
<b>Discontinued Operations</b>			
Net Profit/(Loss) from Discontinued Operations	-	-	(1,802)
<b>Net Operating Result for the Year</b>	<b>137</b>	<b>1,789</b>	<b>(6,801)</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>137</b>	<b>1,789</b>	<b>(6,801)</b>
<b>Net Operating Result attributable to Non-controlling Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>116</b>	<b>519</b>	<b>(9,217)</b>

<sup>1</sup> General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal charges & recoveries made between the Funds.



## Richmond Valley Council

## Notes to the Financial Statements

as at 30 June 2013

## Note 21. Financial Result &amp; Financial Position by Fund (continued)

Statement of Financial Position by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>			
Cash & Cash Equivalents	2,610	14,191	9,239
Investments	864	370	488
Receivables	1,228	1,930	3,766
Inventories	-	-	2,485
Other	1	-	591
Non-current assets classified as 'held for sale'	-	-	-
<b>Total Current Assets</b>	<b>4,703</b>	<b>16,491</b>	<b>16,569</b>
<b>Non-Current Assets</b>			
Investments	-	-	3,336
Receivables	489	717	1,124
Inventories	-	-	539
Infrastructure, Property, Plant & Equipment	68,876	98,703	426,257
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
Other	-	-	-
<b>Total Non-Current Assets</b>	<b>69,365</b>	<b>99,420</b>	<b>431,256</b>
<b>TOTAL ASSETS</b>	<b>74,068</b>	<b>115,911</b>	<b>447,825</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	263	3,996
Borrowings	-	1,070	148
Provisions	-	-	4,712
<b>Total Current Liabilities</b>	<b>10</b>	<b>1,333</b>	<b>8,856</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	308
Borrowings	-	21,992	-
Provisions	-	-	1,991
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>21,992</b>	<b>2,299</b>
<b>TOTAL LIABILITIES</b>	<b>10</b>	<b>23,325</b>	<b>11,155</b>
<b>Net Assets</b>	<b>74,058</b>	<b>92,586</b>	<b>436,670</b>
<b>EQUITY</b>			
Retained Earnings	25,090	35,741	264,179
Revaluation Reserves	48,968	56,845	172,491
<b>Total Equity</b>	<b>74,058</b>	<b>92,586</b>	<b>436,670</b>

<sup>1</sup> General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal receivables &amp; payables between the Funds.

## Richmond Valley Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 22. "Held for Sale" Non Current Assets & Disposal Groups

---

\$ '000

---

Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

#### Note 23. Events occurring after the Reporting Period

---

Events that occur between the end of the reporting period (ending 30 June 2013) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 15/10/13.

Events that occur after the Reporting Period represent one of two types:

##### **(i) Events that provide evidence of conditions that existed at the Reporting Period**

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2013.

##### **(ii) Events that provide evidence of conditions that arose after the Reporting Period**

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2013 and which are only indicative of conditions that arose after 30 June 2013.

**Council is unaware of any material or significant "non-adjusting events" that should be disclosed.**

## Richmond Valley Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 24. Discontinued Operations

\$ '000	Actual 2013	Actual 2012
<b>(i) Discontinued Operations</b>		
Council has closed its bridge and prestressing business activity during 2012/2013. The Namoon Prestressing Factory was sold 1 March 2013 and the Coraki Doolan Deck Factory was sold 26 June 2013.		
<b>(ii) Financial Performance of Discontinued Operations</b>		
<b>Financial Performance</b>		
Revenues	965	1,325
Expenses	(1,176)	(2,163)
<b>Gross Profit/(Loss) of Discontinued Operations</b>	<b>(211)</b>	<b>(838)</b>
<b>Gain/(Losses) On Reclassification &amp;/or Sale</b>		
Consideration Received for Discontinued Operations	798	-
<b>less:</b>		
Net Carrying Value of Discontinued Operations	(2,389)	-
<b>Gain/(Loss) on Reclassification/Sale</b>	<b>(1,591)</b>	<b>-</b>
<b>NET PROFIT/(LOSS) from DISCONTINUED OPERATIONS</b>	<b>(1,802)</b>	<b>(838)</b>
<b>(iii) Cash Flows from Discontinued Operations</b>		
Net Cash Flows from Operating Activities	333	(671)
Net Cash Flows from Investing Activities - excl. sale proceeds	(2)	(13)
Net Cash Flows from Investing Activities - sale proceeds	798	1
<b>Net Increase/(Decrease) in Cash Generated by the Operations</b>	<b>1,129</b>	<b>(683)</b>
<b>(iv) Net Carrying Value of Discontinued Operations</b>		
Carrying Value - Assets	803	-
<b>Net Carrying Value</b>	<b>803</b>	<b>-</b>
<b>Total Value of Discontinued Operations (On Hand)</b>	<b>803</b>	<b>-</b>

## Richmond Valley Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 25. Intangible Assets

\$ '000

Intangible Assets represent identifiable non-monetary asset without physical substance.

	Actual 2013 Carrying Amount	Actual 2012 Carrying Amount
<b>Intangible Assets are as follows;</b>		
<b>Opening Values:</b>		
Gross Book Value (1/7/12)	53	53
Accumulated Amortisation (1/7/12)	(44)	(38)
Accumulated Impairment (1/7/12)	-	-
<b>Net Book Value - Opening Balance</b>	<b>9</b>	<b>15</b>
<b>Movements for the year</b>		
- Amortisation charges	(6)	(6)
- Gross Book Value written off	(53)	-
- Accumulated Amortisation charges written off	50	-
<b>Closing Values:</b>		
Gross Book Value (30/6/13)	-	53
Accumulated Amortisation (30/6/13)	-	(44)
Accumulated Impairment (30/6/13)	-	-
<b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u></b> <sup>1</sup>	<b><u>-</u></b>	<b><u>9</u></b>

<sup>1</sup> The Net Book Value of Intangible Assets represent:

- Doolan Deck Bridge Patent	-	9
	<b><u>-</u></b>	<b><u>9</u></b>

## Richmond Valley Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations:

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2013	2012
Landfills - Bora Ridge	2015	329	347
Landfills - Namoon	2044	1,010	1,477
Quarries - Petersons	2024	325	384
Quarries - Woodview	2024	260	318
<b>Balance at End of the Reporting Period</b>		<b>1,924</b>	<b>2,526</b>

10(a)

Under AASB 116 - Property, Plant & Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 - Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

#### Reconciliation of movement in Provision for year:

Balance at beginning of year	2,526	2,283
Amounts capitalised to new or existing assets:		
- Rosewood Avenue Landfill Site	-	167
Effect of a change in discount rates used in PV calculations	(441)	1,231
Effect of a change in other calculation estimates used	(293)	(885)
Amortisation of discount (expensed to borrowing costs)	132	108
Expenditure incurred attributable to Provisions	-	(378)
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>1,924</b>	<b>2,526</b>

#### Amount of Expected Reimbursements

Of the above Provisions for Reinstatement, Rehabilitation and Restoration works, those applicable to Garbage Services & Waste Management are able to be funded through future charges incorporated within Council's Annual Domestic Waste Management Charge.

## Richmond Valley Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 27. Council Information & Contact Details

---

**Principal Place of Business:**

Cnr Walker Street and Graham Place  
Casino NSW 2470

**Contact Details**

**Mailing Address:**

Locked Bag 10  
Casino NSW 2470

**Opening Hours:**

Office Hours: 8:30am - 5:00pm  
Cashier Hours: 8:30am - 4:30pm

**Telephone:** 02 6660 0300

**Facsimile:** 02 6660 1300

**Internet:** [www.richmondvalley.nsw.gov.au](http://www.richmondvalley.nsw.gov.au)

**Email:** [council@richmondvalley.nsw.gov.au](mailto:council@richmondvalley.nsw.gov.au)

**Officers**

**GENERAL MANAGER**

John Walker

**RESPONSIBLE ACCOUNTING OFFICER**

Ryan Gaiter

**PUBLIC OFFICER**

Derek Swanborough

**AUDITORS**

Thomas, Noble and Russell  
PO Box 106  
31 Keen Street  
Lismore NSW 2480

**Elected Members**

**MAYOR**

Ernie Bennett

**COUNCILLORS**

Robert Hayes  
Sandra Humphrys  
Steve Morrissey  
Robert Mustow  
Daniel Simpson  
Col Sullivan

**Other Information**

**ABN:** 54 145 907 009



**RICHMOND VALLEY COUNCIL  
GENERAL PURPOSE FINANCIAL STATEMENTS  
INDEPENDENT AUDIT REPORT**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Richmond Valley Council (the Council), which comprises the statement of financial position as at 30 June 2013, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the statement by Councillors' and Management.

**Council's Responsibility for the Financial Statements**

The Council is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the *Local Government Act 1993* and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

Our audit responsibility does not extend to the original budget information included in the income statement, statement of cash flows, Note 2(a), Note 16 budget variation explanations and Note 17 forecast information, and accordingly, we do not express an opinion on such. In addition, our audit did not include an analysis of the prudence of business decisions made by Council or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





## Independence

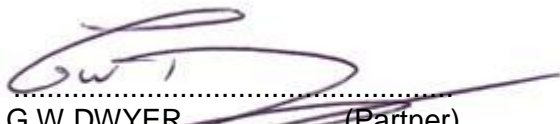
In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

## Audit Opinion

In our opinion:

- (a) The Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13 part 3 Division 2;
- (b) The Council's financial statements:
  - i. Have been presented in accordance with the requirements of that Division;
  - ii. Are consistent with the Council's accounting records;
  - iii. Present fairly, in all material respects, the Council's financial position as at 30 June 2013, and of its performance and its cash flows for the year then ended; and
  - iv. Are in accordance with applicable Accounting Standards.
- (c) All information relevant to the conduct of the audit has been obtained; and
- (d) There are no material deficiencies in the accounting records or financial statements that have come to light during the course of the audit.

## THOMAS NOBLE & RUSSELL CHARTERED ACCOUNTANTS



G W DWYER (Partner)  
Registered Company Auditor

Dated at Lismore this 15<sup>th</sup> day of October 2013.



Thomas Noble & Russell  
Accountants | Auditors | Business Advisers

Lismore, 15 October 2013

Mayor and Councillors  
Richmond Valley Council  
Council Chambers  
Walker Street  
CASINO NSW 2470

Dear Councillors

We advise that we have completed our audit of the Council's general purpose and special purpose financial statements for the year ended 30 June 2013 under section 417 of the *Local Government Act 1993*.

In accordance with that section we now report on the conduct of the audit.

Yours faithfully

**THOMAS NOBLE & RUSSELL**

Per:

A handwritten signature in dark ink, appearing to read 'G W Dwyer', written over a horizontal dotted line.

G W DWYER (Partner)  
Registered Company Auditor

# Richmond Valley Council

Report to Council under s417 of  
the Local Government Act 1993  
for the year ended  
30 June 2013



Thomas  
Noble &  
Russell

Accountants | Auditors | Business Advisers



## CONTENTS

<b>1.</b>	<b>COUNCIL’S FINANCIAL REPORTING REQUIREMENTS.....</b>	<b>82</b>
<b>2.</b>	<b>AUDITOR’S RESPONSIBILITIES .....</b>	<b>82</b>
<b>3.</b>	<b>CONSOLIDATED OPERATING RESULT .....</b>	<b>83</b>
	3.1. Variations to 2012 by Income / Expenditure .....	84
	3.2. Analysis of Income Sources .....	89
	3.3. Depreciation.....	90
	3.4. Discontinued Operations .....	90
	3.5. Capital Grants and Contributions.....	90
	3.6. Profit / (Loss) on Disposal of Assets.....	92
	3.7. Financial Performance and Position by Fund.....	92
<b>4.</b>	<b>DECLARED BUSINESS ACTIVITIES UNDER THE NATIONAL COMPETITION GUIDELINES.....</b>	<b>92</b>
<b>5.</b>	<b>FINANCIAL POSITION .....</b>	<b>95</b>
	5.1. Net Current Assets .....	95
	5.2. Non-Current Assets and Liabilities .....	97
<b>6.</b>	<b>KEY PERFORMANCE INDICATORS.....</b>	<b>100</b>
<b>7.</b>	<b>INTERNAL CONTROL ENVIRONMENT .....</b>	<b>104</b>

## 1. COUNCIL'S FINANCIAL REPORTING REQUIREMENTS

Council is required to prepare two financial statements ready for audit each year:

### **General Purpose Financial Statements**

These financial statements present the financial position and performance of the Council on a consolidated basis. The statements include all controlled Council operations such as general, water and sewer funds as well as domestic waste management activities. Council has prepared its general purpose financial statements in accordance with the Division of Local Government Code of Accounting Practice Manual which adopts applicable Australian Accounting Standards as the framework for financial reporting.

### **Special Purpose Financial Statements**

These financial statements provide an understanding of the financial position and performance of Council's declared business activities as required under National Competition Policy. Council's declared business activities for the 2013 financial year are:

- Water Fund Operations;
- Sewer Fund Operations;
- Petersons Quarry; and
- Woodview Quarry.

During the 2013 financial year the Bridge and Pre-stressing operations were discontinued and as a result is no longer a declared business activity.

Council is not required to adopt Australian Accounting Standards when preparing these financial statements; however, the financial position and performance have been calculated by adopting applicable Accounting Standard requirements.

## 2. AUDITOR'S RESPONSIBILITIES

In order that your Councillors may appreciate our responsibilities as auditors, we take this opportunity to briefly discuss the scope of our audit.

In accordance with our contractual arrangements with Council we have undertaken to perform an attest (risk based) audit. The definition of an attest audit is:

*"the minimum audit work necessary to enable an opinion to be expressed as to whether the financial statements are presented fairly in accordance with the requirements of the Local Government Act 1993, Australian Accounting Standards and Accounting Concepts so as to present a view which is consistent with an understanding of the Council's financial position, the results of its operations and its cash flows."*

## Forming an Opinion

Our function as auditors is to examine the general purpose and special purpose financial statements presented to us by the Council. Our audit responsibility does not extend to:

- The original budget information included in the income statement, statement of cash flows, Note 2(a) and Note 16 budget variation explanations in the general purpose financial statements;
- Information presented at Note 17 to the general purpose financial statements relating to projected future contributions, cost of works and over/(under) funding; and
- The best practice disclosures in Notes 2 & 3 to the special purpose financial statements.

Accordingly, we do not express an opinion on such. As auditors of the Council we are not responsible for the preparation of the financial statements or for the maintenance of proper and adequate accounting records and proper systems of internal control. These responsibilities, together with the requirement to present financial statements which give a true and fair view of the state of the Council's affairs and of its results, are imposed on the Councillors by the *Local Government Act and Regulations 1993*.

## 3. CONSOLIDATED OPERATING RESULT

Council's result from all activities for the year ended 30 June 2013 was a \$4,875,000 deficit compared to a deficit in the previous financial year of \$1,379,000. Council's financial result can be summarised as follows:

	2010 \$'000	2011 \$'000	2012 \$'000	2013 \$'000
Revenues from continuing operations	38,049	38,966	47,132	41,820
Expenses from continuing operations	(27,663)	(30,695)	(38,144)	(33,608)
Result from continuing operations before depreciation and capital amounts	10,386	8,271	8,988	8,212
Depreciation	(12,920)	(13,486)	(14,570)	(13,665)
Result from continuing operations before capital amounts	(2,534)	(5,215)	(5,582)	(5,453)
Capital grants and contributions	15,162	6,683	7,439	3,707
(Loss)/Gain on disposal of assets	(1,027)	(4,810)	(3,236)	(1,327)
Assets recognised-Regional Library	-	524	-	-
Net Profit/(Loss) from Discontinued Operation	565	(12,733)	-	(1,802)
Surplus/(Deficit) from all activities	12,166	(15,551)	(1,379)	(4,875)

### 3.1. Variations to 2012 by Income / Expenditure

The surplus from continuing operations before depreciation and capital amounts has decreased by \$776,000, from \$8,988,000 to \$8,212,000. Some of the major movements from the 2012 year included:

Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
<b>REVENUE</b>		
<b>Rates and Annual Charges</b>		
Ordinary rates	201	The \$201,000 increase in ordinary rates, from \$7,636,000 in 2011/2012 to \$7,837,000 in 2012/2013, was primarily the result of the 3.6% rate pegged limit for the 2012/13 financial year.
Sewerage Services	222	The \$222,000 increase in sewerage annual charges, from \$5,307,000 in 2011/2012 to \$5,529,000 in 2012/2013, was primarily the result of an increase of 3.6% to annual charges for the 2012/2013 financial year.
Other Annual Charges	43	Other annual charges include Waste Management Services, Water Supply Services and Stormwater Management Services. The revenue from these charges remained reasonably consistent, increasing by \$43,000 from \$3,879,000 in 2011/2012 to \$3,922,000 in 2012/2013.
<b>User Charges and Fees</b>		
Water Supply Services	203	Water User Charges increased by \$203,000 from \$3,387,000 in 2011/2012 to \$3,590,000 in 2012/2013 due to increases in charges, consistent with rate increases of approximately 3.5%, coupled with a slight increase in water consumption.
Private Works – Section 67	646	Revenue for private works section 67 increased by \$646,000 from \$809,000 in 2011/2012 to \$1,455,000 in 2012/2013 as a result of the works performed on the Broadwater Sewerage Augmentation project. This included connecting North Woodburn residents to the scheme. Council's contractor undertook this work and the component that related to works on behalf of Lismore City Council was treated as private works and paid by Lismore City Council. This amount was \$762,000 which is the majority of the variance from 2012.



Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
Plant Hire (External)	(119)	Revenue decreased from \$221,000 in 2011/2012 to \$102,000 in 2012/2013. External plant hire is directly linked to the amount of works undertaken during the year. As discussed below there were reduced RMS works along with reduced natural disaster works carried out in 2013.
RMS Charges	(1,022)	Revenue for works on RMS State Roads decreased by \$1,022,000 during the year, from \$4,220,000 in 2011/2012 to \$3,198,000 in 2012/2013. State managed road contracts can vary from year to year. The 2011/2012 year included significant works performed on the Bruxner highway which amounted to \$1.29 million and increased works resulting from flood damage.
Saleyards	(157)	Revenue decreased from prior year from \$879,000 in 2011/2012 to \$722,000 in 2012/2013. The decrease is largely due to lower throughput figures at the Northern Rivers Livestock Exchange (96,000 head of cattle in 2012/2013 compared to a historical average of around 115,000 to 120,000 head of cattle). Some of the contributing factors as reported to Council in July 2013 were: (a) Some Northern Rivers producers have been keeping their livestock while the prices on offer are still low. (b) Processors have been able to purchase outside the Northern Rivers at a cheaper price (primarily North QLD).
Other	(159)	Revenue decreased from prior year from \$396,000 in 2011/2012 to \$237,000 in 2012/2013. This is primarily from a reduction in liquid septic waste fees of \$143,000 in 2012/2013.
<b>Interest &amp; Investment Revenue</b>		
Interest Income	(406)	In 2012/2013, Council recognised interest revenue of \$1,150,000 compared to revenue of \$1,565,000 in 2011/2012. This decrease is largely attributable to a reduction in the level of interest rates available for Council's term deposit investments in 2012/2013. Also attributing to the reduction was the loan drawn down for the Broadwater Sewerage project, which was invested in term deposits, being progressively consumed for contractor payments during the year.





Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
Fair Value Adjustments	201	In 2012/2013, Council recognised fair value movements in investments revenue of \$841,000 compared to revenue of \$640,000 in 2011/2012. The increase is largely due to the \$480,000 gain on fair value for an investment previously written off.
<b>Other Revenue</b>		
Insurance Claim Recoveries	357	Council received a one off Insurance claim settlement from HIH in the 2012/2013 financial year which amounted to \$224,000.
<b>Operating Grants and Contributions</b>		
Financial Assistance	(1,353)	The Financial Assistance grants received in the 2012/2013 year were \$1,353,000 lower than that received in the 2011/2012 year. The revenue recognised in 2011/2012 represented 5 quarters as the Division of Local Government had paid 2 quarters in advance, whereas previously had paid 1 quarter in advance. The revenue recognised in the 2012/2013 year represents 4 quarters.
Natural Disaster Funding	(1,832)	Operating Grants of \$441,000 were received in the 2012/2013 year, compared to \$2,273,000 in the 2011/2012 year. The large amounts received in the 2011/2012 year were predominately due to the December 2010/January 2011 and the January 2012 flood events.
Evans Head Aerodrome Remediation	(739)	Operating grants of \$814,000 were received in the 2011/2012 year, compared to \$75,000 in the 2012/2013, for the major remediation works at the Evans Head Aerodrome. This was part funded by the Department of Defence.
Flood Restoration	(128)	A one off grant was received in the prior year for flood management projects of \$128,000 for which no such funding was received in the 2012/2013 financial year.



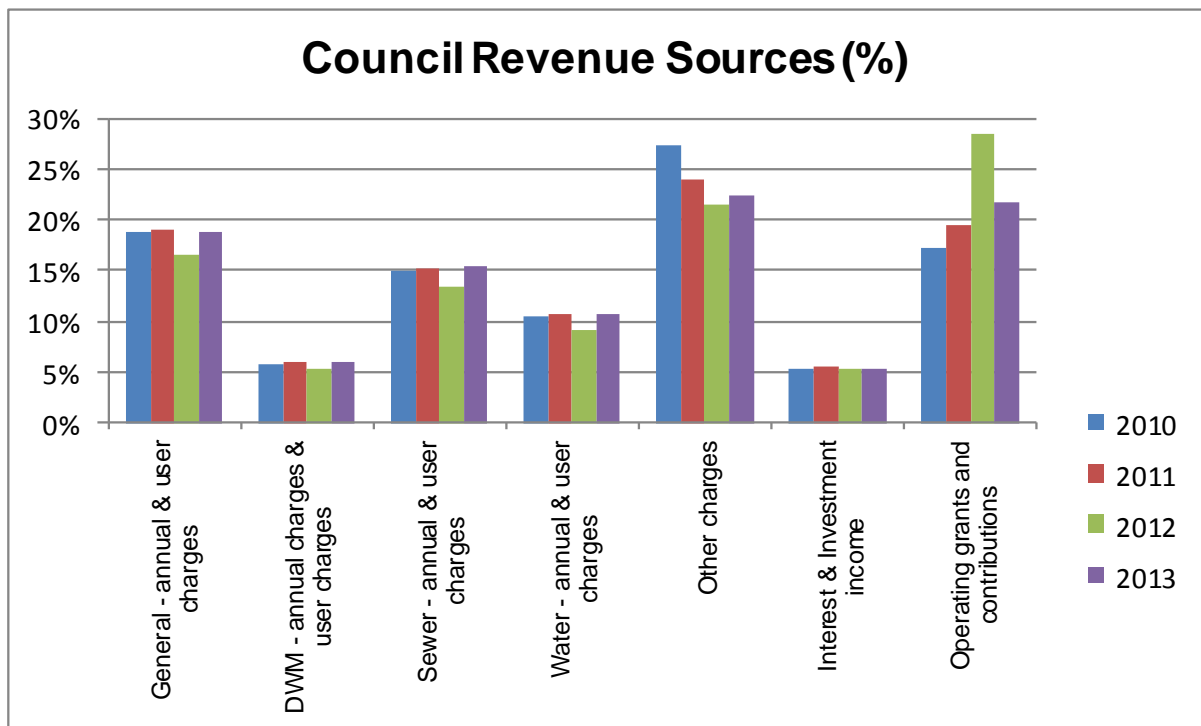
Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
<b>EXPENSES</b>		
Employee Benefits and On-Costs	(304)	<p>Salaries and wages increased by \$190,000 from \$9,620,000 to \$9,810,000 in 2012/2013. This increase is consistent with award increases of 3.25% and a slight decrease in employee numbers (7 FTE's).</p> <p>Employee leave entitlement expenses were \$540,000 lower, totalling \$2,054,000 in the 2012/2013 year. This decrease is attributable, in part, to a increase in the discount rate (government bond rates) used for the present value calculation of the leave liability at year end thereby decreasing the balance, as well as a reduction in the nominal value of the leave entitlements.</p>
Materials & Contracts	(2,368)	<p>Materials and contracts reduced by \$2,368,000 in the 2012/2013 year from \$15,453,000 to \$13,085,000. This is particularly linked to the decrease in Natural Disaster funding, RMS charges and Evans Head Aerodrome remediation funding.</p> <p>There has been a decrease of \$1,482,000 in Natural Disaster operating expenditure in the current year, from \$2,171,000 in the 2011/2012 year to \$689,000 in the 2012/2013 year.</p> <p>There has been a decrease of \$893,000 in expenditure in relation to the Road Maintenance Contract with State road maintenance decreasing from \$3,404,000 in the 2011/2012 year to \$2,511,000 in the 2012/2013 year.</p> <p>There has been a decrease of \$1,668,000 in remediation costs at the Evans Head Memorial Aerodrome, with \$1,800,000 incurred in the 2011/2012 year and only \$132,000 in the 2012/2013 year.</p> <p>The above decreases were offset in part by an increase of \$699,000 in contract crushing costs at Council's quarries, from \$353,000 in 2011/2012 to \$1,052,000 in the 2012/2013 year.</p>



Account	Increase / (Decrease) \$'000	Reason for Increase / Decrease
Other Expenses	148	<p>The NSW Rural Fire Service Levy decreased by \$113,000, from \$801,000 in 2010/2011 to \$688,000 in 2011/2012. The prior year contribution was higher as the 2011/2012 RFS budget included the establishment of the Casino Regional Fire Control Centre.</p> <p>The Waste Levy increased by \$191,000, from \$909,000 in 2011/2012 to \$1,100,000 in 2012/2013. This increase is attributable to an increase in the levy per tonne from \$31.10 per tonne in 2011/2012 to \$42.40 per tonne in 2012/2013, partly offset by a reduction in eligible waste going through Namoonna and Bora Ridge landfills.</p> <p>Electricity and heating costs increased by \$186,000 to \$891,000 in 2012/2013. This is largely due to increased electricity costs as well as the first full year operation of the Casino Cultural and Community centre and the Casino Regional Fire Control Centre increasing consumption.</p> <p>Insurance costs decreased by \$39,000 to \$849,000 in 2012/2013 and street lighting decreased by \$64,000 to \$283,000.</p>

### 3.2. Analysis of Income Sources

	2010 \$'000	2011 \$'000	2012 \$'000	2013 \$'000
General - annual & user charges	7,139	7,391	7,636	7,837
DWM - annual charges & user charges	2,221	2,340	2,448	2,468
Sewer - annual & user charges	5,732	5,943	6,187	6,481
Water - annual & user charges	3,959	4,145	4,228	4,456
Sub - total	19,051	19,819	20,499	21,242
Other charges	10,451	9,360	11,214	9,335
Interest & Investment income	2,026	2,190	2,396	2,191
Operating grants and contributions	6,521	7,597	13,023	9,052
Total revenue from continuing operations before capital amounts	38,049	38,966	47,132	41,820



Council's relative reliance on various income streams as detailed has remained relatively steady on a long term trending basis.

Council has historically had a large stream of user charges, particularly private works and RMS charges under the Road Maintenance Contract for maintenance of State Roads.



Operating grants and contributions have decreased in 2012/2013 as detailed at Section 3.1.

Relative to other Councils in the region, Council has had a relatively low general rates and annual / user charges base.

### 3.3. Depreciation

Depreciation decreased \$757,000, from \$14,422,000 in 2011/2012 to \$13,665,000 in 2012/2013. The following movements were noted:

- Water and sewer infrastructure assets were revalued in 2011/2012 and are now depreciated using a methodology of consumption based condition assessment which means that less depreciation is incurred early on in an assets lifecycle and more in later stages of the assets lifecycle. Largely water and sewer infrastructure assets are still relatively early on in their lifecycle and as such depreciation is relatively low. Previously water and sewer infrastructure assets were depreciated using the straight line depreciation method. This change in methodology resulted in a decrease of water and sewer depreciation of \$1,238,000 in 2012/2013.
- Roads and Bridges depreciation increased by \$393,000. This is largely due to the revaluation increment of \$8,540,000 in 2011/2012 coupled with additions of \$4,565,000 in that year, which has resulted in increased depreciation expense in the current year.

### 3.4. Discontinued Operations

Council recorded a loss of \$1,802,000 in the 2012/2013 year (\$838,000 in 2011/2012) as a result of the discontinued Bridge and Pre-Stressing operations.

There were no discontinued operations in the 2011/12 financial year.

### 3.5. Capital Grants and Contributions

Council receives capital grants and contributions from various sources each financial year. The extent of revenue received each year is influenced by the nature and extent of Council's capital improvements programme and general economic activity.

Capital grants received during the year amounted to \$2,830,000 and largely consisted of grants for the construction of the Broadwater Sewerage project for an amount of \$745,000; natural disaster funding grants of \$896,000; and Roads to Recovery funding of \$694,000.

Capital contributions received during the year amounted to \$877,000. This can be broken down as follows:



	2010 \$'000	2011 \$'000	2012 \$'000	2013 \$'000
Section 94 Contributions - cash	566	213	353	102
Section 64 Contributions - cash/debtors	816	280	156	512
Subdivider dedications	1,480	120	834	31
Other contributions	429	447	171	232
Roads & Bridges	-	-	185	-
	<u>3,291</u>	<u>1,060</u>	<u>1,699</u>	<u>877</u>

At 30 June 2013, Council held \$344,000 restricted cash assets for S94 contributions and \$3,965,000 as restricted cash assets for S64 contributions.

Unexpended S.94 and S.64 contributions comprised:

	2010 \$'000	2011 \$'000	2012 \$'000	2013 \$'000
Roads	205	182	334	175
Parking	372	373	157	-
Open space	95	85	37	-
Community facilities	3	3	4	4
Infrastructure	247	117	107	-
Community services	334	174	166	46
Rec & Civil facilities	56	31	45	-
Quarry roads	90	55	16	-
Others	128	234	320	119
Restricted Assets S94	<u>1,530</u>	<u>1,254</u>	<u>1,186</u>	<u>344</u>
Sewer S64	2,064	2,178	2,379	2,470
Water S64	2,279	2,139	1,914	1,495
	<u>5,873</u>	<u>5,571</u>	<u>5,479</u>	<u>4,309</u>

### 3.6. Profit / (Loss) on Disposal of Assets

Council's profit / (loss) on disposal of assets comprise the following items:

Profit/loss on disposal of assets	2010 \$'000	2011 \$'000	2012 \$'000	2013 \$'000
Infrastructure assets replaced/scrapped				
- Transport & Drainage	(926)	(1,061)	(607)	(788)
- Water	(583)	(665)	(464)	(392)
- Sewer	(140)	(2,485)	(2,431)	(503)
Profit/(Loss) on sale of plant and equipment	(12)	(104)	77	25
Profit/(Loss) on sale of other real estate	(6)	(642)	(126)	(213)
Profit on sale of developed real estate	640	147	315	544
Net profit on disposal of assets	<u>(1,027)</u>	<u>(4,810)</u>	<u>(3,236)</u>	<u>(1,327)</u>

The loss on disposal of assets largely represents the written-down value of infrastructure assets that have been disposed or rehabilitated in the normal course of Council's budgeted asset replacement program. This includes \$213,000 of building assets and \$1,683,000 of infrastructure assets disposed.

### 3.7. Financial Performance and Position by Fund

Included in the general purpose financial reports at Note 21, is a fund-by-fund analysis of the performance and position of Council. Care should be taken when reading this information as "General" activities also includes externally restricted activities of Council, other than water and sewer activities.

The information in this Note also balances in total to the general purposes financial reports and thus may not balance to the results shown elsewhere in other financial statements of Council, as other statements may be inclusive of internal transactions between activities of Council, including restricted activities.

## 4. DECLARED BUSINESS ACTIVITIES UNDER THE NATIONAL COMPETITION GUIDELINES

Under the National Competition guidelines Council is required to apply taxation equivalent principles to each business similar to those that would apply if they were operating in the commercial sector. Council declared business activities have been reported with operating details and assets disclosed on a gross basis in Council's special purpose financial statements.

Each activity has a required rate of return on its activities that is calculated as the operating result plus interest expense divided by the written down value of property, plant and equipment. Where the return on investment is below the required rate of return, the difference is disclosed as a notional subsidy from Council's General Fund activities. Dividends represent funds provided by the relevant business activity for other functions of Council.

A summary of the financial performance of Council's declared business activities is detailed below:

	Revenue from Activities \$'000	Expenses from Activities \$'000	Result prior to capital amounts \$'000	Return on capital %	Subsidy \$'000	Dividends Paid \$'000
<b>2012/13</b>						
Water	5,154	5,064	90	0.10	NA	-
Sewer	8,103	7,681	422	2.00	NA	-
Petersons Quarry	300	480	(180)	(16.70)	(196)	-
Woodview Quarry	843	623	220	25.90	-	224
Bridges & Pre-Stressing *	-	-	-	-	-	-
<b>2011/12</b>						
Water	4,800	5,700	(900)	(1.30)	N/A	-
Sewer	7,298	9,590	(2,292)	(0.70)	N/A	-
Petersons Quarry	569	604	(35)	(1.40)	(51)	305
Woodview Quarry	857	489	368	36.10	-	524
Bridges & Pre-Stressing	1,828	3,205	(1,377)	(25.90)	(1,507)	-

\* Bridge & Pre-Stressing operations were discontinued in 2012/2013.

### Water and Sewer Services

Council's water operations have improved in their financial performance when compared to 2011/2012, with a small surplus from continuing operations before capital amounts of \$90,000 in 2012/2013 compared to a \$900,000 deficit in 2011/2012. This is an overall net improvement of \$990,000.

Council's sewer operations have also improved in their financial performance when compared to 2011/2012, with a surplus from continuing operations before capital amounts of \$422,000 in 2012/2013 compared to a \$2,292,000 deficit in 2011/2012. This is an overall net improvement of \$2,714,000.



The more significant factors affecting the result in the water fund were:

- User charges revenue was relatively consistent, increasing by \$186,000 from the previous year to \$3,720,000.
- Interest income increased by \$124,000 to \$301,000, as a result of a fair value gain of \$133,000 on investments recognised in 2012/2013.
- A decrease in engineering & supervision employee expenses of \$106,000 to \$654,000 due, in part, to a restructure and loss of a position for part of the 2012/2013 year.
- A reduction in the amount of depreciation expense due to a change in the methodology for depreciating water assets in 2012/2013. Water assets are now depreciated using a consumption based model which resulted in a decrease of \$527,000 expense in 2012/2013 when compared to 2011/2012.

The more significant factors affecting the result in the sewer fund were:

- Access and user charges revenue was relatively consistent, increasing by \$295,000 from the previous year to \$6,635,000.
- Fees income increased by \$520,000 to \$974,000 due to private works provided to Lismore City Council in relation to the North Woodburn connection to Broadwater Sewerage.
- A reduction in the amount of depreciation expense due to a change in the methodology for depreciating sewer assets in 2012/2013. Sewer assets are now depreciated using a consumption based model which resulted in a decrease of \$716,000 expense in 2012/2013 when compared to 2011/2012.
- During the revaluation performed in the 2011/2012 year there was a significant amount of decommissioned assets which were written off. This resulted in a loss on disposal of assets of \$2,431,000. The loss on disposal for the 2012/2013 was only \$503,000 in comparison, a reduction in loss of \$1,928,000.
- Other maintenance expenses increased by \$542,000 to \$931,000. This increase was attributable to the private works associated with the North Woodburn scheme.

Water and sewer operations are recognised as monopolies under the National Competition Policy guidelines. As a provider of essential services water and sewer funds should generate enough profits to enable it to replace its infrastructure as required. For the 2012/2013 year, Council set the required rate of return for these operations as Nil. This has been consistently applied to the 2011/2012 results also. In 2012/2013, both Council's water and sewer operations have achieved a positive rate of return.

### **Petersons Quarry and Woodview Quarry**

Council's quarry operations have returned a combined profit of \$40,000 in the 2012/2013 year, compared to \$333,000 for the 2011/2012 year.

The most significant movement was a decrease in fees revenue from the Petersons Quarry, decreasing from \$569,000 in 2011/2012 to \$298,000 in 2012/2013 due to a reduced amount of activity and sales through this quarry causing it to be run at a loss. Woodview quarry had similar level of sales in 2012/2013 when compared to the 2011/2012 but materials and contracts expenses increased by \$132,000 which was the result of contract crushing costs experienced during the year.

Council set the required rate of return for these operations equivalent to the 10 year Commonwealth bond rate. This is consistent with that of previous years.

## 5. FINANCIAL POSITION

### 5.1. Net Current Assets

#### 5.1.1. Cash and Investments

Council has net current assets of \$27,564,000 as at 30 June 2013; however, this includes \$2,240,000 in leave entitlements which are not expected to be settled within twelve months. Net current assets, however, also contains \$21,571,000 of externally restricted cash in the form of special purpose grants, developer contributions and restricted water, sewer and domestic waste management funds. Developer contributions held under S.94 and S.64 are detailed in Section 3.5 of this report.

In addition, Council has allocated \$5,689,000 to internally restricted cash and investments to fund long term commitments. These internal reserves are detailed below.

	2012 \$'000	2013 \$'000
Employee entitlements	391	735
Plant & Vehicles	121	876
Petersons quarry	92	22
Woodview quarry	26	56
Quarry Rehabilitation	54	55
Insurance	52	52
Other waste management	1,862	1,747
Casino saleyards	445	391
Richmond Upper Clarence Regional Library	258	316
RMS roads contracts	-	266
Public cemeteries	365	391
Unexpended rates variation	49	18
Uncompleted works & Other	446	764
	4,161	5,689

We note that there has been an increase in internal reserves of \$1,528,000. Most notable has been the increase in plant and vehicles reserve of \$755,000 and employee entitlements reserve of \$344,000.

After funding internal and external restrictions Council has \$502,000 of unrestricted cash.

A summary of Council's investment securities is as follows:

### Investments analysis (current & non-current)

	2012 \$'000	2013 \$'000
Opening balance of investments at fair value	8,176	4,626
Investments purchased	-	-
Investments sold	(4,190)	(1,409)
Fair value adjustments	640	841
Closing balance of investments at fair value	<u>4,626</u>	<u>4,058</u>

### Closing balance of investments at fair value comprises:

Equity Linked Notes	1,805	1,921
Managed funds	1,550	1,234
CDOs	849	903
Other	422	-
	<u>4,626</u>	<u>4,058</u>
Deposits at call & TDs	<u>26,011</u>	<u>27,040</u>
	<u>30,637</u>	<u>31,098</u>

### Local Government Investment Order

Council still holds investments, including Collateralised Debt Obligations (CDOs), which are no longer prescribed under the Local Government Investment Order, however, they have been retained under grandfathering provisions of the Order. These investments are gradually being disposed of when considered most financially advantageous to Council.

### Liquidity

Based on information provided by Council management, which has not been subject to audit, the maturity profile of investments held at balance date should not materially impact Council's budgeted operations for the 2012/2013 financial year from a liquidity perspective.

#### 5.1.2. Receivables

Council's current receivables have decreased from \$9,971,000 as at 30 June 2012 to \$6,924,000 as at 30 June 2013. The major components of the balances at the end of the financial year were:

	2010 \$'000	2011 \$'000	2012 \$'000	2013 \$'000
Rates, etc	314	304	363	402
User charges	4,231	5,479	5,182	3,918
Deposits & bonds	310	310	230	21
Govt grants & subsidies	1,191	1,419	2,953	1,142
S64 water and sewer	8	8	2	2
Land sales	304	-	-	488
Accrued Interest on Investments	180	117	139	114
Other	425	910	1,224	921
Provision for Doubtful Debts	(124)	(84)	(122)	(84)
	<u>6,845</u>	<u>8,463</u>	<u>9,971</u>	<u>6,924</u>

The main contributor to the decrease in current receivables is government grants receivable, which included a large receivable in relation to January 2012 natural disaster flood relief and also a receivable in relation to the establishment of the Rural Fire Service Control Centre in 2011/2012.

Additionally there are RMS receivables for the state managed road contracts within user charges. In 2011/2012 there were balances totalling \$1,252,000 compared to \$140,000 in 2012/2013, resulting in a net decrease of \$1,112,000 in user charges receivables in 2012/2013.

## 5.2. Non-Current Assets and Liabilities

Council has a net non-current asset position of \$575,750,000, which consists largely of Council controlled investments, property, plant and equipment, water, sewer, road and drainage infrastructure and loans.

### 5.2.1. Property, Plant and Equipment

During the year Council capitalised the following property, plant and equipment:

	2010 \$'000	2011 \$'000	2012 \$'000	2013 \$'000
<b>Non-cash Developer Contributions</b>				
Roads and Drainage Network	946	21	815	-
Sewerage Network	265	28	1	26
Water Supplies	269	71	18	5
<b>Non-cash Additions</b>				
Bush Fire Grants	107	53	74	182
<b>Council Constructed / Purchased Assets</b>				
Office Equipment	28	5	75	34
Furniture & Fittings	106	15	133	28
Non-Depreciable land improvements	395	-	322	-
Depreciable land improvements	311	70	579	125
Land and Buildings	1,579	907	2,411	417
Other Structures	431	465	506	514
Tips & quarries	180	-	512	-
Plant and Equipment/Vehicles	1,824	2,462	2,636	1,838
Roads and Drainage Network	4,001	2,027	3,720	2,702
Water Supply Network	973	1,409	569	771
Sewerage Network	421	4,536	490	1,270
Land-Operational	-	-	-	443
Land Under Roads	-	12	-	-
Library Books	-	107	85	83
Capital Work In Progress	10,102	6,326	5,136	6,339
	<u>21,938</u>	<u>18,514</u>	<u>18,082</u>	<u>14,777</u>

Capital Work in Progress at 30 June 2013 includes 2012/2013 costs incurred of \$3,507,000 for the Broadwater Sewerage Plant as well as \$698,000 for upgrades to sewer pump stations.

Roads and Drainage had additions totalling \$2,702,000 which includes resealing programs \$1,085,000 and the Evans Head CBD upgrade of \$494,000.

Sewer Network asset additions include relining projects which amounted to \$829,000 in 2012/2013.

### Asset Revaluations 2013

The Division of Local Government has mandated that all infrastructure assets are to be recognised in Council's financial records at their fair value. Fair value represents the written-down replacement cost of each asset using modern day equivalent materials, design and capacity.



During the year Council performed a full revaluation of the Roads, Bridges & Footpaths and Bulk Earthworks Infrastructure assets. As a result of the revaluation, a revaluation increment of \$37,404,000 was recognised for the Roads, Bridges and Footpaths assets and \$2,005,000 for Bulk Earthworks.

Where material, fair value adjustments are made each year to keep all infrastructure assets at fair value. As a result, a 2012/2013 increment of \$667,000 for drainage assets and \$1,587,000 and \$2,143,000 for water and sewer networks respectively was recognised.

### Regular Re-assessment of Useful Lives

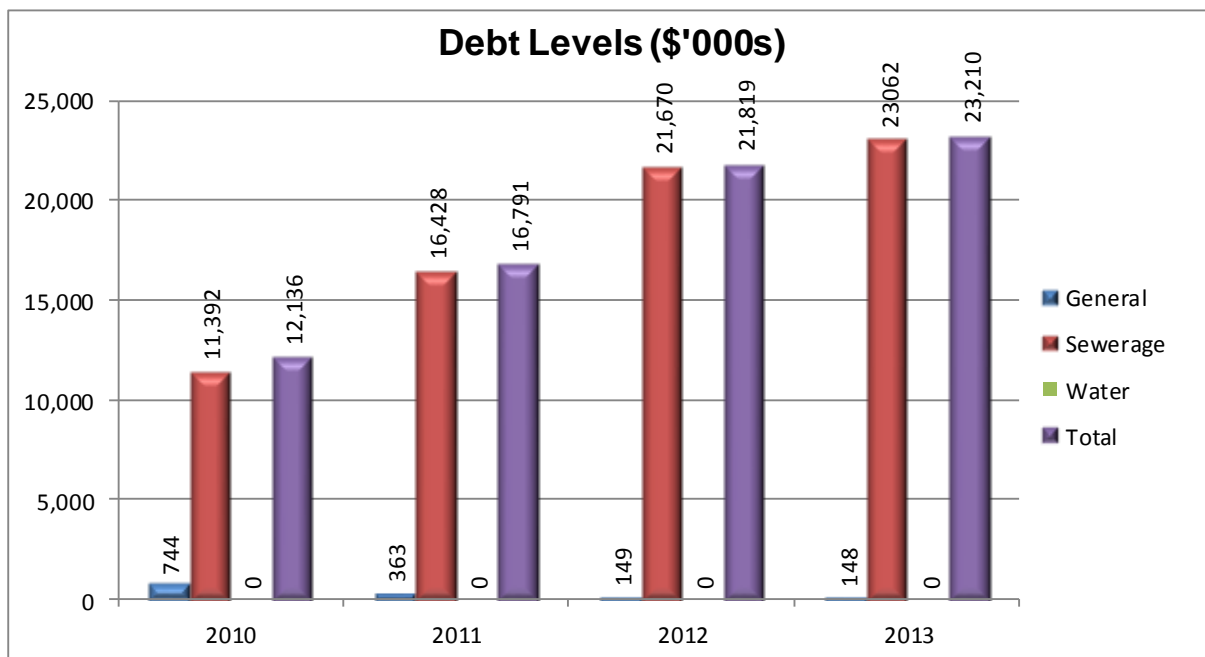
It is important that Council regularly re-assesses the remaining useful lives of assets and their condition in future revaluations. The depreciation charge should reflect the consumption of the asset over its useful life. Fair value reporting of assets will require adequate internal resources in order to ensure the information from asset management reporting systems is accurate, timely and reflects the consumption of the assets.

### 5.2.2. Loans

Council's overall debt position has increased during the year by \$1,391,000. Council drew on a new loan of \$2,418,000 in 2012/2013 for the Broadwater Sewerage Scheme and a new loan of \$290,000 for the general fund.

Council's general fund has loans totalling \$148,000 and sewer fund has loans totalling \$23,062,000 as at 30 June 2013. Council's water fund remains debt-free.

Council is projecting to repay \$1,218,000 of these loans in the forthcoming year.



Council is not projecting to borrow any additional loan funds for the next 3 years until 2016/2017, when Council projects borrowings of \$2,300,000 for additional sewer infrastructure.

## 6. KEY PERFORMANCE INDICATORS

Council's performance can be measured using selected financial indicators. The local government sector utilises certain key performance indicators to measure some aspects of its financial position and performance. Note 13 to the general purpose financial statements provides details of local government sector key performance indicators. We provide an analysis of some of these key performance indicators on a fund-by-fund basis.

When interpreting the ratios below it is important to recognise that they represent a measure of certain aspects of Council's operations at a particular point in time and do not provide a complete assessment of Council's financial performance or position nor do they consider the plans Council has in place to manage its operations into the future.

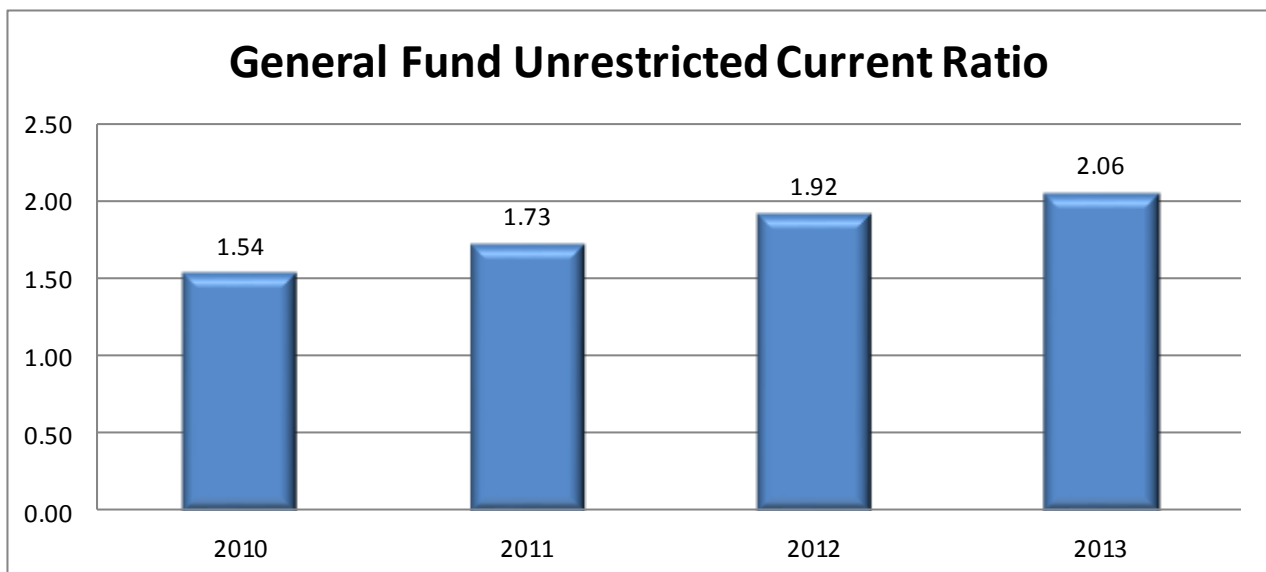
### Unrestricted Current Ratio

The unrestricted current ratio represents Council's capacity to meet its commitments from current assets net of externally restricted cash, investments and receivables.

Factors influencing Council's unrestricted current assets ratio include:

- Planning and budgetary controls;
- Cash management and the timing of cash flows;
- The level of internally restricted assets; and
- Credit management policies and economic circumstances.

### General Fund Unrestricted Current Ratio

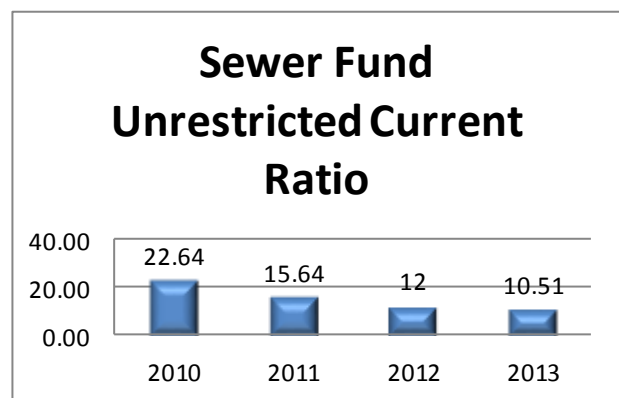
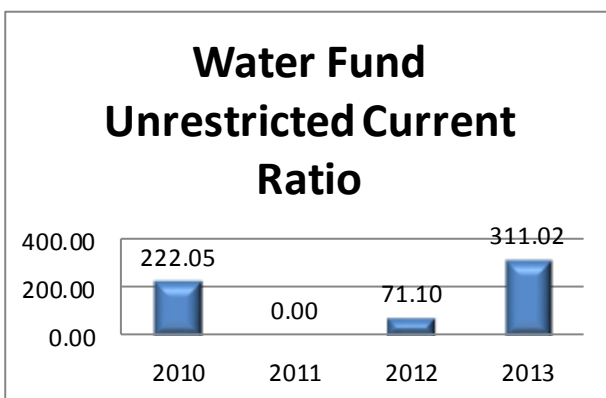


Council's general fund unrestricted current ratio has increased from 1.92 to 2.06, due to an increase in unrestricted current assets offset only slightly by an increase in unrestricted current liabilities. This means that Council has \$2.06 in unrestricted net current assets for every \$1 of unrestricted current liabilities.

An unrestricted current ratio of at least 1.5 is considered to be an appropriate level to allow Council to satisfy its day to day commitments and absorb any unforeseen expenses or reductions in revenue.

It is important to note that the unrestricted current ratio does not reflect Council's capacity to fund long term infrastructure needs nor the state of the infrastructure itself. As part of its asset management processes, Council needs to assess its infrastructure requirements and develop strategies to ensure the long-term viability (ability to provide services) of its assets.

### Water and Sewer Fund Unrestricted Current Ratio



We note that the unrestricted current ratio for water and sewer activities may fluctuate significantly. Yearly fluctuations may result from the accumulation of internal reserves and the impact of debt levels and will continue to fluctuate in the future as further funds are collected and expended on infrastructure improvements.

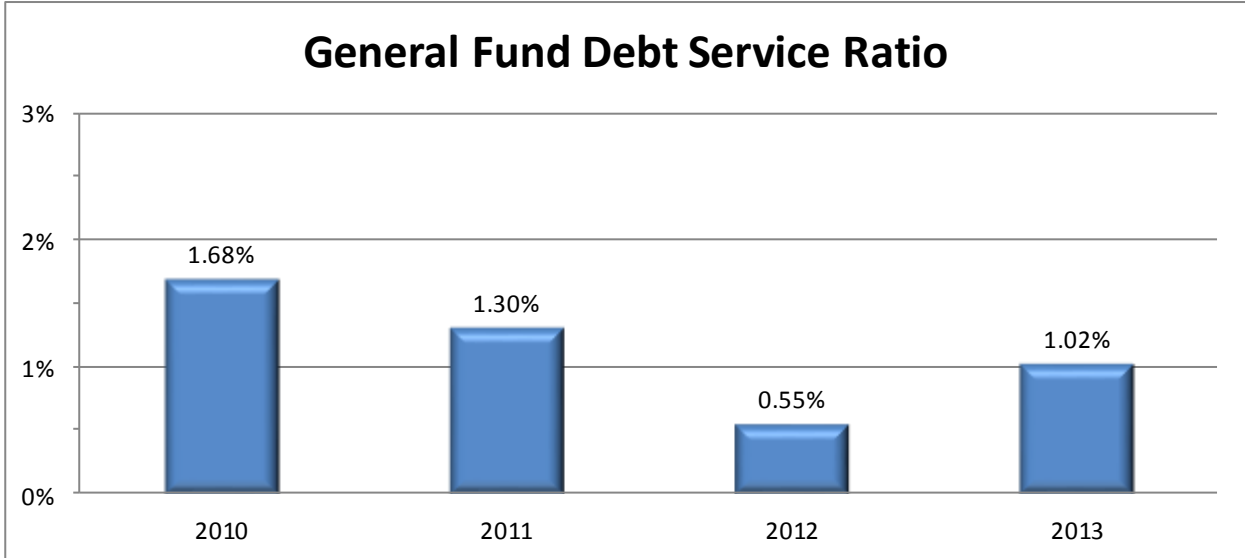
### Debt Service Ratio

This indicator assesses the degree to which revenues from continuing operations are committed to the repayment of debt. Factors influencing a council's debt service ratio include:

- The rate of new development in the Council area and the need to borrow to fund new infrastructure;
- Council's debt policy;
- Interest rate movements and loan terms;
- Capital investment strategies and capital contributions policies;
- The level of cash reserves available to reduce the level of borrowings; and
- The state of Council's infrastructure assets and the need to borrow to replace them.

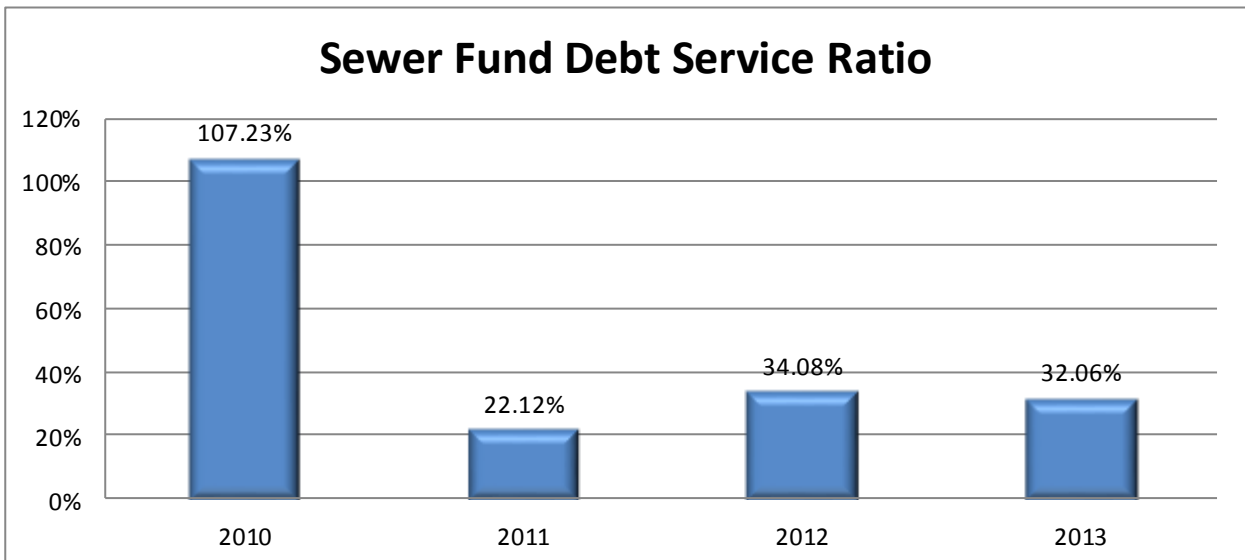


**General Fund Debt Service Ratio**



Council's debt service ratio for general fund remained at a low level.

**Sewer Fund Debt Service Ratio**





Sewer fund has a slightly decreased debt service ratio from 34.08% at 2012 to 32.06% at 2013.

As noted at 5.2.2 of this report, sewer fund drew a new loan of \$2,418,000 in 2012/2013.

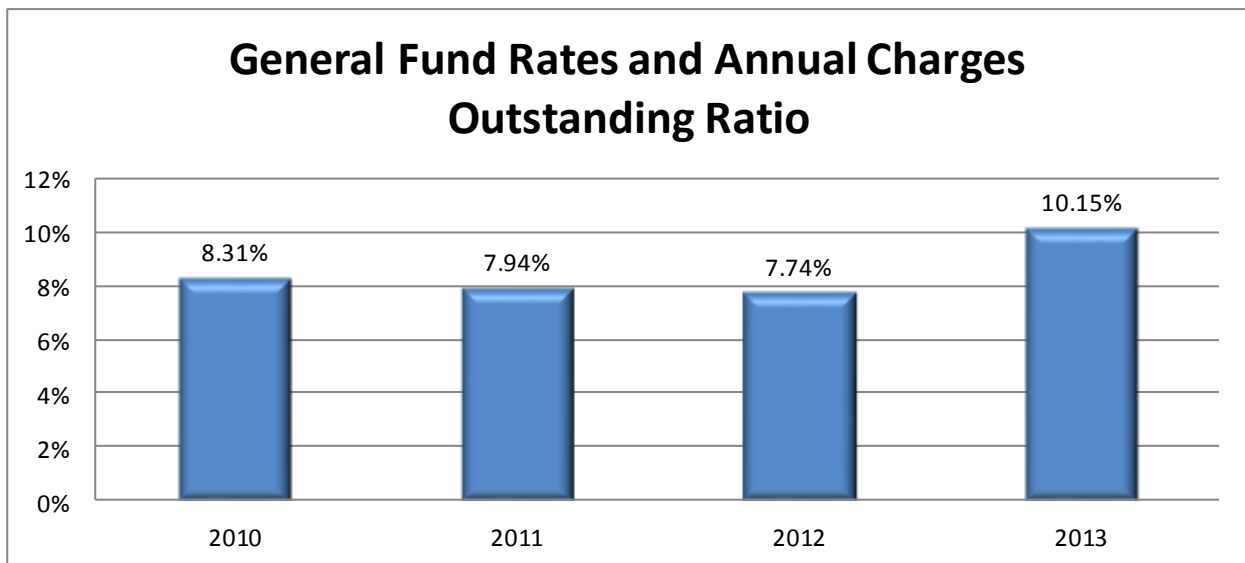
Water fund does not have any debt.

**Rates and Annual Charges Outstanding Ratio**

This indicator assesses the effectiveness of Council’s revenue collection. Factors influencing Council’s rates and annual charges outstanding ratio include:

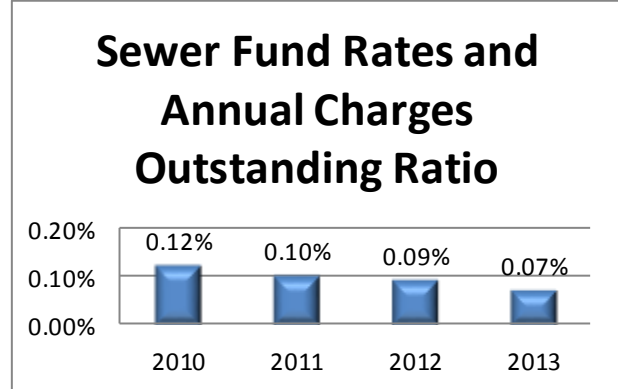
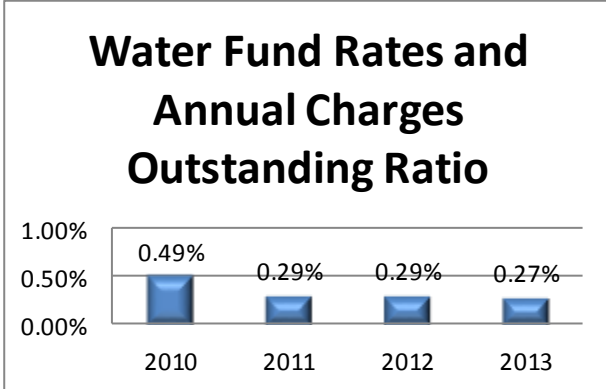
- Council’s rating policy;
- Credit management policies;
- The socio-economic characteristics of the area; and
- Environmental factors influencing ratepayers’ ability to satisfy their obligations.

**General Fund Rates & Annual Charges Outstanding Ratio**



Council’s general fund rates and annual charges outstanding percentage has increased to 10.15% as at 30 June 2013. We suggest that it would be prudent for Council to review its policies and procedures to determine the level of outstanding rates and annual charges it wishes to maintain.

**Water and Sewer Funds Rates & Annual Charges Outstanding Ratio**



The above graphs illustrate the rates and annual charges outstanding ratio for water and sewer funds, which have remained relatively stable.

**Buildings and Infrastructure Renewals Ratio**

The purpose of this ratio is to assess the rate at which building and infrastructure assets are being renewed against the rate at which they are depreciating. Renewals are defined as replacement of existing assets with equivalent capacity or performance as opposed to the acquisition of new assets.

The consolidated building and infrastructure renewals ratio has increased from 32.77% to 42.28%.

This ratio should also be considered in conjunction with the level of new asset additions.


**7. INTERNAL CONTROL ENVIRONMENT**

No significant breakdowns of internal control were encountered during the course of our audit nor did we become aware of the existence of items comprising material error, sufficient to cause us to issue a modified audit opinion.

Subject to the foregoing comments the books of account and records of the Council were maintained in good order and condition and the information and explanations required during the course of our work were readily supplied by the General Manager and his staff.

Yours faithfully

**THOMAS NOBLE & RUSSELL**

  
G W DWYER (Partner)  
Registered Company Auditor

# Richmond Valley Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2013

---

“The development of community and  
natural attributes of the area to enable  
a pleasant and sustainable lifestyle.”



# Richmond Valley Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2013

Contents	Page
<b>1. Statement by Councillors &amp; Management</b>	2
<b>2. Special Purpose Financial Statements:</b>	
Income Statement - Water Supply Business Activity	3
Income Statement - Sewerage Business Activity	4
Income Statement - Other Business Activities	5
Statement of Financial Position - Water Supply Business Activity	7
Statement of Financial Position - Sewerage Business Activity	8
Statement of Financial Position - Other Business Activities	9
<b>3. Notes to the Special Purpose Financial Statements</b>	11
<b>4. Auditor's Report</b>	20

---

### Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.

(ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

(iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

(iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

---

## Richmond Valley Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2013

### Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

**To the best of our knowledge and belief, these Financial Statements:**

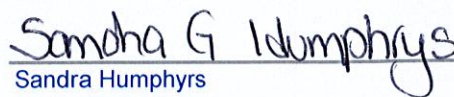
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

**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 Council made on 15 October 2013.**



Ernie Bennett  
MAYOR



Sandra Humphys  
DEPUTY MAYOR



John Walker  
GENERAL MANAGER



Ryan Gaiter  
RESPONSIBLE ACCOUNTING OFFICER



## Richmond Valley Council

## Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>Income from continuing operations</b>		
Access charges	930	903
User charges	3,720	3,534
Fees	83	101
Interest	301	177
Grants and contributions provided for non capital purposes	118	85
Profit from the sale of assets	-	-
Other income	2	-
<b>Total income from continuing operations</b>	<b>5,154</b>	<b>4,800</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	761	816
Borrowing costs	-	-
Materials and contracts	1,847	1,954
Depreciation and impairment	789	1,316
Water purchase charges	931	867
Loss on sale of assets	392	463
Calculated taxation equivalents	26	25
Debt guarantee fee (if applicable)	-	-
Other expenses	318	259
<b>Total expenses from continuing operations</b>	<b>5,064</b>	<b>5,700</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>90</b>	<b>(900)</b>
Grants and contributions provided for capital purposes	21	63
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>111</b>	<b>(837)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>111</b>	<b>(837)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(27)	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>84</b>	<b>(837)</b>
plus Opening Retained Profits	24,953	25,765
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	26	25
- Debt guarantee fees	-	-
- Corporate taxation equivalent	27	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>25,090</b>	<b>24,953</b>
<b>Return on Capital %</b>	<b>0.1%</b>	<b>-1.3%</b>
<b>Subsidy from Council</b>	<b>n/a</b>	<b>n/a</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	84	(837)
less: Capital grants and contributions (excluding developer contributions)	(7)	(18)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

## Richmond Valley Council

## Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>Income from continuing operations</b>		
Access charges	5,528	5,307
User charges	1,107	1,033
Liquid Trade Waste charges	-	-
Fees	974	454
Interest	347	413
Grants and contributions provided for non capital purposes	147	91
Profit from the sale of assets	-	-
Other income	-	-
<b>Total income from continuing operations</b>	<b>8,103</b>	<b>7,298</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,002	1,023
Borrowing costs	1,573	1,599
Materials and contracts	3,194	2,515
Depreciation and impairment	952	1,668
Loss on sale of assets	503	2,431
Calculated taxation equivalents	19	21
Debt guarantee fee (if applicable)	78	54
Other expenses	360	279
<b>Total expenses from continuing operations</b>	<b>7,681</b>	<b>9,590</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>422</b>	<b>(2,292)</b>
Grants and contributions provided for capital purposes	1,270	380
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>1,692</b>	<b>(1,912)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>1,692</b>	<b>(1,912)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(127)	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>1,565</b>	<b>(1,912)</b>
plus Opening Retained Profits	33,951	35,788
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	19	21
- Debt guarantee fees	78	54
- Corporate taxation equivalent	127	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>35,740</b>	<b>33,951</b>
<b>Return on Capital %</b>	<b>2.0%</b>	<b>-0.7%</b>
<b>Subsidy from Council</b>	<b>n/a</b>	<b>n/a</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	1,565	(1,912)
less: Capital grants and contributions (excluding developer contributions)	(773)	(269)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>



## Richmond Valley Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2013

\$ '000	Petersons Quarry		Woodview Quarry	
	Category 2		Category 2	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>Income from continuing operations</b>				
Access charges	-	-	-	-
User charges	-	-	-	-
Fees	298	569	841	857
Interest	2	-	2	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	-	-	-	-
<b>Total income from continuing operations</b>	<b>300</b>	<b>569</b>	<b>843</b>	<b>857</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	42	68	61	63
Borrowing costs	20	19	16	15
Materials and contracts	320	476	515	383
Depreciation and impairment	31	30	22	20
Loss on sale of assets	57	-	2	-
Calculated taxation equivalents	-	2	5	6
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	10	9	2	2
<b>Total expenses from continuing operations</b>	<b>480</b>	<b>604</b>	<b>623</b>	<b>489</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(180)</b>	<b>(35)</b>	<b>220</b>	<b>368</b>
Grants and contributions provided for capital purposes	-	-	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(180)</b>	<b>(35)</b>	<b>220</b>	<b>368</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(180)</b>	<b>(35)</b>	<b>220</b>	<b>368</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	(66)	(110)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(180)</b>	<b>(35)</b>	<b>154</b>	<b>258</b>
plus Opening Retained Profits	712	1,050	527	677
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	2	5	6
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	-	-	66	110
add:				
- Subsidy Paid/Contribution To Operations	1	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	(305)	(224)	(524)
<b>Closing Retained Profits</b>	<b>533</b>	<b>712</b>	<b>528</b>	<b>527</b>
<b>Return on Capital %</b>	<b>-16.7%</b>	<b>-1.4%</b>	<b>25.9%</b>	<b>36.1%</b>
<b>Subsidy from Council</b>	<b>196</b>	<b>51</b>	<b>-</b>	<b>-</b>

## Richmond Valley Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2013

\$ '000	Bridge & Prestressing Category 1	
	Actual 2013	Actual 2012
<b>Income from continuing operations</b>		
Access charges	-	-
User charges	-	-
Fees	-	1,828
Interest	-	-
Grants and contributions provided for non capital purposes	-	-
Profit from the sale of assets	-	-
Other income	-	-
<b>Total income from continuing operations</b>	<b>-</b>	<b>1,828</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	-	745
Borrowing costs	-	527
Materials and contracts	-	1,768
Depreciation and impairment	-	122
Loss on sale of assets	-	5
Calculated taxation equivalents	-	6
Debt guarantee fee (if applicable)	-	-
Other expenses	-	32
<b>Total expenses from continuing operations</b>	<b>-</b>	<b>3,205</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>-</b>	<b>(1,377)</b>
Grants and contributions provided for capital purposes	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>-</b>	<b>(1,377)</b>
Surplus (deficit) from discontinued operations	(2,083)	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(2,083)</b>	<b>(1,377)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(2,083)</b>	<b>(1,377)</b>
plus Opening Retained Profits	(428)	113
plus/less: Prior Period Adjustments	-	-
plus/less: Other Adjustments	375	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	3	6
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
add:		
- Subsidy Paid/Contribution To Operations	2,133	830
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
<b>Closing Retained Profits</b>	<b>-</b>	<b>(428)</b>
Return on Capital %	n/a	-25.9%
Subsidy from Council	-	1,507

## Richmond Valley Council

## Statement of Financial Position - Council's Water Supply Business Activity

as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	2,610	2,312
Investments	864	1,086
Receivables	1,228	1,303
Inventories	-	-
Other	1	1
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>4,703</b>	<b>4,702</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	489	672
Inventories	-	-
Infrastructure, property, plant and equipment	68,876	67,121
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>69,365</b>	<b>67,793</b>
<b>TOTAL ASSETS</b>	<b>74,068</b>	<b>72,495</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	10	39
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Current Liabilities</b>	<b>10</b>	<b>39</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>10</b>	<b>39</b>
<b>NET ASSETS</b>	<b>74,058</b>	<b>72,456</b>
<b>EQUITY</b>		
Retained earnings	25,090	24,953
Revaluation reserves	48,968	47,503
Council equity interest	74,058	72,456
Non-controlling interest	-	-
<b>TOTAL EQUITY</b>	<b>74,058</b>	<b>72,456</b>

## Richmond Valley Council

## Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	14,191	15,406
Investments	370	465
Receivables	1,930	1,875
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>16,491</b>	<b>17,746</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	717	593
Inventories	-	-
Infrastructure, property, plant and equipment	98,703	92,468
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>99,420</b>	<b>93,061</b>
<b>TOTAL ASSETS</b>	<b>115,911</b>	<b>110,807</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	263	382
Interest bearing liabilities	1,070	898
Provisions	-	-
<b>Total Current Liabilities</b>	<b>1,333</b>	<b>1,280</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	21,992	20,771
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>21,992</b>	<b>20,771</b>
<b>TOTAL LIABILITIES</b>	<b>23,325</b>	<b>22,051</b>
<b>NET ASSETS</b>	<b>92,586</b>	<b>88,756</b>
<b>EQUITY</b>		
Retained earnings	35,741	33,951
Revaluation reserves	56,845	54,805
Council equity interest	92,586	88,756
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>92,586</b>	<b>88,756</b>

## Richmond Valley Council

## Statement of Financial Position - Council's Other Business Activities

as at 30 June 2013

\$ '000	Petersons Quarry		Woodview Quarry	
	Category 2		Category 2	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	-	-	-	-
Investments	23	92	56	26
Receivables	-	-	-	-
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
<b>Total Current Assets</b>	<b>23</b>	<b>92</b>	<b>56</b>	<b>26</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	956	1,161	910	1,060
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
<b>Total Non-Current Assets</b>	<b>956</b>	<b>1,161</b>	<b>910</b>	<b>1,060</b>
<b>TOTAL ASSETS</b>	<b>979</b>	<b>1,253</b>	<b>966</b>	<b>1,086</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Bank Overdraft	-	-	-	-
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	325	384	260	318
Other Liabilities	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>325</b>	<b>384</b>	<b>260</b>	<b>318</b>
<b>TOTAL LIABILITIES</b>	<b>325</b>	<b>384</b>	<b>260</b>	<b>318</b>
<b>NET ASSETS</b>	<b>654</b>	<b>869</b>	<b>706</b>	<b>768</b>
<b>EQUITY</b>				
Retained earnings	534	712	528	527
Revaluation reserves	120	157	178	241
Council equity interest	<b>654</b>	<b>869</b>	<b>706</b>	<b>768</b>
Non-controlling equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>654</b>	<b>869</b>	<b>706</b>	<b>768</b>

## Richmond Valley Council

## Statement of Financial Position - Council's Other Business Activities

as at 30 June 2013

## Bridge &amp; Prestressing

## Category 1

\$ '000	Actual 2013	Actual 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	-	-
Investments	-	-
Receivables	-	472
Inventories	-	-
Other	-	24
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>-</b>	<b>496</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	-	3,279
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total Non-Current Assets</b>	<b>-</b>	<b>3,279</b>
<b>TOTAL ASSETS</b>	<b>-</b>	<b>3,775</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	3,775
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>3,775</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Other Liabilities	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>3,775</b>
<b>NET ASSETS</b>	<b>-</b>	<b>-</b>
<b>EQUITY</b>		
Retained earnings	-	(428)
Revaluation reserves	-	428
Council equity interest	-	-
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>-</b>	<b>-</b>

# Richmond Valley Council

## Special Purpose Financial Statements for the financial year ended 30 June 2013

### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	12
2	Water Supply Business Best Practice Management disclosure requirements	15
3	Sewerage Business Best Practice Management disclosure requirements	17

## Richmond Valley Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Division of Local Government.

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in these special purpose financial statements, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB) &
- Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with:

- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Division of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

#### Declared Business Activities

In accordance with *Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

##### Category 1

(where gross operating turnover is over \$2 million)

##### a. Water Supplies

*Comprising the whole of the operations and assets of the water supply systems, which service the towns of Broadwater, Casino, Coraki, Evans Head and Woodburn.*

##### b. Sewerage Services

*Comprising the whole of the operations and assets of the sewerage reticulation and treatment systems, which service the towns of Casino, Broadwater, Coraki, Evans Head, Rileys Hill and Woodburn.*

##### c. Bridge Construction and Pre-Stressing Works

*Providing bridge construction and prestressed concrete products for Council's construction and external sale. Council discontinued this business activity during the 2012/2013 financial year. This included the sale of two properties and associated assets.*

*Further details relating to the discontinued operation are outlined in Note 24 of Council's General Purpose Financial Statements.*

##### Category 2

(where gross operating turnover is less than \$2 million)

##### a. Petersons Quarry

*Providing high quality supplies of gravel, aggregate and other materials, for both Council's*



## Richmond Valley Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

#### Note 1. Significant Accounting Policies

*construction program and also for sale to the public.*

#### b. Woodview Quarry

*Providing high quality supplies of gravel, aggregate and other materials, for both Council's construction program and also for sale to the public.*

#### Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

#### (i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities):

#### Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first \$406,000 of combined land values attracts 0%. From \$406,001 to \$2,482,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$2,482,000, a premium marginal rate of 2.0% applies.

Payroll Tax – 5.45% on the value of taxable salaries and wages in excess of \$689,000.

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation equivalent", may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

#### Income Tax

An income tax equivalent has been applied on the profits of each reported Business Activity.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since this taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's General Purpose Financial Statements.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date.

## Richmond Valley Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

#### Note 1. Significant Accounting Policies

##### Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 1 businesses has been applied to all land assets owned or exclusively used by the Business Activity.

##### Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

##### (ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed.

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported Business Activity.

##### (iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field".

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The Rate of Return on Capital is calculated as follows:

**Operating Result before Capital Income + Interest Expense**

**Written Down Value of I,PP&E as at 30 June**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.77% at 30/6/13.

The actual rate of return achieved by each Business Activity is disclosed at the foot of each respective Income Statement.

##### (iv) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2013 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved the payment.

# Richmond Valley Council

## Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

### Note 2. Water Supply Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2013

#### 1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i) Calculated Tax Equivalents	26,000
(ii) No of assessments multiplied by \$3/assessment	22,035
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	22,035
(iv) Amounts actually paid for Tax Equivalents	-

#### 2. Dividend from Surplus

(i) 50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii) No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	198,315
(iii) Cumulative surplus before Dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	(1,221,000)

2013 Surplus	77,000	2012 Surplus	(855,000)	2011 Surplus	(443,000)
		2012 Dividend	-	2011 Dividend	-

(iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v) Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

#### 3. Required outcomes for 6 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i) Completion of Strategic Business Plan (including Financial Plan)	<input type="checkbox"/>
(ii) Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	<input type="checkbox"/>
- Complying charges [Item 2(b) in Table 1]	<input type="checkbox"/>
- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	<input type="checkbox"/>
- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	<input type="checkbox"/>
(iii) Sound Water Conservation and Demand Management implemented	<input type="checkbox"/>
(iv) Sound Drought Management implemented	<input type="checkbox"/>
(v) Complete Performance Reporting Form (by 15 September each year)	<input type="checkbox"/>
(vi) a. Integrated Water Cycle Management Evaluation	<input type="checkbox"/>
b. Complete and implement Integrated Water Cycle Management Strategy	<input type="checkbox"/>

## Richmond Valley Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

#### Note 2. Water Supply Business Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2013

##### National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F1</b>	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	4,907
<b>NWI F4</b>	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	75.33%
<b>NWI F9</b>	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	68,838
<b>NWI F11</b>	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	3,847
<b>NWI F14</b>	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	1,463
<b>NWI F17</b>	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	0.39%
<b>NWI F26</b>	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

- Notes:
1. References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
  2. The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

# Richmond Valley Council

## Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

### Note 3. Sewerage Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2013

#### 1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	97,000
(ii)	No of assessments multiplied by \$3/assessment	20,892
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	20,892
(iv)	Amounts actually paid for Tax Equivalents	-

#### 2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	188,028
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	(2,944,600)

2013 Surplus	792,400	2012 Surplus	(2,181,000)	2011 Surplus	(1,556,000)
		2012 Dividend	-	2011 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

#### 3. Required outcomes for 4 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	
	Complying charges	
	(a) Residential [Item 2(c) in Table 1]	
	(b) Non Residential [Item 2(c) in Table 1]	
	(c) Trade Waste [Item 2(d) in Table 1]	
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	
(iii)	Complete Performance Reporting Form (by 15 September each year)	
(iv)	a. Integrated Water Cycle Management Evaluation	
	b. Complete and implement Integrated Water Cycle Management Strategy	

## Richmond Valley Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

#### Note 3. Sewerage Business Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2013

##### National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F2</b>	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	8,337
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	98,610
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	4,557
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	5,622
<b>NWI F18</b>	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	2.87%
<b>NWI F27</b>	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	745

##### National Water Initiative (NWI) Financial Performance Indicators Water & Sewer (combined)

<b>NWI F3</b>	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	12,350
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.31%
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	7,085
<b>NWI F19</b>	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	1.85%
<b>NWI F20</b>	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
<b>NWI F21</b>	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

## Richmond Valley Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

#### Note 3. Sewerage Business Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2013

#### National Water Initiative (NWI) Financial Performance Indicators Water & Sewer (combined)

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	3.02%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest  Earnings before Interest & Tax (EBIT): Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)  Net Interest: Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		2
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	1,182
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	162

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
  - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.





**RICHMOND VALLEY COUNCIL  
SPECIAL PURPOSE FINANCIAL STATEMENTS  
INDEPENDENT AUDIT REPORT**

**Report on the Financial Statements**

We have audited the accompanying financial statements, being special purpose financial statements, of Richmond Valley Council (the Council), which comprises the statement of financial position as at 30 June 2013, the income statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Councillors' and Management.

**Councils' Responsibility for the Financial Statements**

The Council is responsible for the preparation of the financial statements and has determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the *Local Government Act 1993* and meet the needs of the Division of Local Government. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation of the financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

Our audit responsibility does not extend to the best practice management disclosures in note 2 and note 3, and accordingly, we do not express an opinion on such. In addition, our audit did not include an analysis of the prudence of business decisions made by Council or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





## **Independence**

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

## **Audit Opinion**

In our opinion, the special purpose financial statements of Richmond Valley Council:

- a) Have been prepared in accordance with the requirements of those applicable Australian Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting;
  - i. Are consistent with the Council's accounting records;
  - ii. Present fairly, in all material respects, the financial position of Council's nominated Business Activities as at 30 June 2013 and the results of their operations for the year then ended;
- b) All information relevant to the conduct of the audit has been obtained; and
- c) There are no material deficiencies in the accounting records or financial statements that we have become aware of in the course of the audit.

## **Basis of Accounting**

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the Division of Local Government. As a result, the financial statements may not be suitable for another purpose.

## **THOMAS NOBLE & RUSSELL CHARTERED ACCOUNTANTS**

A handwritten signature in dark ink, appearing to read 'G W Dwyer', is written over a horizontal dotted line.

G W DWYER (Partner)  
Registered Company Auditor

Dated at Lismore this 15<sup>th</sup> day of October 2013.

# Richmond Valley Council

SPECIAL SCHEDULES  
for the year ended 30 June 2013

---

“The development of community and  
natural attributes of the area to enable  
a pleasant and sustainable lifestyle.”



# Richmond Valley Council

## Special Schedules

for the financial year ended 30 June 2013

### Contents

Page

#### Special Schedules<sup>1</sup>

- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply - Income Statement	5
- Special Schedule No. 4	Water Supply - Statement of Financial Position	9
- Special Schedule No. 5	Sewerage Service - Income Statement	10
- Special Schedule No. 6	Sewerage Service - Statement of Financial Position	14
- Notes to Special Schedules No. 3 & 5		15
- Special Schedule No. 7	Condition of Public Works	16
- Special Schedule No. 8	Financial Projections	19

<sup>1</sup> Special Purpose Schedules are not audited.

---

#### Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
  - the Australian Bureau of Statistics (ABS),
  - the NSW Office of Water,
  - the Department of Environment, Climate Change and Water, and
  - the Division of Local Government (DLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
  - the incorporation of Local Government financial figures in national statistics,
  - the monitoring of loan approvals,
  - the allocation of borrowing rights, and
  - the monitoring of the financial activities of specific services.

## Richmond Valley Council

Special Schedule No. 1 - Net Cost of Services  
for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from. Continuing. Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
<b>Governance</b>	<b>1,314</b>	-	-	<b>(1,314)</b>
<b>Administration</b>	<b>518</b>	<b>805</b>	-	<b>287</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	1,904	1,305	282	<b>(317)</b>
Beach Control	32	-	-	<b>(32)</b>
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	241	119	-	<b>(122)</b>
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	<b>2,177</b>	<b>1,424</b>	<b>282</b>	<b>(471)</b>
<b>Health</b>	<b>670</b>	<b>186</b>	-	<b>(484)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	105	-	-	<b>(105)</b>
Other Environmental Protection	474	53	-	<b>(421)</b>
Solid Waste Management	4,219	4,875	-	<b>656</b>
Street Cleaning	287	-	-	<b>(287)</b>
Drainage	852	206	-	<b>(646)</b>
Stormwater Management	-	(7)	-	<b>(7)</b>
<b>Total Environment</b>	<b>5,937</b>	<b>5,127</b>	-	<b>(810)</b>
<b>Community Services and Education</b>				
Administration & Education	-	-	-	-
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	52	-	-	<b>(52)</b>
Children's Services	-	-	-	-
<b>Total Community Services &amp; Education</b>	<b>52</b>	-	-	<b>(52)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	279	209	-	<b>(70)</b>
Public Conveniences	204	-	-	<b>(204)</b>
Street Lighting	581	88	-	<b>(493)</b>
Town Planning	1,885	451	102	<b>(1,332)</b>
Other Community Amenities	-	-	-	-
<b>Total Housing and Community Amenities</b>	<b>2,949</b>	<b>748</b>	<b>102</b>	<b>(2,099)</b>
<b>Water Supplies</b>	<b>4,964</b>	<b>4,960</b>	<b>21</b>	<b>17</b>
<b>Sewerage Services</b>	<b>7,519</b>	<b>7,948</b>	<b>1,270</b>	<b>1,699</b>

## Richmond Valley Council

## Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from Continuing Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
<b>Recreation and Culture</b>				
Public Libraries	1,003	447	15	(541)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	488	48	7	(433)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	965	126	21	(818)
Swimming Pools	750	-	-	(750)
Parks & Gardens (Lakes)	800	45	-	(755)
Other Sport and Recreation	438	44	29	(365)
<b>Total Recreation and Culture</b>	<b>4,444</b>	<b>710</b>	<b>72</b>	<b>(3,662)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	-	-	-	-
Other Mining, Manufacturing & Construction	353	352	-	(1)
<b>Total Mining, Manufacturing and Const.</b>	<b>353</b>	<b>352</b>	-	<b>(1)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	3,311	20	392	(2,899)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	4,163	183	241	(3,739)
Sealed Rural Roads (SRR) - Regional	1,260	792	132	(336)
Unsealed Rural Roads (URR) - Local	3,579	214	581	(2,784)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	4	-	-	(4)
Bridges on SRR - Local	34	-	351	317
Bridges on URR - Local	5	-	-	(5)
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	478	3	131	(344)
Aerodromes	327	90	90	(147)
Other Transport & Communication	2,959	3,203	-	244
<b>Total Transport and Communication</b>	<b>16,120</b>	<b>4,505</b>	<b>1,918</b>	<b>(9,697)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	2,175	1,570	53	(552)
<b>Total Economic Affairs</b>	<b>2,175</b>	<b>1,570</b>	<b>53</b>	<b>(552)</b>
<b>Totals – Functions</b>	<b>49,192</b>	<b>28,335</b>	<b>3,718</b>	<b>(17,139)</b>
<b>General Purpose Revenues<sup>(2)</sup></b>		<b>14,066</b>		<b>14,066</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	-		-
<b>NET OPERATING RESULT<sup>(1)</sup></b>	<b>49,192</b>	<b>42,401</b>	<b>3,718</b>	<b>(3,073)</b>

(1) As reported in the Income Statement

(2) Includes: Rates &amp; Annual Charges (incl. Ex Gratia, excl. Water &amp; Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) &amp; Interest on overdue Rates &amp; Annual Charges

# Richmond Valley Council

## Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2013

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	1,048	20,771	<b>21,819</b>	2,418	1,175	-	-	1,580	1,070	21,992	<b>23,062</b>
Other	-	-	-	290	142	-	-	9	148	-	<b>148</b>
<b>Total Loans</b>	<b>1,048</b>	<b>20,771</b>	<b>21,819</b>	<b>2,708</b>	<b>1,317</b>	-	-	<b>1,589</b>	<b>1,218</b>	<b>21,992</b>	<b>23,210</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>1,048</b>	<b>20,771</b>	<b>21,819</b>	<b>2,708</b>	<b>1,317</b>	<b>-</b>	<b>-</b>	<b>1,589</b>	<b>1,218</b>	<b>21,992</b>	<b>23,210</b>

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

## Richmond Valley Council

## Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	1,022	1,088
b. Engineering and Supervision	654	760
<b>2. Operation and Maintenance expenses</b>		
<b>- Dams &amp; Weirs</b>		
a. Operation expenses	-	-
b. Maintenance expenses	2	2
<b>- Mains</b>		
c. Operation expenses	36	66
d. Maintenance expenses	183	201
<b>- Reservoirs</b>		
e. Operation expenses	11	30
f. Maintenance expenses	29	22
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	5	-
h. Energy costs	139	103
i. Maintenance expenses	28	32
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	465	403
k. Chemical costs	137	139
l. Maintenance expenses	84	59
<b>- Other</b>		
m. Operation expenses	121	122
n. Maintenance expenses	-	-
o. Purchase of water	931	867
<b>3. Depreciation expenses</b>		
a. System assets	783	1,310
b. Plant and equipment	6	6
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	10	2
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>4,646</b>	<b>5,212</b>

## Richmond Valley Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	656	634
b. Usage charges	2,003	1,928
<b>7. Non-residential charges</b>		
a. Access (including rates)	274	268
b. Usage charges	1,716	1,606
<b>8. Extra charges</b>	34	34
<b>9. Interest income</b>	268	144
<b>10. Other income</b>	85	101
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	-	-
<b>11. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	81	79
c. Other grants	37	6
<b>12. Contributions</b>		
a. Developer charges	14	45
b. Developer provided assets	5	18
c. Other contributions	2	-
<b>13. Total income</b>	<b>5,175</b>	<b>4,863</b>
<b>14. Gain (or loss) on disposal of assets</b>	(392)	(463)
<b>15. Operating Result</b>	<b>137</b>	<b>(812)</b>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	137	(812)



## Richmond Valley Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	343	331
b. New Assets for Growth	-	54
c. Renewals	1,010	669
d. Plant and equipment	110	13
<b>17. Repayment of debt</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>1,463</b>	<b>1,067</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	-	1
<b>21. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	<b>-</b>	<b>1</b>
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	6,279	6,252
b. Residential (unoccupied, ie. vacant lot)	206	226
c. Non-residential (occupied)	767	779
d. Non-residential (unoccupied, ie. vacant lot)	93	91
<b>25. Number of ETs for which developer charges were received</b>	4 ET	16 ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 146,635	\$ 143,955

## Richmond Valley Council

Special Schedule No. 3 - Water Supply Cross Subsidies  
for the financial year ended 30 June 2013

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>27. Annual charges</b>			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> YES	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy <b>from</b> residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
<b>28. Developer charges</b>			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> YES	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>29. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b +27c + 27d + 28b)</b>			<input type="text" value="-"/>

\* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

## Richmond Valley Council

## Special Schedule No. 4 - Water Supply Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2013

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	1,495	-	1,495
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,980	-	1,980
<b>31. Receivables</b>			
a. Specific purpose grants	95	-	95
b. Rates and Availability Charges	2	2	4
c. User Charges	-	-	-
d. Other	1,132	486	1,618
<b>32. Inventories</b>	-	-	-
<b>33. Property, plant and equipment</b>			
a. System assets	-	68,838	68,838
b. Plant and equipment	-	38	38
<b>34. Other assets</b>	-	-	-
<b>35. Total assets</b>	<b>4,704</b>	<b>69,364</b>	<b>74,068</b>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	10	-	10
<b>38. Borrowings</b>			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>40. Total liabilities</b>	<b>10</b>	<b>-</b>	<b>10</b>
<b>41. NET ASSETS COMMITTED</b>	<b>4,694</b>	<b>69,364</b>	<b>74,058</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			25,090
<b>43. Asset revaluation reserve</b>			48,968
<b>44. TOTAL EQUITY</b>			<b>74,058</b>
<b>Note to system assets:</b>			
<b>45. Current replacement cost</b> of system assets			80,897
<b>46. Accumulated current cost</b> depreciation of system assets			(12,059)
<b>47. Written down current cost</b> of system assets			<b>68,838</b>

## Richmond Valley Council

### Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	987	1,058
b. Engineering and Supervision	650	644
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	153	241
b. Maintenance expenses	72	100
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	104	112
d. Energy costs	132	92
e. Maintenance expenses	389	272
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	648	440
g. Chemical costs	31	25
h. Energy costs	158	122
i. Effluent Management	-	-
j. Biosolids Management	115	100
k. Maintenance expenses	187	441
<b>- Other</b>		
l. Operation expenses	-	-
m. Maintenance expenses	931	389
<b>3. Depreciation expenses</b>		
a. System assets	936	1,650
b. Plant and equipment	15	18
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	1,573	1,599
b. Revaluation Decrements	-	-
c. Other expenses	-	(214)
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
d. Tax Equivalent Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>7,081</b>	<b>7,089</b>

## Richmond Valley Council

## Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	5,528	5,307
<b>7. Non-residential charges</b>		
a. Access (including rates)	261	253
b. Usage charges	766	705
<b>8. Trade Waste Charges</b>		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	81	75
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	56	54
<b>10. Interest income</b>	291	359
<b>11. Other income</b>	975	454
<b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>	-	-
<b>12. Grants</b>		
a. Grants for acquisition of assets	745	263
b. Grants for pensioner rebates	81	80
c. Other grants	65	11
<b>13. Contributions</b>		
a. Developer charges	497	111
b. Developer provided assets	26	1
c. Other contributions	1	6
<b>14. Total income</b>	<b>9,373</b>	<b>7,679</b>
<b>15. Gain (or loss) on disposal of assets</b>	(502)	(2,426)
<b>16. Operating Result</b>	<b>1,790</b>	<b>(1,836)</b>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	1,045	(2,099)

## Richmond Valley Council

## Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	3,508	3,223
b. New Assets for Growth	-	-
c. Renewals	2,103	1,360
d. Plant and equipment	11	74
<b>18. Repayment of debt</b>		
a. Loans	1,025	859
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>6,647</b>	<b>5,516</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	2,418	6,100
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>2,418</b>	<b>6,100</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	6,089	6,061
b. Residential (unoccupied, ie. vacant lot)	194	213
c. Non-residential (occupied)	599	610
d. Non-residential (unoccupied, ie. vacant lot)	82	80
<b>26. Number of ETs for which developer charges were received</b>	62 ET	7 ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 147,702	\$ 145,064

## Richmond Valley Council

Special Schedule No. 5 - Sewerage Cross Subsidies  
for the financial year ended 30 June 2013

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>28. Annual charges</b>			
<b>a.</b> Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/> YES	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
<b>b.</b> Cross-subsidy <b>to</b> non-residential customers (page 45 of Guidelines)			<input type="text"/>
<b>c.</b> Cross-subsidy <b>to</b> trade waste discharges (page 46 of Guidelines)			<input type="text"/>
<b>29. Developer charges</b>			
<b>a.</b> Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/> YES	<input type="checkbox"/>	
<b>b.</b> Total cross-subsidy in sewerage developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>30. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (28b + 28c + 29b)</b>			<input type="text" value="-"/>

\* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.

## Richmond Valley Council

## Special Schedule No. 6 - Sewerage Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2013

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	2,470	-	2,470
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	2,848	-	2,848
e. Sinking fund	-	-	-
f. Other	9,243	-	9,243
<b>32. Receivables</b>			
a. Specific purpose grants	88	-	88
b. Rates and Availability Charges	2	3	5
c. User Charges	-	-	-
d. Other	1,840	714	2,554
<b>33. Inventories</b>	-	-	-
<b>34. Property, plant and equipment</b>			
a. System assets	-	98,610	98,610
b. Plant and equipment	-	93	93
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>16,491</b>	<b>99,420</b>	<b>115,911</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	263	-	263
<b>39. Borrowings</b>			
a. Loans	1,070	21,993	23,063
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>41. Total Liabilities</b>	<b>1,333</b>	<b>21,993</b>	<b>23,326</b>
<b>42. NET ASSETS COMMITTED</b>	<b>15,158</b>	<b>77,427</b>	<b>92,585</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			35,740
<b>44. Asset revaluation reserve</b>			56,845
<b>45. TOTAL EQUITY</b>			<b>92,585</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			119,907
<b>47. Accumulated current cost</b> depreciation of system assets			(21,297)
<b>48. Written down current cost</b> of system assets			<b>98,610</b>



## Richmond Valley Council

### Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2013

#### Administration <sup>(1)</sup>

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

#### Engineering and supervision <sup>(1)</sup>

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Other technical and supervision staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.

**Operational expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

**Maintenance expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

**Other expenses** (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

**Revaluation decrements** (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

**Impairment Losses** (item 4d & 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

**Aboriginal Communities Water and Sewerage Program** (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

**Residential charges** <sup>(2)</sup> (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

**Non-residential charges** <sup>(2)</sup> (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

**Trade waste charges** (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

**Other income** (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

**Other contributions** (items 12c and 13c of Special Schedules 3 and 5 respectively) incl. capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

#### Notes:

<sup>(1)</sup> Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

<sup>(2)</sup> To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.







# Richmond Valley Council

## Special Schedule No. 8 - Financial Projections

as at 30 June 2013

\$'000	Actual <sup>(1)</sup> 12/13	Forecast <sup>(3)</sup> 13/14	Forecast <sup>(3)</sup> 14/15	Forecast <sup>(3)</sup> 15/16	Forecast <sup>(3)</sup> 16/17	Forecast <sup>(3)</sup> 17/18	Forecast <sup>(3)</sup> 18/19	Forecast <sup>(3)</sup> 19/20	Forecast <sup>(3)</sup> 20/21	Forecast <sup>(3)</sup> 21/22	Forecast <sup>(3)</sup> 22/23
<b>(i) OPERATING BUDGET</b>											
Income from continuing operations	45,527	44,041	46,425	47,875	49,687	51,549	53,512	55,848	57,463	59,130	60,823
Expenses from continuing operations	48,600	48,642	49,519	50,532	52,263	53,147	54,286	55,829	57,602	59,615	61,014
<b>Operating Result from Continuing Operations</b>	<b><u>(3,073)</u></b>	<b><u>(4,601)</u></b>	<b><u>(3,094)</u></b>	<b><u>(2,657)</u></b>	<b><u>(2,576)</u></b>	<b><u>(1,598)</u></b>	<b><u>(774)</u></b>	<b><u>19</u></b>	<b><u>(139)</u></b>	<b><u>(485)</u></b>	<b><u>(191)</u></b>
<b>(ii) CAPITAL BUDGET</b>											
New Capital Works <sup>(2)</sup>	1,000	3,337	1,664	210	692	680	1,500	-	192	-	-
Replacement/Refurbishment of Existing Assets	13,777	11,938	11,135	8,340	11,487	8,570	10,170	13,875	15,169	14,777	9,253
<b>Total Capital Budget</b>	<b><u>14,777</u></b>	<b><u>15,275</u></b>	<b><u>12,799</u></b>	<b><u>8,550</u></b>	<b><u>12,179</u></b>	<b><u>9,250</u></b>	<b><u>11,670</u></b>	<b><u>13,875</u></b>	<b><u>15,361</u></b>	<b><u>14,777</u></b>	<b><u>9,253</u></b>
<b>Funded by:</b>											
- Loans	3,472	-	-	-	2,300	-	1,500	6,400	6,000	7,500	-
- Asset sales	449	1,898	1,737	555	588	618	648	596	568	553	653
- Reserves	4,605	9,463	7,003	4,276	5,526	4,610	5,638	2,745	4,772	2,671	4,481
- Grants/Contributions	4,840	2,199	2,365	1,980	1,982	1,989	2,004	2,006	2,013	2,024	2,038
- Recurrent revenue	1,411	1,715	1,694	1,739	1,783	2,033	1,880	2,128	2,008	2,029	2,081
- Other	-	-	-	-	-	-	-	-	-	-	-
	<b><u>14,777</u></b>	<b><u>15,275</u></b>	<b><u>12,799</u></b>	<b><u>8,550</u></b>	<b><u>12,179</u></b>	<b><u>9,250</u></b>	<b><u>11,670</u></b>	<b><u>13,875</u></b>	<b><u>15,361</u></b>	<b><u>14,777</u></b>	<b><u>9,253</u></b>

**Notes:**

(1) From 12/13 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.