

Richmond Valley Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

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

Richmond
Valley
Council



Richmond Valley Council

General Purpose Financial Statements

for the financial year ended 30 June 2015

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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 20 October 2015. Council has the power to amend and reissue these financial statements.

Richmond Valley Council

General Purpose Financial Statements for the financial year ended 30 June 2015

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.

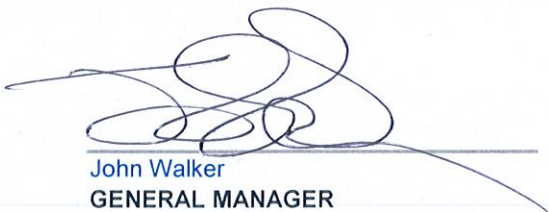
Signed in accordance with a resolution of Council made on 20 October 2015.



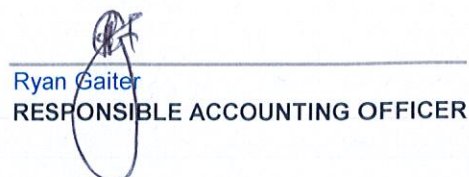
Ernie Bennett
MAYOR



Col Sullivan
COUNCILLOR



John Walker
GENERAL MANAGER



Ryan Gaiter
RESPONSIBLE ACCOUNTING OFFICER

Richmond Valley Council

Income Statement

for the financial year ended 30 June 2015

Budget ¹ 2015	\$ '000	Notes	Actual 2015	Actual 2014
Income from Continuing Operations				
Revenue:				
19,226	Rates & Annual Charges	3a	19,801	18,314
14,198	User Charges & Fees	3b	13,427	14,020
1,538	Interest & Investment Revenue	3c	1,121	1,142
102	Other Revenues	3d	182	161
9,434	Grants & Contributions provided for Operating Purposes	3e,f	10,066	6,539 ²
3,096	Grants & Contributions provided for Capital Purposes	3e,f	5,338	5,791
47,594	Total Income from Continuing Operations		49,935	45,967
Expenses from Continuing Operations				
14,818	Employee Benefits & On-Costs	4a	16,026	15,249
1,811	Borrowing Costs	4b	1,685	1,676
13,427	Materials & Contracts	4c	10,669	12,458
11,125	Depreciation & Amortisation	4d	10,555	10,560
-	Impairment	4d	-	-
5,321	Other Expenses	4e	5,166	4,799
-	Net Losses from the Disposal of Assets	5	2,350	1,301
46,502	Total Expenses from Continuing Operations		46,451	46,043
1,092	Operating Result from Continuing Operations		3,484	(76)
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
1,092	Net Operating Result for the Year		3,484	(76)
1,092	Net Operating Result attributable to Council		3,484	(76)
-	Net Operating Result attributable to Non-controlling Interests		-	-
(2,004)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(1,854)	(5,867)

¹ Original Budget as approved by Council - refer Note 16

² Financial Assistance Grants for 13/14 were lower reflecting a one off timing difference due to a change in how the grant was paid in prior years - refer Note 3 (e)

Richmond Valley Council

Statement of Comprehensive Income

for the financial year ended 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
Net Operating Result for the year (as per Income statement)		3,484	(76)
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	41,059	21,709
Impairment (loss) reversal relating to I,PP&E	20b (ii)	(2,814)	2
Total Items which will not be reclassified subsequently to the Operating Result		38,245	21,711
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		38,245	21,711
Total Comprehensive Income for the Year		41,729	21,635
Total Comprehensive Income attributable to Council		41,729	21,635
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Richmond Valley Council

Statement of Financial Position

as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	21,749	13,798
Investments	6b	7,493	9,457
Receivables	7	12,120	10,796
Inventories	8	2,518	1,877
Other	8	419	1,213
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		44,299	37,141
Non-Current Assets			
Investments	6b	-	481
Receivables	7	2,040	1,637
Inventories	8	1,415	1,464
Infrastructure, Property, Plant & Equipment	9	658,109	618,919
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	-	-
Total Non-Current Assets		661,564	622,501
TOTAL ASSETS		705,863	659,642
LIABILITIES			
Current Liabilities			
Payables	10	5,713	5,378
Borrowings	10	1,620	1,111
Provisions	10	4,297	4,610
Total Current Liabilities		11,630	11,099
Non-Current Liabilities			
Payables	10	308	434
Borrowings	10	24,881	20,881
Provisions	10	2,366	2,279
Total Non-Current Liabilities		27,555	23,594
TOTAL LIABILITIES		39,185	34,693
Net Assets		666,678	624,949
EQUITY			
Retained Earnings	20	328,418	324,934
Revaluation Reserves	20	338,260	300,015
Council Equity Interest		666,678	624,949
Non-controlling Equity Interests		-	-
Total Equity		666,678	624,949

Richmond Valley Council

Statement of Changes in Equity
for the financial year ended 30 June 2015

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2015						
Opening Balance (as per Last Year's Audited Accounts)		324,934	300,015	624,949	-	624,949
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/14)		324,934	300,015	624,949	-	624,949
c. Net Operating Result for the Year		3,484	-	3,484	-	3,484
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsv	20b (ii)	-	41,059	41,059	-	41,059
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(2,814)	(2,814)	-	(2,814)
Other Comprehensive Income		-	38,245	38,245	-	38,245
Total Comprehensive Income (c&d)		3,484	38,245	41,729	-	41,729
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		328,418	338,260	666,678	-	666,678
2014						
Opening Balance (as per Last Year's Audited Accounts)		325,010	278,304	603,314	-	603,314
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/13)		325,010	278,304	603,314	-	603,314
c. Net Operating Result for the Year		(76)	-	(76)	-	(76)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsv	20b (ii)	-	21,709	21,709	-	21,709
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	2	2	-	2
Other Comprehensive Income		-	21,711	21,711	-	21,711
Total Comprehensive Income (c&d)		(76)	21,711	21,635	-	21,635
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		324,934	300,015	624,949	-	624,949

Richmond Valley Council

Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
Cash Flows from Operating Activities				
Receipts:				
19,226	Rates & Annual Charges		19,629	18,268
14,198	User Charges & Fees		14,111	11,032
1,538	Investment & Interest Revenue Received		926	1,104
12,530	Grants & Contributions		13,433	10,166
-	Bonds, Deposits & Retention amounts received		15	18
102	Other		-	698
Payments:				
(14,818)	Employee Benefits & On-Costs		(16,354)	(15,337)
(14,410)	Materials & Contracts		(11,855)	(10,887)
(1,811)	Borrowing Costs		(1,232)	(1,711)
(5,321)	Other		(4,012)	(4,389)
11,234	Net Cash provided (or used in) Operating Activities	11b	14,661	8,962
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		2,518	2,182
5,056	Sale of Real Estate Assets		714	454
603	Sale of Infrastructure, Property, Plant & Equipment		1,056	830
1	Deferred Debtors Receipts		1	2
Payments:				
(16,065)	Purchase of Infrastructure, Property, Plant & Equipment		(14,489)	(15,319)
(3,360)	Purchase of Real Estate Assets		(1,019)	(1,135)
(13,765)	Net Cash provided (or used in) Investing Activities		(11,219)	(12,986)
Cash Flows from Financing Activities				
Receipts:				
1,120	Proceeds from Borrowings & Advances		5,620	-
Payments:				
(1,318)	Repayment of Borrowings & Advances		(1,111)	(1,218)
(198)	Net Cash Flow provided (used in) Financing Activities		4,509	(1,218)
(2,729)	Net Increase/(Decrease) in Cash & Cash Equivalents		7,951	(5,242)
13,798	plus: Cash & Cash Equivalents - beginning of year	11a	13,798	19,040
11,069	Cash & Cash Equivalents - end of the year	11a	21,749	13,798
Additional Information:				
	plus: Investments on hand - end of year	6b	7,493	9,938
Total Cash, Cash Equivalents & Investments			29,242	23,736

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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n/a - not applicable

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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 Australian Accounting 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

During the current year, the following relevant accounting standards became mandatory and have been adopted by Council:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosures of Interests in Other Entities

AASB 10 introduced a new definition of control based on the substance of the relationship and required Councils to consider their involvement with other entities regardless of whether there was a financial interest.

AASB 11 classified joint arrangements into either joint ventures (equity accounting) or joint operations (accounting for share of assets and liabilities).

AASB 12 has increased the level of disclosures required where Council has any interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

Council has reviewed all its related entities regarding the impact of the AASB 10, 11 and 12 and determined that the only entity requiring disclosure is NEWLOG under AASB 11, details of which are disclosed in Note 19 to the General Purpose Financial Statements.

(iv) Early adoption of Accounting Standards

With the exception of AASB 2015-7, Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(v) Basis of Accounting

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

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets 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 non current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) 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 been no changes in accounting policies when compared with previous financial statements.

(vii) Significant 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 Council 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 remediation provisions.

Critical judgements in applying Council'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 it 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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 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

Rental income is accounted for on a straight-line basis over the lease term.

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

Dividend Income

Revenue is recognised when the Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

Other Income

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

(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 2015) and **(ii)** all the related operating results (for the financial year ended the 30th June 2015).

Richmond Valley Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Detailed information relating to the entities that Council Controls can be found at Note 19 (a).

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

Due to their immaterial value and nature, the following Committees, Entities & Operations have been excluded from consolidation:

- Section 355 Committees

(ii) The Trust Fund

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

Joint Ventures

Joint Ventures represent operational arrangements where the parties joint control parties have rights to the net assets of the arrangement.

Any interests in Joint Ventures are accounted for using the equity method and are carried at cost.

Under the equity method, Council's share of the operation's profits/(losses) are recognised in the income statement, and its share of movements in retained earnings & reserves are recognised in the balance sheet.

Detailed information relating to Council's Joint Ventures can be found at Note 19 (a).

(iv) Associates

Council has no interest in any 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 Council/s and accordingly these entities have not been

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

consolidated or otherwise included within these financial statements.

(vi) Unconsolidated Structured Entities

Council has no interest in any Unconsolidated Structured Entities.

(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 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

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, 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".

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

“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.

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.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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.

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.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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.

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 Office of Local Government.

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

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 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
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Building

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

Other Structures	> \$2,000
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Water & Sewer Assets

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

Stormwater Assets

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

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

Bridge construction & reconstruction	100% Capitalised
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Other Infrastructure Assets

Swimming Pools	> \$10,000
Other Open Space/Recreational Assets	> \$10,000

Other Infrastructure	> \$10,000
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Depreciation

Depreciation on Council's plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Depreciation on Council's infrastructure assets is calculated using a more sophisticated condition based assessment model. This model better represents the pattern in which these assets future economic benefits are expected to be consumed.

Council's land improvements, buildings and other structures were revalued as at 30 June 2015 using the refined condition assessment model also. These assets have been broken into short and long lived components where applicable. The adoption of this methodology from 1 July 2015 (as a result of the 2015 revaluation process) is expected to result in a decrease in the annual depreciation expense of approximately \$400,000.

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 to 60 years
- Benches, seats etc	30 to 90 years

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Buildings & Other Structures
- Buildings 10 to 200 years

Stormwater Drainage
- Drains 80 years
- Culverts 80 years

Transportation Assets
- 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

Water & Sewer Assets
- 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

Other Infrastructure Assets
- Bulk earthworks Infinite

- Swimming Pools 40 to 120 years
- Other Open Space/
Recreational Assets 10 to 200 years

All asset residual values and useful lives are reviewed and adjusted (if appropriate), at each reporting 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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

accounting treatment for Crown Reserves across both tiers of government.

(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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

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

Council does not have any Non-Current Assets (or Disposal Groups) "Held for Sale" or Discontinued Operations.

(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.

(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.

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.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(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 wholly 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.

All other short-term employee benefit obligations are presented as payables.

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.

(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 wholly 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.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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 30/06/15.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2015 the prior period deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

Council's contributions to the Scheme for the current reporting year have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$292,839 as at 30 June 2015.

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 30/06/15.

(y) Self insurance

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

No provision for future claims have been provided for in Note 10.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(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 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 interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2015.

Apart from AASB 2015-7, which relieves Council from providing quantitative information about the significant unobservable inputs within level 3 fair value measurements, 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.

Apart from the AASB disclosures below, there are no other standards that are "not yet effective" which are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

Applicable to Local Government:

AASB 9 - Financial Instruments (and associated amending standards)

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

- fair value and
- amortised cost (where financial assets will only be able to be measured at amortised cost where very specific conditions are met).

Other impacts on the reported financial position and performance have not yet been determined.

AASB 15 - Revenue from contracts with customers and associated amending standards

AASB 15 will introduce a five step process for revenue recognition with the core principle of the new Standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

The full impact of AASB 15 has not yet been ascertained or quantified.

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2017.

AASB 124 - Related Party Disclosures

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties

(and fall under the related party reporting requirements).

AASB 2014 - 10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not).

A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2016.

This standard will only impact Council where there has been a sale or contribution of assets between the entity and the associate/joint venture.

Not applicable to Local Government per se;

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

(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.

Richmond Valley Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(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 2015

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 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Original Budget 2015	Actual 2015	Actual 2014	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Governance	-	-	18	1,867	1,928	1,866	(1,867)	(1,928)	(1,848)	-	-	-	-
Administration	2,157	860	621	831	-	749	1,326	860	(128)	126	100	55,525	44,599
Public Order & Safety	1,427	1,808	1,547	2,249	2,349	2,174	(822)	(541)	(627)	1,259	949	8,769	7,100
Health	249	198	206	555	555	689	(306)	(357)	(483)	-	-	877	606
Environment	6,227	7,160	5,030	6,224	6,071	5,573	3	1,089	(543)	2,782	663	42,449	40,837
Housing & Community Amenities	1,161	1,026	988	3,261	2,982	2,857	(2,100)	(1,956)	(1,869)	25	59	2,782	2,378
Water Supplies	5,276	5,502	5,129	5,089	5,331	5,410	187	171	(281)	81	77	74,655	73,398
Sewerage Services	7,677	7,753	7,183	6,839	6,817	6,776	838	936	407	88	82	105,184	104,068
Recreation & Culture	865	949	736	4,595	5,133	4,206	(3,730)	(4,184)	(3,470)	383	215	73,480	50,087
Mining, Manufacturing & Construction	168	491	376	39	116	200	129	375	176	-	-	4,011	3,299
Transport & Communication	6,674	7,397	10,780	12,879	12,716	13,706	(6,205)	(5,319)	(2,926)	2,699	3,593	320,558	319,942
Economic Affairs	499	1,810	1,907	2,074	2,207	2,058	(1,575)	(397)	(151)	483	639	17,573	13,328
Total Functions & Activities	32,380	34,954	34,521	46,502	46,205	46,264	(14,122)	(11,251)	(11,743)	7,926	6,377	705,863	659,642
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	15,214	14,735	11,667	-	-	-	15,214	14,735	11,667	4,912	2,517	-	-
Operating Result from Continuing Operations	47,594	49,689	46,188	46,502	46,205	46,264	1,092	3,484	(76)	12,838	8,894	705,863	659,642

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 2015

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, street cleaning, drainage, stormwater management.

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, 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 2015

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		6,087	5,373
Farmland		1,876	1,666
Business		1,298	1,158
Total Ordinary Rates		9,261	8,197
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		2,683	2,588
Stormwater Management Services		197	198
Water Supply Services		1,126	1,112
Sewerage Services		6,111	5,811
Waste Management Services (non-domestic)		423	408
Total Annual Charges		10,540	10,117
TOTAL RATES & ANNUAL CHARGES		19,801	18,314

Council has used 2014 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 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		4,061	3,757
Sewerage Services		871	997
Waste Management Services (non-domestic)		7	35
Total User Charges		4,939	4,789
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Planning & Building Regulation		432	386
Private Works - Section 67		624	529
Regulatory/ Statutory Fees		85	94
Registration Fees		145	149
Total Fees & Charges - Statutory/Regulatory		1,286	1,158
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Aerodrome		1	3
Casino Showground		17	15
Cemeteries		261	300
Rent / Hire of Council Property		189	214
Richmond Upper Clarence Regional Library		13	13
RMS (formerly RTA) Charges (State Roads not controlled by Council)		4,624	5,518
Saleyards		836	729
Sports Grounds		26	26
Waste Disposal Tipping Fees		1,031	1,113
Other		204	142
Total Fees & Charges - Other		7,202	8,073
TOTAL USER CHARGES & FEES		13,427	14,020

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		145	183
- Interest earned on Investments (interest & coupon payment income)		903	897
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		73	62
TOTAL INTEREST & INVESTMENT REVENUE		<u>1,121</u>	<u>1,142</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		59	105
General Council Cash & Investments		552	887
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		11	9
- Section 64		125	115
Water Fund Operations		73	(7)
Sewerage Fund Operations		301	33
Total Interest & Investment Revenue Recognised		<u>1,121</u>	<u>1,142</u>
(d) Other Revenues			
Fines		84	57
Insurance Claim Recoveries		85	104
Other		13	-
TOTAL OTHER REVENUE		<u>182</u>	<u>161</u>

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance - General Component	1 3,196	1,551	-	-
Financial Assistance - Local Roads Component	1 1,487	737	-	-
Pensioners' Rates Subsidies - General Component	229	229	-	-
Total General Purpose	4,912	2,517	-	-

¹ The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years.

Specific Purpose

Pensioners' Rates Subsidies:

- Water	81	77	-	-
- Sewerage	80	83	-	-
- Domestic Waste Management	87	91	-	-
Sewerage Services	-	-	8	-
Bushfire & Emergency Services	1,002	823	173	123
Flood Restoration	60	13	-	-
Library - Richmond Upper Clarence Regional	123	123	35	-
LIRS Subsidy	483	-	-	-
Natural Disaster Funding	60	182	3,107	1,752
Saleyards	-	-	-	639
Sporting Grounds	-	-	193	62
Strategic Planning	11	32	-	-
Street Lighting	88	88	-	-
Transport (Roads to Recovery)	701	-	-	693
Transport (Other Roads & Bridges Funding)	-	-	1,327	1,027
Waste and Sustainability	91	108	54	289
Other	141	138	21	34
Total Specific Purpose	3,008	1,758	4,918	4,619
Total Grants	7,920	4,275	4,918	4,619

Grant Revenue is attributable to:

- Commonwealth Funding	4,809	2,388	734	1,353
- State Funding	2,410	1,887	4,885	3,266
	7,920	4,275	4,918	4,619

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 94 - Contributions towards amenities/services	-	-	36	48
S 94A - Fixed Development Consent Levies	-	-	96	34
S 64 - Water Supply Contributions	-	-	19	36
S 64 - Sewerage Service Contributions	-	-	180	49
Total Developer Contributions	17	-	331	167
Other Contributions:				
Bushfire and Emergency Services	438	441	-	-
Dedications (other than by S94)	-	-	-	687
Library - Richmond Upper Clarence Regional	264	262	-	-
Roads & Bridges	17	30	-	-
RMS Contributions (Regional Roads, Block Grant)	842	828	-	-
Saleyards	-	-	59	51
Sewerage (excl. Section 64 contributions)	5	14	12	-
Sports Grounds	68	68	-	-
Tourism	22	27	-	-
Water Supplies (excl. Section 64 contributions)	6	16	-	4
Other	484	578	18	263
Total Other Contributions	2,146	2,264	89	1,005
Total Contributions	2,146	2,264	420	1,172
TOTAL GRANTS & CONTRIBUTIONS	10,066	6,539	5,338	5,791

\$ '000	Actual 2015	Actual 2014
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(g) Restrictions relating to Grants and Contributions

Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:

Unexpended at the Close of the Previous Reporting Period	5,611	7,633
add: Grants & contributions recognised in the current period but not yet spent:	995	976
less: Grants & contributions recognised in a previous reporting period now spent:	(511)	(2,998)
Net Increase (Decrease) in Restricted Assets during the Period	484	(2,022)
Unexpended and held as Restricted Assets	6,095	5,611
Comprising:		
- Specific Purpose Unexpended Grants	889	809
- Developer Contributions	4,712	4,291
- Other Contributions	494	511
	6,095	5,611

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Employee Benefits & On-Costs			
Salaries and Wages		12,484	11,649
Employee Leave Entitlements (ELE)		2,240	2,309
Superannuation		1,706	1,569
Workers' Compensation Insurance		390	439
Fringe Benefits Tax (FBT)		54	61
Payroll Tax		123	95
Training Costs (other than Salaries & Wages)		219	221
Other		279	182
Total Employee Costs		17,495	16,525
less: Capitalised Costs		(1,469)	(1,276)
TOTAL EMPLOYEE COSTS EXPENSED		16,026	15,249
Number of "Equivalent Full Time" Employees at year end		244	210
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		1,615	1,614
Total Interest Bearing Liability Costs Expensed		1,615	1,614
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	70	62
Total Other Borrowing Costs		70	62
TOTAL BORROWING COSTS EXPENSED		1,685	1,676
(c) Materials & Contracts			
Raw Materials & Consumables		10,046	11,796
Auditors Remuneration ⁽¹⁾		51	54
Legal Expenses:			
- Legal Expenses: Planning & Development		9	81
- Legal Expenses: Other		127	125
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payment ⁽²⁾		436	402
TOTAL MATERIALS & CONTRACTS		10,669	12,458

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Materials & Contracts (continued)			
1. Auditor Remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
(i) Audit and Other Assurance Services			
- Audit & review of financial statements: Council's Auditor		51	54
Remuneration for audit and other assurance services		51	54
Total Auditor Remuneration		51	54
2. Operating Lease Payments are attributable to:			
Computers		313	263
Motor Vehicles		106	122
Other		17	17
		436	402

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	1,682	1,726
Office Equipment		-	-	36	35
Furniture & Fittings		-	-	55	59
Land Improvements (depreciable)		-	-	242	270
Buildings - Specialised		-	-	1,062	1,063
Other Structures		-	-	237	222
Infrastructure:					
- Roads		-	-	4,096	3,969
- Bridges		-	-	349	338
- Footpaths		-	-	251	203
- Stormwater Drainage		-	-	531	546
- Water Supply Network		-	-	786	781
- Sewerage Network		-	-	1,104	1,065
- Swimming Pools		-	-	147	151
- Other Open Space/Recreational Assets		-	-	224	270
Other Assets					
- Library Books		-	-	76	76
Asset Reinstatement Costs	9 & 26	-	-	47	31
Total Depreciation & Impairment Costs		-	-	10,925	10,805
less: Capitalised Costs		-	-	(370)	(245)
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	10,555	10,560

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		106	110
Bad & Doubtful Debts		129	22
Bank Charges		17	11
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		34	35
- NSW Fire Brigade Levy		95	95
- NSW Rural Fire Service Levy		666	665
- Waste Levy		1,185	876
Councillor Expenses - Mayoral Fee		23	22
Councillor Expenses - Councillors' Fees		73	72
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		20	31
Donations, Contributions & Assistance to other organisations (Section 356)		402	417
Electricity & Heating		822	864
Insurance		884	867
Street Lighting		273	284
Subscriptions & Publications		93	99
Telephone & Communications		234	231
Valuation Fees		84	72
Other		26	26
<u>TOTAL OTHER EXPENSES</u>		<u>5,166</u>	<u>4,799</u>

Richmond Valley Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2015	Actual 2014
Property (excl. Investment Property)			
Proceeds from Disposal - Property		699	14
less: Carrying Amount of Property Assets Sold / Written Off		(1,639)	(47)
Net Gain/(Loss) on Disposal		(940)	(33)
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		357	328
less: Carrying Amount of P&E Assets Sold / Written Off		(420)	(376)
Net Gain/(Loss) on Disposal		(63)	(48)
Infrastructure			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(1,799)	(1,441)
Net Gain/(Loss) on Disposal		(1,799)	(1,441)
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		711	457
less: Carrying Amount of Real Estate Assets Sold / Written Off		(259)	(236)
Net Gain/(Loss) on Disposal		452	221
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>(2,350)</u>	<u>(1,301)</u>

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		4,239	-	2,964	-
Cash-Equivalent Assets ¹					
- Deposits at Call		5,510	-	4,834	-
- Short Term Deposits		12,000	-	6,000	-
Total Cash & Cash Equivalents		21,749	-	13,798	-
Investments (Note 6b)					
- Long Term Deposits		7,000	-	8,000	-
- CDO's		-	-	938	-
- Listed Equity Securities		493	-	519	481
Total Investments		7,493	-	9,457	481
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		29,242	-	23,255	481

¹ 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"

21,749	-	13,798	-
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Investments

a. "At Fair Value through the Profit & Loss"

- "Held for Trading"

6(b-i)

7,493	-	9,457	481
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Investments

7,493	-	9,457	481
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Note 6(b-i)

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

Balance at the Beginning of the Year	9,457	481	4,222	2,336
Revaluations (through the Income Statement)	73	-	46	16
Additions	30,000	-	8,000	-
Disposals (sales & redemptions)	(32,518)	-	(4,682)	-
Transfers between Current/Non Current	481	(481)	1,871	(1,871)
Balance at End of Year	7,493	-	9,457	481

Comprising:

- CDO's	-	-	938	-
- Listed Equity Securities	493	-	519	-
- Other Long Term Financial Assets	7,000	-	8,000	481
Total	7,493	-	9,457	481

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015	2015	2014	2014
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	29,242	-	23,255	481
attributable to:				
External Restrictions (refer below)	23,471	-	17,904	481
Internal Restrictions (refer below)	5,771	-	5,351	-
Unrestricted	-	-	-	-
	29,242	-	23,255	481

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	-	3,929	-	3,929
Bonds & Deposits	394	17	-	411
External Restrictions - Included in Liabilities	394	3,946	-	4,340

External Restrictions - Other

Developer Contributions - General (D)	327	159	(63)	423
Developer Contributions - Water Fund (D)	1,372	62	-	1,434
Developer Contributions - Sewer Fund (D)	2,592	263	-	2,855
Specific Purpose Unexpended Grants (F)	809	80	-	889
Water Supplies (G)	1,052	-	(33)	1,019
Sewerage Services (G)	8,335	217	-	8,552
Domestic Waste Management (G)	2,762	446	-	3,208
Stormwater Management (G)	127	5	-	132
Other	615	4	-	619
External Restrictions - Other	17,991	1,236	(96)	19,131
Total External Restrictions	18,385	5,182	(96)	23,471

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 2015

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

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	445	207	-	652
Real Estate & Infrastructure	105	305	-	410
Employees Leave Entitlement	749	195	-	944
Carry Over Works	252	-	(201)	51
Casino Saleyards	194	124	-	318
Insurance	84	3	-	87
Other Waste Management	1,454	-	(167)	1,287
Petersons Quarry	584	-	(144)	440
Public Cemeteries Perpetual Maintenance	407	48	-	455
Quarry Rehabilitation	76	20	-	96
Revolving Energy and Sustainability Fund	8	-	-	8
Richmond Upper Clarence Regional Library	417	2	-	419
Unexpended Rates Variations	65	151	-	216
Woodview Quarry	511	-	(123)	388
Total Internal Restrictions	5,351	1,055	(635)	5,771
TOTAL RESTRICTIONS	23,736	6,237	(731)	29,242

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		2,961	785	2,756	818
Interest & Extra Charges		196	21	213	21
User Charges & Fees		4,336	528	5,098	423
Capital Debtors (being sale of assets)					
- Sale of Land		-	-	3	-
Accrued Revenues					
- Interest on Investments		219	-	80	-
Government Grants & Subsidies		3,858	398	2,330	-
Deferred Debtors		22	-	1	22
Net GST Receivable		236	-	78	-
Bank Guarantees		112	308	102	353
Other Debtors		411	-	242	-
Total		12,351	2,040	10,903	1,637
less: Provision for Impairment					
Rates & Annual Charges		(79)	-	(79)	-
User Charges & Fees		(39)	-	(12)	-
Other Debtors		(113)	-	(16)	-
Total Provision for Impairment - Receivables		(231)	-	(107)	-
TOTAL NET RECEIVABLES		12,120	2,040	10,796	1,637
Externally Restricted Receivables					
Water Supply					
- Specific Purpose Grants		88	-	89	-
- Rates & Availability Charges		297	103	187	200
- Other		1,271	427	937	397
Sewerage Services					
- Specific Purpose Grants		80	-	82	-
- Rates & Availability Charges		1,615	573	1,060	1,134
- Other		366	102	367	84
Total External Restrictions		3,717	1,205	2,722	1,815
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		8,403	835	8,074	(178)
TOTAL NET RECEIVABLES		12,120	2,040	10,796	1,637

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 8.50% (2014 9.00%).
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 2015

Note 8. Inventories & Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		355	1,415	284	1,464
Stores & Materials		2,163	-	1,593	-
Total Inventories		2,518	1,415	1,877	1,464
Other Assets					
Prepayments		374	-	356	-
Work In Progress - Real Estate		45	-	857	-
Total Other Assets		419	-	1,213	-
TOTAL INVENTORIES / OTHER ASSETS		2,937	1,415	3,090	1,464

Externally Restricted Assets

There are no restrictions applicable to the above assets.

(i) Other Disclosures**(a) Details for Real Estate Development**

Residential		355	159	284	218
Industrial/Commercial		-	1,256	-	1,246
Total Real Estate for Resale		355	1,415	284	1,464

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

Represented by:

Acquisition Costs		104	1,292	212	1,341
Development Costs		251	123	72	123
Total Costs		355	1,415	284	1,464
Total Real Estate for Resale		355	1,415	284	1,464

Movements:

Real Estate assets at beginning of the year		284	1,464	310	539
- Purchases and other costs		1,018	1	14	1,121
- Transfers in from (out to) Note 9		(738)	-	-	-
- WDV of Sales (exp)	5	(259)	-	(236)	-
- Transfer between Current/Non Current		50	(50)	196	(196)
Total Real Estate for Resale		355	1,415	284	1,464

(b) Inventory Write Downs

There were no amounts recognised as an expense relating to the write down of Inventory balances held during the year.

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other assets held.

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2014					Asset Movements during the Reporting Period								as at 30/6/2015				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Impairment Loss (recognised in Equity)	Impairment Reversal (via Equity)	WIP Transfers	Tfrs from/(to) Real Estate Assets (Note 8)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment												Dep'n	Impairment	
Capital Work in Progress	2,022	-	-	-	2,022	2,551	(1)	-	-	-	(1,800)	-	-	2,773	-	-	-	2,773
Plant & Equipment	-	21,321	10,997	-	10,324	1,653	(419)	(1,682)	-	-	-	-	-	-	21,509	11,634	-	9,875
Office Equipment	-	907	774	-	133	91	-	(36)	-	-	-	-	-	-	998	810	-	188
Furniture & Fittings	-	899	600	-	299	34	-	(55)	-	-	-	-	-	-	933	655	-	278
Land:																		
- Operational Land	-	23,054	-	-	23,054	72	(496)	-	-	-	24	102	818	-	23,574	-	-	23,574
- Community Land	-	21,343	-	-	21,343	-	-	-	-	-	-	-	1,556	-	22,899	-	-	22,899
- Land under Roads (post 30/6/08)	-	155	-	-	155	-	-	-	-	-	-	-	1	-	156	-	-	156
Land Improvements - non depreciable	-	3,757	-	-	3,757	52	-	-	-	-	-	-	197	-	4,006	-	-	4,006
Land Improvements - depreciable	-	8,062	3,709	-	4,353	171	(10)	(242)	-	-	98	-	6,349	-	12,218	1,499	-	10,719
Buildings - Specialised	-	57,807	26,785	-	31,022	405	(1,131)	(1,062)	-	-	-	-	17,230	-	58,255	11,792	-	46,463
Other Structures	-	10,175	4,325	-	5,850	86	(6)	(237)	-	-	-	-	3,887	-	11,463	1,883	-	9,580
Infrastructure:																		
- Roads	-	202,468	38,661	413	163,394	5,690	(701)	(4,096)	(3,351)	413	963	555	1,058	-	209,313	42,037	3,351	163,925
- Bridges	-	73,184	12,313	-	60,871	109	-	(349)	(150)	-	-	-	394	-	73,759	12,734	150	60,875
- Footpaths	-	15,544	3,991	173	11,380	923	(84)	(251)	-	173	-	-	73	-	16,376	4,162	-	12,214
- Bulk Earthworks (non-depreciable)	-	71,372	-	-	71,372	-	-	-	-	-	-	61	464	-	71,897	-	-	71,897
- Stormwater Drainage	-	47,432	13,937	361	33,134	875	(75)	(531)	-	360	220	20	214	-	48,737	14,520	-	34,217
- Water Supply Network	-	81,937	12,599	-	69,338	807	(411)	(786)	-	-	95	-	1,023	-	83,309	13,243	-	70,066
- Sewerage Network	-	121,654	22,688	-	98,966	714	(480)	(1,104)	-	-	389	-	1,466	-	123,853	23,902	-	99,951
- Swimming Pools	-	6,670	3,054	-	3,616	32	(35)	(147)	-	-	-	-	2,929	-	7,159	764	-	6,395
- Other Open Space/Recreational Assets	-	7,583	4,195	-	3,388	358	(6)	(224)	-	-	11	-	3,400	-	8,458	1,531	-	6,927
Other Assets:																		
- Library Books	-	1,360	956	-	404	77	(1)	(76)	-	-	-	-	-	-	1,390	986	-	404
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26):																		
- Tip Assets	1,729	-	1,196	-	533	10	-	(23)	-	-	-	-	-	1,739	-	1,219	-	520
- Quarry Assets	430	-	219	-	211	19	-	(24)	-	-	-	-	-	449	-	242	-	207
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	4,181	776,684	160,999	947	618,919	14,729	(3,856)	(10,925)	(3,501)	946	-	738	41,059	4,961	800,262	143,613	3,501	658,109

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$10,388) and New Assets (\$1,643). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other Infrastructure, Property, Plant & Equipment.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000 Class of Asset	Actual 2015				Actual 2014			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
WIP	340	-	-	340	119	-	-	119
Plant & Equipment	-	181	134	47	-	164	125	39
Office Equipment	-	3	3	-	-	3	3	-
Furniture & Fittings	-	27	17	10	-	27	15	12
Land								
- Operational Land	-	2,008	-	2,008	-	1,927	-	1,927
Infrastructure	-	83,309	13,243	70,066	-	81,937	12,599	69,338
Total Water Supply	340	85,528	13,397	72,471	119	84,058	12,742	71,435
Sewerage Services								
WIP	546	-	-	546	461	-	-	461
Plant & Equipment	-	676	384	292	-	674	362	312
Office Equipment	-	25	24	1	-	25	24	1
Furniture & Fittings	-	9	7	2	-	9	6	3
Land								
- Operational Land	-	1,655	-	1,655	-	1,585	-	1,585
Infrastructure	-	123,853	23,902	99,951	-	121,654	22,688	98,966
Total Sewerage Services	546	126,218	24,317	102,447	461	123,947	23,080	101,328
TOTAL RESTRICTED I,PP&E	886	211,746	37,714	174,918	580	208,005	35,822	172,763

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		1,508	-	2,124	-
Goods & Services - capital expenditure		1,185	-	1,099	-
Payments Received In Advance		27	-	27	-
Accrued Expenses:					
- Salaries & Wages		434	-	437	-
- Other Expenditure Accruals		1,788	-	1,096	-
ATO - Net GST Payable		70	-	-	-
Bank Guarantees		112	308	21	434
Payable to LPMA (MRRV Discontinued Op)		196	-	196	-
Security Bonds, Deposits & Retentions		393	-	378	-
Total Payables		5,713	308	5,378	434
Borrowings					
Loans - Secured ¹		1,620	24,881	1,111	20,881
Total Borrowings		1,620	24,881	1,111	20,881
Provisions					
Employee Benefits;					
Annual Leave		1,642	-	1,616	-
Long Service Leave		2,640	94	2,980	106
Other Leave		15	-	14	-
Sub Total - Aggregate Employee Benefits		4,297	94	4,610	106
Asset Remediation/Restoration (Future Works) ²⁶		-	2,272	-	2,173
Total Provisions		4,297	2,366	4,610	2,279
Total Payables, Borrowings & Provisions		11,630	27,555	11,099	23,594
(i) Liabilities relating to Restricted Assets					
		2015		2014	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Water		9	-	10	-
Sewer		1,245	17,173	1,216	18,179
Other		411	-	394	-
Liabilities relating to externally restricted assets		1,665	17,173	1,620	18,179
Internally Restricted Assets					
Nil					
Total Liabilities relating to restricted assets		1,665	17,173	1,620	18,179
Total Liabilities relating to Unrestricted Assets		9,965	10,382	9,479	5,415
TOTAL PAYABLES, BORROWINGS & PROVISIONS		11,630	27,555	11,099	23,594

¹ 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 2015

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

\$ '000	Actual 2015	Actual 2014
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(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	2,618	3,041
	<u>2,618</u>	<u>3,041</u>

Note 10b. Description of and movements in Provisions

Class of Provision	2014		2015			Closing Balance as at 30/6/15
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	1,616	985	(965)	6	-	1,642
Long Service Leave	3,086	264	(699)	83	-	2,734
Other Leave (enter deta	14	3	(2)	-	-	15
Asset Remediation	2,173	(354)	-	453	-	2,272
TOTAL	6,889	898	(1,666)	542	-	6,663

- 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 2015

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2015	Actual 2014
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	21,749	13,798
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		21,749	13,798
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		3,484	(76)
Adjust for non cash items:			
Depreciation & Amortisation		10,555	10,560
Net Losses/(Gains) on Disposal of Assets		2,350	1,301
Non Cash Capital Grants and Contributions		(45)	(976)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(73)	(62)
Unwinding of Discount Rates on Reinstatement Provisions		453	(35)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(1,855)	(3,689)
Increase/(Decrease) in Provision for Doubtful Debts		124	23
Decrease/(Increase) in Inventories		(570)	582
Decrease/(Increase) in Other Assets		794	(621)
Increase/(Decrease) in Payables		(616)	989
Increase/(Decrease) in other accrued Expenses Payable		689	596
Increase/(Decrease) in Other Liabilities		50	149
Increase/(Decrease) in Employee Leave Entitlements		(325)	(63)
Increase/(Decrease) in Other Provisions		(354)	284
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		14,661	8,962

Richmond Valley Council

Notes to the Financial Statements for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
(c) Non-Cash Investing & Financing Activities			
Bushfire Grants		16	25
Other Dedications		-	77
Subdivider Dedications		-	687
Estimated Future Reinstatement Costs		29	187
Total Non-Cash Investing & Financing Activities		45	976

(d) Financing Arrangements

(i) Unrestricted access was available at balance date to the following lines of credit:

Bank Overdraft Facilities ⁽¹⁾		500	500
Credit Cards / Purchase Cards		46	46
Total Financing Arrangements		546	546

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.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2015	Actual 2014
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		1,058	-
Plant & Equipment		582	-
Infrastructure - Other		830	-
Total Commitments		2,470	-
These expenditures are payable as follows:			
Within the next year		2,470	-
Total Payable		2,470	-
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		2,470	-
Total Sources of Funding		2,470	-

Details of Capital Commitments

Capital expenditure commitments currently in place are for the construction of the Casino Indoor Sports Facility, Concrete Repairs to North Reservoir No.3 Casino & Sewer Mains Rehabilitation Plant & Equipment Commitments include the purchase of the Mobile Library Truck and the installation of CCTV.

(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	219	245
Later than one year and not later than 5 years	359	202
Later than 5 years	227	-
Total Non Cancellable Operating Lease Commitments	805	447

b. Non Cancellable Operating Leases include the following assets:

Computer Equipment
Heavy Plant - Komatsu Graders

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 2015

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014 2013	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. Capital Grants & Contributions) - Operating Expenses</u>	<u>423</u>	0.95%	-11.54%	-15.36%
Total continuing operating revenue ⁽¹⁾	<u>44,524</u>			
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. ALL Grants & Contributions)</u>	<u>34,458</u>	69.11%	73.14%	71.45%
Total continuing operating revenue ⁽¹⁾	<u>49,862</u>			
(excl. Capital Grants & Contributions)				
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	<u>17,111</u>	2.33x	2.57	2.29
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	<u>7,347</u>			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation	<u>12,663</u>	4.53x	2.63	2.99
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	<u>2,796</u>			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	<u>3,884</u>	16.41%	18.88%	19.95%
Rates, Annual and Extra Charges Collectible	<u>23,675</u>			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents + All Term Deposits	<u>28,749</u>	9.98 mths	7.80	8.23
Payments from cash flow of operating and financing activities	<u>2,880</u>			

Notes

⁽¹⁾ Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures & associates.

⁽²⁾ Refer Notes 6-8 inclusive.

Also excludes any real estate & land for resale not expected to be sold in the next 12 months

⁽³⁾ Refer to Note 10(a).

⁽⁴⁾ Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

Richmond Valley Council

Notes to the Financial Statements for the financial year ended 30 June 2015

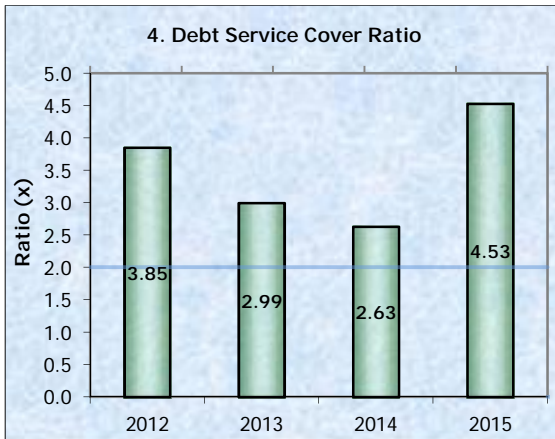
Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)

<p>1. Operating Performance Ratio</p> <p>Benchmark: — Minimum $\geq 0.00\%$ Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p>Purpose of Operating Performance Ratio</p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p>Commentary on 2014/15 Result</p> <p>2014/15 Ratio 0.95%</p> <p>Council's Operating Performance Ratio is above the benchmark of 0%. Council is in its first year of a special rate variation, approved over a 5 year period. This has allowed Council to take steps to address this ratio, resulting in a significant improvement on previous years.</p>
<p>2. Own Source Operating Revenue Ratio</p> <p>Benchmark: — Minimum $\geq 60.00\%$ Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p>Purpose of Own Source Operating Revenue Ratio</p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.</p>	<p>Commentary on 2014/15 Result</p> <p>2014/15 Ratio 69.11%</p> <p>Council's Own Source Operating Revenue Ratio is above the benchmark of 60% and indicates a trend towards less reliance on grants and contributions. The approval of Council's special rate variation should lead to further improvements in this ratio.</p>
<p>3. Unrestricted Current Ratio</p> <p>Benchmark: — Minimum ≥ 1.50 Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p>Purpose of Unrestricted Current Ratio</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>Commentary on 2014/15 Result</p> <p>2014/15 Ratio 2.33x</p> <p>The Unrestricted Current Ratio has decreased slightly from 2014, due to an increase in Current Liabilities proportionate to Current Assets. The ratio is well above the benchmark of 1.50.</p>

Richmond Valley Council

Notes to the Financial Statements for the financial year ended 30 June 2015

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



Purpose of Debt Service Cover Ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2014/15 Result

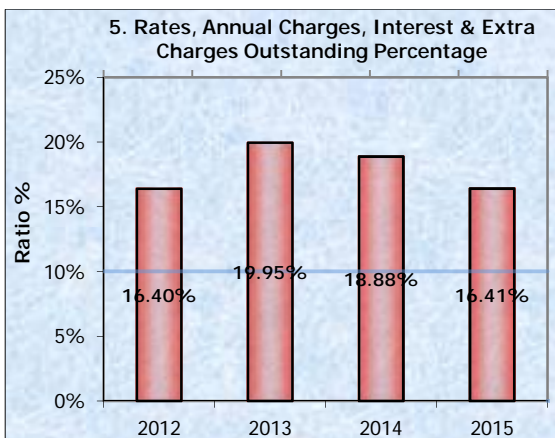
2014/15 Ratio 4.53x

The Debt Service Ratio has increased to 4.53. This is primarily due to a significant improvement in Council's operating result.

Benchmark: Minimum ≥ 2.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of Rates & Annual Charges Outstanding Ratio

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2014/15 Result

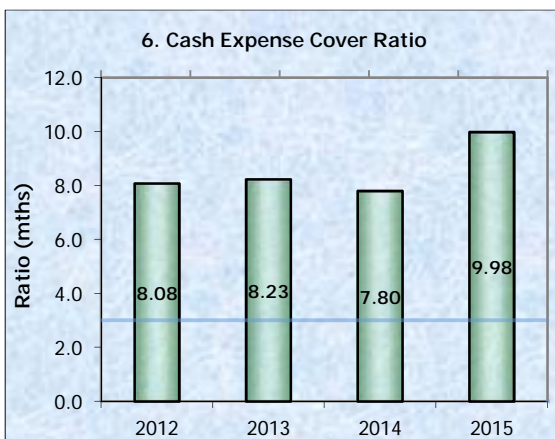
2014/15 Ratio 16.41%

Whilst there has been an improvement in this ratio for 2015, Council will continue to monitor and pursue outstanding amounts through its debt recovery practices.

Benchmark: Maximum $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of Cash Expense Cover Ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Commentary on 2014/15 Result

2014/15 Ratio 9.98 mths

Council's Cash Expense Ratio is well above the benchmark of 3 and has been relatively consistent over the last 4 years.

Benchmark: Minimum ≥ 3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Water 2015	Sewer 2015	General ⁵ 2015
Local Government Industry Indicators - by Fund			
1. Operating Performance Ratio			
Total continuing operating revenue ⁽¹⁾			
<u>(excl. Capital Grants & Contributions) - Operating Expenses</u>	12.23%	16.92%	-5.13%
Total continuing operating revenue ⁽¹⁾			
(excl. Capital Grants & Contributions)	prior period: 3.53%	11.78%	-20.67%
2. Own Source Operating Revenue Ratio			
Total continuing operating revenue ⁽¹⁾			
<u>(excl. ALL Grants & Contributions)</u>	98.18%	96.41%	58.46%
Total continuing operating revenue ⁽¹⁾			
	prior period: 97.16%	97.48%	63.79%
3. Unrestricted Current Ratio			
<u>Current Assets less all External Restrictions⁽²⁾</u>	297.22x	8.52x	2.33x
Current Liabilities less Specific Purpose Liabilities ^(3, 4)			
	prior period: 242.00	8.60	2.57
4. Debt Service Cover Ratio			
<u>Operating Result⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation</u>	0.00	1.65x	14.43x
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)			
	prior period: 0.00	1.34	14.08
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
<u>Rates, Annual and Extra Charges Outstanding</u>	25.80%	26.19%	9.41%
Rates, Annual and Extra Charges Collectible			
	prior period: 24.79%	27.64%	8.77%
6. Cash Expense Cover Ratio			
Current Year's Cash and Cash Equivalents + All Term Deposits	6.95	21.93	7.42
Payments from cash flow of operating and financing activities	mths	mths	mths
	prior period: 6.68	20.53	4.45

Notes

(1) - (4) Refer to Notes at Note 13a(i) above.

(5) 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 2015

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	
	2015	2014	2015	2014
Financial Assets				
Cash and Cash Equivalents	21,749	13,798	21,749	13,798
Investments				
- "Held for Trading"	7,493	9,938	7,493	9,938
Receivables	14,160	12,433	14,160	12,433
Total Financial Assets	43,402	36,169	43,402	36,169
Financial Liabilities				
Payables	5,994	5,785	5,994	5,785
Loans / Advances	26,501	21,992	27,483	24,305
Total Financial Liabilities	32,495	27,777	33,477	30,090

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.

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of financial assets & liabilities

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

(a) 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 risks associated with the investments held are:

- **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.
- **Interest Rate Risk** - the risk that movements in interest rates could affect returns and income.
- **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
2015				
Possible impact of a 10% movement in Market Values	49		(49)	
Possible impact of a 1% movement in Interest Rates	292		(292)	
2014				
Possible impact of a 10% movement in Market Values	194		(194)	
Possible impact of a 1% movement in Interest Rates	237		(237)	

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

(b) 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:

	2015	2015	2014	2014
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	79%	68%	77%	65%
Overdue	21%	32%	23%	35%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(ii) Ageing of Receivables - value				
Rates & Annual Charges				
Current	2,961	9,788	2,756	8,148
Overdue	785	857	818	818
	<u>3,746</u>	<u>10,645</u>	<u>3,574</u>	<u>8,966</u>

	2015	2014
(iii) Movement in Provision for Impairment of Receivables		
Balance at the beginning of the year	107	84
+ new provisions recognised during the year	129	23
- amounts already provided for & written off this year	(5)	-
Balance at the end of the year	<u>231</u>	<u>107</u>

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

(c) 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 maturity 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		
2015									
Trade/Other Payables	393	5,601	-	-	-	-	-	5,994	5,994
Loans & Advances	-	3,314	3,278	3,243	3,210	3,179	23,303	39,527	26,501
Total Financial Liabilities	393	8,915	3,278	3,243	3,210	3,179	23,303	45,521	32,495
2014									
Trade/Other Payables	378	5,407	-	-	-	-	-	5,785	5,785
Loans & Advances	-	2,663	2,631	2,596	2,562	2,529	25,418	38,399	21,992
Total Financial Liabilities	378	8,070	2,631	2,596	2,562	2,529	25,418	44,184	27,777

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:

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	5,994	0.0%	5,785	0.0%
Loans & Advances - Fixed Interest Rate	26,501	6.5%	21,992	7.0%
	<u>32,495</u>		<u>27,777</u>	

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 24 June 2014.

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	2015 Budget	2015 Actual	2015 ----- Variance* -----	
REVENUES				
Interest & Investment Revenue	1,538	1,121	(417)	(27%) U
Interest and investment revenue was under budget by \$417,000 (27%). This was primarily due to lower than anticipated interest rates, along with timing differences between drawing down of loan borrowings, meaning less cash was available for investment.				
Other Revenues	102	182	80	78% F
Other revenues were over budget by \$80,000 (78%). This was mainly due to insurance claims and rebates being received which are unknown at the time of setting the original budget.				
Capital Grants & Contributions	3,096	5,338	2,242	72% F
Capital grants and contributions were over budget by \$2,242,000 (72%). In many instances, the actual amount of grants received depends upon decisions made by State and Federal Governments after the original budget was adopted and on the outcomes of various grant applications submitted throughout the year. The main reason for the variance was an increase in natural disaster funding from the original budget of \$1,149,000 as well as receiving additional grants for other roads and bridges of \$1,107,000 that was due to various grant applications throughout the year.				

Richmond Valley Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 Variance* -----	
EXPENSES				
Materials & Contracts	13,427	10,669	2,758	21% F
Materials and contracts were under budget by \$2,758,000 (21%). 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 as well as uncontrollable weather events can result in significant budget variations in this item. The main decrease was in Sewerage fund, with savings of \$452,000, along with other savings across a range of Council's operations.				
Net Losses from Disposal of Assets	-	2,350	(2,350)	100% U
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 \$2,350,000, details of which are disclosed in Note 5 to the General Purpose Financial Statements.				

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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	181	-	-	5	-	-	186	-	(4,372)	(4,186)	-
Open Space	-	-	-	-	-	-	-	-	(339)	(339)	-
Community Facilities	4	-	-	-	-	-	4	-	(104)	(100)	-
Infrastructure	2	-	-	-	-	-	2	-	(277)	(275)	-
Community Services	47	-	-	2	-	-	49	-	(246)	(197)	-
Recreation & Civil Facilities	-	-	-	-	-	-	-	-	(654)	(654)	-
Emergency Safety	-	-	-	-	-	-	-	-	(143)	(143)	-
Environmental Protection	-	-	-	-	-	-	-	-	(2)	(2)	-
Quarry Roads	19	17	-	-	(29)	-	7	130	(263)	(126)	-
Rural Heavy Haulage	65	35	-	2	(29)	-	73	828	(902)	(1)	-
Bushfire	7	-	-	1	-	-	8	-	(8)	-	-
S94 Contributions - under a Plan	325	52	-	10	(58)	-	329	958	(7,310)	(6,023)	-
S94A Levies - under a Plan	1	96	-	1	(5)	-	93				-
Total S94 Revenue Under Plans	326	148	-	11	(63)	-	422				-
S64 Contributions	3,965	200	-	125	-	-	4,290				
Total Contributions	4,291	348	-	136	(63)	-	4,712	958	(7,310)	(6,023)	-

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

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	106	-	-	3	-	-	109	-	(4,295)	(4,186)	-
Infrastructure	2	-	-	-	-	-	2	-	(277)	(275)	-
Community Services	47	-	-	2	-	-	49	-	(246)	(197)	-
Recreation & Civil Facilities	-	-	-	-	-	-	-	-	(654)	(654)	-
Emergency Safety	-	-	-	-	-	-	-	-	(143)	(143)	-
Environmental Protection	-	-	-	-	-	-	-	-	(2)	(2)	-
Quarry Roads	19	17	-	-	(29)	-	7	130	(263)	(126)	-
Rural Heavy Haulage	65	35	-	2	(29)	-	73	828	(902)	(1)	-
Total	239	52	-	7	(58)	-	240	958	(6,782)	(5,584)	-

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	-	-	-	-	-	-	-	-	(339)	(339)	-
Community Facilities	-	-	-	-	-	-	-	-	(100)	(100)	-
Total	-	-	-	-	-	-	-	-	(439)	(439)	-

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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	75	-	-	2	-	-	77	-	(77)	-	-
Community Facilities	4	-	-	-	-	-	4	-	(4)	-	-
Bushfire	7	-	-	1	-	-	8	-	(8)	-	-
Total	86	-	-	3	-	-	89	-	(89)	-	-

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	1	96	-	1	(5)	-	93	-	-	-	-
Total	1	96	-	1	(5)	-	93				-

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

Member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded a net liability of \$292,839 for its Defined Benefit Scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans.

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 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. 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 2015, no determination has been made.

4. Native Title Claims

NSD2300 of 2011. On 3rd October 2012 the Federal Court made orders joining Council as a party to the proceedings. It has been identified that Council has only one parcel of land in the determination area and Council is currently working with the Crown Solicitor to determine whether native title has been extinguished. If extinguished it is likely Council will withdraw its interest as a registered party.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

It is uncertain whether the court will also expect an Indigenous Land Use Agreement to be registered with consent orders.

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

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. Interests in Other Entities

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 Ventures & Associates

Note 19(a)

Joint Ventures are operational arrangements where the parties that have joint control have rights to the net assets of the arrangement.

Associates are separate entities where Council has significant influence over the operations (but neither controls nor jointly controls them).

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 19. Interests in Other Entities (continued)

\$ '000

(a) Joint Ventures and Associates

Council has excluded the following Joint Ventures and Associates from its consolidated Financial Statements as it is immaterial to the overall Financial Statements.

(a) Net Carrying Amounts - Council's Share

Name of Entity	Nature of Relationship	Measurement Method	2015	2014
North East Weight of Loads Group	Joint Venture	Equity Method	41	41
Total Carrying Amounts - Material Joint Ventures and Associates			41	41

(b) Details

Name of Entity	Principal Activity	Place of Business
North East Weight of Loads Group	Policing vehicle weight limits to reduce road damage	Ballina

(c) Relevant Interests & Fair Values

Name of Entity	Quoted Fair Value		Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2015	2014	2015	2014	2015	2014	2015	2014
North East Weight of Loads Group	N/A	N/A	10%	10%	21%	22%	13%	13%

(d) Summarised Financial Information for Joint Ventures & Associates

	North East Weight of Loads Group	
	2015	2014
Statement of Financial Position		
Current Assets		
Cash and Cash Equivalents	276	238
Other Current Assets	56	56
Total Current Assets	332	294
Non-Current Assets	46	67
Current Liabilities		
Other Current Liabilities	188	174
Total Current Liabilities	188	174
Net Assets	190	187
Reconciliation of the Carrying Amount		
Opening Net Assets (1 July)	187	231
Profit/(Loss) for the period	(214)	(232)
Members Contributions	217	188
Closing Net Assets	190	187
Council's share of Net Assets (%)	21.7%	21.9%
Council's share of Net Assets (\$)	41	41

Richmond Valley Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 19. Interests in Other Entities (continued)

\$ '000

(a) Joint Ventures and Associates (continued)

(d) Summarised Financial Information for Joint Ventures & Associates (continued)

	North East Weight of Loads Group	
	2015	2014
Statement of Comprehensive Income		
Income	252	262
Interest Income	9	10
Depreciation & Amortisation	(22)	(24)
Other Expenses	(453)	(480)
Profit/(Loss) from Continuing Operations	(214)	(232)
Profit/(Loss) for Period	(214)	(232)
Total Comprehensive Income	(214)	(232)
Council's share of Income (%)	10.5%	10.3%
Council's share of Profit/(Loss) (\$)	(22)	(24)
Council's share of Comprehensive Income (\$)	(22)	(24)

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2015	Actual 2014
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		324,934	325,010
a. Net Operating Result for the Year		3,484	(76)
Balance at End of the Reporting Period		328,418	324,934
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		338,260	300,015
Total		338,260	300,015
(ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		300,015	278,304
- Revaluations for the year	9(a)	41,059	21,709
- (Impairment of revalued assets) / Impairment reversals	9(a),(c)	(2,814)	2
- Balance at End of Year		338,260	300,015
TOTAL VALUE OF RESERVES		338,260	300,015

(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 2015

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015
Continuing Operations	Water	Sewer	General¹
Income from Continuing Operations			
Rates & Annual Charges	1,200	5,955	12,646
User Charges & Fees	4,360	1,313	7,754
Interest & Investment Revenue	116	383	622
Other Revenues	-	-	182
Grants & Contributions provided for Operating Purposes	87	85	9,894
Grants & Contributions provided for Capital Purposes	19	200	5,119
Total Income from Continuing Operations	5,782	7,936	36,217
Expenses from Continuing Operations			
Employee Benefits & on-costs	891	1,234	13,901
Borrowing Costs	-	1,317	368
Materials & Contracts	2,090	2,431	6,148
Depreciation & Amortisation	798	1,130	8,627
Impairment	-	-	-
Other Expenses	1,254	295	3,617
Net Losses from the Disposal of Assets	412	480	1,458
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
Total Expenses from Continuing Operations	5,445	6,887	34,119
Operating Result from Continuing Operations	337	1,049	2,098
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	337	1,049	2,098
Net Operating Result attributable to each Council Fund	337	1,049	2,098
Net Operating Result attributable to Non-controlling Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	318	849	(3,021)

¹ 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 2015

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

Statement of Financial Position by Fund \$ '000	Actual 2015	Actual 2015	Actual 2015
ASSETS	Water	Sewer	General¹
Current Assets			
Cash & Cash Equivalents	2,453	11,408	7,888
Investments	-	-	7,493
Receivables	1,656	2,060	8,404
Inventories	-	-	2,518
Other	1	-	418
Non-current assets classified as 'held for sale'	-	-	-
Total Current Assets	4,110	13,468	26,721
Non-Current Assets			
Investments	-	-	-
Receivables	530	675	835
Inventories	-	-	1,415
Infrastructure, Property, Plant & Equipment	72,470	102,447	483,192
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	-
Total Non-Current Assets	73,000	103,122	485,442
TOTAL ASSETS	77,110	116,590	512,163
LIABILITIES			
Current Liabilities			
Payables	9	239	5,465
Borrowings	-	1,006	614
Provisions	-	-	4,297
Total Current Liabilities	9	1,245	10,376
Non-Current Liabilities			
Payables	-	-	308
Borrowings	-	17,173	7,708
Provisions	-	-	2,366
Total Non-Current Liabilities	-	17,173	10,382
TOTAL LIABILITIES	9	18,418	20,758
Net Assets	77,101	98,172	491,405
EQUITY			
Retained Earnings	25,282	37,315	265,821
Revaluation Reserves	51,819	60,857	225,584
Total Equity	77,101	98,172	491,405

¹ 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 & payables between the Funds.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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 Date

Events that occur between the end of the reporting period (ending 30 June 2015) 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 20/10/15.

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 2015.

(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 2015 and which are only indicative of conditions that arose after 30 June 2015.

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

Note 24. Discontinued Operations

Council has not classified any of its Operations as "Discontinued".

Note 25. Intangible Assets

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

Council is unaware of any control over Intangible Assets that warrant recognition in the Financial Statements, including either internally generated and developed assets or purchased assets.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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	
		2015	2014
Landfills - Bora Ridge	2017	358	348
Landfills - Namoonna	2044	1,203	1,157
Quarries - Petersons	2024	395	371
Quarries - Woodview	2024	316	297
Balance at End of the Reporting Period	10(a)	2,272	2,173

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	2,173	1,924
Effect of a change in discount rates used in PV calculations	383	(97)
Effect of a change in other calculation estimates used	(354)	284
Amortisation of discount (expensed to borrowing costs)	70	62
Total - Reinstatement, rehabilitation and restoration provision	2,272	2,173

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

\$ '000

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, Property, Plant and Equipment
- Financial Assets

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

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

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

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values:

2015	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investments					
- "Held for Trading"	30/06/15	-	7,493	-	7,493
Total Financial Assets		-	7,493	-	7,493
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	30/06/15	-	-	9,875	9,875
Office Equipment	30/06/15	-	-	188	188
Furniture & Fittings	30/06/15	-	-	278	278
Land:					
- Operational Land	30/06/14	-	-	23,574	23,574
- Community Land	30/06/14	-	-	22,899	22,899
- Land Under Roads (post 30/06/08)	30/06/14	-	-	156	156
Land Improvements - non depreciable	30/06/15	-	-	4,006	4,006
Land Improvements - depreciable	30/06/15	-	-	10,719	10,719
Buildings - Specialised	30/06/15	-	-	46,463	46,463
Other Structures	30/06/15	-	-	9,580	9,580
Infrastructure:					
- Roads	30/06/13	-	-	163,925	163,925
- Bridges	30/06/13	-	-	60,875	60,875
- Footpaths	30/06/13	-	-	12,214	12,214
- Bulk Earthworks (non depreciable)	30/06/13	-	-	71,897	71,897
- Stormwater Drainage	30/06/14	-	-	34,217	34,217
- Water Supply Network	30/06/12	-	-	70,066	70,066
- Sewerage Network	30/06/12	-	-	99,951	99,951
- Swimming Pools	30/06/15	-	-	6,395	6,395
- Other Open Space/Recreational Assets	30/06/15	-	-	6,927	6,927
- Library Books	30/06/15	-	-	404	404
Total Infrastructure, Property, Plant & Equipment		-	-	654,609	654,609

Richmond Valley Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values (continued):

2014	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investments					
- "Held for Trading"	30/06/14	-	9,938	-	9,938
Total Financial Assets		-	9,938	-	9,938
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	30/06/14	-	-	10,324	10,324
Office Equipment	30/06/14	-	-	133	133
Furniture & Fittings	30/06/14	-	-	299	299
Land:					
- Operational Land	30/06/14	-	-	23,054	23,054
- Community Land	30/06/14	-	-	21,343	21,343
- Land Under Roads (post 30/06/08)	30/06/14	-	-	155	155
Land Improvements - non depreciable	30/06/11	-	-	3,757	3,757
Land Improvements - depreciable	30/06/11	-	-	4,353	4,353
Buildings - Specialised	30/06/11	-	-	31,022	31,022
Other Structures	30/06/11	-	-	5,850	5,850
Infrastructure:					
- Roads	30/06/13	-	-	163,394	163,394
- Bridges	30/06/13	-	-	60,871	60,871
- Footpaths	30/06/13	-	-	11,380	11,380
- Bulk Earthworks (non depreciable)	30/06/13	-	-	71,372	71,372
- Stormwater Drainage	30/06/14	-	-	33,134	33,134
- Water Supply Network	30/06/12	-	-	69,338	69,338
- Sewerage Network	30/06/12	-	-	98,966	98,966
- Swimming Pools	30/06/11	-	-	3,616	3,616
- Other Open Space/Recreational Assets	30/06/11	-	-	3,388	3,388
- Library Books	30/06/14	-	-	404	404
Total Infrastructure, Property, Plant & Equipment		-	-	616,153	616,153

(2) Transfers between Level 1 & Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (ie. Level 1 inputs) Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Financial Assets

Investments - At fair value through profit or loss - is represented by a capital protected product being the Octagon PLC (Emu Note) and long term deposits. Council obtains valuations from its investment advisor, Denison Financial Advisory, on a monthly basis and at the end of each reporting period to ensure the financial statements reflect the most up to date valuation. The best evidence of fair value is the current price in an active market for similar assets. Capital protected products are highly illiquid as a direct consequence of the global financial crisis which has caused difficulties in valuing the securities, placing these assets in level 2. The valuations provided are sourced from the arranging banks and/or indicative ASX bid rates for these investments. There has been no change to the valuation process during the reporting period.

Infrastructure, Property, Plant & Equipment

Plant & Equipment, Office Equipment and Furniture & Fittings

Plant and equipment, office equipment and furniture and fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets (depreciated historical cost) is deemed to be fair value due to the nature of these items. Examples of assets within these classes are as follows:

- Plant and Equipment - Graders, trucks, rollers, tractors, mowers, cars and light commercial vehicles.
- Office Equipment - Computer equipment, photocopiers, projectors and other electronic office equipment.
- Furniture & Fittings - Chairs, desks, shelving, display systems.

The gross replacement cost of these assets are based on current market prices, which are based on observable inputs, however the pattern of consumption, remaining useful life and residual value is implicated by internal factors which are unobservable inputs placing these assets in level 3. There has been no change to the valuation process during the reporting period.

Land - Operational

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. Council obtains its fair values for operational land from an external valuer every 3 years.

Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset; and cash flows from the future use and disposal.

Council's Operational Land was revalued as at 30 June 2014. This asset class is categorised as level 3 due to a number of the above-mentioned inputs used in the valuation requiring significant professional judgement, which are therefore unobservable. There has been no change to the valuation process during the reporting period.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Infrastructure, Property, Plant & Equipment (continued)

Land - Community

Council's Community Land (including land owned by Council, the Crown and various other Government Agencies that is managed by Council) by definition is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access. Many of these parcels of land have no feasible alternative use, such as parks and reserves. Community Land is valued using the 'Market Approach'. Fair value is derived by adjusting observable market inputs using unobservable inputs. The resulting measurement is categorised within level 3. Community Land was revalued as at 30 June 2014. There has been no change to the valuation process during the reporting period.

Land Improvements (Non-Depreciable and Depreciable)

Land improvement assets include all works carried out to the land to improve its utility, service potential or make it ready for an identified use. Assets include landscaping, land forming, earthworks not integral to other assets, external playing surfaces and facilities internal infrastructure.

Land Improvements are valued by an external valuer every 5 years using the cost approach and the last valuation was performed by an external valuer as at 30 June 2015 using the cost approach. Unobservable inputs include patterns of consumption, residual values, asset conditions and remaining useful lives. These factors require extensive professional judgement, resulting in this asset class being classified as level 3. There has been no change to the valuation process during the reporting period.

Land Under Roads (post 30/06/08)

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 and Council recognised this for the first time in the 2010/2011 financial year. Land Under Roads has been revalued as at 30 June 2014 and the valuation was based on the average unit value of all rateable land within Council's area of control using values provided by the Valuer General. This asset class is classified as level 3 as significant inputs used in the valuation methodology are unobservable. There were no changes to the valuation process during the reporting period.

Buildings (Specialised)

Specialised buildings are valued using the cost approach and are valued by an external valuer every 5 years and the last valuation was performed by an external valuer as at 30 June 2015.

Unobservable inputs include patterns of consumption, residual values, asset conditions and remaining useful lives. These factors require extensive professional judgement, resulting in this asset class being classified as level 3. There has been no change to the valuation process during the reporting period.

Other Structures

These assets include all other structures not included in the category of Buildings. Examples include statues, fences, monuments and clocktowers. Other structures are valued using the cost approach and are valued by an external valuer every 5 years and the last valuation was performed by an external valuer as at 30 June 2015. Unobservable inputs include patterns of consumption, residual values, asset conditions and remaining useful lives. These factors require extensive professional judgement, resulting in this asset class being classified as level 3. There has been no changes to the valuation process during the reporting period.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Infrastructure, Property, Plant & Equipment (continued)

Roads, Bridges & Footpaths (including Bulk Earthworks)

This asset class includes the road formation (bulk earthworks), road pavement and road seal, along with other road assets including kerb and guttering, guardrail and roadside furniture including signs and other traffic management devices. The full revaluation of road assets is undertaken every 5 years and the last valuation was performed by an external valuer as at 30 June 2013 using the cost approach.

Whilst units rates, based on square metres or similar capacity, can be supported by market evidence (level 2), other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) require extensive professional judgement and impact significantly on the final determination of fair value. As such, this asset class is classified as being valued using level 3 inputs. There has been no change to the valuation process during the reporting period.

Stormwater Drainage

Drainage refers to the system for the collection, storage and removal of stormwater developed and maintained by Council. These assets include pipelines, pits, headwalls and other drainage structures. The full revaluation of Stormwater Drainage assets is undertaken every 5 years and the last valuation by performed by an external valuer as at 30 June 2014 using the cost approach.

Whilst units rates, based on square metres or similar capacity, can be supported by market evidence (level 2), other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) require extensive professional judgement and impact significantly on the final determination of fair value. As such, this asset class is classified as being valued using level 3 inputs. There has been no change to the valuation process during the reporting period.

Water Supply Network

Water Supply Network assets include water pipelines, treatment plants, reservoirs, pump stations, water meters and connections etc. Water Supply Network assets are valued by an external valuer every 5 years using the cost approach. In between full revaluations, these assets are indexed each year in line with the NSW Reference Rates Manual as published by the NSW Office of Water.

Whilst the units rates based on linear metres of certain diameter pipes and prices per unit per pit or similar capacity can be supported by market evidence (level 2), other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) require extensive professional judgement and impact significantly on the final determination of fair value. As such, this asset class is classified as being valued using level 3 inputs. There has been no change to the valuation process during the reporting period.

Sewerage Network

Sewerage Network assets include sewerage pipelines, treatment works, pump stations, manholes and sewerage connections. Sewerage Network assets are valued by an external valuer every 5 years using the cost approach. In between full revaluations, these assets are indexed each year in line with the NSW Reference Rates Manual as published by the NSW Office of Water.

Whilst the units rates based on linear metres of certain diameter pipes and prices per unit per pit or similar capacity can be supported by market evidence (level 2), other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) require extensive professional judgement and impact significantly on the final determination of fair value. As such, this asset class is classified as being valued using level 3 inputs. There has been no change to the valuation process during the reporting period.

Richmond Valley Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Infrastructure, Property, Plant & Equipment (continued)

Swimming Pools

These assets include all structures located within the facility. These assets are valued by an external valuer every 5 years using the cost approach and the last valuation was performed by an external valuer as at 30 June 2015. Unobservable inputs include patterns of consumption, residual values, asset conditions and remaining useful lives. These factors require extensive professional judgement, resulting in this asset class being classified as level 3. There has been no change to the valuation process during the reporting period.

Other Open Space/Recreational Assets

These assets include all structures within Council's sports grounds, parks and reserves. This asset class is valued by an external valuer every 5 years using the cost approach and the last valuation was performed by an external valuer as at 30 June 2015. Unobservable inputs include patterns of consumption, residual values, asset conditions and remaining useful lives. These factors require extensive professional judgement, resulting in this asset class being classified as level 3. There has been no change to the valuation process during the reporting period.

Other Assets (Library Books)

These assets include library books, journals, magazines, CD's, DVD's etc. Library books are valued at cost but are disclosed at fair value in the notes due to the nature of these items.

The gross replacement cost of these assets are based on current market prices, which are based on observable inputs, however the pattern of consumption and remaining useful life are implicated by internal factors which are unobservable inputs placing these assets in level 3. There has been no change to the valuation process during the reporting period.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3)**a. The following tables present the changes in Level 3 Fair Value Asset Classes.**

	Plant & Equipment	Office Equipment	Furniture &Fittings	Operational Land	Total
Adoption of AASB 13	10,131	136	323	23,141	33,731
Transfers from/(to) another asset class	-	-	-	244	244
Purchases (GBV)	2,294	32	35	65	2,426
Disposals (WDV)	(376)	-	-	(25)	(401)
Depreciation & Impairment	(1,726)	(35)	(59)	-	(1,820)
Transfers from/(to) Capital Work In Progress	-	-	-	13	13
Revaluation Decrements to Equity (ARR)	-	-	-	(384)	(384)
Closing Balance - 30/6/14	10,323	133	299	23,054	33,809
Transfers from/(to) another asset class	-	-	-	126	126
Purchases (GBV)	1,653	91	34	72	1,850
Disposals (WDV)	(419)	-	-	(496)	(915)
Depreciation & Impairment	(1,682)	(36)	(55)	-	(1,773)
Revaluation Increments to Equity (ARR)	-	-	-	818	818
Closing Balance - 30/6/15	9,875	188	278	23,574	33,915

	Community Land	Land Under Roads post 30/6/08	Land Improv Non-Deprec	Land Improv Depreciable	Total
Adoption of AASB 13	22,387	142	3,560	4,436	30,525
Transfers from/(to) another asset class	(244)	-	-	-	(244)
Purchases (GBV)	-	-	149	154	303
Disposals (WDV)	-	-	-	(1)	(1)
Depreciation & Impairment	-	-	-	(270)	(270)
Transfers from/(to) Capital Work In Progress	-	-	48	34	82
Revaluation Increments to Equity (ARR)	-	13	-	-	13
Revaluation Decrements to Equity (ARR)	(800)	-	-	-	(800)
Closing Balance - 30/6/14	21,343	155	3,757	4,353	29,608
Transfers from/(to) another asset class	-	-	-	98	98
Purchases (GBV)	-	-	52	171	223
Disposals (WDV)	-	-	-	(10)	(10)
Depreciation & Impairment	-	-	-	(242)	(242)
Revaluation Increments to Equity (ARR)	1,556	1	197	6,349	8,103
Closing Balance - 30/6/15	22,899	156	4,006	10,719	37,780

Richmond Valley Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

a. The following tables present the changes in Level 3 Fair Value Asset Classes. (continued)

	Buildings Specialised	Other Structures	Roads	Bridges	Total
Adoption of AASB 13	29,836	4,685	158,625	58,853	251,999
Transfers from/(to) another asset class	51	-	-	-	51
Purchases (GBV)	1,752	1,245	1,996	233	5,226
Disposals (WDV)	(13)	-	(429)	(60)	(502)
Depreciation & Impairment	(1,063)	(222)	(3,969)	(338)	(5,592)
Transfers from/(to) Capital Work In Progress	459	142	426	174	1,201
Revaluation Increments to Equity (ARR)	-	-	5,261	1,962	7,223
Impairment Reversal via Equity	-	-	1,484	47	1,531
Closing Balance - 30/6/14	31,022	5,850	163,394	60,871	261,137
Transfers from/(to) another asset class	-	-	1,518	-	1,518
Purchases (GBV)	405	86	5,690	109	6,290
Disposals (WDV)	(1,132)	(6)	(701)	-	(1,839)
Depreciation & Impairment	(1,062)	(237)	(4,096)	(349)	(5,744)
Revaluation Increments to Equity (ARR)	17,230	3,887	1,058	394	22,569
Impairment Loss (net)	-	-	(2,938)	(150)	(3,088)
Closing Balance - 30/6/15	46,463	9,580	163,925	60,875	280,843

	Footpaths	Bulk Earthworks Non-Deprec	Stormwater Drainage	Water Supply Network	Total
Adoption of AASB 13	10,227	69,049	24,701	65,886	169,863
Transfers from/(to) another asset class	-	-	40	912	952
Purchases (GBV)	1,106	10	235	1,860	3,211
Disposals (WDV)	(89)	-	(3)	(368)	(460)
Depreciation & Impairment	(203)	-	(546)	(781)	(1,530)
Revaluation Increments to Equity (ARR)	339	2,313	8,707	1,829	13,188
Closing Balance - 30/6/14	11,380	71,372	33,134	69,338	185,224
Transfers from/(to) another asset class	-	61	220	95	376
Purchases (GBV)	923	-	895	807	2,625
Disposals (WDV)	(84)	-	(75)	(411)	(570)
Depreciation & Impairment	(251)	-	(531)	(786)	(1,568)
Revaluation Increments to Equity (ARR)	73	464	214	1,023	1,774
Impairment Reversal (net)	173	-	360	-	533
Closing Balance - 30/6/15	12,214	71,897	34,217	70,066	188,394

Richmond Valley Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

a. The following tables present the changes in Level 3 Fair Value Asset Classes. (continued)

	Sewerage Network	Swimming Pools	Other Open Space/ Recreation	Total
Adoption of AASB 13	88,985	3,767	3,489	96,241
Transfers from/(to) another asset class	-	-	(51)	(51)
Purchases (GBV)	1,114	-	192	1,306
Disposals (WDV)	(406)	-	(56)	(462)
Depreciation & Impairment	(1,065)	(151)	(270)	(1,486)
Transfers from/(to) Capital Work In Progress	7,869	-	84	7,953
Revaluation Increments to Equity (ARR)	2,469	-	-	2,469
Closing Balance - 30/6/14	98,966	3,616	3,388	105,970
Transfers from/(to) another asset class	389	-	11	400
Purchases (GBV)	714	32	358	1,104
Disposals (WDV)	(480)	(35)	(6)	(521)
Depreciation & Impairment	(1,104)	(147)	(224)	(1,475)
Revaluation Increments to Equity (ARR)	1,466	2,929	3,400	7,795
Closing Balance - 30/6/15	99,951	6,395	6,927	113,273

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

b. The Valuation Process for Level 3 Fair Value Measurements

Fair Value Hierarchy

AASB 13 Fair Value Measurement requires disclosure of fair value measurement by level of input, using the following hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 - Unobservable inputs for asset or liability.

Fair Valuation Techniques

The valuation techniques prescribed by AASB 13 can be summarised as:

'Cost Approach': A valuation technique that reflects the amount that would be required to replace the service capacity of an asset (current replacement cost).

'Income Approach': A valuation technique that converts future amounts (cash inflows/outflows) to signal the current (ie discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about these future amounts.

'Market Approach': A valuation technique that uses prices and other relevant information, generated by market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

Valuation Techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market process of identical assets (ie Level 1 inputs), Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Level 2 valuation process for some asset classes where the basis was Cost Approach under Level 2 input, whereby maximising observable inputs and minimising unobservable inputs as below:

- Quoted prices for similar asset in active markets
- Current replacement cost concept
- Purchase price
- Useful life

Level 3 valuation process for some asset classes where the basis was Cost Approach. The inputs used for this technique were:

- Pattern of consumption
- Residual value
- Asset condition
- Unit rates
- Useful life

(5). Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use.

Richmond Valley Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 28. 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

Email: council@richmondvalley.nsw.gov.a

Officers**GENERAL MANAGER**

John Walker

RESPONSIBLE ACCOUNTING OFFICER

Ryan Gaiter

PUBLIC OFFICER

Vaughan Macdonald

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
Dainel Simpson
Col Sullivan

Other Information

ABN: 54 145 907 009



**RICHMOND VALLEY COUNCIL
GENERAL PURPOSE FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S 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 2015, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by Councillors' and Management.

Council's Responsibility for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements 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 and fair presentation 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.

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 financial statements:
 - i. Have been prepared in accordance with the requirements of this 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 2015, 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 in the course of the audit.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the general purpose financial statements of Richmond Valley Council for the financial year ended 30 June 2015 published in the annual report and included on Council's website. The Council is responsible for the integrity of the Council's website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial statements identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements to confirm the information contained in this website version of the financial statements.

Dated at Lismore this 20th day of October 2015

**THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS**

G W DWYER (Partner)
Registered Company Auditor

Richmond Valley Council

Report to Council under s417 of the Local Government Act 1993

30 June 2015

Richmond Valley Council



BRW.
CLIENT
CHOICE
AWARDS
2013
australia's best professional service firms
WINNER

BRW.
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CHOICE
AWARDS
2014
australia's best professional service firms
WINNER



Thomas
Noble &
Russell

Accountants | Auditors | Business Advisers

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We are pleased to advise that we have completed the audit of Council's financial statements for the year ended 30 June 2015, in accordance with Section 415 of the *Local Government Act 1993*. The financial statements that have been subject to independent audit are the:

- General purpose financial statements; and
- Special purpose financial statements.

1. THE AUDITOR'S ROLE & RESPONSIBILITY

Council's annual financial audit engagement has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements comply with Australian Accounting Standards as well as other statutory requirements and are free of material misstatement.

Our audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 organisation's internal control. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

Our independent audit report is attached to each of the financial statements.

This report should be read in conjunction with our audit opinion on the general purpose financial statements provided under Section 417(2) of the *Local Government Act 1993*.

Reporting on the Conduct of the Audit

Section 417 (3) of the *Local Government Act 1993* requires us to consider and provide comment on the material items affecting the general purpose financial statements and other matters pertinent to the audit. Arising from the audit, there are a number of observations we wish to raise concerning the trends in Council's finances. These observations are set out below.

2. INCOME STATEMENT

2.1 Consolidated Operating Result

Council's consolidated surplus from all activities for 2015 was \$3,484,000. This compares to a deficit in 2014 of \$76,000. This result can be summarised as follows:

Consolidated Operating Result	2015 \$'000	2014 \$'000	2013 \$'000
Revenues from continuing operations	44,597	40,176	41,820
Expenses from continuing operations	(33,546)	(34,182)	(33,608)
Surplus from continuing operations before depreciation	11,051	5,994	8,212
Less: depreciation expense	(10,555)	(10,560)	(13,665)
Operating surplus / (deficit) after depreciation & before capital revenue and other significant items	496	(4,566)	(5,453)
<i>Significant items impacting the operating result</i>			
Gain / (Loss) on disposal of assets	(2,350)	(1,301)	(1,327)
Operating deficit before capital revenue	(1,854)	(5,867)	(6,780)
Capital grants and contributions	5,338	5,791	3,707
Discontinued operations	-	-	(1,802)
Surplus / (Deficit) from all activities	3,484	(76)	(4,875)

These results are more meaningfully analysed by operating Fund as detailed further in this report.

2.2 Operating Result by Fund

The consolidated operating result comprises the surpluses associated with Council's General, Sewer (waste water) and Water Funds. The results of each fund are provided below:

Operating Result by Fund	General \$'000	2015 Water \$'000	Sewer \$'000	General \$'000	2014 Water \$'000	Sewer \$'000
Revenues from continuing operations	31,098	5,763	7,736	27,580	5,320	7,276
Expenses from continuing operations	(24,034)	(4,235)	(5,277)	(24,511)	(4,353)	(5,318)
Surplus from continuing operations before depreciation	7,064	1,528	2,459	3,069	967	1,958
Less: depreciation expense	(8,627)	(798)	(1,130)	(8,670)	(794)	(1,096)
Operating surplus / (deficit) after depreciation & before capital revenue and other significant items	(1,563)	730	1,329	(5,601)	173	862
<i>Significant items impacting the operating result</i>						
Gain / (Loss) on disposal of assets	(1,458)	(412)	(480)	(497)	(378)	(426)
Operating surplus / (deficit) before capital revenue	(3,021)	318	849	(6,098)	(205)	436
Capital grants and contributions	5,119	19	200	5,643	59	89
Surplus / (Deficit) from all activities	2,098	337	1,049	(455)	(146)	525

2.3 Material Items Impacting the Result After Depreciation & Before Capital Revenue and Other Significant Items

2.3.1 General Fund Result

The General Fund operating result after depreciation and before capital revenue and other significant items has improved by \$4,038,000, from a \$5,601,000 deficit in 2014 to a \$1,563,000 deficit in 2015. Some of the material components contributing to the reduced overall deficit include:

Account	Increase / (Decrease) \$'000	Effect on Operating Result \$'000	Reason for Increase / Decrease
Revenue			
Rates & Annual Charges	1,426	1,426	Largely attributable to the annual rate rise and the special rate variation approved by the Minister for Local Government totalling 12.3%.
User Charges & Fees	(1,093)	(1,093)	Largely attributable to decreased RMS charges of \$894,000.
General Purpose Financial Assistance Grants	2,395	2,395	In 2014, only two quarters of payments were received, as the first two quarters were received in FY 2013. The full four quarters of grants totalling \$4,683,000 have been received in FY 2015.
Other Operating Grants	1,148	1,148	Fluctuations in grants received from year to year.
Expenses			
Employee Costs	562	(562)	Attributable to a 2.6% increase in the local government state award and an increase in full time equivalent employees.
Borrowing Costs	302	(302)	Attributable to unexpended loans of \$2,848,000 being transferred from the Sewer Fund to General Fund as at 30 June 2014. Also new loans of \$5,620,000 were drawn during 2015.
Materials & Contracts	(1,725)	1,725	Largely attributable to the decreased RMS works.

Account	Increase / (Decrease) \$'000	Effect on Operating Result \$'000	Reason for Increase / Decrease
Other Expenses	384	(384)	Largely attributable to the increase in state government waste levy of \$309,000.

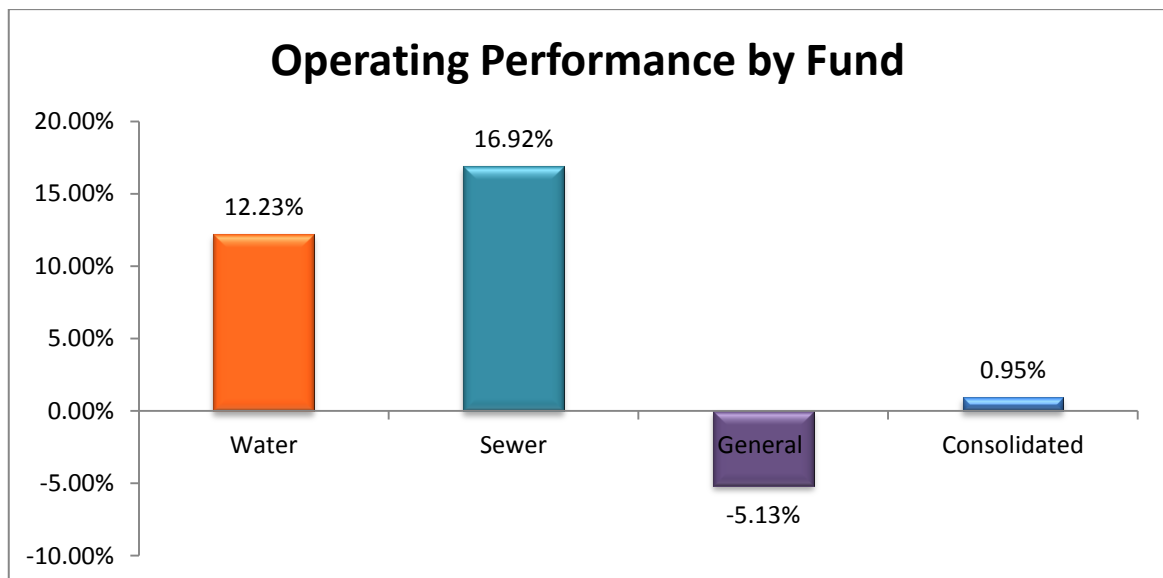
2.3.2 Water and Sewer Funds

The Water Fund operating result after depreciation and before capital revenue and other significant items has improved from a surplus of \$173,000 in 2014 to a surplus of \$730,000 in 2015.

The Sewer Fund operating result after depreciation and before capital revenue and other significant items has improved from a surplus of \$862,000 in 2014 to a surplus of \$1,329,000 in 2015.

2.3.3 Operating Performance Ratio

The Office of Local Government has introduced a ratio that measures a Council's achievement of containing operating expenditure within operating revenue (achieving a surplus after depreciation but before capital revenue). The benchmark is greater than 0%.



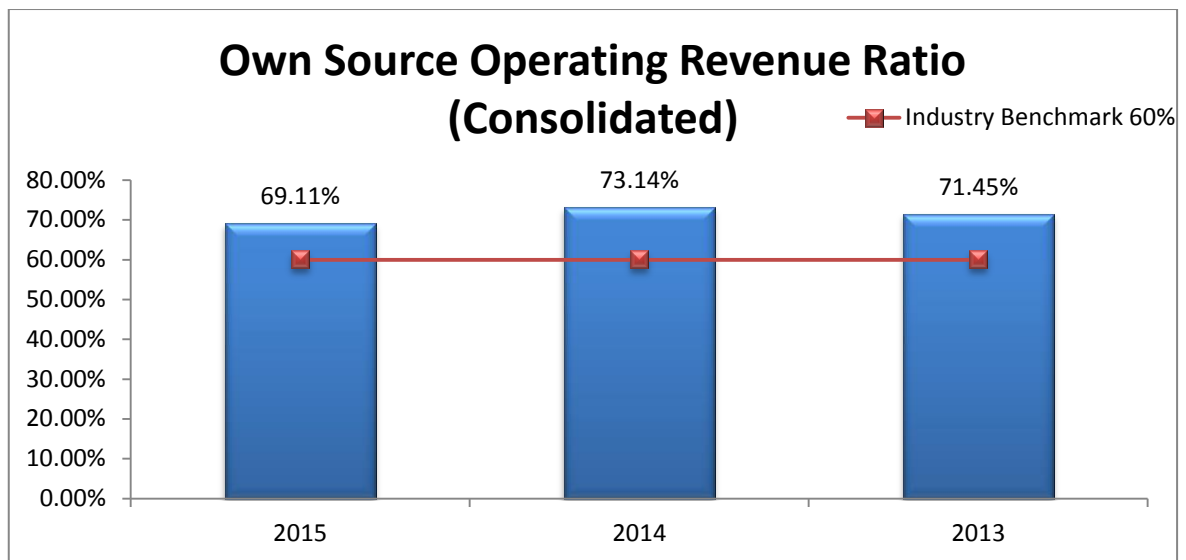
As illustrated, only Council's General Fund has an operating deficit after depreciation but before capital items. The General Funds operating performance ratio has improved however, from -20.67% in 2014 to -5.13% in 2015.

Council should continue to improve the operating performance of the General Fund to achieve the greater than 0% benchmark.

It is important to distinguish that this ratio is focusing on operating performance and hence capital grants and contributions and fair value adjustments are excluded.

2.3.4 Own Source Operating Revenue Ratio

Local Government performance benchmarking now analyses the ability of Council to generate its own revenue sources rather than over-reliance on grants and contributions (capital and operating) received from external sources. The graph below illustrates that Council sources 69.11% of its consolidated revenue from rates, annual charges, user charges, interest etc. which exceeds the industry benchmark of 60%.



2.4 Capital Grants & Contributions – All Funds

Council receives capital grants and contributions from various sources each financial year to renew existing assets as well as construct new assets. Capital contributions include developer contributions as well as dedications received by Council on the finalisation of a development.

Capital grants received during the year amounted to \$4,918,000 and included grants for transport assets - \$1,327,000 and grants for storm/flood damage - \$3,107,000.

Capital contributions received during the year amounted to \$420,000. The table below provides an understanding of the nature and quantum of contributions received during the financial year:

	2015 \$'000	2014 \$'000	2013 \$'000
S 94 - Contributions towards amenities/services	36	48	45
S 94A - Fixed Development Consent Levies	96	34	57
S 64 - Water Supply Contributions	19	36	14
S 64 - Sewerage Service Contributions	180	49	498
Total Developer Contributions	331	167	614
Non-cash Developer Dedications	-	687	31
Other Contributions	89	318	232
Total	420	1,172	877

The use of cash contributions received during each year is restricted and accordingly they are not available for use in Council's general operations.

3. STATEMENT OF FINANCIAL POSITION

Council's Statement of Financial Position (Balance Sheet) is summarised below.

	2015 \$'000	2014 \$'000	2013 \$'000
Current Assets	44,299	37,141	37,763
Non-Current Assets	661,564	622,501	600,041
Total Assets	705,863	659,642	637,804
Current Liabilities	11,630	11,099	10,199
Non-Current Liabilities	27,555	23,594	24,291
Total Liabilities	39,185	34,693	34,490
Equity	666,678	624,949	603,314

We provide commentary on some of the material assets and liabilities appearing on Council's statement of financial position as at 30 June 2015 together with related Office of Local Government benchmark data.

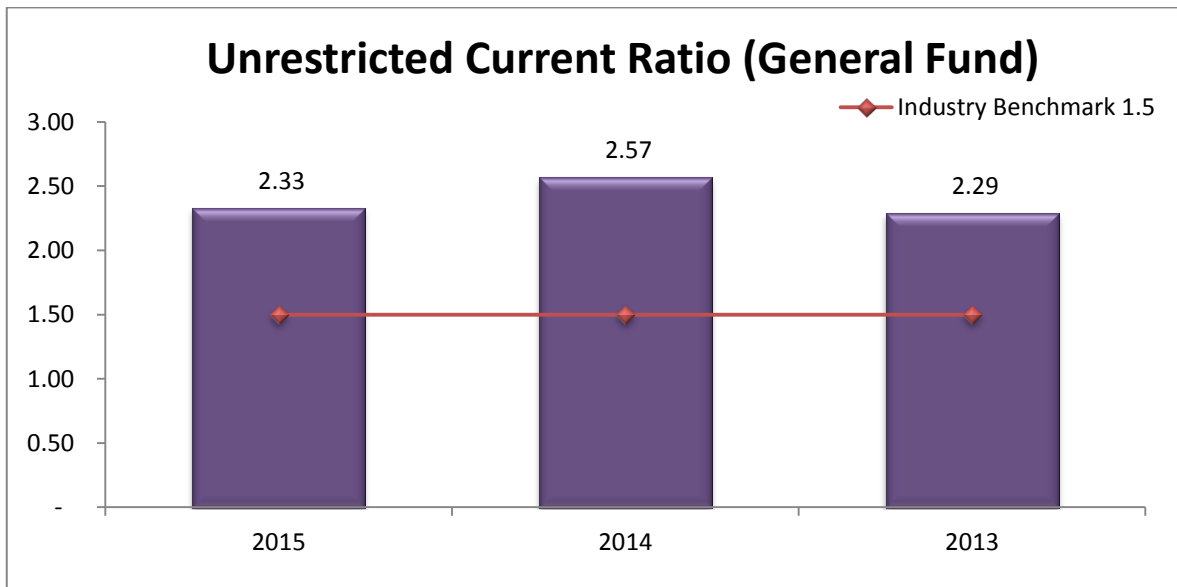
3.1 Current Assets

3.1.1 Unrestricted Net Current Assets & Ratio

	2015 \$'000	2014 \$'000	2013 \$'000
Current Assets	44,299	37,141	37,763
Externally restricted cash & investments	(23,471)	(17,904)	(21,571)
Externally restricted receivables	(3,717)	(2,722)	(3,333)
Current Assets less all External Restrictions	17,111	16,515	12,859
Current Liabilities	11,630	11,099	10,199
Externally restricted liabilities	(1,665)	(1,620)	(1,713)
Liabilities classified as current in the financial statements but not expected to be paid in the next 12 months	(2,618)	(3,041)	(2,882)
Current Liabilities less Specific Purpose Liabilities	7,347	6,438	5,604
Unrestricted Current Net Assets before Internal Reserves	9,764	10,077	7,255

Council's unrestricted current asset position provides a measure of the Council's capacity / liquidity to meet its commitments from current assets net of externally restricted cash, investments and receivables.

The unrestricted current ratio measures Council's net unrestricted current ratio. The Office of Local Government and NSW Treasury consider that this ratio should be at least 1.5.



At 30 June 2015 Council's General Fund has \$2.33 in liquid current assets for every \$1 of current liabilities. This is above the industry benchmark.

3.1.2 Cash & Investments

Included in Council's assets are cash and investments which are restricted in their use as follows:

Cash & Investments	2015 \$'000	2014 \$'000	2013 \$'000
Externally Restricted	23,471	18,385	24,907
<i>Monies can only be spent in accordance with legislation, grant agreement or developer contribution plan specifications</i>			
Internally Restricted	5,771	5,351	5,689
<i>Money set aside for special projects via Council resolution</i>			
Unrestricted	-	-	502
<i>Funds forming part of working capital used for day-to-day Council operations</i>			
Total Cash & Investments	<u>29,242</u>	<u>23,736</u>	<u>31,098</u>

Council is managing its investment portfolio in accordance with the Minister's Investment Order which is applicable to all local government authorities.

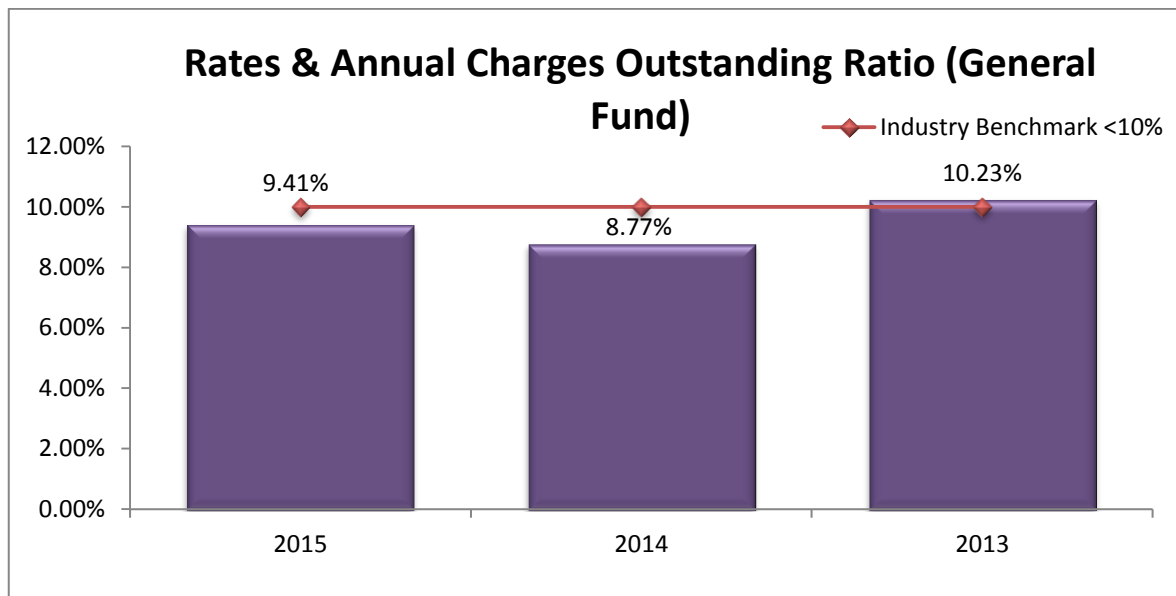
Total Internally Restricted Cash

Council has resolved to set aside the following special purpose reserves:

	2015 \$'000	2014 \$'000	2013 \$'000
Plant & Vehicle Replacement	652	445	876
Real Estate & Infrastructure	410	105	134
Employees Leave Entitlement	944	749	735
Carry Over Works	51	252	607
Casino Saleyards	318	194	391
Insurance	87	84	52
Other Waste Management	1,287	1,454	1,747
Petersons Quarry	440	584	22
Public Cemeteries Perpetual Maintenance	455	407	391
Quarry Rehabilitation	96	76	55
Revolving Energy and Sustainability Fund	8	8	8
Richmond Upper Clarence Regional Library	419	417	316
Unexpended Rates Variations	216	65	18
Woodview Quarry	388	511	56
Evans Head Airport	-	-	15
RMS State Roads Maintenance Contract	-	-	266
Total Internal Restrictions	<u>5,771</u>	<u>5,351</u>	<u>5,689</u>

3.1.3 Rates and Annual Charges Outstanding Percentage

This is a financial performance indicator that assesses the effectiveness of Council's revenue collection processes.



Council's General Fund rates and annual charges outstanding ratio has increased from 8.77% in 2014 to 9.41% as at 30 June 2015. The NSW Office of Local Government benchmark is less than 10% for rural Council's.

Despite being below the benchmark, 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.

3.2 Infrastructure, Property, Plant and Equipment (I,P,P&E)

The largest asset or liability appearing on Council's statement of financial position is I,P,P&E. Note 9 to the general purpose financial statements provides an understanding of Council's I,P,P&E and illustrates that Council is responsible for maintaining and improving assets with a written down value of approximately \$658 million.

3.2.1 Depreciation

	WDV 2015 \$'000	DEP'N EXP 2015 \$'000	WDV 2014 \$'000	DEP'N EXP 2014 \$'000
Plant & Equipment	10,341	(1,773)	10,756	(1,820)
Operational Land	23,574	-	23,054	-
Community Land	22,899	-	21,343	-
Land Under Roads	156	-	155	-
Land Improvements	14,725	(242)	8,110	(270)
Buildings	46,463	(1,062)	31,022	(1,063)
Other Structures	9,580	(237)	5,850	(222)
Roads, Bridges & Footpaths	237,014	(4,696)	235,645	(4,510)
Bulk Earthworks	71,897	-	71,372	-
Stormwater Drainage	34,217	(531)	33,134	(546)
Water Supply Infrastructure	70,066	(786)	69,338	(781)
Sewer Supply Infrastructure	99,951	(1,104)	98,966	(1,065)
Swimming Pools	6,395	(147)	3,616	(151)
Other Open Space/Recreational Assets	6,927	(224)	3,388	(270)
Work in Progress	2,773	-	2,022	-
Other Assets	404	(76)	404	(76)
Tip Assets	520	(23)	533	(14)
Quarry Assets	207	(24)	211	(17)
	<u>658,109</u>	<u>(10,925)</u>	<u>618,919</u>	<u>(10,805)</u>

The major movements in the above table for land improvements, buildings, other structures, swimming pools and other open space assets written down values are the result of the revaluation for these assets as detailed at section 3.2.2 of this report.

3.2.2 Asset Revaluations

During the current financial year Council with the assistance of an external expert performed a full revaluation of its land improvements, buildings, other structures, swimming pools and other open space assets. All other assets were indexed in accordance with applicable indices. As a result of the revaluation (including indexation), net revaluation increments of \$41,059,000 were recognised, these amounts were credited to the Asset Revaluation Reserve.

	WDV Prior to Revaluation \$'000	Increase / (Decrease) \$'000	Subsequent to Revaluation \$'000
Land - indexed:			
- Operational Land	22,756	818	23,574
- Community Land	21,343	1,556	22,899
- Land under Roads (post 30/6/08)	155	1	156
Land Improvements - revalued:			
- Land improvements - non-depreciable	3,809	197	4,006
- Land improvements - depreciable	4,370	6,349	10,719
Buildings - revalued:			
- Buildings - Specialised	29,233	17,230	46,463
Other Structures - revalued:			
- Other Structures	5,693	3,887	9,580
Infrastructure - revalued:			
- Swimming Pools	3,466	2,929	6,395
- Other Open Space/Recreational Assets	3,527	3,400	6,927
Infrastructure - indexed:			
- Roads	162,867	1,058	163,925
- Bridges	60,481	394	60,875
- Footpaths	12,141	73	12,214
- Bulk Earthworks (non-depreciable)	71,433	464	71,897
- Stormwater Drainage	34,003	214	34,217
- Water Supply Network	69,043	1,023	70,066
- Sewerage Network	98,485	1,466	99,951
Property, Plant & Equipment - not revalued	14,245	-	14,245
	617,050	41,059	658,109

3.2.3 Council Constructed / Purchased Additions

Each year Council budgets to renew or capitalise new assets. An illustration of I,P,P&E capitalised over the past three years is provided below:

	2015 \$'000	2014 \$'000	2013 \$'000
Non-Cash Developer Contributions	-	687	31
Non-Cash Grants / Contributions			
Bush Fire Grants	16	25	182
Bellman Hanger Restoration	-	77	-
Council Constructed / Purchased Assets			
Land and Buildings	1,205	3,667	1,499
Plant and Equipment	1,762	2,336	1,900
Roads and Drainage	7,597	2,954	2,702
Water & Sewerage Network	1,521	2,913	2,041
Other Assets	77	83	83
Work in Progress	2,551	1,767	6,339
Total Asset Additions	14,729	14,509	14,777
Consisting of:			
Asset Renewals - Buildings & Infrastructure	10,388	6,785	7,040
Dedicated Assets	-	789	213
Other Additions	4,341	6,935	7,524
	14,729	14,509	14,777

3.2.4 Asset Management Performance Indicators

The NSW Office of Local Government has introduced several performance indicators designed to provide Council with measures of asset management.

Audit of Asset Management Information

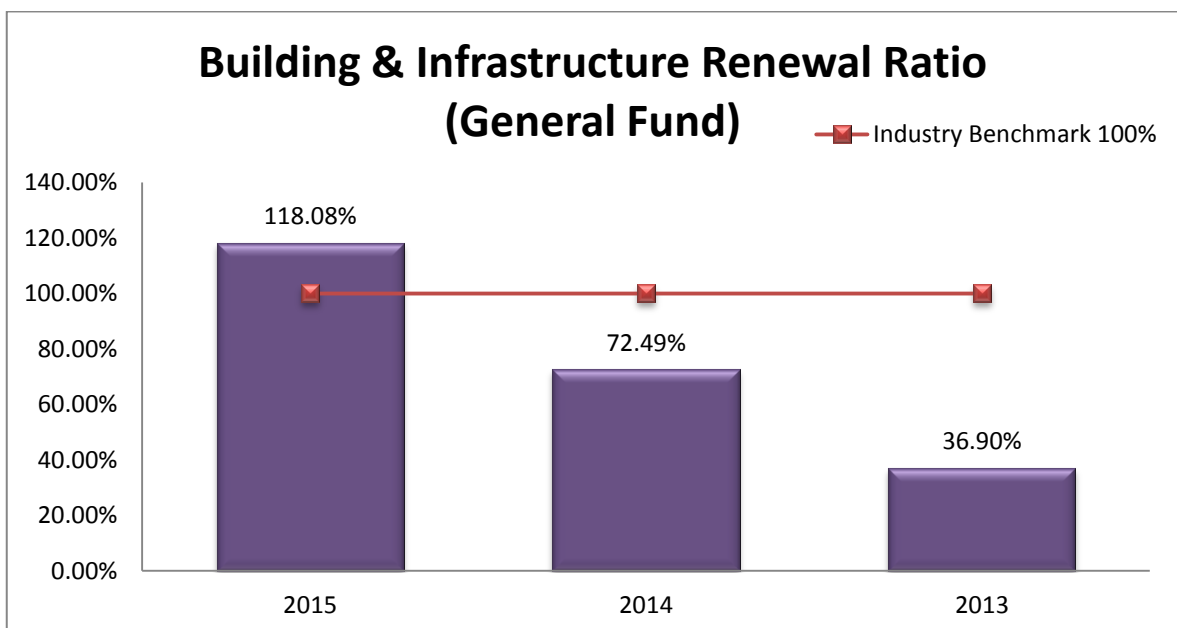
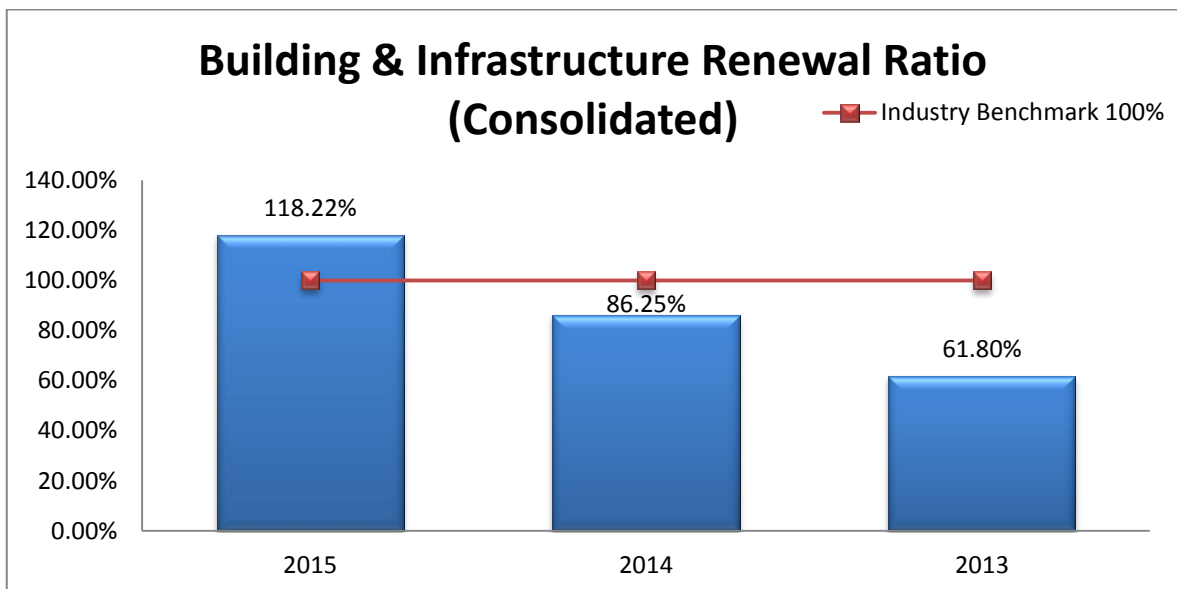
In 2015 Council's special schedule 7 will be subject to a review as part of an agreed upon process to determine the Council's readiness for audit in 2016. Special schedule 7 contains asset management ratios, costs to bring assets to a satisfactory standard and information relating to actual and required maintenance expenditure levels. As this information has not been subject to independent review in prior years, it is important that Council:

- Review the information contained in special schedule 7 to ensure it is accurate;

- Have policies and procedures supporting the compilation of information that is included in special schedule 7 so that asset management ratios are calculated accurately;
- Aligns assets data collection to allow efficient compilation of the information contained in special schedule 7.

Buildings & Infrastructure Renewals Ratio

Assessing the rate at which buildings and infrastructure assets are being renewed against the rate at which they are depreciating is measured using the buildings and infrastructure renewals ratio. The buildings and infrastructure renewals ratio is calculated based on replacement of existing assets with assets of equivalent capacity or performance as opposed to the acquisition of new assets. Expenditure incurred to add capacity to existing assets is excluded from this ratio.



Industry benchmarking recommends that asset renewals equate to 100% of the related depreciation expense.

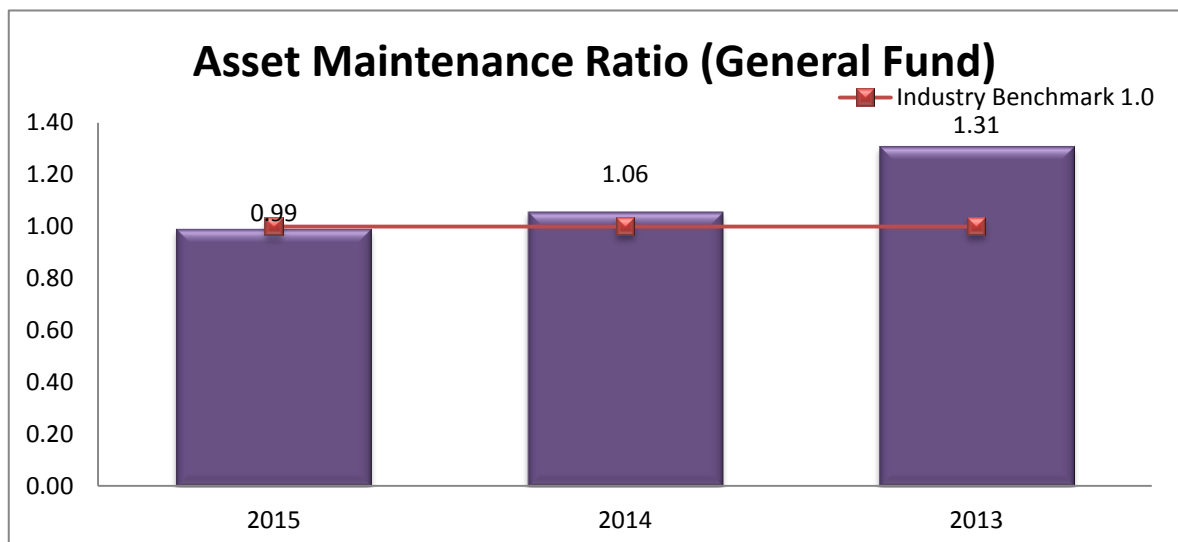
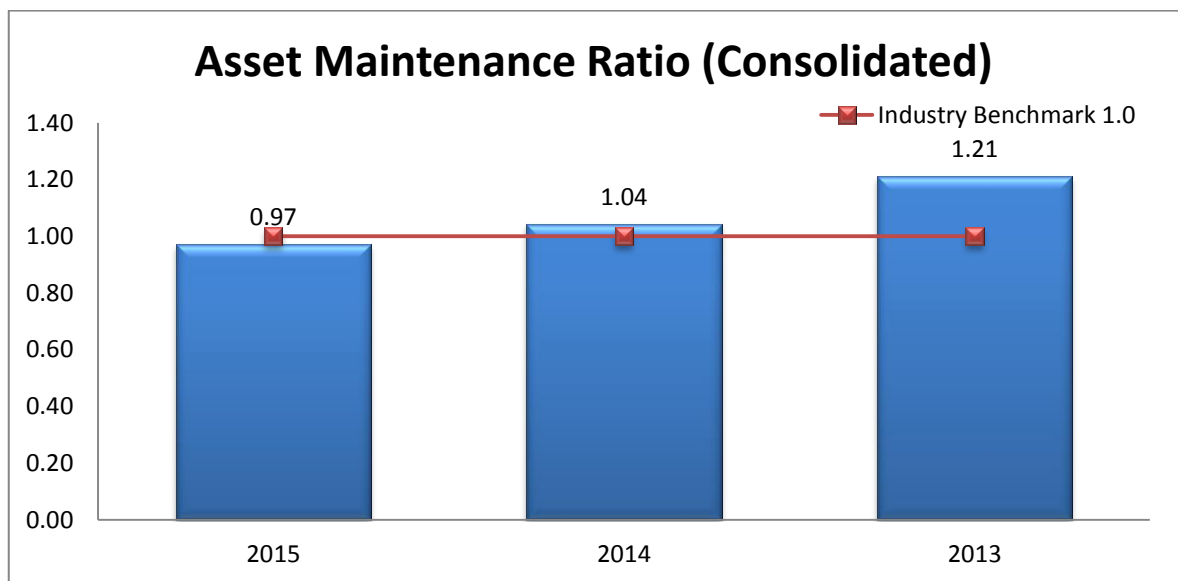
Council's ratios have improved and these graphs illustrate that Council is now renewing assets equivalent to the rate at which they are depreciating.

The challenge facing all local government authorities is to improve this ratio to satisfy this industry benchmark continuously, particularly in the General Fund, which is subject to rate pegging limits and special rate variations.

Asset Maintenance Ratio

This ratio compares actual versus required (as estimated by Council staff) annual asset maintenance. A ratio of above 1.0 indicates that the Council is investing enough funds within the year to stop the Infrastructure Backlog from growing. This ratio is highly dependent on accurate and consistent required maintenance and quantified infrastructure backlog calculations.

The benchmark for this ratio is greater than 1.0.

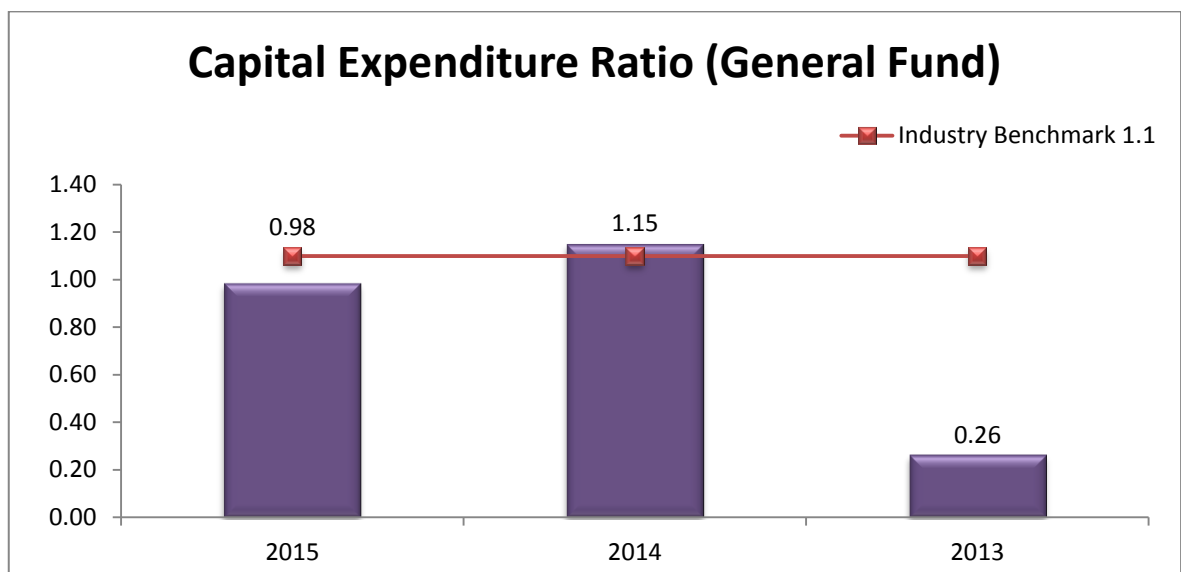
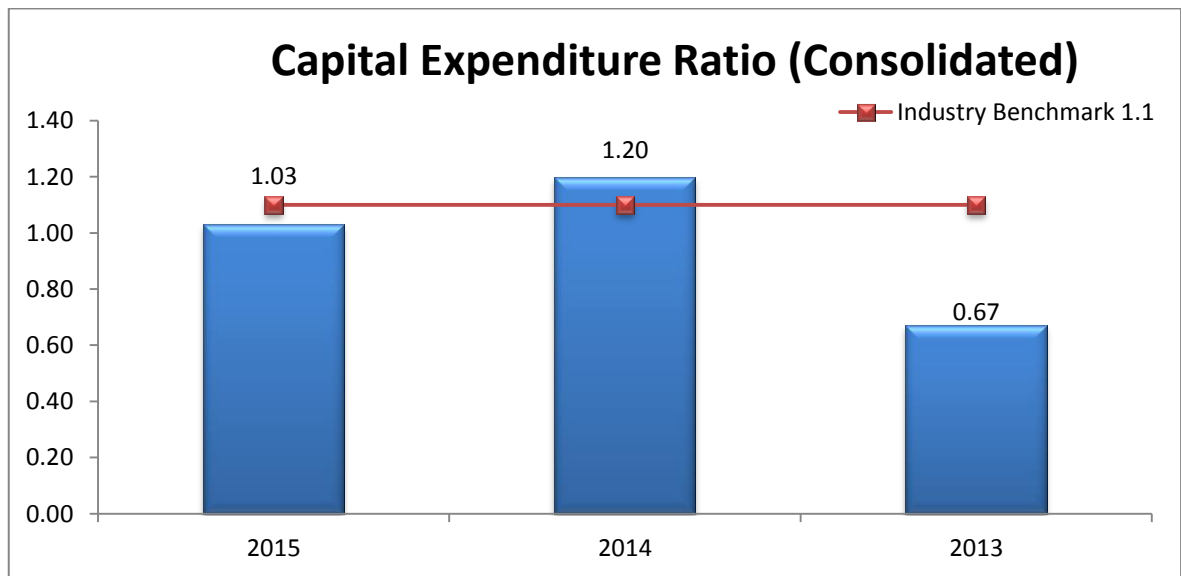


The ratios for 2015, whilst slightly reduced on the prior years, indicate that Council is still spending sufficient funds on asset maintenance to ensure their condition does not deteriorate below a satisfactory standard.

Capital Expenditure Ratio

This ratio indicates the extent to which Council is forecasting to expand its asset base with capital expenditure spent on both new assets as well as replacement and renewal of existing assets.

The benchmark for this ratio is greater than 1.1.



The ratio's for 2015 indicate that Council spent 103% of total depreciation expense on capital works for buildings and infrastructure assets.

Creating financial capacity to fund asset maintenance, renewals and new capital projects is one of the most difficult issues facing the Local Government industry in Australia. The ability to satisfy the industry parameters for asset renewals is a key goal for any local government authority which will only be achieved by:

- having asset management and financial systems that accurately identify and record renewals expenditure throughout each year,
- ensuring that the depreciation expense disclosed in the financial report reflects the actual consumption of each asset,
- ensuring policies and procedures are updated so that Council personnel have sound guidance on capital v maintenance and renewals v new capital works,
- accurately recording renewals expenditure where projects include replacing an existing asset with greater capacity, and
- constantly reviewing Council's operations so that the maximum available resources can be directed toward asset renewal.

3.3 Loan Liability

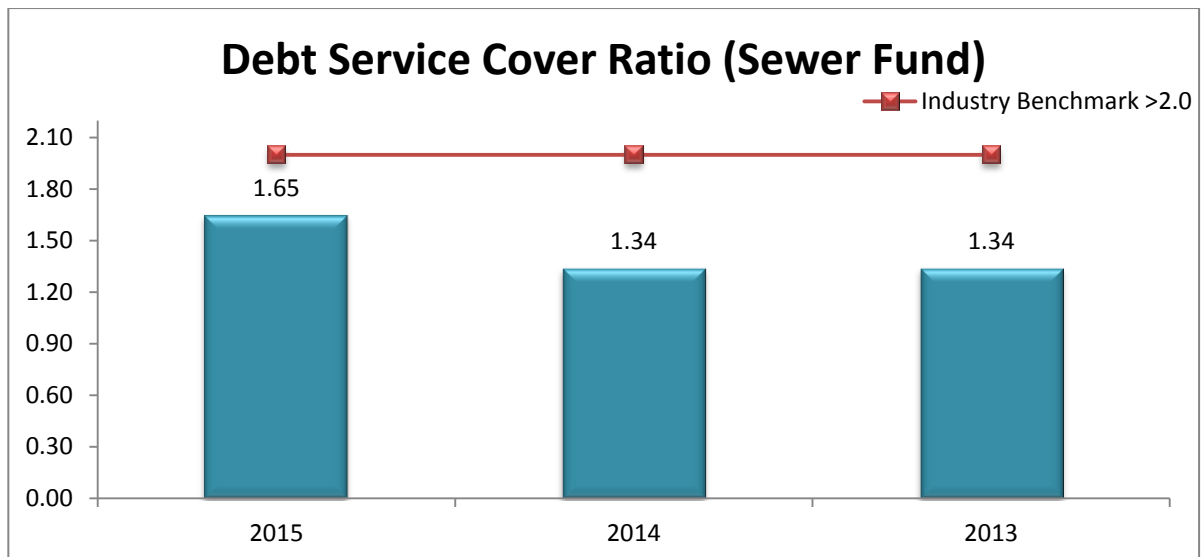
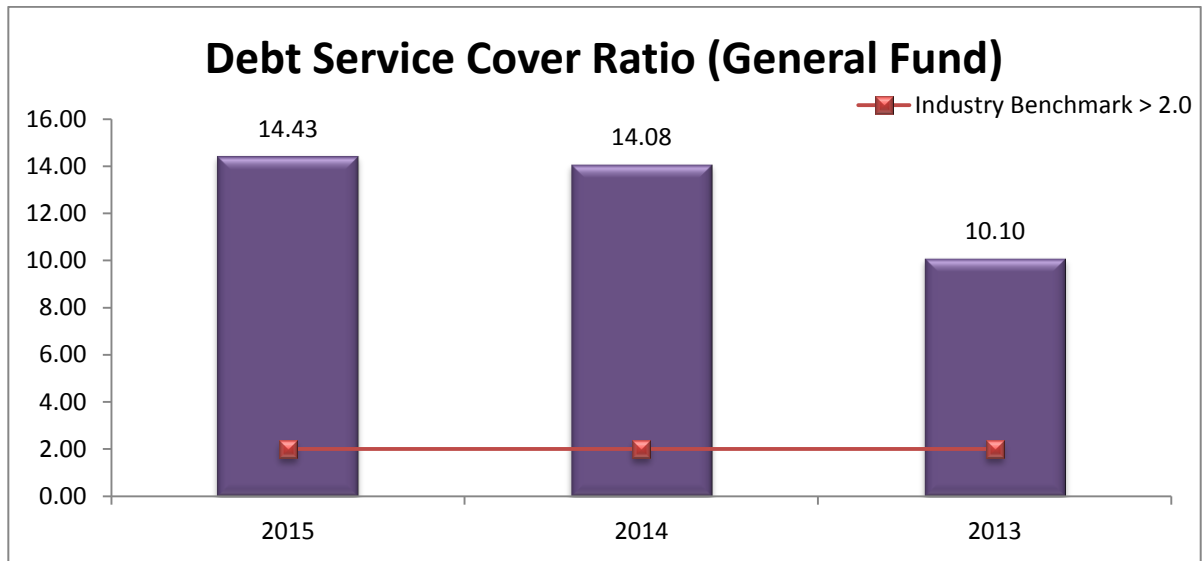
Council's loan liability represents 68% of total liabilities at 30 June 2015. We provide discussion on this balance below.

	2015 \$'000	2014 \$'000	2013 \$'000
Current Loan Liability	1,620	1,111	1,218
Non-Current Loan Liability	24,881	20,881	21,992
Total Loan Liability	26,501	21,992	23,210
By Fund:			
General Fund	8,322	2,847	148
Water Fund	-	-	-
Sewer Fund	18,179	19,145	23,062
Total Loan Liability	26,501	21,992	23,210

The Council obtained new General Fund borrowings during the current year of \$5.62 million. Of these borrowings, \$3 million for the Casino Regional Livestock Exchange is under the NSW Government Local Infrastructure Renewal Scheme (LIRS).

Debt Service Cover Ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments. This ratio replaces the Debt Service Ratio which measured the Council's debt and interest repayment as a percentage of revenue. The benchmark for the ratio is greater than 2.



These graphs illustrate that Council is generating sufficient cash to satisfy its debt repayment obligations in General Fund. For Sewer Fund we note the improvement in the ratio, however given it remains below the benchmark we suggest analysis to determine if cash flow over the short to medium term is sufficient to allow this benchmark to be achieved in the future.

4. OTHER MATTERS

4.1 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. We will issue a separate report to Council which identifies internal control weaknesses and other audit observations in due course.

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
CHARTERED ACCOUNTANTS**

Per:

A handwritten signature in purple ink, appearing to read 'G W Dwyer', is written over a dotted line. A long, horizontal purple line is drawn across the signature and extends to the right.

G W DWYER (Partner)
Registered Company Auditor

Richmond Valley Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

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

Richmond
Valley
Council



Richmond Valley Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

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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 2015

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 20 October 2015.



Ernie Bennett
MAYOR



Col Sullivan
COUNCILLOR



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 2015

\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	1,200	1,181
User charges	4,267	3,938
Fees	93	75
Interest	116	34
Grants and contributions provided for non capital purposes	87	92
Profit from the sale of assets	-	-
Other income	-	-
Total income from continuing operations	5,763	5,320
Expenses from continuing operations		
Employee benefits and on-costs	891	889
Borrowing costs	-	-
Materials and contracts	2,090	2,199
Depreciation and impairment	798	794
Water purchase charges	972	947
Loss on sale of assets	412	378
Calculated taxation equivalents	25	24
Debt guarantee fee (if applicable)	-	-
Other expenses	282	318
Total expenses from continuing operations	5,470	5,549
Surplus (deficit) from Continuing Operations before capital amounts	293	(229)
Grants and contributions provided for capital purposes	19	59
Surplus (deficit) from Continuing Operations after capital amounts	312	(170)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	312	(170)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(88)	-
SURPLUS (DEFICIT) AFTER TAX	224	(170)
plus Opening Retained Profits	24,944	25,090
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	25	24
- Debt guarantee fees	-	-
- Corporate taxation equivalent	88	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	25,281	24,944
Return on Capital %	0.4%	-0.3%
Subsidy from Council	-	-
Calculation of dividend payable:		
Surplus (deficit) after tax	224	(170)
less: Capital grants and contributions (excluding developer contributions)	-	(23)
Surplus for dividend calculation purposes	224	-
Potential Dividend calculated from surplus	112	-

Richmond Valley Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	5,955	5,804
User charges	1,210	1,187
Liquid Trade Waste charges	-	-
Fees	103	82
Interest	383	107
Grants and contributions provided for non capital purposes	85	96
Profit from the sale of assets	-	-
Other income	-	-
Total income from continuing operations	7,736	7,276
Expenses from continuing operations		
Employee benefits and on-costs	1,234	1,021
Borrowing costs	1,317	1,610
Materials and contracts	2,431	2,386
Depreciation and impairment	1,130	1,096
Loss on sale of assets	480	426
Calculated taxation equivalents	20	19
Debt guarantee fee (if applicable)	-	-
Other expenses	295	301
Total expenses from continuing operations	6,907	6,859
Surplus (deficit) from Continuing Operations before capital amounts	829	417
Grants and contributions provided for capital purposes	200	89
Surplus (deficit) from Continuing Operations after capital amounts	1,029	506
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	1,029	506
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(249)	(125)
SURPLUS (DEFICIT) AFTER TAX	780	381
plus Opening Retained Profits	36,266	35,741
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	20	19
- Debt guarantee fees	-	-
- Corporate taxation equivalent	249	125
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	37,315	36,266
Return on Capital %	2.1%	2.0%
Subsidy from Council	-	-
Calculation of dividend payable:		
Surplus (deficit) after tax	780	381
less: Capital grants and contributions (excluding developer contributions)	(20)	(40)
Surplus for dividend calculation purposes	760	341
Potential Dividend calculated from surplus	380	170

Richmond Valley Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2015

\$ '000	Petersons Quarry		Woodview Quarry	
	Category 2		Category 2	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Income from continuing operations				
Access charges	-	-	-	-
User charges	-	-	-	-
Fees	637	920	643	926
Interest	16	-	14	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	-	-	-	-
Total income from continuing operations	653	920	657	926
Expenses from continuing operations				
Employee benefits and on-costs	68	105	43	30
Borrowing costs	14	13	10	8
Materials and contracts	311	879	427	586
Depreciation and impairment	26	23	14	12
Loss on sale of assets	5	-	-	-
Calculated taxation equivalents	-	-	5	5
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	3	3	-	2
Total expenses from continuing operations	427	1,023	499	643
Surplus (deficit) from Continuing Operations before capital amounts	226	(103)	158	283
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	226	(103)	158	283
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	226	(103)	158	283
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(68)	-	(47)	(85)
SURPLUS (DEFICIT) AFTER TAX	158	(103)	111	198
plus Opening Retained Profits	1,080	533	963	528
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	5	5
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	68	-	47	85
add:				
- Subsidy Paid/Contribution To Operations	(415)	650	(300)	147
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
Closing Retained Profits	891	1,080	826	963
Return on Capital %	21.2%	-9.3%	17.6%	31.3%
Subsidy from Council	-	125	-	-

Richmond Valley Council

Statement of Financial Position - Council's Water Supply Business Activity
as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	2,453	2,425
Investments	-	-
Receivables	1,656	1,367
Inventories	-	-
Other	1	-
Non-current assets classified as held for sale	-	-
Total Current Assets	4,110	3,792
Non-Current Assets		
Investments	-	-
Receivables	530	441
Inventories	-	-
Infrastructure, property, plant and equipment	72,470	71,436
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
Total non-Current Assets	73,000	71,877
TOTAL ASSETS	77,110	75,669
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	9	10
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	9	10
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	9	10
NET ASSETS	77,101	75,659
EQUITY		
Retained earnings	25,282	24,944
Revaluation reserves	51,819	50,715
Council equity interest	77,101	75,659
Non-controlling equity interest	-	-
TOTAL EQUITY	77,101	75,659

Richmond Valley Council

Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	11,408	10,927
Investments	-	-
Receivables	2,060	2,119
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	13,468	13,046
Non-Current Assets		
Investments	-	-
Receivables	675	607
Inventories	-	-
Infrastructure, property, plant and equipment	102,447	101,329
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
Total non-Current Assets	103,122	101,936
TOTAL ASSETS	116,590	114,982
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	239	250
Interest bearing liabilities	1,006	966
Provisions	-	-
Total Current Liabilities	1,245	1,216
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	17,173	18,179
Provisions	-	-
Total Non-Current Liabilities	17,173	18,179
TOTAL LIABILITIES	18,418	19,395
NET ASSETS	98,172	95,587
EQUITY		
Retained earnings	37,315	36,266
Revaluation reserves	60,857	59,321
Council equity interest	98,172	95,587
Non-controlling equity interest	-	-
TOTAL EQUITY	98,172	95,587

Richmond Valley Council

Statement of Financial Position - Council's Other Business Activities

as at 30 June 2015

\$ '000	Petersons Quarry		Woodview Quarry	
	Category 2		Category 2	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
ASSETS				
Current Assets				
Cash and cash equivalents	-	-	-	-
Investments	440	584	388	511
Receivables	-	-	-	-
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	440	584	388	511
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	1,134	972	957	930
Investment property	-	-	-	-
Intangible Assets	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	1,134	972	957	930
TOTAL ASSETS	1,574	1,556	1,345	1,441
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Total Current Liabilities	-	-	-	-
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	395	371	316	297
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	395	371	316	297
TOTAL LIABILITIES	395	371	316	297
NET ASSETS	1,179	1,185	1,029	1,144
EQUITY				
Retained earnings	891	1,080	825	963
Revaluation reserves	288	105	203	181
Council equity interest	1,179	1,185	1,028	1,144
Non-controlling equity interest	-	-	-	-
TOTAL EQUITY	1,179	1,185	1,028	1,144

Richmond Valley Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

Contents of the Notes accompanying the Financial Statements

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2	Water Supply Business Best Practice Management disclosure requirements	13
3	Sewerage Business Best Practice Management disclosure requirements	15

Richmond Valley Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Office 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 Office 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.

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 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

Richmond Valley Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

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 **\$432,000** of combined land values attracts **0%**. From \$432,001 to \$2,641,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,641,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

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. No adjustments have been made for variations that have occurred during the year.

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

Richmond Valley Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

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 3.02% at 30/6/15.

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 2015 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 2015

Note 2. Water Supply Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	25,000
(ii)	No of assessments multiplied by \$3/assessment	22,095
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	22,095
(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]	112,050
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	198,855
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	108,100

2015 Surplus	224,100	2014 Surplus	(193,000)	2013 Surplus	77,000
		2014 Dividend	-	2013 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	108,100
(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 2015

Note 2. Water Supply Business Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2015

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	5,706
NWI F4	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)]	%	75.06%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	72,424
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	4,233
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	1,202
NWI F17	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)]	%	0.93%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

- Notes:
- References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 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

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2015

Note 3. Sewerage Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2015

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	20,000
(ii)	No of assessments multiplied by \$3/assessment	20,967
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	20,000
(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]	380,150
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	189,670
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	1,893,600

2015 Surplus	760,300	2014 Surplus	340,900	2013 Surplus	792,400
		2014 Dividend	-	2013 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	189,670
(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)	<input type="checkbox"/>
(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]	<input type="checkbox"/>
	Complying charges	
	(a) Residential [Item 2(c) in Table 1]	<input type="checkbox"/>
	(b) Non Residential [Item 2(c) in Table 1]	<input type="checkbox"/>
	(c) Trade Waste [Item 2(d) in Table 1]	<input type="checkbox"/>
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	<input type="checkbox"/>
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	<input type="checkbox"/>
(iii)	Complete Performance Reporting Form (by 15 September each year)	<input type="checkbox"/>
(iv)	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 2015

Note 3. Sewerage Business Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2015

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	7,580
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	102,155
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	3,960
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	1,192
NWI F18	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)]	%	2.43%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	20

National Water Initiative (NWI) Financial Performance Indicators Water & Sewer (combined)

NWI F3	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	12,394
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.30%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	2,394
NWI F19	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)]	%	1.81%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	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 2015

Note 3. Sewerage Business Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2015

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)]	%	2.46%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): 3,164 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: 905 Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		3
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	1,366
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	161

- Notes:
1. References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 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
SPECIAL PURPOSE FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S 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 2015, 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.

Council's Responsibility for the Financial Statements

The Council is responsible for the preparation and fair presentation 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 NSW Office of Local Government. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation and fair presentation 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 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.

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 2015 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 NSW Office of Local Government. As a result, the financial statements may not be suitable for another purpose.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the special purpose financial statements of Richmond Valley Council for the financial year ended 30 June 2015 published in the annual report and included on Council's website. The Council is responsible for the integrity of the website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial statements identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements to confirm the information contained in this website version of the financial statements.

Dated at Lismore this 20th day of October 2015

**THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS**

G W DWYER (Partner)
Registered Company Auditor

Richmond Valley Council

SPECIAL SCHEDULES
for the year ended 30 June 2015

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

Richmond
Valley
Council



Richmond Valley Council

Special Schedules

for the financial year ended 30 June 2015

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- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply Operations - incl. Income Statement	5
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¹ Special Schedules are not audited (with the exception of Special Schedule 9).

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 (NOW), and
 - the Office of Local Government (OLG).
- (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 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	1,928	-	-	(1,928)
Administration	-	860	-	860
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	2,077	1,474	178	(425)
Beach Control	34	-	-	(34)
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	238	156	-	(82)
Other	-	-	-	-
Total Public Order & Safety	2,349	1,630	178	(541)
Health	555	198	-	(357)
Environment				
Noxious Plants and Insect/Vermin Control	110	-	-	(110)
Other Environmental Protection	340	60	-	(280)
Solid Waste Management	4,424	4,304	53	(67)
Street Cleaning	236	-	-	(236)
Drainage	961	240	2,503	1,782
Stormwater Management	-	-	-	-
Total Environment	6,071	4,604	2,556	1,089
Community Services and Education				
Administration & Education	-	-	-	-
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	-	-	-	-
Children's Services	-	-	-	-
Total Community Services & Education	-	-	-	-
Housing and Community Amenities				
Public Cemeteries	282	261	-	(21)
Public Conveniences	201	-	-	(201)
Street Lighting	290	88	-	(202)
Town Planning	2,209	546	131	(1,532)
Other Community Amenities	-	-	-	-
Total Housing and Community Amenities	2,982	895	131	(1,956)
Water Supplies	5,331	5,483	19	171
Sewerage Services	6,817	7,553	200	936

Richmond Valley Council

Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	1,105	410	42	(653)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	1,316	57	5	(1,254)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	805	39	33	(733)
Swimming Pools	730	-	-	(730)
Parks & Gardens (Lakes)	799	112	30	(657)
Other Sport and Recreation	378	40	181	(157)
Total Recreation and Culture	5,133	658	291	(4,184)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	-	-	-	-
Other Mining, Manufacturing & Construction	116	491	-	375
Total Mining, Manufacturing and Const.	116	491	-	375
Transport and Communication				
Urban Roads (UR) - Local	1,888	78	387	(1,423)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	2,275	25	731	(1,519)
Sealed Rural Roads (SRR) - Regional	1,037	763	207	(67)
Unsealed Rural Roads (URR) - Local	2,572	-	169	(2,403)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	80	-	-	(80)
Bridges on SRR - Local	197	-	-	(197)
Bridges on URR - Local	71	-	-	(71)
Bridges on Regional Roads	39	-	-	(39)
Parking Areas	-	-	-	-
Footpaths	449	-	409	(40)
Aerodromes	194	2	-	(192)
Other Transport & Communication	3,914	4,626	-	712
Total Transport and Communication	12,716	5,494	1,903	(5,319)
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	2,207	1,750	60	(397)
Total Economic Affairs	2,207	1,750	60	(397)
Totals – Functions	46,205	29,616	5,338	(11,251)
General Purpose Revenues ⁽²⁾		14,735		14,735
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT ⁽¹⁾	46,205	44,351	5,338	3,484

(1) As reported in the Income Statement

(2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) & Interest on overdue Rates & Annual Charges

Richmond Valley Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2015

\$'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
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	1,111	20,881	21,992	5,620	1,111	-	-	1,615	1,620	24,881	26,501
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	1,111	20,881	21,992	5,620	1,111	-	-	1,615	1,620	24,881	26,501
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	1,111	20,881	21,992	5,620	1,111	-	-	1,615	1,620	24,881	26,501

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 2015

\$'000	Actuals 2015	Actuals 2014
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	1,206	1,218
b. Engineering and Supervision	611	836
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	1	1
- Mains		
c. Operation expenses	101	30
d. Maintenance expenses	200	236
- Reservoirs		
e. Operation expenses	14	10
f. Maintenance expenses	46	64
- Pumping Stations		
g. Operation expenses (excluding energy costs)	-	-
h. Energy costs	126	156
i. Maintenance expenses	56	74
- Treatment		
j. Operation expenses (excluding chemical costs)	469	460
k. Chemical costs	196	125
l. Maintenance expenses	141	100
- Other		
m. Operation expenses	69	72
n. Maintenance expenses	25	26
o. Purchase of water	972	947
3. Depreciation expenses		
a. System assets	786	781
b. Plant and equipment	13	14
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	1	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalent Dividends (actually paid)	-	-
5. Total expenses	5,033	5,150

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 2015

\$'000	Actuals 2015	Actuals 2014
Income		
6. Residential charges		
a. Access (including rates)	744	698
b. Usage charges	2,239	2,153
7. Non-residential charges		
a. Access (including rates)	455	483
b. Usage charges	2,030	1,786
8. Extra charges	39	29
9. Interest income	76	5
10. Other income	94	75
10a. Aboriginal Communities Water and Sewerage Program	-	-
11. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	81	78
c. Other grants	5	16
12. Contributions		
a. Developer charges	19	36
b. Developer provided assets	-	20
c. Other contributions	-	4
13. Total income	5,782	5,383
14. Gain (or loss) on disposal of assets	(412)	(378)
15. Operating Result	337	(145)
15a. Operating Result (less grants for acquisition of assets)	337	(145)

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 2015

\$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	125	29
b. New Assets for Growth	-	88
c. Renewals	1,056	1,857
d. Plant and equipment	21	1
17. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	1,202	1,975
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	-	-
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	6,300	6,300
b. Residential (unoccupied, ie. vacant lot)	191	196
c. Non-residential (occupied)	762	767
d. Non-residential (unoccupied, ie. vacant lot)	112	106
25. Number of ETs for which developer charges were received	- ET	11 ET
26. Total amount of pensioner rebates (actual dollars)	\$ 147,400	\$ 150,425

Richmond Valley Council

Special Schedule No. 3 - Water Supply Cross Subsidies
for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
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 land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. 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 from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
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.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			<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 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	1,434	-	1,434
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,019	-	1,019
31. Receivables			
a. Specific purpose grants	88	-	88
b. Rates and Availability Charges	297	103	400
c. User Charges	1,267	427	1,694
d. Other	4	-	4
32. Inventories	-	-	-
33. Property, plant and equipment			
a. System assets	-	72,424	72,424
b. Plant and equipment	-	47	47
34. Other assets	-	-	-
35. Total assets	4,109	73,001	77,110
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	9	-	9
38. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
40. Total liabilities	9	-	9
41. NET ASSETS COMMITTED	4,100	73,001	77,101
EQUITY			
42. Accumulated surplus			25,282
43. Asset revaluation reserve			51,819
44. TOTAL EQUITY			77,101
Note to system assets:			
45. Current replacement cost of system assets			85,687
46. Accumulated current cost depreciation of system assets			(13,263)
47. Written down current cost of system assets			72,424

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 2015

\$'000	Actuals 2015	Actuals 2014
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	1,410	1,172
b. Engineering and Supervision	650	671
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	199	136
b. Maintenance expenses	85	36
- Pumping Stations		
c. Operation expenses (excluding energy costs)	161	137
d. Energy costs	104	101
e. Maintenance expenses	250	235
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	395	405
g. Chemical costs	42	23
h. Energy costs	138	155
i. Effluent Management	-	-
j. Biosolids Management	118	79
k. Maintenance expenses	337	479
- Other		
l. Operation expenses	-	-
m. Maintenance expenses	71	78
3. Depreciation expenses		
a. System assets	1,104	1,065
b. Plant and equipment	26	32
4. Miscellaneous expenses		
a. Interest expenses	1,317	1,610
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	6,407	6,414

Richmond Valley Council

Special Schedule No. 5 - Sewerage Service Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
Income		
6. Residential charges (including rates)	5,955	5,804
7. Non-residential charges		
a. Access (including rates)	294	287
b. Usage charges	845	842
8. Trade Waste Charges		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	71	57
d. Re-inspection fees	-	-
9. Extra charges	47	49
10. Interest income	336	58
11. Other income	103	82
11a. Aboriginal Communities Water & Sewerage Program	-	-
12. Grants		
a. Grants for acquisition of assets	20	-
b. Grants for pensioner rebates	80	83
c. Other grants	5	14
13. Contributions		
a. Developer charges	180	48
b. Developer provided assets	-	41
c. Other contributions	-	-
14. Total income	<u>7,936</u>	<u>7,365</u>
15. Gain (or loss) on disposal of assets	(480)	(426)
16. Operating Result	<u>1,049</u>	<u>525</u>
16a. Operating Result (less grants for acquisition of assets)	1,029	525

Richmond Valley Council

Special Schedule No. 5 - Sewerage Service Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	254
b. New Assets for Growth	-	80
c. Renewals	1,187	1,082
d. Plant and equipment	5	127
18. Repayment of debt		
a. Loans	966	1,070
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	2,158	2,613
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	6,114	6,111
b. Residential (unoccupied, ie. vacant lot)	177	183
c. Non-residential (occupied)	603	611
d. Non-residential (unoccupied, ie. vacant lot)	95	91
26. Number of ETs for which developer charges were received	- ET	9 ET
27. Total amount of pensioner rebates (actual dollars)	\$ 146,810	\$ 150,069

Richmond Valley Council

Special Schedule No. 5 - Sewerage Service Cross Subsidies
for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. 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 land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. 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. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/> YES	<input type="checkbox"/>	
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.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<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 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	2,855	-	2,855
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	8,552	-	8,552
32. Receivables			
a. Specific purpose grants	80	-	80
b. Rates and Availability Charges	1,615	573	2,188
c. User Charges	360	102	462
d. Other	6	-	6
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	102,155	102,155
b. Plant and equipment	-	292	292
35. Other assets	-	-	-
36. Total Assets	13,468	103,122	116,590
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	239	-	239
39. Borrowings			
a. Loans	1,006	17,173	18,179
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	1,245	17,173	18,418
42. NET ASSETS COMMITTED	12,223	85,949	98,172
EQUITY			
42. Accumulated surplus			37,315
44. Asset revaluation reserve			60,857
45. TOTAL EQUITY			98,172
Note to system assets:			
46. Current replacement cost of system assets			126,088
47. Accumulated current cost depreciation of system assets			(23,933)
48. Written down current cost of system assets			102,155

Richmond Valley Council

Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2015

Administration ⁽¹⁾

(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 ⁽¹⁾

(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 ⁽²⁾ (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 ⁽²⁾ (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:

⁽¹⁾ 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).

⁽²⁾ 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. 7 - Report on Infrastructure Assets

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Buildings	Council Offices	-	51	56	6,037	0%	78%	19%	3%	0%
	Council Works Depot	-	45	48	2,356	1%	57%	41%	1%	0%
	Community Centres and Halls	-	88	29	11,235	33%	6%	46%	15%	0%
	Amenities/Toilets	-	35	13	167	72%	0%	28%	0%	0%
	Bushfire & Emergency Services	195	29	26	4,649	70%	20%	10%	0%	0%
	Public Libraries	-	11	9	1,912	0%	63%	17%	20%	0%
	Public Cemeteries	-	4	1	116	0%	4%	79%	17%	0%
	Sports Grounds/Parks&Gardens	410	70	61	12,219	2%	15%	74%	7%	2%
	Aerodromes	-	4	1	1,044	2%	84%	3%	11%	0%
	Economic Affairs	29	23	26	2,324	12%	13%	70%	5%	0%
	Quarries	-	4	4	57	0%	0%	79%	21%	0%
	Other Waste	-	8	14	1,585	47%	49%	3%	1%	0%
	Swimming Pools	-	12	2	2,762	43%	3%	16%	38%	0%
	sub total	634	384	290	46,463	20.6%	27.4%	41.8%	9.6%	0.5%
Other Structures	Other Structures	10	93	102	9,580	49%	50%	1%	0%	0%
	sub total	10	93	102	9,580	49.0%	50.0%	1.0%	0.0%	0.0%
Roads	Sealed Roads Surface	-	295	286	21,680	66%	29%	5%	0%	0%
	Sealed Roads Structure	-	1,110	1,077	85,633	39%	55%	6%	0%	0%
	Unsealed Roads	2,423	787	825	13,407	0%	18%	71%	11%	0%
	Bridges	-	63	39	60,875	42%	47%	10%	1%	0%
	Footpaths & Cycleways	-	65	53	12,215	65%	28%	6%	1%	0%
	Kerb and Gutter	19	4	6	16,898	55%	34%	9%	2%	0%
	Road Furniture	189	256	320	5,887	65%	19%	16%	0%	0%
	Bus Shelters	94	5	4	721	67%	23%	10%	0%	0%
	Minor & Major Culverts	-	110	107	17,003	10%	81%	8%	1%	0%
	Traffic Management Devices	4	-	-	2,695	58%	37%	5%	0%	0%
	sub total	2,729	2,695	2,717	237,014	41.4%	46.3%	11.2%	1.1%	0.0%

Richmond Valley Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
as at 30 June 2015

\$'000										
Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Water Supply Network	Treatment Plants	-	116	94	10,928	6%	86%	8%	0%	0%
	Water Connections	43	93	119	4,392	78%	18%	4%	0%	0%
	Reservoirs	-	80	43	12,063	5%	89%	6%	0%	0%
	Hydrants & Stop Valves	34	14	6	4,974	74%	22%	4%	0%	0%
	Pipelines	11	98	43	32,785	66%	31%	3%	0%	0%
	Pump Stations	-	38	103	3,088	22%	71%	7%	0%	0%
	Water Meters	-	-	-	1,836	96%	4%	0%	0%	0%
	sub total	88	439	408	70,066	46.3%	49.2%	4.5%	0.0%	0.0%
Sewerage Network	Pump Stations	-	190	250	9,976	46%	54%	0%	0%	0%
	Pipelines	3,474	296	272	41,673	66%	22%	8%	4%	0%
	Manholes	1,767	126	32	12,532	36%	41%	14%	9%	0%
	Treatment Works	-	200	188	31,107	13%	66%	21%	0%	0%
	Sewerage Connections	429	-	-	4,663	56%	32%	3%	9%	0%
	sub total	5,670	812	742	99,951	43.3%	41.7%	11.8%	3.2%	0.0%
Stormwater	Stormwater Conduits	135	127	158	27,050	45%	40%	12%	3%	0%
	Inlet and Junction Pits	-	21	26	5,177	31%	43%	19%	7%	0%
	Head Walls	-	2	2	396	31%	40%	26%	3%	0%
	Outfall Structures	-	5	7	1,594	86%	14%	0%	0%	0%
	sub total	135	155	193	34,217	44.6%	39.2%	12.7%	3.5%	0.0%
Open Space/Recreational Assets	Swimming Pools	-	13	4	6,395	66%	34%	0%	0%	0%
	Other Open Space/Recreation	138	105	103	6,927	68%	26%	3%	2%	1%
	sub total	138	118	107	13,322	67.0%	29.8%	1.6%	1.0%	0.5%
	TOTAL - ALL ASSETS	9,404	4,696	4,559	510,613	41.6%	43.2%	12.8%	2.3%	0.1%

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
as at 30 June 2015

Notes:

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard.
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements
- (5). **Infrastructure Asset Condition Assessment "Key"**

1	Excellent	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average	Maintenance work required
4	Poor	Renewal required
5	Very Poor	Urgent renewal/upgrading required

Richmond Valley Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2015

\$ '000	Amounts	Indicator	Prior Periods	
	2015	2015	2014	2013
Infrastructure Asset Performance Indicators Consolidated				
1. Building, Infrastructure & Other Structures Renewals Ratio				
Asset Renewals				
<u>(Building, Infrastructure & Other Structures) ^{(1) (2)}</u>	<u>10,388</u>	118.22%	86.25%	61.80%
Depreciation, Amortisation & Impairment	<u>8,787</u>			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	<u>9,404</u>			
Total value ⁽³⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	<u>521,332</u>	1.80%	6.41%	6.16%
3. Asset Maintenance Ratio				
Actual Asset Maintenance	<u>4,559</u>			
Required Asset Maintenance	<u>4,696</u>	0.97	1.04	1.21
4. Capital Expenditure Ratio				
Annual Capital Expenditure	<u>10,873</u>			
Annual Depreciation	<u>10,555</u>	1.03	1.20	0.67

Notes

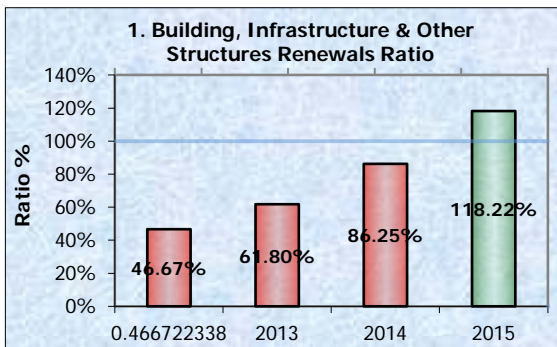
(1) Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure assets only.

(2) The Building, Infrastructure & Other Structures Renewals Ratio has been recalculated for the 2013 and 2014 financial years to include the Other Structures asset class.

(3) Written Down Value

Richmond Valley Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued) for the financial year ended 30 June 2015



Purpose of Asset Renewals Ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

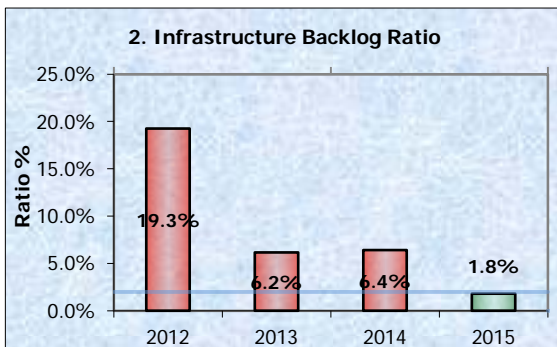
Commentary on 2014/15 Result

2014/15 Ratio 118.22%

Council's Building, Infrastructure & Other Structures Renewals Ratio has improved significantly. This has been due to the approval of a special rate variation, along with an increased focus on expenditure on renewals, rather than new assets.

Benchmark: ——— Minimum $\geq 100.00\%$
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark
■ Ratio is outside Benchmark



Purpose of Infrastructure Backlog Ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

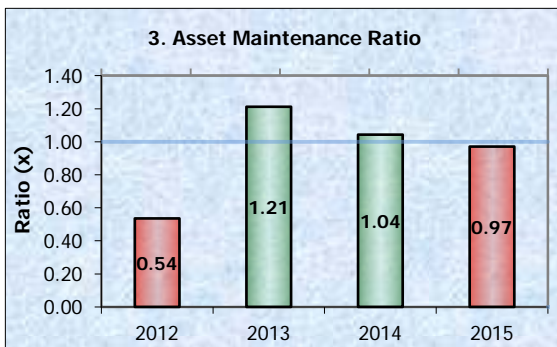
Commentary on 2014/15 Result

2014/15 Ratio 1.80%

Council is continuing to refine its condition assessment and valuation methodologies. The revaluation of Buildings and Other Structures (reflecting better conditions than thought), along with approval of a special rate variation and increased spending on renewals rather than new assets has led to an improvement in this ratio.

Benchmark: ——— Maximum < 0.02
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark
■ Ratio is outside Benchmark



Purpose of Asset Maintenance Ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.

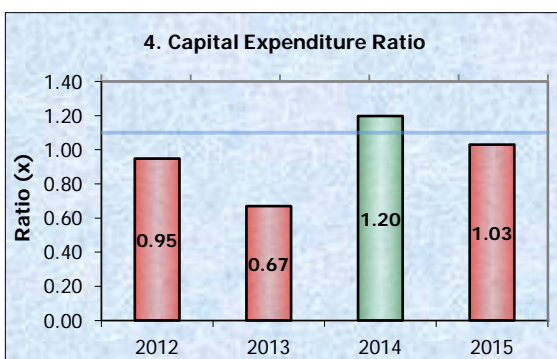
Commentary on 2014/15 Result

2014/15 Ratio 0.97 x

Council will continue to refine its calculation of Required Annual Maintenance, however this ratio has most recently been at or around the benchmark of 1.0.

Benchmark: ——— Minimum > 1.00
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark
■ Ratio is outside Benchmark



Purpose of Capital Expenditure Ratio

To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.

Commentary on 2014/15 Result

2014/15 Ratio 1.03 x

Council's Capital Expenditure Ratio was over the benchmark in 2014, however the 2015 ratio was impacted by an increase in the written down value of disposed assets (including some one-off sale of assets).

Benchmark: ——— Minimum > 1.10
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark
■ Ratio is outside Benchmark

Richmond Valley Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2015

\$ '000	Water 2015	Sewer 2015	General ⁽¹⁾ 2015
Infrastructure Asset Performance Indicators By Fund			
1. Building, Infrastructure & Other Structures Renewals Ratio			
Asset Renewals (Building, Infrastructure & Other Structures) ^{(2) (3)}	134.35%	107.61%	118.08%
Depreciation, Amortisation & Impairment			
prior period:	223.05%	73.24%	72.49%
2. Infrastructure Backlog Ratio			
Estimated Cost to bring Assets to a Satisfactory Condition			
Total value ⁽⁴⁾ of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	0.13%	5.67%	1.07%
prior period:	1.74%	6.34%	7.47%
3. Asset Maintenance Ratio			
Actual Asset Maintenance			
Required Asset Maintenance	0.93	0.91	0.99
prior period:	1.10	0.97	1.06
4. Capital Expenditure Ratio			
Annual Capital Expenditure			
Annual Depreciation	1.50	1.05	0.98
prior period:	2.01	1.02	1.15

Notes

- (1) General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.
- (2) 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, infrastructure & Other Structure assets only.
- (3) The Building, Infrastructure & Other Structures Renewals Ratio has been recalculated for the 2014 financial year to include the Other Structures asset class.
- (4) Written Down Value

Richmond Valley Council

Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2016

\$'000		Calculation 2014/15	Calculation 2015/16
Notional General Income Calculation ⁽¹⁾			
Last Year Notional General Income Yield	a	8,807	9,906
Plus or minus Adjustments ⁽²⁾	b	14	(24)
Notional General Income	c = (a + b)	<u>8,821</u>	<u>9,882</u>
Permissible Income Calculation			
Special variation percentage ⁽³⁾	d	12.30%	5.50%
or Rate peg percentage	e	0.00%	0.00%
or Crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = d x (c-g)	1,085	544
or plus Rate peg amount	i = c x e	-	-
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
sub-total	k = (c+g+h+i+j)	<u>9,906</u>	<u>10,426</u>
plus (or minus) last year's Carry Forward Total	l	1	0
less Valuation Objections claimed in the previous year	m	(1)	-
sub-total	n = (l + m)	<u>0</u>	<u>0</u>
Total Permissible income	o = k + n	<u>9,906</u>	<u>10,426</u>
less Notional General Income Yield	p	9,906	10,300
Catch-up or (excess) result	q = o - p	<u>0</u>	<u>126</u>
plus Income lost due to valuation objections claimed ⁽⁴⁾	r	-	-
less Unused catch-up ⁽⁵⁾	s	-	-
Carry forward to next year	t = q + r - s	<u>0</u>	<u>126</u>

Notes

- The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from councils' Special Schedule 9 in the Financial Data Return (FDR) to administer this process.



RICHMOND VALLEY COUNCIL
SPECIAL SCHEDULE NO 9
INDEPENDENT AUDITORS' REPORT

REPORT ON SPECIAL SCHEDULE NO 9

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Richmond Valley Council for the year ending 30 June 2016.

Responsibility of Council for Special Schedule No. 9

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the *Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 23*. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 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 entity's internal control.

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 followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, Special Schedule No. 9 of Richmond Valley Council for 2015/16 is properly drawn up in accordance with the requirements of the NSW Office of Local Government and in accordance with the books and records of the Council.

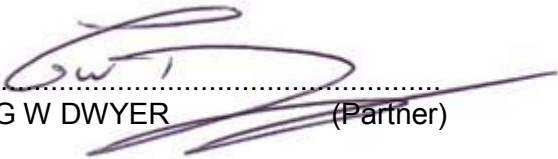
Basis of Accounting

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the NSW Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose.

Dated at Lismore this 20th day of October 2015.

**THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS**

Per:


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G W DWYER (Partner)