



Richmond
Valley
Council



ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024

This report documents Richmond Valley Council's financial performance throughout the 2023-2024 financial year.



Richmond Valley Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024



Richmond Valley Council

General Purpose Financial Statements

for the year ended 30 June 2024

Contents	Page
Understanding Council's Financial Statements	3
Statement by Councillors and Management	4
Primary Financial Statements:	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Contents for the notes to the Financial Statements	10
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	86
On the Financial Statements (Sect 417 [3])	89

Overview

Richmond Valley Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

10 Graham Place
Casino NSW 2470

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.richmondvalley.nsw.gov.au.

Richmond Valley Council

General Purpose Financial Statements

for the year ended 30 June 2024

Understanding Council's Financial Statements

Introduction

Each year NSW local governments are required to present audited financial statements to their council and community.

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2024.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the audit report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

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

Richmond Valley Council

General Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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

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

- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

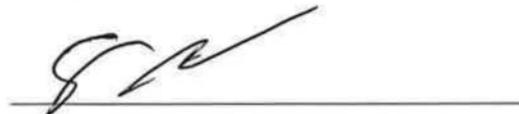
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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 22 October 2024.



Robert Mustow
Mayor
22 October 2024



Stephen Morrissey
Deputy Mayor
22 October 2024



Vaughan Macdonald
General Manager
22 October 2024



Hayley Martin
Responsible Accounting Officer
22 October 2024

Richmond Valley Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Income from continuing operations				
32,584	Rates and annual charges	B2-1	32,419	30,842
17,662	User charges and fees	B2-2	16,476	16,929
132	Other revenues	B2-3	87	3,678
11,590	Grants and contributions provided for operating purposes	B2-4	13,329	26,635
13,778	Grants and contributions provided for capital purposes	B2-4	41,401	41,303
1,463	Interest and investment income	B2-5	3,134	2,069
1,878	Other income	B2-6	2,936	3,945
79,087	Total income from continuing operations		109,782	125,401
Expenses from continuing operations				
24,996	Employee benefits and on-costs	B3-1	26,293	24,060
19,798	Materials and services	B3-2	25,254	31,574
982	Borrowing costs	B3-3	933	1,030
18,576	Depreciation, amortisation and impairment of non-financial assets	B3-4	23,370	19,593
2,560	Other expenses	B3-5	2,611	2,330
–	Net loss from the disposal of assets	B4-1	4,366	2,557
66,912	Total expenses from continuing operations		82,827	81,144
12,175	Operating result from continuing operations		26,955	44,257
12,175	Net operating result for the year attributable to Council		26,955	44,257
(1,628)	Net operating result for the year before grants and contributions provided for capital purposes		(14,446)	2,954

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

Richmond Valley Council

Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
Net operating result for the year – from Income Statement		26,955	44,257
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	185,104	62,252
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-7	(36,700)	897
Total items which will not be reclassified subsequently to the operating result		148,404	63,149
Total other comprehensive income for the year		148,404	63,149
Total comprehensive income for the year attributable to Council		175,359	107,406

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

Richmond Valley Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	37,600	55,497
Investments	C1-2	33,446	27,338
Receivables	C1-4	12,037	9,677
Inventories	C1-5	2,261	2,274
Contract assets and contract cost assets	C1-6	4,146	5,557
Other	C1-8	356	361
Total current assets		89,846	100,704
Non-current assets			
Investments	C1-2	11,250	7,750
Receivables	C1-4	1,655	1,263
Inventories	C1-5	1,374	1,154
Infrastructure, property, plant and equipment (IPPE)	C1-7	1,110,949	930,309
Right of use assets	C2-1	699	1,029
Total non-current assets		1,125,927	941,505
Total assets		1,215,773	1,042,209
LIABILITIES			
Current liabilities			
Payables	C3-1	12,692	12,625
Contract liabilities	C3-2	9,108	10,434
Lease liabilities	C2-1	114	377
Borrowings	C3-3	3,893	3,524
Employee benefit provisions	C3-4	5,029	4,621
Provisions	C3-5	–	1,725
Total current liabilities		30,836	33,306
Non-current liabilities			
Payables	C3-1	615	470
Contract liabilities	C3-2	256	121
Lease liabilities	C2-1	260	436
Borrowings	C3-3	14,646	15,938
Employee benefit provisions	C3-4	205	189
Provisions	C3-5	5,038	3,191
Total non-current liabilities		21,020	20,345
Total liabilities		51,856	53,651
Net assets		1,163,917	988,558
EQUITY			
Accumulated surplus		460,852	433,897
IPPE revaluation reserve	C4-1	703,065	554,661
Council equity interest		1,163,917	988,558
Total equity		1,163,917	988,558

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

Richmond Valley Council

Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	2024			2023		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		433,897	554,661	988,558	389,640	491,512	881,152
Net operating result for the year		26,955	–	26,955	44,257	–	44,257
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	185,104	185,104	–	62,252	62,252
– Impairment (loss) reversal relating to IPP&E	C1-7	–	(36,700)	(36,700)	–	897	897
Other comprehensive income		–	148,404	148,404	–	63,149	63,149
Total comprehensive income		26,955	148,404	175,359	44,257	63,149	107,406
Closing balance at 30 June		460,852	703,065	1,163,917	433,897	554,661	988,558

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

Richmond Valley Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Cash flows from operating activities				
<i>Receipts:</i>				
32,584	Rates and annual charges		31,398	32,182
17,662	User charges and fees		15,570	18,239
1,463	Interest received		3,001	1,793
25,368	Grants and contributions		54,077	66,794
–	Bonds, deposits and retentions received		–	291
2,162	Other		582	5,675
<i>Payments:</i>				
(24,996)	Payments to employees		(26,709)	(23,627)
(19,950)	Payments for materials and services		(25,463)	(34,776)
(982)	Borrowing costs		(829)	(914)
–	Bonds, deposits and retentions refunded		(340)	–
(2,560)	Other		(1,799)	(2,585)
30,751	Net cash flows from operating activities	G1-1	49,488	63,072
Cash flows from investing activities				
<i>Receipts:</i>				
3,173	Sale of real estate assets		–	–
508	Proceeds from sale of IPPE		832	269
–	Deferred debtors receipts		4	–
<i>Payments:</i>				
–	Purchase of investments		(3,480)	(657)
–	Acquisition of term deposits		(5,000)	(4,000)
(41,110)	Payments for IPPE		(58,043)	(48,950)
(2,768)	Purchase of real estate assets		(336)	–
(40,197)	Net cash flows from investing activities		(66,023)	(53,338)
Cash flows from financing activities				
<i>Receipts:</i>				
2,600	Proceeds from borrowings		2,600	–
<i>Payments:</i>				
(3,599)	Repayment of borrowings		(3,523)	(3,371)
–	Principal component of lease payments		(439)	(438)
(999)	Net cash flows from financing activities		(1,362)	(3,809)
(10,445)	Net change in cash and cash equivalents		(17,897)	5,925
55,497	Cash and cash equivalents at beginning of year		55,497	49,572
45,052	Cash and cash equivalents at end of year	C1-1	37,600	55,497
44,696	plus: Investments on hand at end of year	C1-2	44,696	35,088
89,748	Total cash, cash equivalents and investments		82,296	90,585

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

Richmond Valley Council

Contents for the notes to the Financial Statements for the year ended 30 June 2024

A About Council and these financial statements	12
A1-1 Basis of preparation	12
B Financial Performance	14
B1 Functions or activities	14
B1-1 Functions or activities – income, expenses and assets	14
B1-2 Components of functions or activities	15
B2 Sources of income	16
B2-1 Rates and annual charges	16
B2-2 User charges and fees	17
B2-3 Other revenues	18
B2-4 Grants and contributions	19
B2-5 Interest and investment income	23
B2-6 Other income	23
B3 Costs of providing services	24
B3-1 Employee benefits and on-costs	24
B3-2 Materials and services	25
B3-3 Borrowing costs	25
B3-4 Depreciation, amortisation and impairment of non-financial assets	26
B3-5 Other expenses	27
B4 Gains or losses	28
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	28
B5 Performance against budget	29
B5-1 Material budget variations	29
C Financial position	31
C1 Assets we manage	31
C1-1 Cash and cash equivalents	31
C1-2 Financial investments	32
C1-3 Restricted and allocated cash, cash equivalents and investments	33
C1-4 Receivables	35
C1-5 Inventories	36
C1-6 Contract assets and Contract cost assets	37
C1-7 Infrastructure, property, plant and equipment	38
C1-8 Other	42
C2 Leasing activities	43
C2-1 Council as a lessee	43
C2-2 Council as a lessor	46
C3 Liabilities of Council	47
C3-1 Payables	47
C3-2 Contract Liabilities	48
C3-3 Borrowings	50
C3-4 Employee benefit provisions	52
C3-5 Provisions	53
C4 Reserves	55

Richmond Valley Council

Contents for the notes to the Financial Statements for the year ended 30 June 2024

C4-1 Nature and purpose of reserves	55
D Council structure	56
D1 Results by fund	56
D1-1 Income Statement by fund	56
D1-2 Statement of Financial Position by fund	57
D2 Interests in other entities	58
D2-1 Subsidiaries, joint arrangements and associates not recognised	58
E Risks and accounting uncertainties	59
E1-1 Risks relating to financial instruments held	59
E2-1 Fair value measurement	63
E3-1 Contingencies	71
F People and relationships	74
F1 Related party disclosures	74
F1-1 Key management personnel (KMP)	74
F1-2 Councillor and Mayoral fees and associated expenses	74
F1-3 Other related parties	75
F2 Other relationships	75
F2-1 Audit fees	75
G Other matters	76
G1-1 Statement of Cash Flows information	76
G2-1 Commitments	77
G3 Statement of developer contributions	78
G3-1 Summary of developer contributions	78
G3-2 Developer contributions by plan	79
G4 Statement of performance measures	80
G4-1 Statement of performance measures – consolidated results	80
G4-2 Statement of performance measures by fund	81
H Additional Council disclosures (unaudited)	83
H1-1 Statement of performance measures – consolidated results (graphs)	83
H1-2 Council information and contact details	85

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 22 October 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and *Local Government (General) Regulation 2021 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity for the purpose of preparing these financial statements.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- B5-1 Material budget variations

and are clearly marked.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain infrastructure, property, plant and equipment and investment property.

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the 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 include:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (ii) estimated tip remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4.

Natural Disaster Events and COVID-19 Impacts

During the 2021/2022 financial year, Council was faced with catastrophic flooding to our region as well as ongoing impacts of the COVID-19 pandemic. These events significantly impacted our Local Government Area (LGA) along with much of the nation. These financial challenges have presented themselves at a time when the community is relying heavily on Council to maintain essential services and to provide economic stimulus by supporting local suppliers and job creation schemes.

Impacts during 2023/2024 due to flooding and the pandemic largely consisted of delays in the supply and delivery of materials as well as constraints on contractor availability.

Despite the ongoing impacts of natural disaster events, Council is confident that it will continue as a going concern in the long-term.

A1-1 Basis of preparation (continued)

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

Monies and other assets received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (NSW), 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.

Cash and other assets of the following activities have been included as part of the Consolidated Fund:

- General purpose operations
- Water service
- Sewerage service

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (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 reports. A separate statement of monies held in the Trust Fund is available for inspection at the council office by any person free of charge

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council utilise a number of volunteer services however these are deemed not material to recognise on the income statement.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2024 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2024.

None of these standards had a significant impact on reported position or performance.

B Financial Performance

B1 Functions or activities

B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Functions or activities										
Strengthening our role in the region	6,875	4,220	3,903	4,113	2,972	107	6,316	1,665	46,198	39,243
Creating great places to live	65,724	70,917	62,515	55,235	3,209	15,682	41,117	49,218	1,045,243	881,815
Protecting our unique environment	9,594	17,182	10,978	15,874	(1,384)	1,308	574	8,525	18,145	12,054
Delivering for our community	27,589	33,082	5,431	5,922	22,158	27,160	6,723	8,530	106,187	109,097
Total functions and activities	109,782	125,401	82,827	81,144	26,955	44,257	54,730	67,938	1,215,773	1,042,209

B1-2 Components of functions or activities

Details relating to the Council's functions or activities as reported in B1-1 are as follows:

Strengthening our role in the region

- Rebuild and reconnect communities
- Establish the Richmond Valley as a regional growth centre
- Grow and diversify our economy

Creating great places to live

- Celebrate our local identity and lifestyle
- Live sustainably in a changing climate
- Provide infrastructure that meets community needs

Protecting our unique environment

- Preserve native bushland and biodiversity
- Maintain healthy rivers, beaches and waterways
- Manage waste responsibly

Delivering for our community

- Lead and advocate for our community
- Manage resources responsibly
- Provide great service

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2024	2023
Ordinary rates		
Residential	10,529	10,085
Farmland	3,229	3,117
Business	2,219	2,110
Less: pensioner rebates (mandatory)	(360)	(369)
Rates levied to ratepayers	15,617	14,943
Pensioner rate subsidies received	198	203
Total ordinary rates	15,815	15,146
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	5,361	5,077
Stormwater management services	206	202
Water supply services	1,819	1,722
Sewerage services	8,159	7,736
Waste management services (non-domestic)	1,257	1,158
Less: pensioner rebates (mandatory)	(442)	(440)
Annual charges levied	16,360	15,455
Pensioner annual charges subsidies received:		
– Water	76	76
– Sewerage	74	74
– Domestic waste management	94	91
Total annual charges	16,604	15,696
Total rates and annual charges	32,419	30,842

Council has used 2022 year valuations provided by the NSW Valuer General in calculating its rates.

Material accounting policy information

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.

B2-2 User charges and fees

\$ '000	Timing	2024	2023
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services	1	5,630	4,727
Sewerage services	1	1,627	1,540
Waste management services (non-domestic)	1	31	37
Total specific user charges		7,288	6,304
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Planning and building regulation	2	541	564
Private works – section 67	1	212	170
Regulatory/ statutory fees	2	141	135
Registration fees	2	224	211
Total fees and charges – statutory/regulatory		1,118	1,080
(ii) Fees and charges – other (incl. general user charges (per s608))			
Aerodrome	2	14	16
Caravan park	2	102	85
Cemeteries	2	337	419
Transport for NSW works (state roads not controlled by Council)	1	4,599	4,352
Northern Rivers Livestock Exchange	2	290	1,789
Waste disposal tipping fees	2	2,073	2,073
Casino showground	2	18	17
Richmond Upper Clarence Regional Library	2	23	22
Sports grounds	2	27	24
Other	2	587	748
Total fees and charges – other		8,070	9,545
Total other user charges and fees		9,188	10,625
Total user charges and fees		16,476	16,929
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		12,099	10,826
User charges and fees recognised at a point in time (2)		4,377	6,103
Total user charges and fees		16,476	16,929

Material accounting policy information

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases such as caravan parks, the customer is required to pay on arrival or a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as joining fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than over the term of the licence.

B2-3 Other revenues

\$ '000	Timing	2024	2023
Fines	2	68	81
Insurance claims recoveries	2	11	3,162
Other	2	8	435
Total other revenue		87	3,678

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)		-	-
Other revenue recognised at a point in time (2)		87	3,678
Total other revenue		87	3,678

Material accounting policy information for other revenue

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

Statutory 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 occurs first.

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	289	1,057	–	–
Financial assistance – local roads component	2	61	550	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	4,017	4,478	–	–
Financial assistance – local roads component	2	1,751	1,919	–	–
Amount recognised as income during current year		6,118	8,004	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Bushfire and emergency services	2	1,740	1,375	15	246
Energy saving certificate	1	3	–	–	–
Economic Development	2	–	–	–	–
LIRS subsidy	2	1	1	–	–
Library – Richmond Upper Clarence Regional	2	615	536	9	193
Natural disaster funding	1	629	12,483	13,729	11,406
Northern Rivers Livestock Exchange	2	–	–	1	219
Public Halls	1	–	–	13	101
Sewerage (excl. section 64 contributions)	2	28	3	1,779	411
Sporting grounds, parks and facilities	1	89	82	10,350	7,633
Strategic planning	2	187	17	–	–
Street lighting	2	96	94	–	–
Transport (roads to recovery)	2	1,002	1,002	–	–
Transport (other roads and bridges funding)	1	1,070	1,439	12,561	13,592
Tourism & Events	2	270	405	–	1,039
Waste and sustainability	1	200	146	78	–
Water supplies (excl. section 64 contributions)	2	22	7	199	112
Other specific grants and contributions	2	1,230	1,023	940	646
Total special purpose grants and non-developer contributions – cash		7,182	18,613	39,674	35,598
Non-cash contributions					
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	2	–	–	675	3,543
Bushfire and Emergency Services	2	29	18	8	70
Sporting grounds	2	–	–	–	–
Public Halls	2	–	–	–	–
Total other contributions – non-cash		29	18	683	3,613
Total special purpose grants and non-developer contributions (tied)		7,211	18,631	40,357	39,211
Total grants and non-developer contributions		13,329	26,635	40,357	39,211
Comprising:					
– Commonwealth funding		7,120	9,006	6,155	2,435
– State funding		5,316	14,570	32,918	32,827
– Other funding		893	3,059	1,284	3,949
		13,329	26,635	40,357	39,211

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
	G3					
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	116	225
S 7.12 – fixed development consent levies		2	–	–	294	794
S 64 – water supply contributions		2	–	–	199	323
S 64 – sewerage service contributions		2	–	–	435	750
Total developer contributions			–	–	1,044	2,092
Total contributions			–	–	1,044	2,092
Total grants and contributions			13,329	26,635	41,401	41,303
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			1,991	11,903	36,731	32,732
Grants and contributions recognised at a point in time (2)			11,338	14,732	4,670	8,571
Total grants and contributions			13,329	26,635	41,401	41,303

B2-4 Grants and contributions (continued)

Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Unspent funds at 1 July	3,145	5,661	28,445	19,007
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	2,243	2,592
Add: Funds received for the provision of goods and services in a future period	664	741	10,090	12,913
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	(1,841)	(3,257)	(13,252)	(6,067)
Unspent funds at 30 June	1,968	3,145	27,526	28,445

Unspent funds are largely comprised of (\$'000's):-

\$1,169 NRRI Phase 1 Dairy Flat
 \$2,732 Regional and Local Roads Repair Fund (RLRRP)
 \$1,437 Community Assets Program - NRLX Effluent Management
 \$1,045 Community Assets Program - Casino Footbridge
 \$822 Flood Recovery Grant
 \$13,000 Developer contributions
 \$1,400 Pacific Complete Contributions

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include milestones or schedule of costs. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

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

Capital grants

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

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

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

Developer contributions

B2-4 Grants and contributions (continued)

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon 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 Council may apply contributions according to the priorities established in work schedules for the contribution plan.

Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

B2-5 Interest and investment income

\$ '000	2024	2023
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	88	29
– Cash and investments	3,046	2,040
Total interest and investment income (losses)	3,134	2,069
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
General Council cash and investments	3,134	2,069
Total interest and investment income	3,134	2,069

Material accounting policy information

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

B2-6 Other income

\$ '000	Notes	2024	2023
Reversal of impairment losses on receivables			
Other		–	75
Total reversal of impairment losses on receivables	C1-4	–	75
Rental income			
Other lease income			
Quarry leases		1,516	2,326
Room/Facility Hire		292	193
Total other lease income		1,808	2,519
Total rental income	C2-2	1,808	2,519
Fair value increment on investments			
Fair value increment on investments through profit and loss		1,128	1,351
Total Fair value increment on investments		1,128	1,351
Total other income		2,936	3,945

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2024	2023
Salaries and wages	20,428	18,702
Employee leave entitlements (ELE)	4,433	4,044
Superannuation	2,565	2,265
Workers' compensation insurance	455	494
Fringe benefit tax (FBT)	115	103
Payroll tax	142	73
Training costs (other than salaries and wages)	238	191
Other	338	211
Total employee costs	28,714	26,083
Less: capitalised costs	(2,421)	(2,023)
Total employee costs expensed	26,293	24,060

Material accounting policy information

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

Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Superannuation 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.

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note E3-1 for more information.

B3-2 Materials and services

\$ '000	Notes	2024	2023
Raw materials and consumables		18,915	26,111
Audit Fees	F2-1	96	105
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	222	217
Advertising		81	99
Bank charges		80	79
Electricity and heating		1,150	858
Insurance		1,006	845
Internal Audit		15	12
Street lighting		208	198
Subscriptions and publications		170	169
Telephone and communications		392	444
Valuation fees		85	74
IT expenses		1,214	1,025
Postage, printing & stationary		283	320
Other expenses		228	261
Legal expenses:			
– Legal expenses: other		590	273
Expenses from leases of low value assets		519	484
Total materials and services		25,254	31,574

Material accounting policy information

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

B3-3 Borrowing costs

\$ '000	Notes	2024	2023
(i) Interest bearing liability costs			
Interest on leases		17	17
Interest on loans		827	1,002
Total interest bearing liability costs		844	1,019
Total interest bearing liability costs expensed		844	1,019
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	89	11
Total other borrowing costs		89	11
Total borrowing costs expensed		933	1,030

Material accounting policy information

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred.

B3-4 Depreciation, amortisation and impairment of non-financial assets

\$ '000	Notes	2024	2023
Depreciation and amortisation			
Plant & Equipment	C1-7	2,315	2,147
Land	C1-7	449	388
Infrastructure	C1-7	20,061	16,174
Right of use assets	C2-1	330	327
Other assets	C1-7	83	83
Reinstatement, rehabilitation and restoration assets	C1-7,C3-5	132	474
Total depreciation and amortisation costs		23,370	19,593
Impairment / revaluation decrement of IPPE			
Infrastructure:			
	C1-7		
– Buildings – specialised		–	(87)
– Roads		38,814	(1,515)
– Bridges		(2,114)	669
– Water supply network		–	36
Total gross IPPE impairment / revaluation decrement costs		36,700	(897)
Amounts taken through revaluation reserve	C1-7	(36,700)	897
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	–
Total depreciation, amortisation and impairment for non-financial assets		23,370	19,593

Material accounting policy information

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives.

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

B3-5 Other expenses

\$ '000	Notes	2024	2023
Impairment of receivables			
Other		21	–
Total impairment of receivables	C1-4	21	–
Other			
Contributions/levies to other levels of government			
Election expenses		–	–
– Emergency services levy (includes FRNSW, SES, and RFS levies)		109	63
– NSW fire brigade levy		135	131
– NSW rural fire service levy		1,400	1,399
– Waste levy		289	31
Donations, contributions and assistance to other organisations (Section 356)		657	706
Total other expenses		2,611	2,330

Material accounting policy information

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

Impairment expenses are recognised when identified.

B4 Gains or losses**B4-1 Gain or loss from the disposal, replacement and de-recognition of assets**

\$ '000	Notes	2024	2023
Infrastructure, property, plant and equipment	C1-7		
Proceeds from disposal		832	269
Less: carrying amount of assets sold/written off		(5,169)	(2,820)
Gain (or loss) on disposal		(4,337)	(2,551)
Gain (or loss) on disposal of assets held for sale	C1-5		
Less: carrying amount of assets sold/written off		(29)	(6)
Gain (or loss) on disposal		(29)	(6)
Net gain (or loss) from disposal of assets		(4,366)	(2,557)

Material accounting policy information

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 29 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

Material variations of more than 10% between original budget and actual results or where the variance is considered material by nature are explained below.

Variation Key: **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Revenues				
Operating grants and contributions	11,590	13,329	1,739	15% F
Council's grants and contributions were over budget by \$1,739,000 (15%). In many instances, the actual amount of grants received depends upon decisions made by the State and Federal Governments after the original budget is adopted and on the outcome of various grant applications submitted throughout the year. The main increase includes natural disaster funding of \$629,000 received as a result of the February 2022 flood event for emergency and immediate reconstruction works.				
Capital grants and contributions	13,778	41,401	27,623	200% F
Council's grants and contributions were over budget by \$27,623,000 (200%). In many instances, the actual amount of grants received depends upon decisions made by the State and Federal Governments after the original budget is adopted and on the outcome of various grant applications submitted throughout the year. The main increase includes natural disaster funding of \$13,729,000 received as a result of the February 2022 flood event for emergency and immediate reconstruction works, along with \$6,000,000 in other roads and bridges grant funding towards betterment projects and rural and local road repair works.				
Interest and investment revenue	1,463	3,134	1,671	114% F
Council's interest and investment revenue was over budget by \$1,671,000 (114%). This was mainly due to consistently high term deposit rates within the economy along with high levels of cash available to be investment. The original budget is slightly conservative due to the continued level of uncertainty in the economy.				
Other income	1,878	2,936	1,058	56% F
Council's other income was over budget by \$1,058,000 (56%). This was mainly due to favourable fair value gains on Council's investments held with NSW Treasury Corporation of \$1,128,000.				
Expenses				
Materials and services	19,798	25,254	(5,456)	(28)% U
Materials and services were over budget \$5,456,000 (28%). This is largely attributed to additional maintenance works being undertaken on Council's assets and road network, funded from unspent funding from previous years in internal cash reserves, along with an increase in contract costs for works with an offsetting income item, such as Councils maintenance contract with TfNSW for state highways. Further contributing towards this increase is the cost of living pressure facing the economy as a whole such as the increasing costs of services.				
Depreciation, amortisation and impairment of non-financial assets	18,576	23,370	(4,794)	(26)% U
Depreciation was over budget by \$4,794,000 (26%). Councils asset are indexed annually in between comprehensive revaluations, in accordance with Australian Accounting Standards to record the fair value of assets, the rates of which are unknown at the time of budget setting. The past 3 years has seen significantly higher rates of indexation than has been applied in the past. Along with a significant number of asset renewals, Council has also revised the remaining useful life of the Casino Sewerage Treatment Plant which has resulted in an additional \$2.68m in depreciation for the year ended 30 June 2024.				

B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Net losses from disposal of assets	-	4,366	(4,366)	∞ U

The net profit or loss on disposal of assets is unknown at the time of setting the original budget. As a result, asset purchases and sales are budgeted for on a gross basis only. The net loss from the disposal of assets is \$4,366,000, details of which are disclosed in note B4.

Statement of cash flows

Cash flows from operating activities	30,751	49,488	18,737	61% F
---	--------	--------	--------	--------------

Net cashflows from operating activities were over budget by \$18,737,000 (61%). This was mainly attributed to grants and contributions received being over budget by \$28,709,000 as well as payments for materials and services being over budget by \$5,513,000.

Cash flows from investing activities	(40,197)	(66,023)	(25,826)	64% U
---	----------	----------	----------	--------------

Council's cashflows from investing activities were over budget by \$25,826,000 (64%). This is largely due to an increase in the capital expenditure of \$16,933,000 relating to payments for IPPE along with an increase of \$8,480,000 in investments.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2024	2023
Cash assets		
Cash on hand and at bank	6,183	8,542
Cash equivalent assets		
– Deposits at call	31,417	46,955
Total cash and cash equivalents	37,600	55,497

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	37,600	55,497
Balance as per the Statement of Cash Flows	37,600	55,497

Material accounting policy information

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

C1-2 Financial investments

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Financial assets at fair value through the profit and loss				
Managed funds	16,446	–	15,338	–
Total	16,446	–	15,338	–
Debt securities at amortised cost				
Long term deposits	17,000	–	12,000	–
Government and semi-government bonds	–	4,500	–	2,000
NCD's, FRN's (with maturities > 3 months)	–	6,750	–	5,750
Total	17,000	11,250	12,000	7,750
Total financial investments	33,446	11,250	27,338	7,750
Total cash assets, cash equivalents and investments	71,046	11,250	82,835	7,750

Material accounting policy information

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Council's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and term deposits in the Statement of Financial Position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment. Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Council's financial assets measured at fair value through profit or loss comprise investments in managed funds in the Statement of Financial Position.

C1-3 Restricted and allocated cash, cash equivalents and investments

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	82,296	90,585
Less: Externally restricted cash, cash equivalents and investments	<u>(49,786)</u>	<u>(53,492)</u>
Cash, cash equivalents and investments not subject to external restrictions	<u>32,510</u>	<u>37,093</u>

External restrictions

External restrictions included in cash, cash equivalents and investments above comprise:

Specific purpose unexpended loans – general	1,052	–
Bonds and deposits	535	536
Specific purpose unexpended grants – general fund	9,142	8,871
Specific purpose unexpended grants – water fund	125	–
Specific purpose unexpended grants – sewer fund	327	–
Developer contributions – general	3,478	3,690
Developer contributions – water fund	3,203	2,852
Developer contributions – sewer fund	6,480	5,739
Specific purpose unexpended grants (recognised as revenue) – general fund	4,048	6,390
Water fund	6,056	5,534
Sewer fund	6,141	8,919
Domestic waste management	4,912	7,137
Stormwater management	1,330	1,096
Other	<u>2,957</u>	<u>2,728</u>
Total external restrictions	<u>49,786</u>	<u>53,492</u>

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

\$ '000	2024	2023
---------	------	------

(b) Internal allocations

Internal allocations

At 30 June, Council has internally allocated funds to the following:

Plant and vehicle replacement	2,388	4,199
Real estate and infrastructure	4,288	3,038
Employees leave entitlement	1,631	1,481
Carry over works	3,780	3,035
Northern Rivers Livestock Exchange	–	160
Insurance	1,848	2,455
Other waste management	4,382	6,266
Petersons quarry	1,449	2,503
Public cemeteries perpetual maintenance	114	186
Quarry rehabilitation	634	515
Richmond Upper Clarence Regional Library	44	139
TfNSW state road maintenance contract	6	6
Road rehabilitation	2,649	2,272
Rural road safety program	121	91
Unexpended rates variations	833	865
Financial Assistance Grant Advance Payment	5,767	6,397
Woodview quarry	1,693	2,440
Northern Rivers Rail Trail Maintenance	640	655
Event Funding	43	75

continued on next page ...

C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

\$ '000	2024	2023
Total internal allocations	32,310	36,778

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

\$ '000	2024	2023
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	200	315

C1-4 Receivables

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Rates and annual charges	2,813	546	2,573	518
Interest and extra charges	111	6	105	5
User charges and fees	6,006	584	5,184	462
Accrued revenues				
– Interest on investments	499	–	373	–
Bank guarantees	712	553	102	311
Deferred debtors	2	5	11	–
Government grants and subsidies	507	–	365	–
Net GST receivable	1,095	–	544	–
Other debtors	407	–	519	–
Total	12,152	1,694	9,776	1,296
Less: provision for impairment				
Rates and annual charges	(29)	(17)	(26)	(16)
User charges and fees	(75)	(21)	(61)	(16)
Other debtors	(11)	(1)	(12)	(1)
Total provision for impairment – receivables	(115)	(39)	(99)	(33)
Total net receivables	12,037	1,655	9,677	1,263

Material accounting policy information

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

Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Council uses the presentation that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are considered significantly past due, whichever occurs first.

None of the receivables that have been written off are subject to enforcement activity. Where the Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
(i) Inventories at cost				
Real estate for resale	1,064	1,374	977	1,154
Stores and materials	1,197	–	1,297	–
Total inventories	2,261	1,374	2,274	1,154

Externally restricted assets

There are no restrictions applicable to the above assets.

(i) Other disclosures

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
(a) Details for real estate development				
Residential - undeveloped	–	–	–	–
Industrial/commercial	1,064	1,374	977	1,154
Total real estate for resale	1,064	1,374	977	1,154

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

Material accounting policy information

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. 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.

Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

C1-6 Contract assets and Contract cost assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Contract assets	4,146	–	5,557	–
Total contract assets and contract cost assets	4,146	–	5,557	–

Contract assets

Government Grants & Subsidies - Natural Disaster Funding (Capital Only)	1,891	–	5,335	–
Government Grants & Subsidies - Other capital grants	2,255	–	222	–
Total contract assets	4,146	–	5,557	–

Material accounting policy information

Contract assets

Contract assets represent Councils right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

Contract cost asset – costs to fulfil a contract

Where costs are incurred to fulfil a contract and these costs are outside the scope of another accounting standard, they are capitalised as contract cost assets if the following criteria are met:

- the costs relate directly to a contract
- the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and
- the costs are expected to be recovered.

The capitalised costs are recognised in the Income statement on a systematic basis consistent with the timing of revenue recognition.

Refer to B3-4 for the accounting policy for impairment of contract cost assets.

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period									At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Reinstatement costs for impaired assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000															
Capital work in progress	32,976	–	32,976	24,703	11,293	–	(319)	–	(859)	–	(11,159)	–	56,635	–	56,635
Plant and equipment	32,885	(17,207)	15,678	3,172	2,113	–	(841)	(2,190)	–	–	31	–	35,235	(17,272)	17,963
Office equipment	1,467	(1,310)	157	2	7	–	(4)	(50)	–	–	–	–	1,402	(1,290)	112
Furniture and fittings	1,560	(1,166)	394	60	35	–	(20)	(75)	–	–	–	–	1,490	(1,096)	394
Land:															
– Crown land	27,549	–	27,549	–	–	–	–	–	–	–	–	1,097	28,646	–	28,646
– Operational land	28,447	–	28,447	2	–	–	–	–	–	–	44	720	29,213	–	29,213
– Community land	10,929	–	10,929	–	–	–	–	–	–	–	–	477	11,406	–	11,406
– Land under roads (post 30/6/08)	908	–	908	–	–	–	–	–	–	–	–	–	908	–	908
Land improvements – non-depreciable	6,954	–	6,954	–	–	–	–	–	–	–	–	446	7,400	–	7,400
Land improvements – depreciable	21,830	(4,001)	17,829	368	1,700	58	(370)	(449)	–	–	157	1,100	24,867	(4,474)	20,393
Infrastructure:															
– Buildings – specialised	93,478	(24,428)	69,050	473	1,136	220	(88)	(1,406)	–	–	887	4,426	101,055	(26,357)	74,698
– Other structures	30,140	(4,430)	25,710	–	124	–	(16)	(666)	–	–	–	1,605	32,175	(5,418)	26,757
– Roads	383,023	(137,606)	245,417	6,164	382	3,661	(348)	(7,489)	–	(38,814)	1,754	72,883	427,890	(144,280)	283,610
– Bridges	117,551	(45,472)	72,079	309	–	26	–	(1,377)	–	2,114	–	28,711	141,352	(39,490)	101,862
– Footpaths	20,795	(3,908)	16,887	100	82	–	(84)	(318)	–	–	20	5,550	23,682	(1,445)	22,237
– Bulk earthworks (non-depreciable)	75,750	–	75,750	–	–	–	(9)	–	–	–	–	53,703	129,444	–	129,444
– Stormwater drainage	72,258	(13,718)	58,540	19	314	–	(42)	(610)	–	–	–	2,958	76,204	(15,025)	61,179
– Water supply network	117,831	(35,473)	82,358	491	158	–	(611)	(1,934)	–	–	563	4,049	123,957	(38,883)	85,074
– Sewerage network	184,878	(72,664)	112,214	1,749	357	341	(390)	(5,067)	–	–	1,179	5,619	195,198	(79,196)	116,002
– Other open space/recreational assets	37,948	(8,315)	29,633	777	1,091	–	(2,329)	(1,194)	–	–	6,524	1,760	44,964	(8,702)	36,262
Other assets:															
– Library books	1,114	(765)	349	–	103	–	(18)	(83)	–	–	–	–	1,073	(722)	351
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):															
– Quarry assets	203	(174)	29	–	–	–	(9)	(3)	–	–	–	–	195	(178)	17
– Tip assets	5,928	(5,456)	472	–	43	–	–	(129)	–	–	–	–	5,971	(5,585)	386
Total infrastructure, property, plant and equipment	1,306,402	(376,093)	930,309	38,389	18,938	4,306	(5,498)	(23,040)	(859)	(36,700)	–	185,104	1,500,362	(389,413)	1,110,949

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

C1-7 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period									At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Reinstatement costs for impaired assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000															
Capital work in progress	12,781	–	12,781	20,854	4,641	–	(96)	–	(180)	–	(5,024)	–	32,976	–	32,976
Plant and equipment	31,126	(16,095)	15,031	2,223	616	–	(215)	(2,021)	–	–	44	–	32,885	(17,207)	15,678
Office equipment	1,419	(1,252)	167	–	47	–	–	(57)	–	–	–	–	1,467	(1,310)	157
Furniture and fittings	1,451	(1,103)	348	–	115	–	–	(69)	–	–	–	–	1,560	(1,166)	394
Land:															
– Operational land	26,700	–	26,700	–	44	–	–	–	–	–	8	1,695	28,447	–	28,447
– Community land	11,639	–	11,639	–	–	–	–	–	–	–	–	(710)	10,929	–	10,929
– Crown land	29,517	–	29,517	–	–	–	–	–	–	–	–	(1,968)	27,549	–	27,549
– Land under roads (post 30/6/08)	374	–	374	–	–	–	–	–	–	–	–	534	908	–	908
Land improvements – non-depreciable	6,397	–	6,397	–	–	–	–	–	–	–	–	557	6,954	–	6,954
Land improvements – depreciable	18,621	(3,343)	15,278	268	912	–	(96)	(388)	–	–	560	1,295	21,830	(4,001)	17,829
Infrastructure:															
– Buildings – specialised	84,671	(22,836)	61,835	1,722	228	936	(1,078)	(1,293)	–	87	1,286	5,327	93,478	(24,428)	69,050
– Other structures	27,075	(3,489)	23,586	12	286	–	(24)	(602)	–	–	449	2,003	30,140	(4,430)	25,710
– Roads	348,075	(134,503)	213,572	2,842	3,395	11,306	(338)	(6,870)	–	1,515	243	19,752	383,023	(137,606)	245,417
– Bridges	108,307	(41,701)	66,606	385	–	921	(205)	(1,271)	–	(669)	243	6,069	117,551	(45,472)	72,079
– Footpaths	19,050	(3,312)	15,738	69	4	–	(19)	(294)	–	–	77	1,312	20,795	(3,908)	16,887
– Bulk earthworks (non-depreciable)	69,229	–	69,229	26	621	–	(16)	–	–	–	–	5,890	75,750	–	75,750
– Stormwater drainage	65,627	(12,110)	53,517	7	1,041	–	(1)	(559)	–	–	–	4,535	72,258	(13,718)	58,540
– Water supply network	108,803	(31,336)	77,467	155	505	58	(182)	(1,806)	–	(36)	358	5,839	117,831	(35,473)	82,358
– Sewerage network	170,657	(65,777)	104,880	316	806	484	(94)	(2,504)	–	–	289	8,037	184,878	(72,664)	112,214
– Other open space/recreational assets	32,310	(7,094)	25,216	1,545	834	–	(539)	(975)	–	–	1,467	2,085	37,948	(8,315)	29,633
Other assets:															
– Library books	1,113	(767)	346	–	99	–	(13)	(83)	–	–	–	–	1,114	(765)	349
Reinstatement, rehabilitation and restoration assets (refer Note 14):															
– Tip assets	5,897	(4,985)	912	–	32	–	–	(472)	–	–	–	–	5,928	(5,456)	472
– Quarry assets	415	(396)	19	–	31	–	(19)	(2)	–	–	–	–	203	(174)	29
Total infrastructure, property, plant and equipment	1,181,254	(350,099)	831,155	30,424	14,257	13,705	(2,935)	(19,266)	(180)	897	–	62,252	1,306,402	(376,093)	930,309

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

C1-7 Infrastructure, property, plant and equipment (continued)

Material accounting policy information

Infrastructure, property, plant and equipment are held at fair value. Independent comprehensive valuations are performed at least every five years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Climate Change, Energy, the Environment and Water.

Increases in the carrying amounts arising on revaluation are credited to the revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

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

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.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	3 to 10	Playground equipment	10 to 60
Office furniture	5 to 20	Benches, seats etc.	10 to 100
Computer equipment	3		
Vehicles	5 to 20	Buildings	
Heavy plant/road making equipment	5 to 20	Buildings	10 to 100
Other plant and equipment	3 to 50		
Water and sewer assets		Stormwater assets	
Dams and reservoirs	25 to 200	Drains	80 to 120
Treatment Plant structure	10 to 100	Culverts	80 to 120
Treatment Plant mech & elec	10 to 60		
Pump Station structure	15 to 100		
Pumps Station mech & elect	20 to 50		
Reticulation pipes: PVC	100	Transportation Assets	
Reticulation pipes: Other	70 to 100	Kerb & Gutter	100
		Footpaths	25 to 75
Transportation assets		Minor & Major Culverts	50 to 100
Sealed roads: surface	20 to 35		
Sealed roads: structure	60 to 110	Other infrastructure assets	
Unsealed roads	25 to 35	Bulk earthworks	Infinite
Bridge: concrete	105	Open space/recreational assets	10 to 100
Bridge: timber	85		

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

Change in remaining useful life of Casino Sewage Treatment Plant

Council is currently in the development and planning phase of a proposed replacement of the Casino Sewerage Treatment Plant. The existing facility was constructed in 1932 and has received minor augmentation over the past 90 years, however, is now aged and at capacity. The proposed plan for replacement has the new plant being commissioned in 2027/2028 pending external funding availability and therefore, the existing STP will be retained and operational until this time. As such, Council has revised the useful life of the existing plant at 1 July 2023, to be 5 years in line with the current project plan, the result of which is an increase in depreciation across the 2024-2028 years as seen in the table below.

C1-7 Infrastructure, property, plant and equipment (continued)

\$ '000	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028
Previous Depreciation	226	190	193	197	201
Current Depreciation	2,909	3,056	3,180	3,310	3,445
Increase	2,683	2,866	2,987	3,113	3,244

Impairment

Infrastructure, property, plant and equipment were assessed for impairment at 30 June 2024. Where indicators of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying value.

During February and March of 2022, the Richmond Valley and surrounding LGA's were severely impacted by catastrophic flooding which resulted in Council recognising an initial impairment value of \$29.1 million relating directly to the natural disaster. Council are now 2 years into the expected 5 year recovery process and with further clarity around damage as essential public asset reconstruction submissions have been finalised, an additional \$36,700,026 in impairment has been raised for roads and bridges.

This flood event resulted in damage to the following asset classes:

- Roads and Bridges
- Stormwater
- Water
- Sewerage
- Land Improvements Depreciable
- Buildings

Impairment Assessment Process

Following the flood event, Council staff commenced inspections of its assets to determine the extent of damage. The processes involved are as per below:

Roads and Bridges

Total remaining impairment - \$49,949,082

Estimated repair costs are calculated using Transport for NSW templates which provides a repair estimate based on the extent of damage (Low, Medium, High) and the length of the damage and type of asset base etc. These estimates have been utilised to determine the impairment value. For large repair values, the amount of repairs have been reviewed against the asset WDV and where the estimated repair is higher, the total asset has been impaired.

Stormwater

Total remaining impairment - \$328,199

Council assets staff inspected stormwater assets, in particular the outlets leading into the Richmond River. These outlets experienced significant damage due to the damage to the riverbank making the sites inaccessible. The cost to repair these assets will be substantially higher due to the need to make the sites accessible. These assets have been reviewed against their current book value to determine the impairment amounts.

Buildings

Total remaining impairment - \$39,283

A number of Council's building were inundated with flood water resulting in damage to the interior lining, kitchens, bathrooms and flooring. A total of 25 buildings were damaged resulting in estimated repairs of \$1.348 million. Council's asset staff engaged local contractors to provide estimates for repair works which were used in determining the value for impairment.

Land Improvements - depreciable

Total remaining impairment - \$0

Open Spaces staff inspected sporting fields and parks for damage. The majority of the damage was in relation to debris with only one field suffering major damage due to the length of time being underwater. The Woodburn Oval required new turf with the existing surface extensively damaged, which has now been completed.

Sewer Infrastructure

Total remaining impairment - \$806,499

Estimated costs of repairs were determined by quotations, previous project costs and actual replacements that occurred immediately after the flood to become operational again.

In accordance with AASB 116, any impairment loss is treated as a revaluation decrement. Impairment losses are recognised against the revaluation reserve to the extent that the impairment loss does not exceed the amount in the revaluation reserve for the same asset.

C1-7 Infrastructure, property, plant and equipment (continued)

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. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

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 to the reserves are recognised within Council's Income Statement.

Rural Fire Service assets

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting 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 firefighting equipment has been purchased or constructed". These Rural Fire Service assets are recognised as assets of the Council in these financial statements.

C1-8 Other

Other assets

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Prepayments	356	–	361	–
Total other assets	356	–	361	–

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of assets including heavy plant and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Details of existing leases in place are shown below on a class basis:

Plant & Equipment

Council currently leases two Komatsu graders and a Wirtgen Stabilier with lease terms of between 3 and 5 years. The lease payments are fixed during the lease term and there is generally no renewal option.

IT equipment

Leases for IT equipment are generally for low value assets, except for significant items such as network, server and radio equipment. The leases are for between 2 and 5 years with no renewal option and the payments are fixed.

(a) Right of use assets

\$ '000	Plant & Equipment	IT Equipment	Total
2024			
Opening balance at 1 July	702	327	1,029
Depreciation charge	(241)	(89)	(330)
Balance at 30 June	461	238	699
2023			
Opening balance at 1 July	951	148	1,099
Additions to right-of-use assets	–	257	257
Depreciation charge	(249)	(78)	(327)
Balance at 30 June	702	327	1,029

C2-1 Council as a lessee (continued)

(b) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2024					
Cash flows	114	260	–	374	374
2023					
Cash flows	377	436	–	813	813

(c) Income Statement

The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

\$ '000	2024	2023
Interest on lease liabilities	34	34
Depreciation of right of use assets	660	327
Expenses relating to leases of low-value assets	519	484
	1,213	845

(d) Statement of Cash Flows

Total cash outflow for leases	439	438
	439	438

(e) Leases at significantly below market value – concessionary / peppercorn leases

Council has a number of leases at significantly below market for land and buildings which are used for:

- Halls and Community Centres
- Surf Club

The leases are generally between 1 and 20 years and require payments of a maximum amount of \$3,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

Material accounting policy information

At inception of a contract, Council assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where Council believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The

C2-1 Council as a lessee (continued)

right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value / concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties; these leases have been classified as operating leases for financial reporting purposes and the assets are included as PP&E (refer in this note part (i) below) in the Statement of Financial Position.

The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below:

\$ '000	2024	2023
(i) Assets held as property, plant and equipment		
Council leases out two of its quarries and the Northern Rivers Livestock Exchange. In addition, Council receives rental income for hire and rent of some of its buildings and facilities.		
Lease income (excluding variable lease payments not dependent on an index or rate)	1,808	2,519
Total income relating to operating leases for Council assets	1,808	2,519

(ii) Maturity analysis of contractual lease income

Maturity analysis of future lease income receivable showing the minimum undiscounted lease payments to be received after reporting date is shown below:

< 1 year	1,305	792
1–2 years	1,333	809
2–3 years	1,363	827
3–4 years	1,393	845
4–5 years	1,423	864
> 5 years	5,520	3,768
Total undiscounted lease payments to be received	12,337	7,905

Material accounting policy information

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components, the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Goods and services – operating expenditure	2,518	–	2,827	–
Goods and services – capital expenditure	6,546	–	4,856	–
Accrued expenses:				
– Salaries and wages	–	–	840	–
– Other expenditure accruals	796	–	881	–
Security bonds, deposits and retentions	1,120	–	1,460	–
Bank guarantees	712	554	–	413
Prepaid rates and annual charges and user charges and fees	1,000	61	1,761	57
Total payables	12,692	615	12,625	470

Current payables not anticipated to be settled within the next twelve months

\$ '000	2024	2023
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	1,120	1,460
Total payables	1,120	1,460

Material accounting policy information

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	9,051	–	10,283	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	12	79	89	–
Unexpended capital contributions (to construct Council controlled assets)	(i)	–	141	–	121
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	–	36	36	–
Total grants received in advance		9,063	256	10,408	121
User fees and charges received in advance:					
Funds received in advance of services provided		45	–	26	–
Total user fees and charges received in advance		45	–	26	–
Total contract liabilities		9,108	256	10,434	121

Notes

(i) Council has received funding to construct assets including sporting facilities, bridges, library and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

(iii) Booking fees for Council facilities received in advance of service provided are recorded as a contract liability on receipt and recognised as revenue after booking date.

C3-2 Contract Liabilities (continued)

Revenue recognised that was included in the contract liability balance at the beginning of the period

\$ '000	2024	2023
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	12,321	4,290
Operating contributions (received prior to performance obligation being satisfied)	11	56
Total revenue recognised that was included in the contract liability balance at the beginning of the period	12,332	4,346

Significant changes in contract liabilities

Council has received upfront grant funding for the following projects: (\$'000)

NRLX Effluent Management System \$1,437

Dairy Flat Culverts \$1,169

Casino Suspension Bridge \$1,046

Halsteads Drive Stage 3 \$946

Albert Park Stopover \$601

Colley Park Netball Clubhouse \$554

Thearles Canal Culverts \$432

Material accounting policy information

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer. Council presents the funds which exceed revenue recognised as a contract liability.

C3-3 Borrowings

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Loans – secured ¹	3,893	14,646	3,524	15,938
Total borrowings	3,893	14,646	3,524	15,938

(1) Loans are secured over the general rating income of Council.

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 20.

(a) Changes in liabilities arising from financing activities

\$ '000	2023	Cash flows	2024
	Opening Balance		Closing balance
Loans – secured	19,462	(923)	18,539
Lease liability (Note C2-1b)	813	(439)	374
Total liabilities from financing activities	20,275	(1,362)	18,913

\$ '000	2022	Cash flows	2023
	Opening Balance		Closing balance
Loans – secured	22,833	(3,371)	19,462
Lease liability (Note C2-1b)	994	(181)	813
Total liabilities from financing activities	23,827	(3,552)	20,275

(b) Financing arrangements

\$ '000	2024	2023
Total facilities		
Total financing facilities available to Council at the reporting date are:		
Bank overdraft facilities ¹	500	500
Credit cards/purchase cards	71	71
Total financing arrangements	571	571
Drawn facilities		
Financing facilities drawn down at the reporting date are:		
– Credit cards/purchase cards	1	6
Total drawn financing arrangements	1	6
Undrawn facilities		
Undrawn financing facilities available to Council at the reporting date are:		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	70	65
Total undrawn financing arrangements	570	565

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

Material accounting policy information

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

C3-3 Borrowings (continued)

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or borrowing costs.

C3-4 Employee benefit provisions

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Annual leave	2,274	–	2,092	–
Long service leave	2,728	205	2,509	189
Other leave	27	–	20	–
Total employee benefit provisions	5,029	205	4,621	189

Employee benefit provisions relating to restricted assets

There are no restricted assets (external or internal) applicable to the above provisions

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

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,203	1,782
	2,203	1,782

Material accounting policy information

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

\$ '000	2024		2023	
	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	5,038	1,725	3,191
Sub-total – asset remediation/restoration	–	5,038	1,725	3,191
Total provisions	–	5,038	1,725	3,191

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2024		
At beginning of year	4,916	4,916
Changes to provision:		
– Revised discount rate	16	16
– Revised costs	17	17
Unwinding of discount	88	88
Other	1	1
Total other provisions at end of year	5,038	5,038
2023		
At beginning of year	5,293	5,293
Changes to provision:		
– Revised discount rate	105	105
– Revised costs	(494)	(494)
Unwinding of discount	11	11
Other	1	1
Total other provisions at end of year	4,916	4,916

Nature and purpose of provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the following tip and quarry assets:

Asset/Operation	Estimated year of restoration	NPV of Provisions	
		2024	2023
Landfills - Nammoona	2026	4,700	4,582
Quarries - Petersons		0	0
Quarries - Woodview	2035	338	333
Balance at end of reporting period		5,038	4,916

94

Material accounting policy information

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

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 a borrowing cost.

C3-5 Provisions (continued)

Asset remediation – tips and quarries

Restoration

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and 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. The 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, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Rehabilitation

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 reporting 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 reporting 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 unwinding of the discount which is shown as a borrowing cost.

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

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.

Other movements in the provisions for close-down and restoration 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.

Close-down and restoration 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.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

The infrastructure, property, plant and equipment (IPPE) revaluation reserve is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

D Council structure

D1 Results by fund

General fund refers to all Council activities other than water and sewer. All amounts disclosed in this note are gross i.e. inclusive of internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

D1-1 Income Statement by fund

\$ '000	General 2024	Water 2024	Sewer 2024
Income from continuing operations			
Rates and annual charges	22,364	1,894	8,161
User charges and fees	8,215	6,285	1,976
Interest and investment revenue	2,177	366	591
Other revenues	69	–	18
Grants and contributions provided for operating purposes	13,279	22	28
Grants and contributions provided for capital purposes	38,530	452	2,419
Other income	2,936	–	–
Total income from continuing operations	87,570	9,019	13,193
Expenses from continuing operations			
Employee benefits and on-costs	23,039	1,598	1,656
Materials and services	15,538	5,218	4,498
Borrowing costs	500	–	433
Depreciation, amortisation and impairment of non-financial assets	16,269	1,955	5,146
Other expenses	2,611	–	–
Net losses from the disposal of assets	3,449	611	306
Total expenses from continuing operations	61,406	9,382	12,039
Operating result from continuing operations	26,164	(363)	1,154
Net operating result for the year	26,164	(363)	1,154
Net operating result attributable to each council fund	26,164	(363)	1,154
Net operating result for the year before grants and contributions provided for capital purposes	(12,366)	(815)	(1,265)

D1-2 Statement of Financial Position by fund

\$ '000	General 2024	Water 2024	Sewer 2024
ASSETS			
Current assets			
Cash and cash equivalents	23,346	4,328	9,926
Investments	25,368	5,056	3,022
Receivables	8,161	1,764	2,112
Inventories	2,261	–	–
Contract assets and contract cost assets	4,146	–	–
Other	356	–	–
Total current assets	63,638	11,148	15,060
Non-current assets			
Investments	11,250	–	–
Receivables	746	416	493
Inventories	1,374	–	–
Infrastructure, property, plant and equipment	895,876	89,651	125,422
Right of use assets	699	–	–
Total non-current assets	909,945	90,067	125,915
Total assets	973,583	101,215	140,975
LIABILITIES			
Current liabilities			
Payables	12,516	100	76
Contract liabilities	9,108	–	–
Lease liabilities	114	–	–
Borrowings	2,220	–	1,673
Employee benefit provision	5,029	–	–
Total current liabilities	28,987	100	1,749
Non-current liabilities			
Payables	590	25	–
Contract liabilities	256	–	–
Lease liabilities	260	–	–
Borrowings	8,410	–	6,236
Employee benefit provision	205	–	–
Provisions	5,038	–	–
Total non-current liabilities	14,759	25	6,236
Total liabilities	43,746	125	7,985
Net assets	929,837	101,090	132,990
EQUITY			
Accumulated surplus	384,464	27,625	48,763
Revaluation reserves	545,373	73,465	84,227
Council equity interest	929,837	101,090	132,990
Total equity	929,837	101,090	132,990

D2 Interests in other entities

D2-1 Subsidiaries, joint arrangements and associates not recognised

The following subsidiaries, joint arrangements and associates have not been recognised in this financial report.

Name of entity/operation	Principal activity/type of entity	2024 Net profit/(loss)	2024 Net assets
North East Weight of Loads Group (NEWLOG)	Enforcement of load weights carried by heavy vehicles. Joint venture	(130)	685

Reasons for non-recognition

Council's share of NEWLOG net assets is 14.4%. Council does not control the operations of NEWLOG and considers its interest in the operations to be immaterial to the consolidated financial statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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 and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2024	Carrying value 2023	Fair value 2024	Fair value 2023
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	37,600	55,497	37,600	55,497
Receivables	13,692	10,940	13,846	11,072
Investments				
– Debt securities at amortised cost	28,250	19,750	28,250	19,750
Fair value through profit and loss				
Investments				
– Held for trading	16,446	15,338	15,337	14,330
Total financial assets	95,988	101,525	95,033	100,649
Financial liabilities				
Payables	13,307	13,095	13,307	13,095
Loans/advances	18,539	19,462	17,912	18,407
Total financial liabilities	31,846	32,557	31,219	31,502

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and measure at amortised cost investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) **at fair value through profit and loss** or (ii) **at fair value through other comprehensive income** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

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

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its financial performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these 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.

E1-1 Risks relating to financial instruments held (continued)

- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **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 and investments.

(a) Market risk – interest rate and price risk

\$ '000	2024	2023
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	823	905
Impact of a 10% movement in price of investments		
– Equity / Income Statement	1,645	1,533

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and 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 the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council 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 and annual charges at higher than market rates which further encourages the payment of debt.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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 reconciled 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.

E1-1 Risks relating to financial instruments held (continued)

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2024				
Gross carrying amount	2,814	545	–	3,359
2023				
Gross carrying amount	2,573	518	–	3,091

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors and contract assets to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses, non-rates and annual charges debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2024						
Gross carrying amount	12,773	–	–	–	1,860	14,633
Expected loss rate (%)	0.67%	0.00%	0.00%	0.00%	1.19%	0.74%
ECL provision	86	–	–	–	22	108
2023						
Gross carrying amount	12,761	–	–	–	777	13,538
Expected loss rate (%)	0.58%	0.00%	0.00%	0.00%	3.86%	0.77%
ECL provision	74	–	–	–	30	104

E1-1 Risks relating to financial instruments held (continued)

(c) Liquidity risk

Payables, lease liabilities and borrowings are both subject to liquidity risk; that is, 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 by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances.

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

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2024							
Payables	0.00%	1,120	–	–	–	1,120	13,307
Borrowings	4.68%	–	4,701	11,702	5,086	21,489	18,539
Total financial liabilities		1,120	4,701	11,702	5,086	22,609	31,846
2023							
Payables	0.00%	1,460	–	–	–	1,460	13,095
Borrowings	4.58%	–	4,359	12,992	5,099	22,450	19,462
Total financial liabilities		1,460	4,359	12,992	5,099	23,910	32,557

Loan agreement breaches

No breaches to loan agreements have occurred during the reporting year.

E2-1 Fair value measurement

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).

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023	2024	2023
Recurring fair value measurements									
Financial assets C1-2									
At fair value through profit or loss									
		30/06/24	30/06/23	16,446	15,337	–	–	16,446	15,337
Total financial assets				16,446	35,087	–	–	16,446	35,087
Infrastructure, property, plant and equipment C1-7									
Land:									
– Crown Land		30/06/23	30/06/23	–	–	28,646	27,548	28,646	27,548
– Operational Land		30/06/23	30/06/23	–	–	29,213	28,447	29,213	28,447
– Community Land		30/06/23	30/06/23	–	–	11,406	10,929	11,406	10,929
– Land Under Roads (post 30/06/08)		30/06/23	30/06/23	–	–	908	374	908	374
Land Improvements – non depreciable		30/06/20	30/06/20	–	–	7,400	6,954	7,400	6,954
Land Improvements – depreciable		30/06/20	30/06/20	–	–	20,393	17,829	20,393	17,829
Buildings – Specialised		30/06/20	30/06/20	–	–	74,698	69,050	74,698	69,050
Other Structures		30/06/20	30/06/20	–	–	26,757	25,710	26,757	25,710
Infrastructure:									
– Roads		30/06/24	30/06/18	–	–	283,610	245,417	283,610	245,417
– Bridges		30/06/24	30/06/18	–	–	101,862	72,079	101,862	72,079
– Footpaths		30/06/24	30/06/18	–	–	22,237	16,888	22,237	16,888
– Bulk Earthworks (non depreciable)		30/06/24	30/06/18	–	–	129,444	75,750	129,444	75,750
– Stormwater Drainage		30/06/18	30/06/18	–	–	61,179	58,540	61,179	58,540
– Water Supply Network		30/06/22	30/06/22	–	–	85,074	82,358	85,074	82,358
– Sewerage Network		30/06/22	30/06/22	–	–	116,002	112,214	116,002	112,214
– Swimming Pools		30/06/20	30/06/20	–	–	–	–	–	–
– Other Open Space/Recreational Assets		30/06/20	30/06/20	–	–	36,262	29,633	36,262	29,633
– Library Books		30/06/24	30/06/23	–	–	351	349	351	349
Total infrastructure, property, plant and equipment				–	–	1,035,442	880,069	1,035,442	880,069

E2-1 Fair value measurement (continued)

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

Valuation techniques

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 the profit and loss include the following:

Term Deposits (maturity > 3 months)	\$17,000,000
Floating Rate Notes	\$6,750,390
Treasury Bond	\$4,500,000
NSW Treasury Corporation - Medium Term Growth Fund	\$13,027,453
NSW Treasury Corporation - Long Term Growth Fund	\$3,418,814

Term deposits are carried at face value and interest is received on maturity.

For the NSW Treasury Corporation investments, Council receives a monthly statement quoting the unit price of the investments and any movement in fair value is recorded in the profit and loss. Investments with NSW Treasury Corporation are not within an active market and are therefore classified as level 2 inputs. There has been no change to the valuation process during the reporting period.

Infrastructure, property, plant and equipment (IPPE)

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 and cash flows from the future use and disposal.

Council's Operational Land was revalued as at 30 June 2023. 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.

Land - Community

Council's Community Land 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 2023. There has been no change to the valuation process during the reporting period.

Land - Crown

Council's Crown Land (including land 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. Crown Land was revalued as at 30 June 2023. There has been no change to the valuation process during the reporting period.

Land Improvements (Non-Depreciable and Depreciable)

E2-1 Fair value measurement (continued)

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 2020 using the cost approach. Unobservable inputs include 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 2023 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, discounted by 90% to reflect restrictions on use of land under roads in-line with the englobo method. 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 2020.

Unobservable inputs include asset conditions and remaining useful lives.

These factors require extensive professional judgement, resulting in this asset class being classified as level 3.

In between comprehensive revaluations, these assets are indexed each year in line with the NSW non-residential construction index. 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 2020.

Unobservable inputs include 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.

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. A revaluation was last performed as at 30 June 2018. Indexation has been applied and relevant valuation inputs reassessed annually. Council is undertaking a comprehensive revaluation for the year ending 30 June 2024.

Whilst units rates, based on square metres or similar capacity, can be supported by market evidence (level 2), other inputs (such as estimates of useful life 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.

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. A revaluation was performed as at 30 June 2019.

Whilst units rates, based on square metres or similar capacity, can be supported by market evidence (level 2), other inputs (such as estimates of useful life 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.

E2-1 Fair value measurement (continued)

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. Water Supply Network Assets were last comprehensively revalued as at 30 June 2022.

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 useful life 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. Sewerage Network Assets were last comprehensively revalued as at 30 June 2022.

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 useful life 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.

Other Open Space/Recreational Assets

These assets include all structures within Council's sports grounds, parks and reserves and swimming pools. 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 2020. Unobservable inputs include 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.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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:

- Asset condition
- Unit rates
- Useful life

E2-1 Fair value measurement (continued)

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

\$ '000	Operational Land		Community Land		Land under Roads post 30/6/08		Land improv-ements non-depreciable	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	28,447	26,700	10,929	11,639	908	374	6,954	6,397
Total gains or losses for the period								
Revaluation increments to equity (ARR)	720	1,695	477	(710)	–	534	446	557
Other movements								
Purchases (GBV)	2	44	–	–	–	–	–	–
Transfers from/(to) Capital Work in Progress	44	8	–	–	–	–	–	–
Closing balance	29,213	28,447	11,406	10,929	908	908	7,400	6,954

\$ '000	Land improv-ements depreciable		Buildings specialised		Other structures		Roads	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	17,829	15,278	69,050	61,835	25,710	23,586	245,417	213,572
Total gains or losses for the period								
Revaluation increments to equity (ARR)	1,100	1,295	4,426	5,327	1,605	2,003	72,883	19,753
Impairment loss recognised in equity	–	–	–	87	–	–	(38,814)	1,516
Other movements								
Transfers from/(to) another asset class	–	–	–	–	–	4	–	–
Purchases (GBV)	2,068	1,180	1,609	1,950	124	298	6,544	6,234
Disposals (WDV)	(370)	(96)	(88)	(1,078)	(16)	(24)	(348)	(338)
Depreciation and impairment	(449)	(388)	(1,406)	(1,293)	(666)	(602)	(7,488)	(6,870)
Transfers from/(to) Capital Work in Progress	157	560	887	1,286	–	445	1,755	243
Reinstatement costs for impaired assets	58	–	220	936	–	–	3,661	11,307
Closing balance	20,393	17,829	74,698	69,050	26,757	25,710	283,610	245,417

E2-1 Fair value measurement (continued)

\$ '000	Bridges		Footpaths		Bulk earthworks (non-depreciable)		Stormwater drainage	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	72,080	66,606	16,887	15,738	75,750	69,229	58,540	53,517
Total gains or losses for the period								
Revaluation increments to equity (ARR)	28,711	6,070	5,550	1,313	53,703	5,890	2,958	4,535
Impairment loss recognised in equity	2,113	(669)	–	–	–	–	–	–
Other movements								
Purchases (GBV)	309	385	182	72	–	647	333	1,048
Disposals (WDV)	–	(205)	(84)	(19)	(9)	(16)	(42)	(1)
Depreciation and impairment	(1,377)	(1,271)	(318)	(294)	–	–	(610)	(559)
Transfers from/(to) Capital Work in Progress	–	243	20	77	–	–	–	–
Reinstatement costs for impaired assets	26	921	–	–	–	–	–	–
Closing balance	101,862	72,080	22,237	16,887	129,444	75,750	61,179	58,540

\$ '000	Water supply network		Library books		Sewerage network		Other open space/ recreation	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	82,358	77,467	349	346	112,214	104,880	29,632	25,216
Total gains or losses for the period								
Revaluation increments to equity (ARR)	4,049	5,839	–	–	5,619	8,037	1,760	2,085
Impairment loss recognised in equity	–	(36)	–	–	–	–	–	–
Other movements								
Transfers from/(to) another asset class	–	–	–	–	–	–	–	(4)
Purchases (GBV)	649	660	103	99	2,106	1,122	1,868	2,379
Disposals (WDV)	(611)	(182)	(18)	(13)	(390)	(94)	(2,329)	(539)
Depreciation and impairment	(1,934)	(1,806)	(83)	(83)	(5,067)	(2,504)	(1,194)	(976)
Transfers from/(to) Capital Work in Progress	563	358	–	–	1,179	289	6,525	1,471
Reinstatement costs for impaired assets	–	58	–	–	341	484	–	–
Closing balance	85,074	82,358	351	349	116,002	112,214	36,262	29,632

E2-1 Fair value measurement (continued)

\$ '000	Crown Land		Total	
	2024	2023	2024	2023
Opening balance	27,549	29,517	896,832	817,443
Revaluation increments to equity (ARR)	1,097	(1,968)	185,104	62,255
Impairment loss recognised in equity	–	–	(36,701)	898
Purchases (GBV)	–	–	21,286	19,119
Disposals (WDV)	–	–	(5,170)	(2,820)
Depreciation and impairment	–	–	(22,907)	(18,793)
Transfers from/(to) Capital Work in Progress	–	–	11,161	5,024
Reinstatement costs for impaired assets	–	–	4,306	13,706
Closing balance	28,646	27,549	1,053,911	896,832

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members).

Description of the funding arrangements, including the method used to determine Council's rate of contributions and any minimum funding requirements.

Pooled employers are required to pay future service employer contributions and past service employer contributions to the Fund.

The future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current future service employer contribution rates are:

Division B	1.9 times member contributions for non-180 Point Members; Nil for 180 Point Members*
Division C	2.5% salaries
Division D	1.64 times employee contributions

*For 180 Point Members, Employers are required to contribute 8.5% of salaries for the year ending 30 June 2024 (increasing to 9% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million for 1 July 2022 to 31 December 2024 apportioned according to each employer's share of the accrued liabilities as at 30 June 2023. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

Description of the extent to which Council can be liable to the plan for other councils' obligations under the terms and conditions of the multi-employer plan

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding past service contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2024 was \$123,915.31. The last formal valuation of the Scheme was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2023.

E3-1 Contingencies (continued)

The amount of past service contributions included in the total employer contribution advised above is \$48,046.61. Council's expected contribution to the plan for the next annual reporting period is \$72,865.61.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2024 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,237.5	
Past Service Liabilities	2,141.9	104.5%
Vested Benefits	2,159.8	103.6%

* excluding other accumulation accounts and reserves in both assets and liabilities.

The share of this deficit that is broadly attributed to Council is estimated to be 0.48% as at 30 June 2024.

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 Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	3.5% for FY 23/24 2.5% per annum thereafter

* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed by December 2024.

(ii) Native Title & Aboriginal Land Claims

Council currently has five claims determined within our Local Government Area by consent. The land affected by the determinations are primarily Crown Land. Council must ensure compliance with all requirements of native title legislation prior to undertaking any work on land for which it is the Crown Land manager. A large number of Aboriginal Land Claims on Crown Land remain undetermined within the Local Government Area. Council must ensure that any work undertaken on lands subject to undetermined Aboriginal Land Claim does no impact on the inchoate interest of the applicant and land council.

(ii) 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.

(iv) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

E3-1 Contingencies (continued)

(v) CivicRisk Mutual Ltd

Council is a member of CivicRisk Mutual Ltd, a mutual self-insurance scheme providing general insurance to local government. CivicRisk Mutual Ltd membership includes the potential to share in either the net surplus or deficit of protection years depending on its past performance. Council's share of the net surplus or deficit reflects Council's contributions to the pool and the result of insurance claims within each of the fund years. The future realisation and finalisation of claims incurred but not reported to 30 June 2024 may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

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 and including 30/6/08.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

The aggregate amount of KMP compensation included in the Income Statement is:

\$ '000	2024	2023
Compensation:		
Short-term benefits	1,618	1,382
Post-employment benefits	146	128
Other long-term benefits	48	42
Total	1,812	1,552

Other transactions with KMP and their related parties

Nature of the transaction	Ref	Transactions during the year	Outstanding balances including commitments
\$ '000			
2024			
Employee expenses relating to close family members of KMP	1	117	–
2023			
Employee expenses relating to close family members of KMP	1	107	–

1 One (1) close family member of Council's KMP are employed by the council under the relevant pay award on an arm's length basis

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2024	2023
Mayoral fee	47	46
Councillors' fees	153	148
Other Councillors' expenses (including Mayor)	22	24
Total	222	218

The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

F1-3 Other related parties

\$ '000	Ref	Transactions during the year	Outstanding balances including commitments
2024			
NEWLOG	1	38	–
2023			
NEWLOG	1	36	–

1 The principal activity of NEWLOG is the checking and enforcement of load weights carried by heavy vehicles on roads within the member council's boundaries. NEWLOG operates with the objective to generally advance the aims of reducing damage to Council and classified roads and promotion of road safety, by policing of vehicle weights as prescribed in the Acts and Regulations pertinent to overloading.

F2 Other relationships

F2-1 Audit fees

\$ '000	2024	2023
---------	------	------

During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements	96	100
Other assurance services	–	5
Remuneration for audit and other assurance services	96	105
Total Auditor-General remuneration	96	105
Total audit fees	96	105

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of Operating Result

\$ '000	2024	2023
Net operating result from Income Statement	26,955	44,257
Add / (less) non-cash items:		
Depreciation and amortisation	23,370	19,593
(Gain) / loss on disposal of assets	4,366	2,557
Non-cash capital grants and contributions	(712)	(3,631)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(1,128)	(1,351)
Unwinding of discount rates on reinstatement provisions	104	116
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(2,778)	1,261
Increase / (decrease) in provision for impairment of receivables	22	(76)
(Increase) / decrease of inventories	100	(422)
(Increase) / decrease of other current assets	5	159
(Increase) / decrease of contract asset	1,411	(2,910)
Increase / (decrease) in payables	(309)	(2,780)
Increase / (decrease) in other accrued expenses payable	(925)	322
Increase / (decrease) in other liabilities	(244)	1,294
Increase / (decrease) in contract liabilities	(1,191)	4,993
Increase / (decrease) in employee benefit provision	424	183
Increase / (decrease) in other provisions	18	(493)
Net cash flows from operating activities	49,488	63,072

(b) Non-cash investing and financing activities

Bushfire grants	37	88
Other dedications	675	3,543
Estimated future reinstatement costs	88	11
Total non-cash investing and financing activities	800	3,642

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2024	2023
---------	------	------

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Buildings	27	887
Infrastructure – other	7,301	8,322
Plant and equipment	260	1,760
Total commitments	7,588	10,969

These expenditures are payable as follows:

Within the next year	7,588	10,969
Total payable	7,588	10,969

Details of capital commitments

The capital commitments are comprised of (\$000's):-

- Colley Park Facility Building \$27
- Replacement Trucks \$260
- Naughtons Gap Landslip Remediation \$5,095
- Thearles Canal (Woodburn-Coraki Rd) \$470
- Albert Park Carpark Construction \$396
- Reynolds Rd Bridge & Lollback Creek Bridge Replacement \$314
- Northern Reservoir Telemetry Tower \$226
- Casino Showground Upgrade \$146
- Casino Swimming Pool \$132
- Dairy Flat Culvert Construction \$128
- Nammoona Cell 6 Construction \$124

G3 Statement of developer contributions

G3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Infrastructure	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Recreation & Civil Facilities	-	-	-	-	-	-	-	-	-
Rural Heavy Haulage	1,825	116	-	-	95	(683)	-	1,353	-
Quarry Roads	77	-	-	-	4	(10)	-	71	-
Bushfire	-	-	-	-	-	-	-	-	-
S7.11 contributions – under a plan	1,902	116	-	-	99	(693)	-	1,424	-
S7.12 levies – under a plan	1,789	294	-	-	114	(143)	-	2,054	-
Total S7.11 and S7.12 revenue under plans	3,691	410	-	-	213	(836)	-	3,478	-
S64 contributions	8,590	635	-	-	458	-	-	9,683	-
Total contributions	12,281	1,045	-	-	671	(836)	-	13,161	-

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

G3-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2023	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
CONTRIBUTION PLAN NUMBER 2 – EX RRSC										
Quarry Roads	77	–	–	–	4	(10)	–	71	–	
Rural Heavy Haulage	1,825	116	–	–	95	(683)	–	1,353	–	
Total	1,902	116	–	–	99	(693)	–	1,424	–	

S7.12 Levies – under a plan

CONTRIBUTION PLAN NUMBER 1 – Richmond Valley Council										
Section 7.12 Levies	1,789	294	–	–	114	(143)	–	2,054	–	
Total	1,789	294	–	–	114	(143)	–	2,054	–	

G4 Statement of performance measures

G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023 2022		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(11,187)	(16.63)%	4.94%	(2.80)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	67,253				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	53,924	49.63%	45.20%	47.54%	> 60.00%
Total continuing operating revenue ¹	108,654				
3. Unrestricted current ratio					
Current assets less all external restrictions	47,434	2.95x	2.85x	2.98x	> 1.50x
Current liabilities less specific purpose liabilities	16,070				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	13,116	2.68x	5.11x	4.03x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	4,895				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	3,430	9.62%	9.19%	10.73%	< 10.00%
Rates and annual charges collectable	35,666				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	54,600	11.09 months	12.33 months	11.40 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	4,925				

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

G4-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2024	2023	2024	2023	2024	2023	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(20.46)%	4.07%	(2.38)%	(3.76)%	(10.80)%	17.24%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	40.19%	37.00%	94.74%	92.90%	81.19%	86.57%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.95x	2.85x	111.48x	91.47x	8.61x	9.98x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	2.48x	6.51x	∞	∞	2.11x	2.38x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	3.97%	3.21%	19.72%	20.02%	20.11%	20.38%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	11.00 months	11.51 months	7.62 months	10.44 months	14.42 months	19.91 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note 23a above.

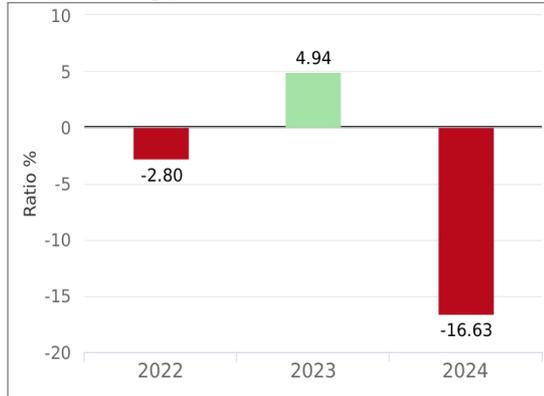
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

Commentary on 2023/24 result

2023/24 ratio (16.63)%

Council's operating performance ratio has decreased to -16.63% for 2023/24. This ratio excludes fair value gains on investments and capital grants and contributions, both of which increased from 2022/2023. This has led to Council's operating income decreasing comparatively to last year for the purpose of this ratio. In addition, Council's operating expenditure increased comparative to 2022/2023 after the net losses from the disposal of assets are excluded.

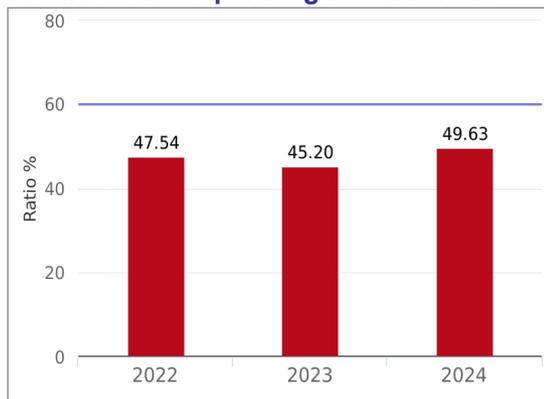
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2023/24 result

2023/24 ratio 49.63%

Council's own source operating revenue ratio has increased slightly to 49.63%, remaining below the benchmark of 60%. This is largely due to a decrease in overall grants and contributions in comparison to previous years.

Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2023/24 result

2023/24 ratio 2.95x

Council's unrestricted current ratio has increased to 2.95 and remains well above the benchmark of 1.50 and consistent with previous years.

Benchmark: — > 1.50x

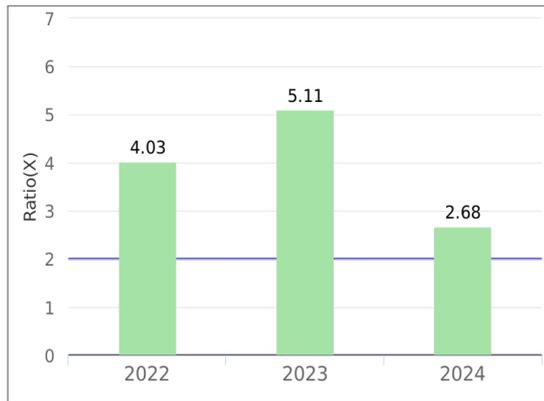
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Debt service cover ratio



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 2023/24 result

2023/24 ratio 2.68x

Council's debt service cover ratio has decreased to 2.68 and remains above the benchmark of >2.0. This is due to a decrease in the operating result in comparison to previous years, meaning there was less cash available to service the repayment of debt.

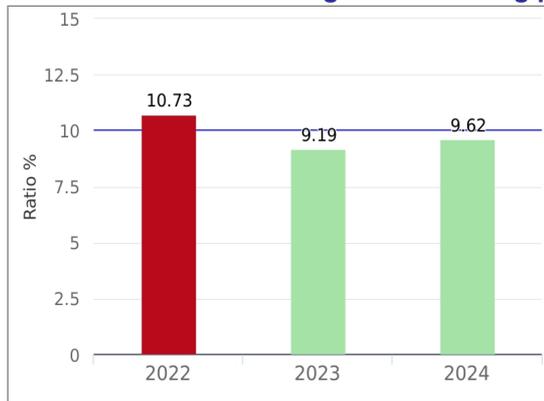
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2023/24 result

2023/24 ratio 9.62%

Council's rates and annual charges outstanding percentage has increased slightly to 9.62% but remains below the benchmark of 10%. The consolidated ratio is impacted by the fact that Council levies its water and sewerage annual charges in arrears. Council actively monitors and pursues outstanding balances through its debt recovery practices.

Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



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 2023/24 result

2023/24 ratio 11.09 months

Council's cash expense cover ratio has slightly decreased to 11.09. This illustrates Council continues to hold a high level of cash and cash equivalents. This ratio is well above the benchmark of >3 months.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

10 Graham Place
Casino NSW 2470

Contact details

Mailing Address:

Locked Bag 10
CASINO NSW 2470

Telephone: 02 6660 0300

Opening hours:

Office Hours: 8:00am - 4:30pm
Cashier Hours: 8:00am - 4.00pm
Monday to Friday

Internet: www.richmondvalley.nsw.gov.au

Email: council@richmondvalley.nsw.gov.au

Officers

GENERAL MANAGER

Vaughan Macdonald

RESPONSIBLE ACCOUNTING OFFICER

Hayley Martin

Auditors

Audit Office of New South Wales
GPO Box 12
SYDNEY NSW 2001

Elected members

MAYOR

Robert Mustow

Councillors

Stephen Morrissey
Sam Cornish
Robert Hayes
Sandra Humphrys
Lyndall Murray
John Walker

Other information

ABN: 54 145 907 009



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Richmond Valley Council

To the Councillors of Richmond Valley Council

Opinion

I have audited the accompanying financial statements of Richmond Valley Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion:

- 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 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule - Permissible income for general rates.

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are 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 Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 'Material budget variations'
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Quentin Wong
Delegate of the Auditor-General for New South Wales

23 October 2024
SYDNEY



Cr Robert Mustow
 Mayor
 Richmond Valley Council
 Locked Bag 10
 CASINO NSW 2470

Contact: Quentin Wong
 Phone no: 02 9275 7454
 Our ref: R008-2124742775-7336

23 October 2024

Dear Mayor

**Report on the Conduct of the Audit
 for the year ended 30 June 2024
 Richmond Valley Council**

I have audited the general purpose financial statements (GPFS) of the Richmond Valley Council (the Council) for the year ended 30 June 2024 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2024 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2024	2023	Variance
	\$m	\$m	%
Rates and annual charges revenue	32.4	30.8	↑ 5.2
Grants and contributions revenue	54.7	67.9	↓ 19.4
Operating result from continuing operations	27.0	44.3	↓ 39.1
Net operating result before capital grants and contributions	(14.4)	3.0	↓ 580.0

Rates and annual charges revenue (\$32.4 million) increased by \$1.6 million (5.2 per cent) in 2023–24 largely due to a rate peg increase of 3.7 per cent.

Grants and contributions revenue (\$54.7 million) decreased by \$13.2 million (19.4 per cent) in 2023–24 largely due to:

- decrease of \$1.4 million of grants recognised from Transport for NSW
- decrease of \$9.5 million of grants recognised from natural disaster funding
- receiving 85 per cent of the financial assistance grants for 2024–25 in advance (100 per cent in 2022–23).

Council's operating result from continuing operations (\$27.0 million including depreciation, amortisation and impairment expense of \$23.4 million) was \$17.3 million lower than the 2022–23 result. This is mainly due to:

- decrease of \$13.2 million in grants and contributions revenue described above
- decrease of \$3.6 million in other revenues
- decrease of \$1.0 million in other income.

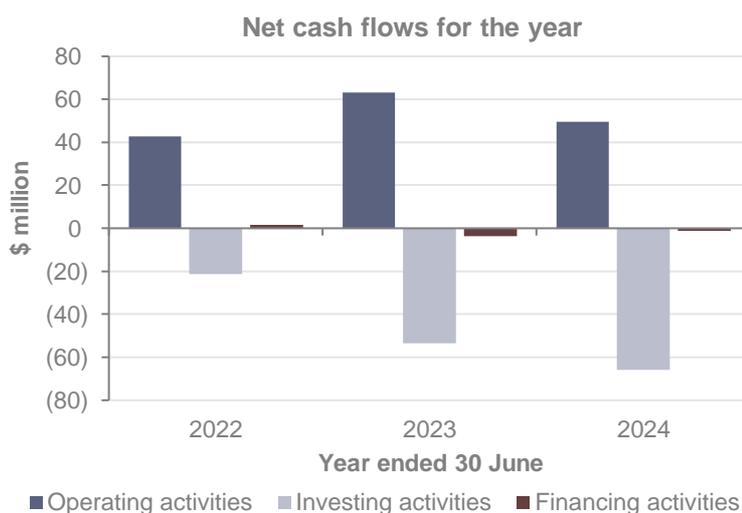
The net operating result before capital grants and contributions of \$(14.4 million) was \$17.4 million lower than the 2022–23 result.

STATEMENT OF CASH FLOWS

Net cash provided by operating activities decreased by \$13.6 million (21.6 per cent). This relates to the decrease in grants and contributions revenue offset by a decrease in materials and services expenditure.

Net cash used in investing activities increased by \$12.7 million (23.8 per cent). The majority of this increase relates to increase in capital expenditure of \$9.0 million.

Net cash used in financing activities decreased by \$2.4 million (63.2 per cent). This is due to the cash receipts from borrowings of \$2.6 million.



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	82.3	90.6	Externally restricted cash and investments decreased by \$3.7 million, primarily due to decreases in specific purpose unexpended grants, domestic waste management and sewer fund.
Restricted and allocated cash, cash equivalents and investments:			Balances are internally allocated due to Council policy or decisions for forward plans, including the capital works program. Internally allocated cash and investments has decreased by \$4.5 million.
• External restrictions	49.8	53.5	
• Internal allocations	32.3	36.8	

Debt

At 30 June 2024, Council had:

- \$18.5 million in secured loans (\$19.5 million in 2022–23)
- \$0.5 million in approved overdraft facility with \$0 drawn down
- \$0.1 million in credit card facility with \$0.001 million used.

PERFORMANCE

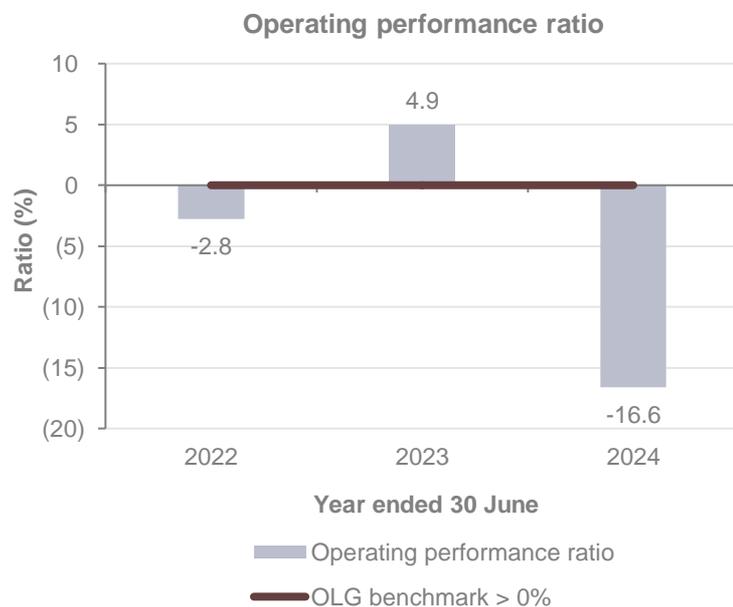
Performance measures

The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Housing and Infrastructure.

Operating performance ratio

Council did not meet the benchmark for the current reporting period.

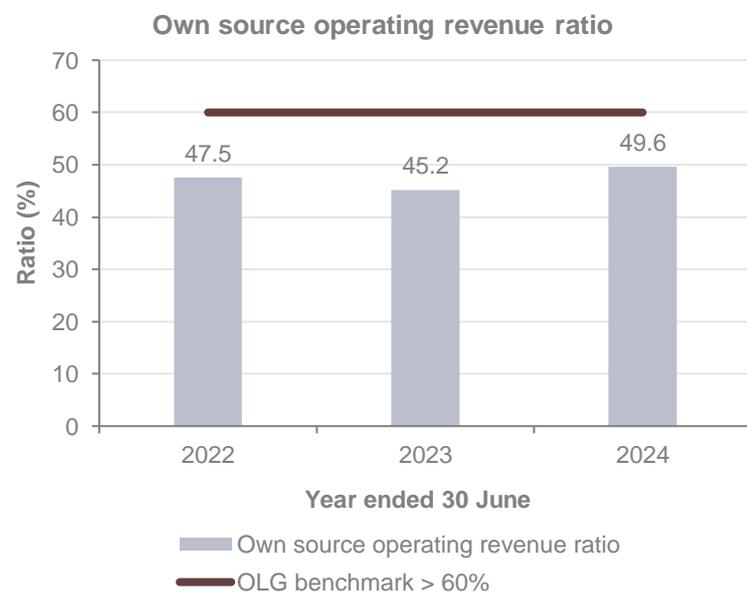
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

Council did not meet the benchmark for the current reporting period.

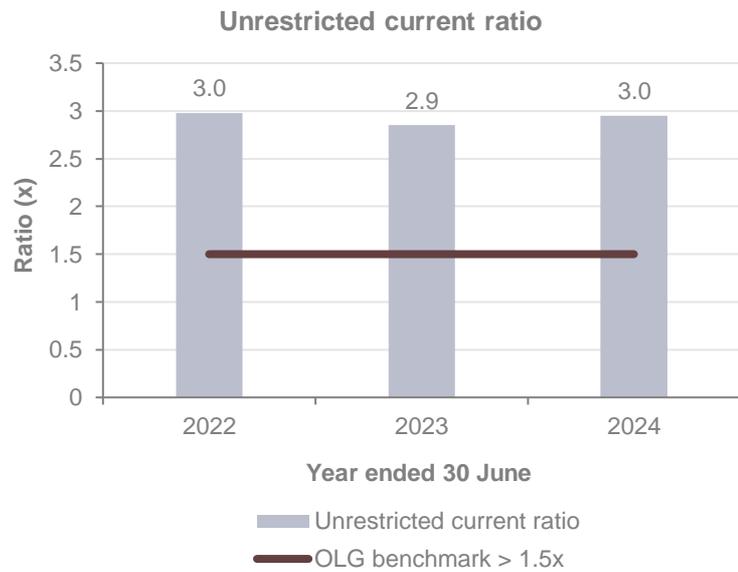
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council exceeded the benchmark for the current reporting period.

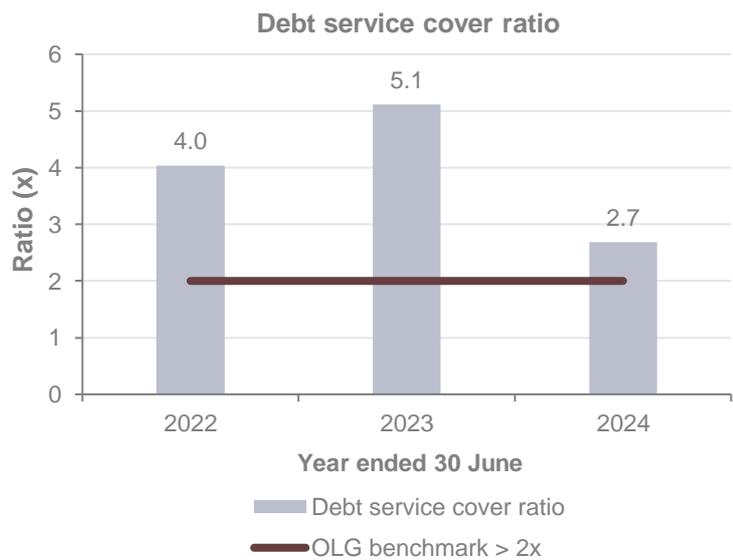
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council exceeded the benchmark for the current reporting period.

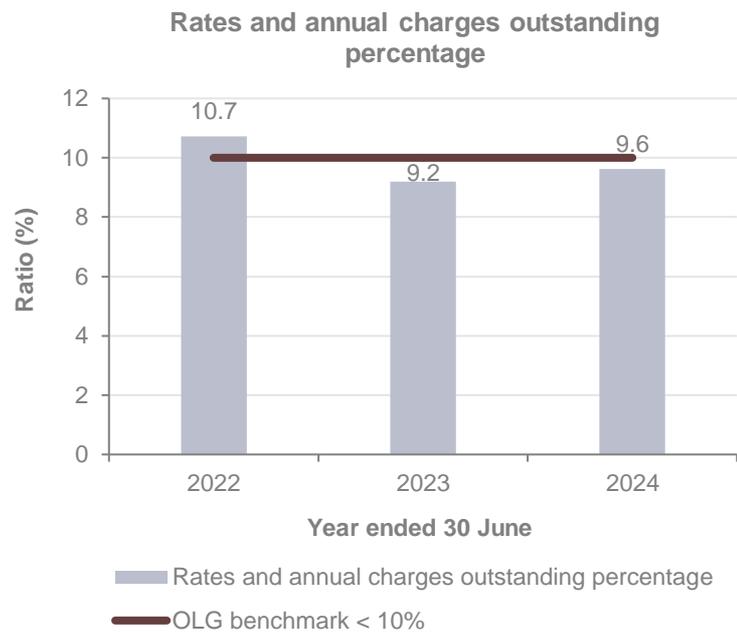
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council met the benchmark for the current reporting period.

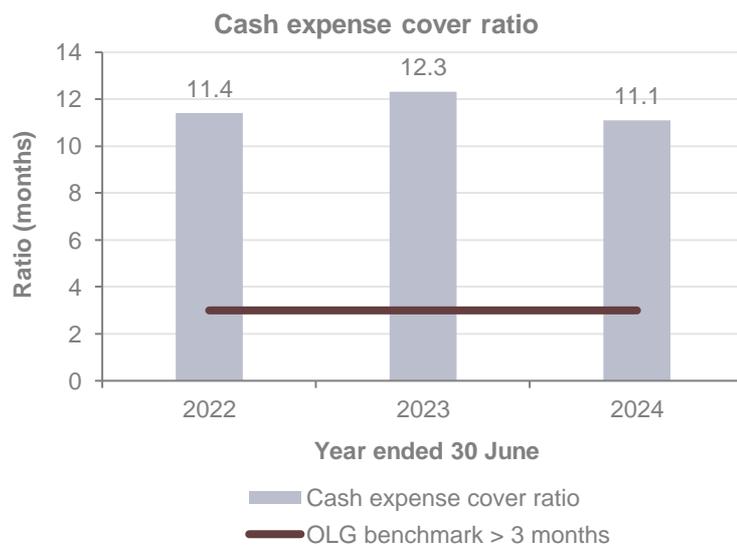
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

Council exceeded the benchmark for the current reporting period.

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.



Infrastructure, property, plant and equipment renewals

Council renewed \$38.4 million of infrastructure, property, plant and equipment during the 2023–24 financial year. This was mainly spent on roads, repairing assets damaged by natural disasters and plant and equipment. A further \$18.9 million was spent on new assets including:

- \$11.3 million on capital work in progress
- \$2.1 million on plant and equipment
- \$1.7 million on land improvements - depreciable.

OTHER MATTERS

Legislative compliance

My audit procedures did not identify any instances of material non-compliance with the financial reporting requirements in Chapter 13, Part 3, Division 2 of the LG Act and the associated regulation or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Quentin Wong

Delegate of the Auditor-General for New South Wales

Richmond Valley Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024



Richmond Valley Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Income Statement of Petersons Quarry	6
Income Statement of Woodview Quarry	7
Statement of Financial Position of water supply business activity	8
Statement of Financial Position of sewerage business activity	9
Statement of Financial Position of Petersons Quarry	10
Statement of Financial Position of Woodview Quarry	11
Note – Material accounting policy information	12
Auditor's Report on Special Purpose Financial Statements	15

Background

i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office 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 and 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 more than \$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 and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

Richmond Valley Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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:

- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections 3 and 4 of the NSW Department of Climate Change, Energy, the Environment and Water's (DCCEEW) *Regulatory and assurance framework for local water utilities, July 2022*

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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 22 October 2024.



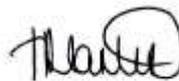
Robert Mustow
Mayor
22 October 2024



Stephen Morrissey
Deputy Mayor
22 October 2024



Vaughan Macdonald
General Manager
22 October 2024



Hayley Martin
Responsible Accounting Officer
22 October 2024

Richmond Valley Council

Income Statement of water supply business activity

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
Income from continuing operations			
Access charges		1,894	1,784
User charges		6,063	5,169
Interest and investment income		366	356
Fees		222	167
Grants and contributions provided for operating purposes		22	7
Total income from continuing operations		8,567	7,483
Expenses from continuing operations			
Employee benefits and on-costs		1,598	1,300
Materials and services		3,833	3,334
Depreciation, amortisation and impairment		1,955	1,814
Water purchase charges		1,385	1,314
Net loss from the disposal of assets		611	182
Calculated taxation equivalents		35	37
Total expenses from continuing operations		9,417	7,981
Surplus (deficit) from continuing operations before capital amounts		(850)	(498)
Grants and contributions provided for capital purposes		452	564
Surplus (deficit) from continuing operations after capital amounts		(398)	66
Surplus (deficit) from all operations before tax		(398)	66
Surplus (deficit) after tax		(398)	66
Plus opening accumulated surplus		27,988	27,885
Plus adjustments for amounts unpaid:			
– Taxation equivalent payments		35	37
Closing accumulated surplus		27,625	27,988
Return on capital %		(0.9)%	(0.6)%
Calculation of dividend payable:			
Surplus (deficit) after tax		(398)	66
Less: capital grants and contributions (excluding developer contributions)		(452)	(241)
Surplus for dividend calculation purposes		–	–
Potential dividend calculated from surplus		–	–

Richmond Valley Council

Income Statement of sewerage business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	8,161	7,733
User charges	1,779	1,551
Fees	197	230
Interest and investment income	591	568
Grants and contributions provided for operating purposes	28	–
Other income	18	3
Total income from continuing operations	10,774	10,085
Expenses from continuing operations		
Employee benefits and on-costs	1,656	1,486
Borrowing costs	433	517
Materials and services	4,498	3,619
Depreciation, amortisation and impairment	5,146	2,575
Net loss from the disposal of assets	306	95
Calculated taxation equivalents	74	40
Total expenses from continuing operations	12,113	8,332
Surplus (deficit) from continuing operations before capital amounts	(1,339)	1,753
Grants and contributions provided for capital purposes	2,419	1,537
Surplus (deficit) from continuing operations after capital amounts	1,080	3,290
Surplus (deficit) from all operations before tax	1,080	3,290
Less: corporate taxation equivalent (25%) [based on result before capital]	–	(438)
Surplus (deficit) after tax	1,080	2,852
Plus opening accumulated surplus	47,609	44,279
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	74	40
– Corporate taxation equivalent	–	438
Closing accumulated surplus	48,763	47,609
Return on capital %	(0.7)%	1.9%
Calculation of dividend payable:		
Surplus (deficit) after tax	1,080	2,852
Less: capital grants and contributions (excluding developer contributions)	(2,419)	(787)
Surplus for dividend calculation purposes	–	2,065
Potential dividend calculated from surplus	–	1,032

Richmond Valley Council

Income Statement of Petersons Quarry

for the year ended 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
Income from continuing operations		
Fees	860	1,290
Interest and investment income	117	99
Other income	20	454
Total income from continuing operations	997	1,843
Expenses from continuing operations		
Materials and services	135	122
Depreciation, amortisation and impairment	15	14
Calculated taxation equivalents	3	5
Total expenses from continuing operations	153	141
Surplus (deficit) from continuing operations before capital amounts	844	1,702
Surplus (deficit) from continuing operations after capital amounts	844	1,702
Surplus (deficit) from all operations before tax	844	1,702
Less: corporate taxation equivalent (25%) [based on result before capital]	(211)	(426)
Surplus (deficit) after tax	633	1,276
Plus opening accumulated surplus	3,108	2,853
Plus/less: prior period adjustments	–	(432)
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	3	5
– Corporate taxation equivalent	211	426
Less:		
– Dividend paid	(1,916)	(1,020)
Closing accumulated surplus	2,039	3,108
Return on capital %	40.8%	83.7%

Richmond Valley Council

Income Statement of Woodview Quarry

for the year ended 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
Income from continuing operations		
Fees	668	1,049
Interest and investment income	123	88
Other income	5	52
Total income from continuing operations	796	1,189
Expenses from continuing operations		
Borrowing costs	14	11
Materials and services	130	113
Depreciation, amortisation and impairment	9	8
Calculated taxation equivalents	13	15
Total expenses from continuing operations	166	147
Surplus (deficit) from continuing operations before capital amounts	630	1,042
Surplus (deficit) from continuing operations after capital amounts	630	1,042
Surplus (deficit) from all operations before tax	630	1,042
Less: corporate taxation equivalent (25%) [based on result before capital]	(158)	(261)
Surplus (deficit) after tax	472	781
Plus opening accumulated surplus	2,768	2,070
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	13	15
– Corporate taxation equivalent	158	261
Less:		
– Dividend paid	(1,412)	(359)
Closing accumulated surplus	1,999	2,768
Return on capital %	30.8%	50.2%

Richmond Valley Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	4,328	5,175
Investments	5,056	3,211
Receivables	1,764	1,676
Total current assets	11,148	10,062
Non-current assets		
Receivables	416	375
Infrastructure, property, plant and equipment	89,651	87,090
Total non-current assets	90,067	87,465
Total assets	101,215	97,527
LIABILITIES		
Current liabilities		
Payables	100	110
Total current liabilities	100	110
Non-current liabilities		
Payables	25	27
Total non-current liabilities	25	27
Total liabilities	125	137
Net assets	101,090	97,390
EQUITY		
Accumulated surplus	27,625	27,988
Revaluation reserves	73,465	69,402
Total equity	101,090	97,390

Richmond Valley Council

Statement of Financial Position of sewerage business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	9,926	11,821
Investments	3,022	2,837
Receivables	2,112	2,093
Total current assets	15,060	16,751
Non-current assets		
Receivables	493	471
Infrastructure, property, plant and equipment	125,422	118,379
Total non-current assets	125,915	118,850
Total assets	140,975	135,601
LIABILITIES		
Current liabilities		
Payables	76	94
Borrowings	1,673	1,584
Total current liabilities	1,749	1,678
Non-current liabilities		
Borrowings	6,236	7,909
Total non-current liabilities	6,236	7,909
Total liabilities	7,985	9,587
Net assets	132,990	126,014
EQUITY		
Accumulated surplus	48,763	47,609
Revaluation reserves	84,227	78,405
Total equity	132,990	126,014

Richmond Valley Council

Statement of Financial Position of Petersons Quarry

as at 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
ASSETS		
Current assets		
Investments	1,449	2,503
Total current assets	1,449	2,503
Non-current assets		
Infrastructure, property, plant and equipment	2,067	2,033
Total non-current assets	2,067	2,033
Total assets	3,516	4,536
Net assets	3,516	4,536
EQUITY		
Accumulated surplus	2,039	3,108
Revaluation reserves	1,477	1,428
Total equity	3,516	4,536

Richmond Valley Council

Statement of Financial Position of Woodview Quarry

as at 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
ASSETS		
Current assets		
Investments	1,693	2,440
Total current assets	1,693	2,440
Non-current assets		
Infrastructure, property, plant and equipment	2,090	2,099
Total non-current assets	2,090	2,099
Total assets	3,783	4,539
LIABILITIES		
Non-current liabilities		
Provisions	337	333
Total non-current liabilities	337	333
Total liabilities	337	333
Net assets	3,446	4,206
EQUITY		
Accumulated surplus	1,999	2,768
Revaluation reserves	1,447	1,438
Total equity	3,446	4,206

Note – Material accounting policy information

A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these special purpose financial statements 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) and Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993 (Act)*, the *Local Government (General) Regulation 2022 (Regulation)* and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, fair value of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in 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 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and 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 and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

Declared business activities

In accordance with *Pricing and 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

Council has leased out this quarry and receives rental payments from the sales tied to extraction rates of the lessee.

Note – Material accounting policy information (continued)

b. Woodview Quarry

Council has leased out this quarry and receives rental payments from the sales tied to extraction rates of the lessee.

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose 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 – **25.0%**

Land tax – the first \$755,000 of combined land values attracts **0%**. For the combined land values in excess of \$755,000 up to \$4,616,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,616,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **4.85%** on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with the Department of Climate Change, Energy, the Environment & Water – Water guidelines, 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 to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the DPIE – Water guidelines 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 the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account 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 25.0%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to 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 the SPFS.

The rate applied of 25.0% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

Note – Material accounting policy information (continued)

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

(i) 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. The overall effect of subsidies is contained within the Income Statements of business activities.

(ii) Return on investments (rate of return)

The NCP 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'.

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

The rate of return 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 4.30% at 30/6/24.

(iii) 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.

Each dividend must be calculated and approved in accordance with the DPIE – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2021 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to DPIE – Water.



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
Richmond Valley Council

To the Councillors of Richmond Valley Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Richmond Valley Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2024, the Statement of Financial Position of each Declared Business Activity as at 30 June 2024 and the Material accounting policy information note.

The Declared Business Activities of the Council are:

- water supply
- sewerage
- Petersons Quarry
- Woodview Quarry.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2024, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Material accounting policy information note and the Local Government Code of Accounting Practice and Financial Reporting 2023–24 (LG Code).

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the Material accounting policy information note to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 'Permissible income for general rates.

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in the Material accounting policy information note to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Quentin Wong
Delegate of the Auditor-General for New South Wales

23 October 2024
SYDNEY

Richmond Valley Council

SPECIAL SCHEDULES
for the year ended 30 June 2024



Richmond Valley Council

Special Schedules

for the year ended 30 June 2024

Contents	Page
Special Schedules:	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2024	6

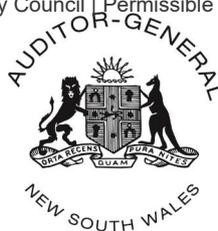
Richmond Valley Council

Permissible income for general rates

\$ '000	Notes	Calculation 2023/24	Calculation 2024/25
Notional general income calculation ¹			
Last year notional general income yield	a	15,624	16,311
Plus or minus adjustments ²	b	1	33
Notional general income	c = a + b	15,625	16,344
Permissible income calculation			
Percentage increase	d	3.70%	4.60%
Plus percentage increase amount ³	f = d x (c + e)	578	752
Sub-total	g = (c + e + f)	16,203	17,096
Plus (or minus) last year's carry forward total	h	22	(86)
Sub-total	j = (h + i)	22	(86)
Total permissible income	k = g + j	16,225	17,010
Less notional general income yield	l	16,311	17,020
Catch-up or (excess) result	m = k - l	(86)	(10)
Plus income lost due to valuation objections claimed ⁴	n	-	4
Carry forward to next year ⁶	p = m + n + o	(86)	(6)

Notes

- (1) 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.
- (2) 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 (NSW)*.
- (3) The 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).
- (4) 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.
- (6) 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 Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Richmond Valley Council

To the Councillors of Richmond Valley Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Richmond Valley Council (the Council) for the year ending 30 June 2025.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2023–24 (LG Code) and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Schedule' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have

received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2024.

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and the special purpose financial statements.

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.



Quentin Wong
Delegate of the Auditor-General for New South Wales

23 October 2024
SYDNEY

Richmond Valley Council

Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Buildings – specialised	175	175	402	639	74,699	101,055	48.1%	36.9%	14.6%	0.4%	0.0%
	Sub-total	175	175	402	639	74,698	101,055	48.1%	36.9%	14.6%	0.4%	0.0%
Other structures	Other structures	8	8	10	11	26,757	32,175	88.9%	9.0%	2.0%	0.1%	0.0%
	Sub-total	8	8	10	11	26,757	32,175	88.9%	9.0%	2.0%	0.1%	0.0%
Roads	Sealed roads	45,646	45,646	2,086	2,462	266,215	384,173	71.2%	19.5%	6.8%	1.5%	1.1%
	Unsealed roads	4,475	4,475	1,149	2,107	17,393	43,717	11.5%	45.5%	31.3%	10.7%	1.0%
	Bridges	7,645	7,645	73	89	101,863	141,353	16.5%	53.0%	18.4%	11.8%	0.2%
	Footpaths	30	30	45	262	22,238	23,682	92.7%	5.5%	1.4%	0.5%	0.0%
	Bulk earthworks	–	–	–	–	129,444	129,444	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	57,796	57,796	3,353	4,920	537,153	722,369	62.7%	23.7%	9.2%	3.8%	0.6%
Water supply network	Water supply network	852	852	537	590	85,074	123,957	37.8%	26.5%	32.9%	2.6%	0.2%
	Sub-total	852	852	537	590	85,074	123,957	37.8%	26.5%	32.9%	2.6%	0.2%
Sewerage network	Sewerage network	7,498	7,498	1,401	1,368	116,002	195,198	29.0%	25.7%	34.7%	7.9%	2.7%
	Sub-total	7,498	7,498	1,401	1,368	116,002	195,198	29.0%	25.7%	34.7%	7.9%	2.7%
Stormwater drainage	Stormwater drainage	1,770	1,770	197	292	61,179	76,204	38.6%	38.6%	16.5%	6.1%	0.2%
	Sub-total	1,770	1,770	197	292	61,179	76,204	38.6%	38.6%	16.5%	6.1%	0.2%

Richmond Valley Council

Report on infrastructure assets as at 30 June 2024 (continued)

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Open space / recreational assets	Other Open Space/Recreation	92	92	150	122	36,262	44,964	82.7%	13.3%	3.2%	0.5%	0.3%
	Sub-total	92	92	150	122	36,262	44,964	82.7%	13.3%	3.2%	0.5%	0.3%
	Total – all assets	68,191	68,191	6,050	7,942	937,125	1,295,922	54.0%	25.4%	15.8%	4.0%	0.8%

(a) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Richmond Valley Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2024	Indicator 2024	Indicators		Benchmark
			2023	2022	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	34,787	61.29%	182.51%	125.26%	> 100.00%
Depreciation, amortisation and impairment	56,761				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	68,191	6.86%	3.86%	6.01%	< 2.00%
Net carrying amount of infrastructure assets	993,760				
Asset maintenance ratio					
Actual asset maintenance	7,942	131.27%	177.87%	162.32%	> 100.00%
Required asset maintenance	6,050				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	68,191	5.26%	2.79%	4.21%	
Gross replacement cost	1,295,922				

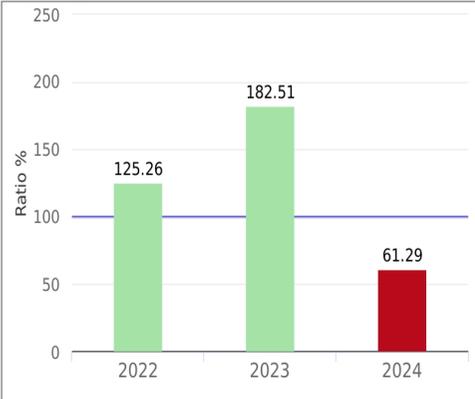
(*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Asset renewals represent the replacement and/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.

Richmond Valley Council

Report on infrastructure assets as at 30 June 2024

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result

23/24 ratio 61.29%

Council's building and infrastructure renewal ratio decreased to 61.29%. This is largely due to a number of new assets being constructed as Council has been successful in receiving capital grants over the past couple of years, along with an revised increase in impairment of infrastructure assets due to disaster restoration works.

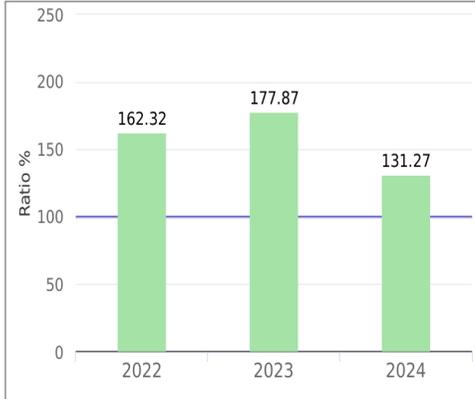
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark (Green)

Ratio is outside benchmark (Red)

Asset maintenance ratio



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 result

23/24 ratio 131.27%

Council's asset maintenance ratio has decreased slightly to 131.27, however remains above the benchmark of 100%.

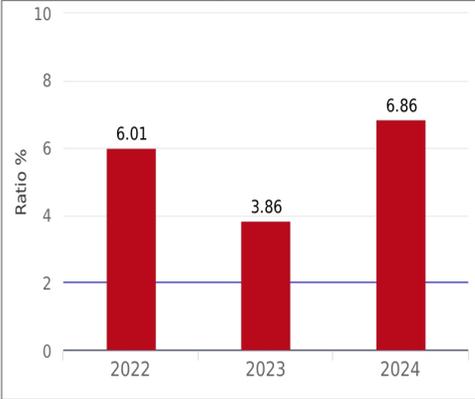
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark (Green)

Ratio is outside benchmark (Red)

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

23/24 ratio 6.86%

Council's infrastructure backlog ratio has increased to 6.86. This is due to a revised amount of impairment of infrastructure assets due to disaster restoration works.

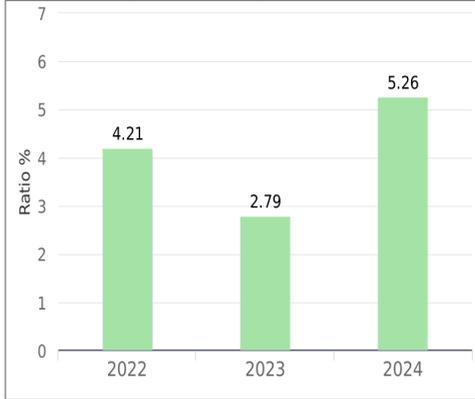
Benchmark: — < 2.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark (Green)

Ratio is outside benchmark (Red)

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

Commentary on result

23/24 ratio 5.26%

Council's outstanding renewals ratio is 5.26%. This is an increase from the previous year due to a revised amount of impairment of infrastructure assets due to disaster restoration works.

Richmond Valley Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2024	2023	2024	2023	2024	2023	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	57.34%	182.94%	∞	0.00%	∞	∞	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	7.55%	3.78%	1.00%	0.96%	6.46%	6.40%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	145.53%	214.57%	109.87%	111.45%	97.64%	93.71%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	6.13%	2.85%	0.69%	0.67%	3.84%	3.89%	

(1) Asset renewals represent the replacement and/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.