

Richmond Valley Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2011

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



Richmond Valley Council

General Purpose Financial Statements

for the financial year ended 30 June 2011

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Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Richmond Valley Council.

(ii) Richmond Valley Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

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

- carrying out activities and providing goods, services & facilities appropriate to the current & future needs of the Local community and of the wider public
- responsibility for administering regulatory requirements under the LGA and other applicable legislation, &
- a role in the management, improvement and development of the resources of the local government area.

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

(iii) All figures presented in these financial statements are presented in Australian Currency.

(iv) These financial statements were authorised for issue by the Council on 18/10/11.
Council has the power to amend and reissue the financial statements.

Richmond Valley Council

General Purpose Financial Statements for the financial year ended 30 June 2011

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 18 October 2011.



Col Sullivan
MAYOR



Shirley Wheatley
COUNCILLOR



Brian Wilkinson
GENERAL MANAGER



Ryan Gaiter
RESPONSIBLE ACCOUNTING OFFICER

Richmond Valley Council

Income Statement

for the financial year ended 30 June 2011

Budget ⁽¹⁾				Actual	Actual
2011	\$ '000		Notes	2011	2010
Income from Continuing Operations					
Revenue:					
16,220	Rates & Annual Charges		3a	16,445	15,730
12,206	User Charges & Fees		3b	12,646	13,728
1,003	Interest & Investment Revenue		3c	2,190	2,026
80	Other Revenues		3d	612	44
8,454	Grants & Contributions provided for Operating Purposes		3e,f	7,597	6,521
6,671	Grants & Contributions provided for Capital Purposes		3e,f	6,683	15,162
Other Income:					
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method		19	-	-
44,634	Total Income from Continuing Operations			46,173	53,211
Expenses from Continuing Operations					
15,082	Employee Benefits & On-Costs		4a	13,766	12,851
1,179	Borrowing Costs		4b	1,159	917
14,041	Materials & Contracts		4c	12,263	9,913
13,724	Depreciation & Amortisation		4d	13,486	12,920
-	Impairment		4d	-	-
3,969	Other Expenses		4e	3,507	3,982
-	Interest & Investment Losses		3c	-	-
-	Net Losses from the Disposal of Assets		5	4,810	1,027
47,995	Total Expenses from Continuing Operations			48,991	41,610
(3,361)	Operating Result from Continuing Operations			(2,818)	11,601
Discontinued Operations					
28	Net Profit/(Loss) from Discontinued Operations		24	(12,733)	565
(3,333)	Net Operating Result for the Year			(15,551)	12,166
(3,333)	Net Operating Result attributable to Council			(15,551)	12,166
-	Net Operating Result attributable to Minority Interests			-	-
(10,004)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes			(22,234)	(2,996)

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

Richmond Valley Council

Statement of Comprehensive Income for the financial year ended 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010
Net Operating Result for the year (as per Income statement)		(15,551)	12,166
Other Comprehensive Income			
Gain (loss) on revaluation of I,PP&E	20b (ii)	38,430	13,336
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	(2,038)	-
Other Movements in Reserves	20b (ii)	-	-
Total Other Comprehensive Income for the year		36,392	13,336
Total Comprehensive Income for the Year		20,841	25,502
Total Comprehensive Income attributable to Council		20,841	25,502
Total Comprehensive Income attributable to Minority Interests		-	-

Richmond Valley Council

Balance Sheet

as at 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010	Actual 2009
ASSETS				
Current Assets				
Cash & Cash Equivalents	6a	20,323	18,786	16,200
Investments	6b	4,775	4,424	8,629
Receivables	7	8,463	6,845	8,190
Inventories	8	1,977	2,613	5,071
Other	8	2,269	2,384	265
Non-current assets classified as 'held for sale'	22	-	-	-
Total Current Assets		37,807	35,052	38,355
Non-Current Assets				
Investments	6b	3,401	5,754	8,179
Receivables	7	1,923	2,020	1,080
Inventories	8	418	419	633
Infrastructure, Property, Plant & Equipment	9	511,127	487,790	463,159
Investments accounted for using the equity method	19	-	-	-
Investment Property	14	-	-	-
Intangible Assets	25	15	21	27
Total Non-Current Assets		516,884	496,004	473,078
TOTAL ASSETS		554,691	531,057	511,433
LIABILITIES				
Current Liabilities				
Payables	10	5,916	7,618	5,508
Borrowings	10	767	785	6,726
Provisions	10	5,178	5,507	5,534
Total Current Liabilities		11,861	13,910	17,768
Non-Current Liabilities				
Payables	10	501	378	1,839
Borrowings	10	16,024	11,353	12,136
Provisions	10	2,121	2,073	1,849
Total Non-Current Liabilities		18,646	13,804	15,824
TOTAL LIABILITIES		30,507	27,714	33,592
Net Assets		524,184	503,343	477,841
EQUITY				
Retained Earnings	20	330,889	342,253	330,087
Revaluation Reserves	20	193,295	161,090	147,754
Council Equity Interest		524,184	503,343	477,841
Minority Equity Interest		-	-	-
Total Equity		524,184	503,343	477,841

Richmond Valley Council

Statement of Changes in Equity for the financial year ended 30 June 2011

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2011						
Opening Balance (as per Last Year's Audited Accounts)		340,703	161,090	501,793	-	501,793
a. Correction of Prior Period Errors	20 (c)	1,550	-	1,550	-	1,550
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/10)		342,253	161,090	503,343	-	503,343
c. Net Operating Result for the Year		(15,551)	-	(15,551)	-	(15,551)
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	38,430	38,430	-	38,430
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(2,038)	(2,038)	-	(2,038)
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	36,392	36,392	-	36,392
Total Comprehensive Income (c&d)		(15,551)	36,392	20,841	-	20,841
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		4,187	(4,187)	-	-	-
Equity - Balance at end of the reporting period		330,889	193,295	524,184	-	524,184

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2010						
Opening Balance (as per Last Year's Audited Accounts)		328,537	147,754	476,291	-	476,291
a. Correction of Prior Period Errors	20 (c)	1,550	-	1,550	-	1,550
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/09)		330,087	147,754	477,841	-	477,841
c. Net Operating Result for the Year		12,166	-	12,166	-	12,166
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	13,336	13,336	-	13,336
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	13,336	13,336	-	13,336
Total Comprehensive Income (c&d)		12,166	13,336	25,502	-	25,502
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		342,253	161,090	503,343	-	503,343

Richmond Valley Council

Statement of Cash Flows

for the financial year ended 30 June 2011

Budget 2011	\$ '000	Notes	Actual 2011	Actual 2010
Cash Flows from Operating Activities				
Receipts:				
16,220	Rates & Annual Charges		16,447	15,475
14,265	User Charges & Fees		10,350	18,487
1,003	Investment & Interest Revenue Received		1,562	2,075
15,125	Grants & Contributions		13,772	23,598
80	Other		-	-
Payments:				
(15,152)	Employee Benefits & On-Costs		(13,428)	(14,440)
(14,446)	Materials & Contracts		(10,900)	(12,075)
(1,179)	Borrowing Costs		(1,159)	(917)
-	Bonds & Deposits Refunded		(61)	-
(4,855)	Other		(4,665)	(6,749)
11,061	Net Cash provided (or used in) Operating Activities	11b	11,918	25,454
Cash Flows from Investing Activities				
Receipts:				
-	Sale of Investment Securities		2,642	7,160
2,618	Sale of Real Estate Assets		514	1,156
4,498	Sale of Infrastructure, Property, Plant & Equipment		917	396
3	Deferred Debtors Receipts		8	85
Payments:				
(27,391)	Purchase of Infrastructure, Property, Plant & Equipment		(19,112)	(24,331)
-	Purchase of Real Estate Assets		(3)	1,055
(20,272)	Net Cash provided (or used in) Investing Activities		(15,034)	(14,480)
Cash Flows from Financing Activities				
Receipts:				
6,880	Proceeds from Borrowings & Advances		5,500	-
-	Proceeds from Residents Village Contributions		-	756
Payments:				
(856)	Repayment of Borrowings & Advances		(847)	(6,724)
-	Repayment of Residents Village Contributions		-	(2,418)
6,024	Net Cash Flow provided (used in) Financing Activities		4,653	(8,386)
(3,187)	Net Increase/(Decrease) in Cash & Cash Equivalents		1,537	2,587
18,786	plus: Cash & Cash Equivalents - beginning of year	11a	18,786	16,200
15,599	Cash & Cash Equivalents - end of the year	11a	20,323	18,786
Additional Information:				
	plus: Investments on hand - end of year	6b	8,176	10,178
	Total Cash, Cash Equivalents & Investments		28,499	28,964

Please refer to Note 11 for additional cash flow information.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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n/a - not applicable

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

- Australian Accounting Standards,
- Other authoritative pronouncements of the Australian Accounting Standards Board,
- Urgent Issues Group Interpretations,
- the Local Government Act (1993) and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

Because Australian Accounting Standards (AASB's) are sector neutral, some standards either:

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

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

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

(iii) Basis of Accounting

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

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

(iv) Changes in Accounting Policies

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

Unless otherwise stated, there have also been no changes in accounting policies when compared with previous financial statements.

(v) Critical Accounting Estimates

The preparation of these financial statements requires the use of certain critical accounting estimates (in conformity with AASB's).

It also requires Council management to exercise their judgement in the process of applying Council's accounting policies.

(b) Revenue recognition

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

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

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

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

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

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

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

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

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

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

User Charges, Fees and Other Income

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

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any Entities (or operations) that it **controls** (as at 30/6/11) and **(ii)** all the related operating results (for the financial year ended the 30th June 2011).

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

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

(i) The Consolidated Fund

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

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

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

- General Purpose Operations
- Water Supply
- Sewerage Service

(ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies.

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

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

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

(iii) Joint Ventures

Jointly Controlled Assets & Operations

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

Jointly Controlled Entities

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

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

(iv) Associated Entities

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

Such entities are usually termed Associates.

(v) County Councils

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

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

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

▪ **Richmond River County Council**

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

▪ **Far North Coast County Council**

(Far North Coast Weeds)

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

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

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

(vi) Additional Information

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

(d) Leases

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

Finance Leases

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

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

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

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

The interest element of the finance charge is costed to the income statement over the lease period so as

to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

- cash **on hand**,
- deposits held **at call** with financial institutions,
- other short-term, highly liquid investments **with original maturities of three months or less** that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and
- bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

(f) Investments and Other Financial Assets

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

- **financial assets at fair value through profit or loss**,
- **loans and receivables**,

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

- **held-to-maturity investments**, and
- **available-for-sale financial assets**.

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

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

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

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

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

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

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

(ii) Loans and receivables

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

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

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

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

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

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

Financial Assets – Reclassification

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

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

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

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

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

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

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

When securities classified as "**available-for-sale**" are sold or impaired, the accumulated fair value

adjustments are included in the income statement as gains and losses from investment securities.

Impairment

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

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

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

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

(iii) Types of Investments

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

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

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

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(g) Fair value estimation

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

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

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

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

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

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

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

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

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

(h) Receivables

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

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

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

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

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

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

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

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

Acquisition of assets

Council's non current assets have been progressively revalued to fair value in accordance with a staged implementation as advised by the Division of Local Government.

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

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks**
Which are carried at Fair Value(generally based upon Depreciated Replacement Costs).
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**
(External Valuation)
- **Plant and Equipment**
(as approximated by depreciated historical cost)

- **Roads Assets incl. roads, bridges & footpaths**
(Internal Valuation)
- **Drainage Assets** (Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Community Land** (External Valuation)
- **Land Improvements**
(External Valuation as approximated by depreciated historical cost)
- **Other Structures**
(External Valuation as approximated by depreciated historical cost)
- **Other Assets**
(as approximated by depreciated historical cost)

All asset classes have now been re-valued to fair value.

Initial Recognition

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

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

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

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

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

Asset Revaluations (including Indexation)

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

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

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water - Rates Reference Manual.

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

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

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

Capitalisation Thresholds

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

Land

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

Plant & Equipment

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

Buildings & Land Improvements

Park Furniture & Equipment	> \$2,000
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Building

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

Other Structures

> \$2,000

Water & Sewer Assets

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

Stormwater Assets

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

Transport Assets

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

Bridge construction & reconstruction

100% Capitalised

Depreciation

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

Land is not depreciated.

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

Plant & Equipment

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

Other Equipment

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

Buildings	
- Buildings	10 to 100 years
<hr/>	
Stormwater Drainage	
- Drains	80 to 100 years
- Culverts	50 to 80 years
<hr/>	
Transportation Assets	
- Sealed Roads : Surface	12 to 36 years
- Sealed Roads : Structure	36 to 60 years
- Unsealed roads	10 years
- Bridge : Concrete	120 years
- Bridge : Doolan Deck	100 years
- Bridge : Timber	50 years
- Kerb and Gutter	60 years
- Footpaths and Cycleways	15 to 60 years
- Minor and Major Culverts	60 years
<hr/>	
Water & Sewer Assets	
- Dams and reservoirs	40 to 100 years
- Treatment Plant structure	15 to 70 years
- Treatment Plant mech & elect	15 to 35 years
- Pump Station structure	15 to 70 years
- Pump Station mech & elect	15 to 45 years
- Reticulation pipes : PVC	70 to 80 years
- Reticulation pipes : Other	70 to 80 years
<hr/>	
Other Infrastructure Assets	
- Bulk earthworks	Infinite

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

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

Disposal and De-recognition

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

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

(k) Land

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

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

(l) Land under roads

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

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

Any land under roads that was recognised before 1 July 2008 has been derecognised at 1 July 2008 against the opening balance of retained earnings. As a result of this, Council derecognised land under roads assets of \$841,360 during 2008/2009.

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

(m) Intangible Assets

Doolan Deck Patent

Council has purchased the right to manufacture bridge units for itself and sale to other entities using the 'Doolan Deck' modular system. This right will contribute to the future generation of Councils bridge and pre-stressing business unit. Amortisation is calculated on a straight line basis over the remaining life of the right to manufacture bridge units utilising the 'Doolan Deck' modular system.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(n) Crown Reserves

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

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

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

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

(o) Rural Fire Service assets

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

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

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

(p) Investment property

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

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

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

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

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

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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

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

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

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

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(s) Impairment of assets

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

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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 non-cash generating assets of Council such as roads, drains, public buildings etc - value in use is represented by the "deprival value" of the asset which is approximated as its written down replacement cost.

Council's infrastructure assets sustained significant damage during the December 2010/January 2011 floods. Whilst flood restoration works have commenced in 2010/2011, as at 30 June 2011 there is remaining impairment of the road network of \$1.468 million and the stormwater drainage network of \$570,000. This is the estimated cost remaining to restore the road and stormwater drainage network to pre-disaster condition.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

(t) Payables

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

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

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

(v) Borrowing costs

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

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.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Council's outstanding borrowings during the year.

(w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

(x) Employee benefits

(i) Short Term Obligations

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

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

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

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

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

(ii) Other Long Term Obligations

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

These liabilities are measured at the present value of the expected future payments to be made using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities.

As a result, they have asked for significant increases in future contributions to recover that deficiency.

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

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

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

Define Contribution Plans

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

(iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/11.

(y) Self insurance

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

No provisions for future claims have been provided at Note 10. These claims are recognised when insurance claim events occur.

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

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

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

Exceptions

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

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(aa) Taxes

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

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

Goods & Services Tax (GST)

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

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

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

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

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

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

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

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2011.

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

AASB 9 Financial Instruments, AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2013 but is available for early adoption.

When adopted, the standard will affect in particular the Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

Applicable to Local Government but no implications for Council;

AASB 2009 14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (effective from 1 January 2011)

In December 2009, the AASB made an amendment to Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme.

It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. Council does not make any such prepayments.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)

Amendments made to AASB 7 Financial Instruments: Disclosures in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets.

The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties.

They are not expected to have any significant impact on Council's disclosures.

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

None

Not applicable to Local Government per se;

Revised AASB 124 Related Party Disclosures and AASB 2009 12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures.

It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively.

The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.

AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia.

Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements.

Local Government are specifically excluded from adopting the new Australian Accounting Standards – Reduced Disclosure Requirements.

AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (effective from 1 January 2012)

In December 2010, the AASB amended AASB 112 Income Taxes to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model.

AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale.

Council is not subject to Income Tax and accordingly this amendment will have no impact on future financial statements.

(ac) Rounding of amounts

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

(ad) Comparative Figures

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

(ae) Disclaimer

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2011	2011	2010	2011	2011	2010	2011	2011	2010	2011	2010	2011	2010
Governance	-	-	-	926	823	794	(926)	(823)	(794)	-	-	-	-
Administration	342	473	949	233	385	486	109	88	463	13	9	47,985	45,992
Public Order & Safety	1,620	484	543	1,233	1,136	1,109	387	(652)	(566)	359	458	3,563	3,204
Health	239	202	187	796	796	772	(557)	(594)	(585)	-	-	707	531
Environment	4,148	4,171	4,037	5,308	4,563	3,979	(1,160)	(392)	58	174	212	29,118	27,978
Community Services & Education	-	-	-	33	34	30	(33)	(34)	(30)	-	-	6	8,239
Housing & Community Amenities	1,456	1,204	1,649	3,158	2,997	2,732	(1,702)	(1,793)	(1,083)	179	157	1,766	1,354
Water Supplies	4,965	5,012	4,985	5,445	5,483	5,351	(480)	(471)	(366)	164	79	55,051	53,151
Sewerage Services	7,360	7,623	7,645	6,129	8,134	5,454	1,231	(511)	2,191	771	545	74,407	70,736
Recreation & Culture	2,966	3,815	3,368	4,062	4,435	2,858	(1,096)	(620)	510	2,893	2,913	54,978	41,617
Mining, Manufacturing & Construction	91	271	722	(32)	76	-	123	195	722	-	3	3,241	3,679
Transport & Communication	5,645	6,319	11,457	16,476	15,711	12,957	(10,831)	(9,392)	(1,500)	2,606	8,637	268,482	253,357
Economic Affairs	3,292	3,069	5,462	4,228	4,583	5,732	(936)	(1,514)	(270)	1	29	15,387	21,221
Total Functions & Activities	32,124	32,643	41,004	47,995	49,156	42,254	(15,871)	(16,513)	(1,250)	7,160	13,041	554,691	531,057
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income ¹	12,510	13,695	12,851	-	-	-	12,510	13,695	12,851	4,817	4,466	-	-
Operating Result from Continuing Operations	44,634	46,338	53,855	47,995	49,156	42,254	(3,361)	(2,818)	11,601	11,977	17,507	554,691	531,057

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER & SAFETY

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

HEALTH

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

ENVIRONMENT

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

COMMUNITY SERVICES & EDUCATION

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

HOUSING & COMMUNITY AMENITIES

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

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION & CULTURE

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

MINING, MANUFACTURING & CONSTRUCTION

Quarries & pits.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

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

Richmond Valley Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		4,809	4,639
Farmland		1,529	1,476
Business		1,053	1,024
Total Ordinary Rates		7,391	7,139
Special Rates			
Nil			
Total Special Rates		-	-
Annual Charges (pursuant to s.496, s.501 & s.611)			
Domestic Waste Management Services		2,340	2,221
Stormwater Management Services		191	191
Water Supply Services		851	664
Sewerage Services		5,320	5,166
Waste Management Services (non-domestic)		352	349
Total Annual Charges		9,054	8,591
TOTAL RATES & ANNUAL CHARGES		16,445	15,730

Council has used 2008 year valuations provided by the NSW Valuer General in calculating its rates.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		3,294	3,295
Sewerage Services		623	566
Waste Management Services (non-domestic)		23	7
Total User Charges		3,940	3,868
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s608 & 610A)			
Planning & Building Regulation		505	627
Private Works - Section 67		2,258	4,580
Regulatory/ Statutory Fees		87	81
Registration Fees		143	134
Total Fees & Charges - Statutory/Regulatory		2,993	5,422
(ii) Fees & Charges - Other (incl. General User Charges (per s.610C))			
Aerodromes		11	16
Casino Showground		18	19
Cemeteries		259	263
Richmond Upper Clarence Regional Library		13	-
Plant Hire (External)		133	670
Rent / Hire of Council Property		186	129
RTA Charges (State Roads not controlled by Council)		3,033	1,397
Saleyards		870	876
Sports Grounds		29	28
Waste Disposal Tipping Fees		884	790
Other		277	250
Total Fees & Charges - Other		5,713	4,438
TOTAL USER CHARGES & FEES		12,646	13,728

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		160	127
- Interest earned on Investments (interest & coupon payment income)		1,383	1,369
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		640	530
Other		7	-
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>2,190</u>	<u>2,026</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges		160	66
General Council Cash & Investments		1,319	530
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		57	105
- Section 64		195	186
Water Fund Operations		60	90
Sewerage Fund Operations		399	365
Domestic Waste Management operations		-	153
Other Externally Restricted Assets		-	106
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		-	425
<u>Total Interest & Investment Revenue Recognised</u>		<u>2,190</u>	<u>2,026</u>
(d). Other Revenues			
Fines		31	44
Insurance Claim Recoveries		57	-
Assets Recognised - Richmond Upper Clarence Regional Library		524	-
<u>TOTAL OTHER REVENUE</u>		<u>612</u>	<u>44</u>

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	2011 Operating	2010 Operating	2011 Capital	2010 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance - General Component	3,220	3,012	-	-
Financial Assistance - Local Roads Component	1,381	1,248	-	-
Pensioners' Rates Subsidies - General Component	216	206	-	-
Total General Purpose	4,817	4,466	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	79	79	-	-
- Sewerage	79	81	-	-
- Domestic Waste Management	91	89	-	-
Water Supplies	7	-	79	-
Sewerage Services	4	-	687	463
Bushfire & Emergency Services	273	265	86	175
Coastal Reserve Management	-	22	-	-
Community Centres	-	-	2,613	522
Economic Development	-	29	-	-
Employment & Training Programs	13	12	-	-
Evans Head Memorial Aerodrome Heritage	-	-	21	47
Evans Head Memorial Aerodrome Remediation	186	-	-	-
Library	-	-	22	-
Library- Richmond Upper Clarence Regional	123	85	-	350
Natural Disaster Funding	419	296	1,143	5,610
Parks & Gardens	-	-	10	4
Public Halls	-	-	-	51
Strategic Planning	66	41	-	-
Street Lighting	84	82	-	-
Sporting Grounds	-	-	57	43
Swimming Pools	-	-	-	1,804
Transport (Roads to Recovery)	-	-	694	693
Transport (Other Roads & Bridges Funding)	-	-	211	2,043
Waste and Sustainability Improvements	83	42	-	-
Other	30	47	-	66
Total Specific Purpose	1,537	1,170	5,623	11,871
Total Grants	6,354	5,636	5,623	11,871
Grant Revenue is attributable to:				
- Commonwealth Funding	4,787	4,679	3,342	6,832
- State Funding	1,567	1,369	2,281	6,352
- Other Funding	-	(412)	-	(1,313)
	6,354	5,636	5,623	11,871

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	2011 Operating	2010 Operating	2011 Capital	2010 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 94 - Contributions towards amenities/services	-	-	145	566
S 94A - Fixed Development Consent Levies	-	-	68	-
S 64 - Water Supply Contributions	-	-	264	331
S 64 - Sewerage Service Contributions	-	-	16	485
Total Developer Contributions	-	-	493	1,382
	17			
Other Contributions:				
Dedications (other than by S94)	-	-	120	1,480
Library - Richmond Upper Clarence Regional	227	-	-	-
Roads & Bridges	6	2	-	-
RTA Contributions (Regional/Local, Block Grant)	769	704	-	-
Saleyards	-	-	56	-
Sewerage (excl. Section 64 contributions)	-	-	256	-
Sports Grounds	-	-	38	-
Swimming Pools	-	-	-	330
Water Supplies (excl. Section 64 contributions)	-	-	30	-
Other	241	179	67	99
Total Other Contributions	1,243	885	567	1,909
Total Contributions	1,243	885	1,060	3,291
TOTAL GRANTS & CONTRIBUTIONS	7,597	6,521	6,683	15,162

Richmond Valley Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2011	Actual 2010
(g). Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	8,288	10,932
add: Grants and contributions recognised in the current period which have not been spent:	2,415	3,435
less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(3,105)	(6,079)
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	(690)	(2,644)
Unexpended at the Close of this Reporting Period and held as Restricted Assets	7,598	8,288
Comprising:		
- Specific Purpose Unexpended Grants	1,571	2,005
- Developer Contributions	5,571	5,873
- Other Contributions	456	410
	7,598	8,288

Richmond Valley Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
(a) Employee Benefits & On-Costs			
Salaries and Wages		9,674	9,696
Employee Leave Entitlements (ELE)		2,168	1,778
Superannuation		1,561	1,588
Workers' Compensation Insurance		667	896
Fringe Benefit Tax (FBT)		9	7
Payroll Tax		101	104
Training Costs (other than Salaries & Wages)		237	238
Other		111	61
Total Employee Costs		14,528	14,368
less: Capitalised Costs		(762)	(1,517)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>		<u>13,766</u>	<u>12,851</u>
Number of "Equivalent Full Time" Employees at year end		202	205
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		1,056	820
Total Interest Bearing Liability Costs		1,056	820
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		1,056	820
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	103	97
Total Other Borrowing Costs		103	97
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>1,159</u>	<u>917</u>

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(c) Materials & Contracts			
Raw Materials & Consumables		11,602	9,272
Auditors Remuneration			
- Audit Services: Council's Auditor		53	50
Legal Expenses:			
- Legal Expenses: Planning & Development		15	29
- Legal Expenses: Other		102	142
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽¹⁾		491	420
Total Materials & Contracts		12,263	9,913
less: Capitalised Costs		-	-
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>12,263</u>	<u>9,913</u>
1. Operating Lease Payments are attributable to:			
- Buildings		15	15
- Computers		342	290
- Motor Vehicles		124	124
- Other		10	(9)
		491	420

Richmond Valley Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2011	Actual 2010	Actual 2011	Actual 2010
Plant and Equipment		-	-	1,456	1,652
Office Equipment		-	-	37	48
Furniture & Fittings		-	-	45	37
Land Improvements (depreciable)		-	-	188	190
Buildings - Specialised		-	-	953	880
Other Structures		-	-	531	477
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	6,887	6,873
- Stormwater Drainage		-	-	493	324
- Water Supply Network		-	-	1,283	1,232
- Sewerage Network		-	-	1,661	1,601
Other Assets					
- Library Books		-	-	73	-
Asset Reinstatement Costs	9 & 26	-	-	70	100
Intangible Assets	25	-	-	6	6
Total Depreciation & Impairment Costs		-	-	13,683	13,420
less: Capitalised Costs		-	-	(197)	(500)
less: Impairments offset in ARR (Equity)	9a	-	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	13,486	12,920

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		288	257
Bad & Doubtful Debts		-	37
Bank Charges		38	-
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy		31	30
- NSW Fire Brigade Levy		94	87
- NSW Rural Fire Service Levy		296	234
- Richmond Upper Clarence Regional Library		-	536
- Waste Levy		327	298
Councillor Expenses - Mayoral Fee		20	19
Councillor Expenses - Councillors' Fees		92	93
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		17	20
Donations, Contributions & Assistance to other organisations (Section 356)		344	384
Electricity & Heating		557	599
Insurance		765	786
Street Lighting		313	289
Subscriptions & Publications		98	79
Telephone & Communications		164	173
Valuation Fees		58	55
Other		5	6
Total Other Expenses		3,507	3,982
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>3,507</u>	<u>3,982</u>

Richmond Valley Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2011	Actual 2010
Property (excl. Investment Property)			
Proceeds from Disposal		-	-
less: Carrying Amount of Property Assets Sold / Written Off		(642)	(6)
Net Gain/(Loss) on Disposal		(642)	(6)
Plant & Equipment			
Proceeds from Disposal		917	396
less: Carrying Amount of P&E Assets Sold		(1,021)	(408)
Net Gain/(Loss) on Disposal		(104)	(12)
Infrastructure			
Proceeds from Disposal		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(4,211)	(1,649)
Net Gain/(Loss) on Disposal		(4,211)	(1,649)
Real Estate Assets Held For Sale			
Proceeds from Disposal		210	1,490
less: Carrying Amount of Real Estate Assets Sold		(63)	(850)
Net Gain/(Loss) on Disposal		147	640
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(4,810)	(1,027)

Richmond Valley Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 6a. - Cash Assets and Note 6b. - Investment Securities

\$ '000	Notes	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		4,057	-	3,396	-
Cash-Equivalent Assets ¹ - Deposits at Call		16,266	-	15,390	-
Total Cash & Cash Equivalents		20,323	-	18,786	-
Investment Securities (Note 6b)					
- Managed Funds		2,073	-	1,983	-
- NCD's, FRN's (with Maturities > 3 months)		505	-	-	481
- CDO's		1,275	690	987	1,884
- Listed Equity Securities		922	2,289	-	2,966
- Other Long Term Financial Assets		-	422	1,454	423
Total Investment Securities		4,775	3,401	4,424	5,754
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		25,098	3,401	23,210	5,754

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

AASB 139 Classifications:**Cash & Cash Equivalents**

a. "At Fair Value through the Profit & Loss"	20,323	-	18,786	-
--	---------------	----------	---------------	----------

Investments

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	4,775	3,401	4,424	5,754
Investments		4,775	3,401	4,424	5,754

Note 6(b-i)**Reconciliation of Investments classified as
"At Fair Value through the Profit & Loss"**

Balance at the Beginning of the Year	4,424	5,754	8,629	8,179
Revaluations (through the Income Statement)	409	231	338	192
Disposals (sales & redemptions)	(2,642)	-	(6,770)	(390)
Transfers between Current/Non Current	2,584	(2,584)	2,228	(2,228)
Balance at End of Year	4,775	3,401	4,424	5,754

Comprising:

- Managed Funds	2,073	-	1,983	-
- NCD's, FRN's (with Maturities > 3 months)	505	-	-	481
- CDO's	1,275	690	987	1,884
- Listed Equity Securities	922	2,289	-	2,966
- Other Long Term Financial Assets	-	422	1,454	422
Total	4,775	3,401	4,424	5,754

Richmond Valley Council

Notes to the Financial Statements for the financial year ended 30 June 2011

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

\$ '000	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	25,098	3,401	23,210	5,754
attributable to:				
External Restrictions (refer below)	20,673	3,401	16,276	5,754
Internal Restrictions (refer below)	4,425	-	6,934	-
Unrestricted	-	-	-	-
	25,098	3,401	23,210	5,754

2011 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-Sewer (A)	-	1,360	-	1,360
Bonds & Deposits	311	-	(88)	223
External Restrictions - Included in Liabilities	311	1,360	(88)	1,583

External Restrictions - Other

Developer Contributions - General (D)	1,530	628	(904)	1,254
Developer Contributions - Water Fund (D)	2,279	-	(140)	2,139
Developer Contributions - Sewer Fund (D)	2,064	114	-	2,178
Specific Purpose Unexpended Grants (F)	2,005	-	(434)	1,571
Water Supplies (G)	1,609	-	(17)	1,592
Sewerage Services (G)	7,868	1,843	-	9,711
Domestic Waste Management (G)	2,214	524	(628)	2,110
Stormwater Management (G)	108	201	(234)	75
Residents Village Bequests	13	-	(13)	-
Silver Sands Holiday Park	1,527	1,672	(1,860)	1,339
Other	501	226	(206)	521
External Restrictions - Other	21,719	5,208	(4,436)	22,491
Total External Restrictions	22,030	6,568	(4,524)	24,074

- A** Loan moneys which must be applied for the purposes for which the loans were raised.
- D** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- F** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- G** Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Richmond Valley Council

Notes to the Financial Statements for the financial year ended 30 June 2011

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

2011 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	997	5,081	(5,926)	152
Real Estate & Infrastructure Replacement	287	261	(548)	-
Employees Leave Entitlement	346	56	(13)	389
Carry Over Works	272	409	(272)	409
Casino Saleyards	387	938	(905)	420
Community Facilities & Public Halls Maintenance Fund	83	20	(49)	54
Insurance	320	32	(300)	52
Mid Richmond Residents Village	39	-	(39)	-
Office Equipment	16	-	(16)	-
Other Waste Management	1,711	898	(991)	1,618
Petersons Quarry	216	547	(328)	435
Public Cemeteries Perpetual Maintenance	284	50	-	334
Quarry Rehabilitation	28	49	(35)	42
RTA State Roads Maintenance Contract	471	3,033	(3,504)	0
Rural Road Safety	16	70	(86)	0
Unexpended Rates Variations	532	70	(532)	70
Woodview Quarry	902	1,093	(1,786)	209
Workers Compensation Incentive Works	25	-	(25)	0
Richmond Upper Clarence Regional Library	-	1,060	(821)	239
Total Internal Restrictions	6,934	13,667	(16,176)	4,425
TOTAL RESTRICTIONS	28,964	20,235	(20,700)	28,499

Notes on Receivables (listed on the next page) below:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 9.00% (2010 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Richmond Valley Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 7. Receivables

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		304	449	314	440
Interest & Extra Charges		133	125	107	100
User Charges & Fees		5,346	896	4,124	829
Capital Debtors (being sale of assets)					
- Sale of Land		-	-	304	-
Accrued Revenues					
- Interest on Investments		117	-	180	-
Government Grants & Subsidies		1,419	-	1,197	-
Deferred Debtors		8	22	8	30
Bank Guarantees		310	287	310	164
Bridge Construction		292	144	212	457
Net GST Receivable		254	-	76	-
Other Debtors		364	-	137	-
Total		8,547	1,923	6,969	2,020
less: Provision for Impairment					
Rates & Annual Charges		(84)	-	(84)	-
User Charges & Fees		-	-	(40)	-
Total Provision for Impairment - Receivables		(84)	-	(124)	-
<u>TOTAL NET RECEIVABLES</u>		<u>8,463</u>	<u>1,923</u>	<u>6,845</u>	<u>2,020</u>
Externally Restricted Receivables					
Water Supply					
- Specific Purpose Grants		93	-	92	-
- Rates & Availability Charges		2	2	2	2
- Other		1,235	389	1,383	1
Sewerage Services					
- Specific Purpose Grants		280	-	79	-
- Rates & Availability Charges		3	2	3	3
- Other		1,675	508	2,003	1
Domestic Waste Management		103	96	94	88
Stormwater Management		9	9	8	8
Other					
- Bank Guarantees		310	287	310	164
Total External Restrictions		3,710	1,293	3,974	267
Internally Restricted Receivables					
Nil					
Unrestricted Receivables		4,753	630	2,871	1,753
TOTAL NET RECEIVABLES		8,463	1,923	6,845	2,020

Refer to Notes on Debtors located on the previous page.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 8. Inventories & Other Assets

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		361	418	420	419
Stores & Materials		1,616	-	2,193	-
Total Inventories		1,977	418	2,613	419
Other Assets					
Prepayments		526	-	317	-
MRRV Accommodation Bonds @ 30/06/1		-	-	1,861	-
MRRV Employee Leave Entitlements 90%		-	-	206	-
Work In Progress - Real Estate		1,743	-	-	-
Total Other Assets		2,269	-	2,384	-
TOTAL INVENTORIES / OTHER ASSETS		4,246	418	4,997	419

Externally Restricted Assets

There are no restrictions applicable to the above assets.

(i) Other Disclosures

(a) Details for Real Estate Development

Residential	239	393	239	394
Industrial/Commercial	122	25	181	25
Total Real Estate for Resale	361	418	420	419

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

Represented by:

Acquisition Costs	243	393	239	394
Development Costs	118	25	181	25
Total Costs	361	418	420	419
less: Provision for Under Recovery	-	-	-	-
Total Real Estate for Resale	361	418	420	419

Movements:

Real Estate assets at beginning of the year	420	419	210	633
- Purchases and other costs	4	(1)	-	-
- WDV of Sales (exp)	(63)	-	-	-
- Other	-	-	210	(214)
Total Real Estate for Resale	361	418	420	419

(b) Current Assets not anticipated to be settled within the next 12 months

2011 2010

The following Inventories & Other Assets, even though classified as current are not expected to be recovered in the next 12 months;

Real Estate for Resale

- -

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2010					Asset Movements during the Reporting Period								as at 30/6/2011				
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Impairment Loss (recognised in Equity)	WIP Transfers	Adjustments & Transfers	Other Movements (Assets Recognised)	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Deprec.	Impairment	Value									Cost	Fair Value	Dep'n	Impairment	Value
Capital Work in Progress	13,373	-	-	-	13,373	6,326	-	-	-	(9,820)	-	-	-	9,879	-	-	-	9,879
Plant & Equipment	-	19,309	9,455	-	9,854	2,515	(1,126)	(1,456)	-	-	-	141	-	-	19,232	9,304	-	9,928
Office Equipment	-	849	720	-	129	5	(11)	(39)	-	-	-	6	-	-	843	753	-	90
Furniture & Fittings	-	1,044	622	-	422	15	(190)	(51)	-	-	-	35	-	-	675	444	-	231
Land:																		
- Operational Land	-	21,120	-	-	21,120	126	(336)	-	-	-	115	-	3,288	-	24,313	-	-	24,313
- Community Land	-	21,248	-	-	21,248	-	(3,380)	-	-	-	(115)	-	6,163	-	23,916	-	-	23,916
- Land under Roads (post 30/6/08)	-	-	-	-	-	12	-	-	-	-	-	-	130	-	142	-	-	142
Land Improvements - non depreciable	-	1,579	-	-	1,579	-	-	-	-	547	1,017	-	27	-	3,170	-	-	3,170
Land Improvements - depreciable	-	7,441	2,983	-	4,458	70	(517)	(206)	-	205	(1,315)	-	2,101	-	8,180	3,384	-	4,796
Buildings - Non Specialised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings - Specialised	-	58,972	27,895	-	31,077	781	(7,604)	(1,104)	-	1,755	(3)	-	1,691	-	52,140	25,547	-	26,593
Other Structures	-	17,252	9,522	-	7,730	465	(792)	(562)	-	2,615	301	-	2,116	-	21,493	9,620	-	11,873
Infrastructure:																		
- Roads, Bridges, Footpaths	-	282,333	99,801	-	182,532	1,959	(1,055)	(6,887)	(1,468)	2,333	-	-	14,336	-	306,022	112,804	1,468	191,750
- Bulk Earthworks (non-depreciable)	-	59,097	-	-	59,097	8	-	-	-	-	-	-	4,893	-	63,998	-	-	63,998
- Stormwater Drainage	-	40,476	17,167	-	23,309	81	(6)	(493)	(570)	493	-	-	365	-	41,675	17,926	570	23,179
- Water Supply Network	-	79,493	31,824	-	47,669	1,480	(665)	(1,283)	-	922	-	-	1,430	-	82,705	33,152	-	49,553
- Sewerage Network	-	116,877	53,893	-	62,984	4,564	(2,485)	(1,661)	-	950	-	-	1,890	-	120,057	53,815	-	66,242
Other Assets:																		
- Library Books	-	-	-	-	-	107	(1)	(73)	-	-	-	348	-	-	1,213	832	-	381
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)																		
- Tip Asset	1,724	-	891	-	833	-	(38)	(41)	-	-	-	-	-	1,686	-	932	-	754
- Quarry Asset	490	-	114	-	376	-	(8)	(29)	-	-	-	-	-	482	-	143	-	339
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	15,587	727,090	254,887	-	487,790	18,514	(18,214)	(13,885)	(2,038)	-	-	530	38,430	12,047	769,774	268,656	2,038	511,127

* Additions to Buildings and Infrastructure are made up of Asset Renewals (\$4,128) and New Assets (\$4,745). Renewals are defined as replacements of existing assets as opposed to the acquisition of new assets.

Richmond Valley Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

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

\$ '000 Class of Asset	Actual 2011				Actual 2010			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
WIP	324	-	-	324	1,134	-	-	1,134
Plant & Equipment	-	142	115	27	-	122	111	11
Office Equipment	-	3	3	-	-	3	2	1
Furniture & Fittings	-	27	7	20	-	27	4	22
Land								
- Operational Land	-	1,968	-	1,968	-	1,405	-	1,405
Infrastructure	-	82,705	33,152	49,553	-	79,493	31,824	47,669
Total Water Supply	324	84,845	33,277	51,892	1,134	81,049	31,942	50,241
Sewerage Services								
WIP	3,259	-	-	3,259	3,564	-	-	3,564
Plant & Equipment	-	522	399	123	-	519	369	150
Office Equipment	-	24	16	8	-	23	13	10
Furniture & Fittings	-	9	4	5	-	8	3	5
Land								
- Operational Land	-	1,680	-	1,680	-	1,378	-	1,378
Infrastructure	-	120,057	53,815	66,242	-	116,878	53,893	62,985
Total Sewerage Services	3,259	122,292	54,234	71,317	3,564	118,807	54,278	68,093
Caravan Park								
Plant & Equipment	-	-	-	-	-	3	2	1
Office Equipment	-	-	-	-	-	12	5	7
Furniture & Fittings	-	-	-	-	-	196	147	49
Land								
- Community Land	-	-	-	-	-	2,875	-	2,875
- Improvements - depreciable	-	-	-	-	-	841	323	518
Buildings	-	-	-	-	-	6,623	2,307	4,316
Other Structures	-	-	-	-	-	1,129	371	758
Total Other Restrictions	-	-	-	-	-	11,677	3,155	8,522
TOTAL RESTRICTED I,PP&E	3,583	207,137	87,511	123,209	4,698	211,533	89,375	126,856

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		2,157	-	1,371	-
Goods & Services - capital expenditure		899	-	1,718	-
Payments Received In Advance		59	-	1,026	-
Accrued Expenses:					
- Salaries & Wages		249	-	202	-
- Other Expenditure Accruals		486	214	847	214
Security Bonds, Deposits & Retentions		221	-	282	-
Retirement Home Contributions		-	-	1,861	-
Bank Guarantees		310	287	311	164
Payable to North Coast Holiday Parks		1,339	-	-	-
Payable to LPMA (MRRV Discontinued Op		196	-	-	-
Total Payables		5,916	501	7,618	378
Borrowings					
Loans - Secured ¹		767	16,024	783	11,351
Government Advances		-	-	2	2
Total Borrowings		767	16,024	785	11,353
Provisions					
Employee Benefits;					
Annual Leave		1,526	-	1,490	-
Long Service Leave		3,347	49	3,069	57
Other Leave		94	-	109	-
Sub Total - Aggregate Employee Benefits		4,967	49	4,668	57
Asset Remediation/Restoration (Future Works) ²⁶		211	2,072	839	2,016
Total Provisions		5,178	2,121	5,507	2,073
Total Payables, Borrowings & Provisions		11,861	18,646	13,910	13,804

(i) Liabilities relating to Restricted Assets

	2011		2010	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Water	-	-	19	-
Sewer	833	16,088	597	11,204
Other	223	-	282	-
Liabilities relating to externally restricted assets	1,056	16,088	898	11,204
Total Liabilities relating to restricted assets	1,056	16,088	898	11,204

¹ Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	2011	2010
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	3,049	2,768
	3,049	2,768

Note 10b. Description of and movements in Provisions

Class of Provision	2010		2011		Unused amounts reversed	Closing Balance as at 30/6/11
	Opening Balance as at 1/7/10	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting		
Annual Leave	1,490	876	(857)	17	-	1,526
Long Service Leave	3,126	818	(299)	(249)	-	3,396
Other Leave	109	184	(199)	-	-	94
Asset Remediation	2,855	-	(629)	57	-	2,283
TOTAL	7,580	1,878	(1,984)	(175)	-	7,299

a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

b. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2011	Actual 2010
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	20,323	18,786
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		20,323	18,786
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		(15,551)	12,166
Adjust for non cash items:			
Depreciation & Amortisation		13,486	13,406
Net Losses/(Gains) on Disposal of Assets & Discontinued Operations		17,407	1,037
Non Cash Capital Grants and Contributions & Assets Recognised		(603)	(1,694)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "@ Fair Value" or "Held for Trading"		(640)	(530)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(1,792)	2,317
Increase/(Decrease) in Provision for Doubtful Debts		(40)	-
Decrease/(Increase) in Inventories		577	767
Decrease/(Increase) in Other Assets		115	(2,119)
Increase/(Decrease) in Payables		786	(738)
Increase/(Decrease) in other accrued Expenses Payable		(314)	161
Increase/(Decrease) in Other Liabilities		(1,232)	306
Increase/(Decrease) in Employee Leave Entitlements		291	(80)
Increase/(Decrease) in Other Provisions		(572)	455
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		11,918	25,454

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
(c) Non-Cash Investing & Financing Activities			
Bushfire Grants		63	118
Subdivider Dedications		120	1,480
Estimated Future Reinstatement Costs		103	97
Assets Recognised - Richmond Upper Clarence Regional Library		524	-
Total Non-Cash Investing & Financing Activities		810	1,694
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		500	500
Credit Cards / Purchase Cards		19	15
Lease Facilities		-	-
Standby Credit Facilities		-	-
Other		-	-
Total Financing Arrangements		519	515
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		9	4
- Lease Facilities		-	-
- Standby Credit Facilities		-	-
- Other		-	-
Total Financing Arrangements Utilised		9	4

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

(ii) Secured Loan Liabilities

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

(e) Net Cash Flows Attributable to Discontinued Operations

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2011	Actual 2010
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings - Richmond Upper Clarence Regional Library Upgrade		22	-
Buildings - Casino Community & Cultural Centre		122	-
Buildings - Northern Rivers Rural Fire Service Control Centre		2,657	-
Building - Evans Head Aquatic Centre		-	238
Infrastructure - Sewerage Salty Lagoon Monitoring		-	38
Infrastructure - Design & Construct New Roof for 2 reservoirs E/Hd		-	92
Total Commitments		2,801	367
These expenditures are payable as follows:			
Within the next year		2,801	367
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
Total Payable		2,801	367
(b) Other Expenditure Commitments (exclusive of GST)			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Cleaning Services		134	231
Audit Services		307	47
Flood Emergency Management Project		6	100
Assess Environmental Impact of Sewer T/Plant Discharge to Evans Riv		48	62
Pool Management Contracts		1,277	1,574
Total Commitments		1,772	2,013
These expenditures are payable as follows:			
Within the next year		497	606
Later than one year and not later than 5 years		1,220	1,407
Later than 5 years		55	-
Total Payable		1,772	2,013

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(c) Finance Lease Commitments			
Nil			
(d) Operating Lease Commitments (Non Cancellable)			
a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:			
Within the next year		187	404
Later than one year and not later than 5 years		204	369
Later than 5 years		-	-
Total Non Cancellable Operating Lease Commitments		391	774

b. Non Cancellable Operating Leases include the following assets:

Computer and other Plant and Equipment.

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

Conditions relating to Operating Leases:

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

(e) Investment Property Commitments

Nil

(f) Remuneration Commitments

Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:

Within the next year		219	469
Later than one year and not later than 5 years		112	320
Later than 5 years		-	-
Total Payable		331	789

(g) Investment in Associates / Joint Ventures - Commitments

Nil

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Amounts 2011	Indicator 2011	Prior Periods	
			2010	2009
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>13,424</u>	1.73 : 1	1.45	1.54
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>7,756</u>			
2. Debt Service Ratio				
Debt Service Cost	<u>1,901</u>	5.18%	20.96% ⁽⁵⁾	5.37%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>36,710</u>			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>16,445</u>	35.62%	29.56%	26.40%
Income from Continuing Operations	<u>46,173</u>			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>927</u>	5.30%	5.33%	3.84%
Rates, Annual & Extra Charges Collectible	<u>17,483</u>			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	<u>4,129</u>	36.61%	41.08%	79.05%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	<u>11,277</u>			

Notes

(1) Refer Notes 6-8 inclusive.

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

(2) Refer to Note 10(a).

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

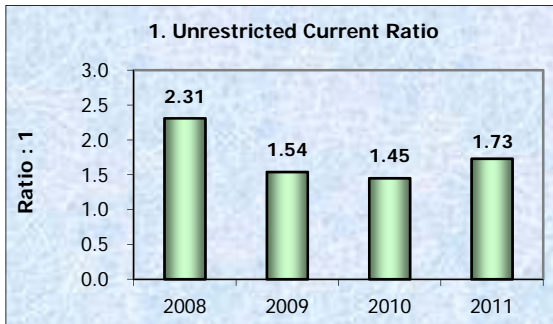
(4) Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

(5) The Debt Service Ratio for 2009/10 includes a lump sum repayment of a \$5.941M loan, otherwise the ratio would have been 4.07%

Richmond Valley Council

Notes to the Financial Statements for the financial year ended 30 June 2011

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



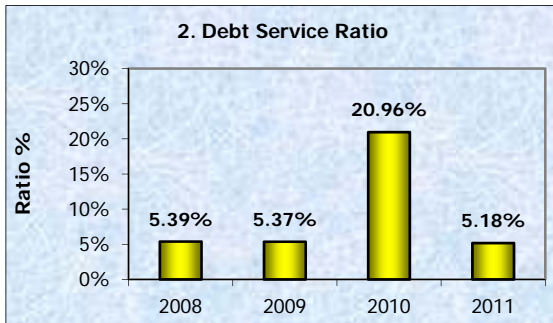
Purpose of Unrestricted Current Ratio

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 2010/11 Result

2010/11 Ratio 1.73 : 1

An increase in current cash and cash equivalent assets as well as current receivables has contributed towards an improvement in the unrestricted current ratio.



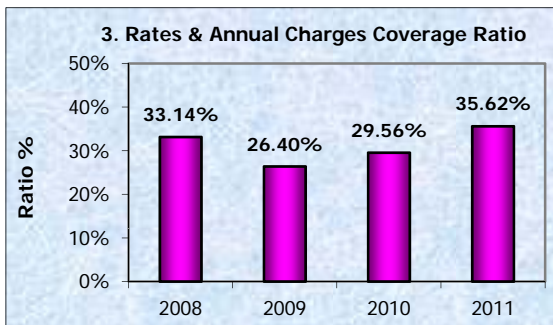
Purpose of Debt Service Ratio

To assess the impact of loan principal & interest repayments on the discretionary revenue of council.

Commentary on 2010/11 Result

2010/11 Ratio 5.18%

The 2009/2010 ratio was significantly impacted by the repayment of a loan in sewer fund (\$5.9m), with the ratio now returning to a level more consistent with Council's borrowing patterns.



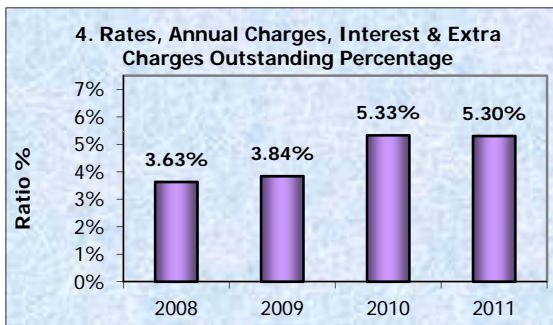
Purpose of Rates & Annual Charges Coverage Ratio

To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.

Commentary on 2010/11 Result

2010/11 Ratio 35.62%

Income from Rates and Annual Charges has increased 4.55% between financial years. Offsetting this is a 13.23% decrease in Income from Continuing Operations, which has contributed to a net increase in the Rates and Annual Charges Coverage Ratio of 6.06%.



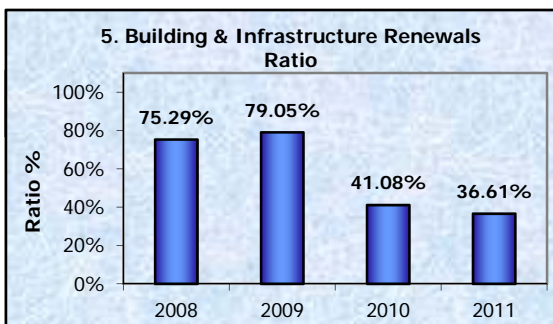
Purpose of Rates & Annual Charges Outstanding Ratio

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

Commentary on 2010/11 Result

2010/11 Ratio 5.30%

The ratio has remained consistent with the 2009/2010 result.



Purpose of Bldg & 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

2010/11 Ratio 0.00%

The decrease in this ratio of 4.47% is partially due to Council receiving significant Federal grant funding for the creation of new assets in 2009/2010 as well as 2010/2011, rather than renewing existing assets. It also shows Council's assets are deteriorating at a faster rate than its financial ability to renew them.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Water 2011	Sewer 2011	General ¹ 2011
Local Government Industry Indicators			
1. Unrestricted Current Ratio			
<u>Current Assets less all External Restrictions⁽¹⁾</u>	0.00 : 1	15.64 : 1	1.73 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)	No Liabilities		
2. Debt Service Ratio			
<u>Debt Service Cost</u>	0.00%	22.12%	1.30%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
3. Rates & Annual Charges Coverage Ratio			
<u>Rates & Annual Charges</u>	17.16%	68.37%	26.08%
Income from Continuing Operations			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
<u>Rates, Annual & Extra Charges Outstanding</u>	0.29%	0.10%	7.94%
Rates, Annual & Extra Charges Collectible			
5. Building & Infrastructure Renewals Ratio			
<u>Asset Renewals⁽⁴⁾ [Buildings & Infrastructure]</u>	109.85%	16.94%	29.25%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)			

Notes

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 14. Investment Properties

\$ '000

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

Note 15. Financial Risk Management

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2011	2010	2011	2010
Financial Assets				
Cash and Cash Equivalents	20,323	18,786	20,323	18,786
Investments				
- "Held for Trading"	8,176	10,178	8,176	10,178
Receivables	10,386	8,866	10,386	8,866
Total Financial Assets	38,885	37,830	38,885	37,830
Financial Liabilities				
Payables	6,358	6,970	6,358	6,970
Loans / Advances	16,791	12,138	15,678	11,582
Total Financial Liabilities	23,149	19,108	22,036	18,552

Fair Value is determined as follows:

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

\$ '000

(a) Fair Value Measurements

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

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

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

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

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

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

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

2011	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- "Held for Trading"	690	7,486	-	8,176
Total Financial Assets	690	7,486	-	8,176
2010	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments				
- "Held for Trading"	624	9,554	-	10,178
Total Financial Assets	624	9,554	-	10,178

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

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

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2011				
Possible impact of a 10% movement in Market Values	818	-	(818)	-
Possible impact of a 1% movement in Interest Rates	285	-	(285)	-
2010				
Possible impact of a 10% movement in Market Values	1,018	-	(1,018)	-
Possible impact of a 1% movement in Interest Rates	290	-	(290)	-

Richmond Valley Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

\$ '000

(c) Receivables

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

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

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

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

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

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

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

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

	2011	2011	2010	2010
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	10.07%	93.41%	12.06%	90.25%
Overdue	89.93%	6.59%	87.94%	9.75%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
(ii) Movement in Provision for Impairment of Receivables			2011	2010
Balance at the beginning of the year			124	124
- amounts already provided for & written off this year			(40)	-
Balance at the end of the year			<u>84</u>	<u>124</u>

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

\$ '000

(d) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2011									
Trade/Other Payables	6,358	-	-	-	-	-	-	6,358	6,358
Loans & Advances	-	1,899	1,826	1,670	1,670	1,670	19,721	28,456	16,791
Total Financial Liabilities	6,358	1,899	1,826	1,670	1,670	1,670	19,721	34,814	23,149
2010									
Trade/Other Payables	6,970	-	-	-	-	-	-	6,970	6,970
Loans & Advances	-	1,553	1,364	1,290	1,134	1,134	13,085	19,560	12,138
Total Financial Liabilities	6,970	1,553	1,364	1,290	1,134	1,134	13,085	26,530	19,108

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

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

	2011		2010	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	6,358	0.0%	6,970	0.0%
Loans & Advances - Fixed Interest Rate	16,791	6.8%	12,138	6.4%
	<u>23,149</u>		<u>19,108</u>	

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 16. Material Budget Variations

\$ '000

Council's Original Budget for 2010/11 was incorporated as part of its Management Plan and was adopted by the Council on 15 June 2010.

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

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

Note that for Variations* of Budget to Actual :

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

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

\$ '000	2011 Budget	2011 Actual	2011 Variance*	
REVENUES				
Interest & Investment Revenue	1,003	2,190	1,187	118% F
Interest and Investment revenue was over budget by \$1,187,000 (118%). This was due to the fair value gain on investments of \$640,000 as well as higher than anticipated interest revenue of \$547,000, of which Council had set a conservative estimate in the original budget.				
Other Revenues	80	612	532	665% F
Other revenues were over budget by \$532,000 (665%). As of 1 July 2010, new administrative arrangements were implemented for the management and financial reporting of the Richmond Upper Clarence Regional Library, with results now being reported as part of Council's General Purpose Financial Statements. This has resulted in net assets being recognised through Other Revenues of \$524,000.				
Operating Grants & Contributions	8,454	7,597	(857)	(10%) U
Operating Grants and Contributions were under budget by \$857,000 (10%). In many instances, the actual amount of grants received depends upon decisions made by State and Federal Governments after the original budget was adopted. The original budget included \$1,625,200 in funding associated with contamination remediation works at the Evans Head Memorial Aerodrome. Due to works not commencing until late in the financial year, actual revenue was only \$185,700. Offsetting this decrease was \$418,700 in Natural Disaster funding and various other grants effected by decisions made by State and Federal Governments.				

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 16. Material Budget Variations (continued)

\$ '000	2011 Budget	2011 Actual	2011 ----- Variance* -----		
EXPENSES					
Materials & Contracts	14,041	12,263	1,778	13%	F
Materials and Contracts were under budget by \$1,778,000 (13%). The original budget included \$3,648,800 for contamination remediation works at the Evans Head Memorial Aerodrome. Due to works not commencing until later in the financial year, actual expenditure was \$581,400, reducing Materials and Contracts by \$3,067,400. Additionally, Council's budget is based on a normal mix of self-constructed and contract works. The process of calling and accepting tenders during the year can result in substantial changes in the mix, resulting in significant budget variations in this item.					
Other Expenses	3,969	3,507	462	12%	F
Other Expenses were under budget by \$462,000 (12%). The major savings included \$95,600 in insurance, \$57,000 in electricity, \$45,000 in street lighting, \$41,800 in telephone costs, \$158,000 in waste levies and \$29,700 in Councillor expenses.					
Net Losses from Disposal of Assets	-	4,810	(4,810)	0%	U
The net profit or loss from the disposal of assets is unknown at the time of setting the original budget. Asset purchases and sales are therefore budgeted for on a gross basis. The net loss from the disposal of assets is \$4,810,000, details of which are included in Note 5.					
Operating Result from Discontinued Operations	28	(12,733)	(12,761)	(45575%)	U
During 2010/2011 Council had two discontinued operations, including the Mid Richmond Residents Village as at 1 July 2010, and the Silver Sands Holiday Park at Evans Head as at 25 February 2011. The loss on disposal of the assets and liabilities of these activities has contributed to the significant operating loss. Details of these discontinued operations are outlined in Note 24.					

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	206	6	-	8	(37)	-	183	20	(5,056)	(4,853)	-
Parking	372	-	-	17	(16)	-	373	-	-	373	-
Open Space	95	46	-	4	(60)	-	85	-	(426)	(341)	-
Community Facilities	3	-	-	-	-	-	3	-	(3)	-	-
Infrastructure	247	10	-	5	(145)	-	117	10	(80)	47	-
Community Services	334	13	-	8	(181)	-	174	10	(397)	(213)	-
Recreation & Civil Facilities	56	21	-	1	(47)	-	31	10	(699)	(658)	-
Emergency Safety	6	-	-	-	-	-	6	1	(152)	(145)	-
Environmental Protection	41	2	-	2	-	-	45	1	(47)	(1)	-
Quarry Roads	90	1	-	2	(38)	-	55	-	-	55	-
Rural Heavy Haulage	64	46	-	4	(20)	-	94	1,000	(20)	1,074	-
Bushfire	6	-	-	-	-	-	6	-	(6)	-	-
S94 Contributions - under a Plan	1,518	145	-	51	(544)	-	1,170	1,052	(6,886)	(4,663)	-
S94A Levies - under a Plan	-	68	-	3	-	-	71				-
Total S94 Revenue Under Plans	1,518	213	-	54	(544)	-	1,241				-
S94 not under Plans	12	-	-	1	-	-	13	-	-	13	-
S93F Planning Agreements	-	-	-	-	-	-	-				-
S64 Contributions	4,343	279	-	195	(500)	-	4,317				-
Total Contributions	5,873	492	-	250	(1,044)	-	5,571	1,052	(6,886)	(4,650)	-

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 1 - Ex RRSC

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Parking	372	-	-	17	(16)	-	373	-	-	373	-
Total	372	-	-	17	(16)	-	373	-	-	373	-

CONTRIBUTION PLAN NUMBER 2 - EX RRSC

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	153	-	-	5	(37)	-	121	20	(4,994)	(4,853)	-
Infrastructure	247	10	-	5	(145)	-	117	10	(80)	47	-
Community Services	334	13	-	8	(181)	-	174	10	(397)	(213)	-
Recreation & Civil Facilities	56	21	-	1	(47)	-	31	10	(699)	(658)	-
Emergency Safety	6	-	-	-	-	-	6	1	(152)	(145)	-
Environmental Protection	41	2	-	2	-	-	45	1	(47)	(1)	-
Quarry Roads	90	1	-	2	(38)	-	55	-	-	55	-
Rural Heavy Haulage	64	46	-	4	(20)	-	94	1,000	(20)	1,074	-
Total	991	93	-	27	(468)	-	643	1,052	(6,389)	(4,694)	-

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 1 - Ex Casino

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Open Space	95	46	-	4	(60)	-	85	-	(426)	(341)	-
Total	95	46	-	4	(60)	-	85	-	(426)	(341)	-

CONTRIBUTION PLAN NUMBER - Ex Copmanhurst

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads	53	6	-	3	-	-	62	-	(62)	-	-
Community Facilities	3	-	-	-	-	-	3	-	(3)	-	-
Bushfire	6	-	-	-	-	-	6	-	(6)	-	-
Total	62	6	-	3	-	-	71	-	(71)	-	-

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN NUMBER 1 - Richmond Valley Council

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Community Facilities	-	68	-	3	-	-	71	1,492	(1,560)		-
Total	-	68	-	3	-	-	71				

S94 CONTRIBUTIONS - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Parking	12	-	-	1	-	-	13	-	-	13	-
Total	12	-	-	1	-	-	13	-	-	13	-

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Defined Benefit Superannuation Contribution Plans

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2011 was \$807,210. The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 16 February 2010 and covers the period ended 30 June 2009. However the position is monitored annually and the Actuary has estimated that as at 30 June 2011, a deficit still exists.

Effective from 1 July 2009, employers were required to contribute at twice the "notional" or long term cost for a period of up to ten years in order to rectify this deficit. The share of this deficit that can be broadly attributable to the employer is estimated to be in the order of \$1,577,795 as at 30 June 2011.

2. Self-Insurance: NORPOOL

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

2. Self-Insurance: NORPOOL (continued)

The insurance pool known as NORPOOL was wound up during the 2005/2006 financial year with surplus funds distributed to former members. There are no outstanding claims associated with NORPOOL, however if future claims arise then these will be the responsibility of the Council to whom the claims relate.

3. Native Title Claims

The Richmond Valley Council area is currently subject to two (2) native title claims being NC 96/19 and NC 98/19.

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

Council has met with the Native Claims Tribunal who are currently arranging mediation sessions with the associated groups to move towards establishing an agreement with the indigenous people.

4. Mid Richmond Residents Village - Grants

As of 1 July 2010, the Mid Richmond Residents Village was transferred to Baptist Community Services, being the new approved provider for the facility. A possible consequence of this transfer, is the status of previously received Capital Grants from the Federal Government. Clauses in the Residential Care Grants agreements, used towards the construction of the Dementia Unit and the Upgrade of Fire Safety Systems, have been referred to the Director of the Capital Grants Section of the Federal Department of Health and Ageing for determination as to whether any repayment of Grant funds may be requested.

Richmond Valley Council

Notes to the Financial Statements for the financial year ended 30 June 2011

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

\$ '000

ASSETS NOT RECOGNISED:

(i) Land Under Roads

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB1051. Any land under roads that was recognised before 1 July 2008 has been derecognised at 1 July 2008 against the opening balance of retained earnings.

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000

Joint Venture Operations

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

Name of Operation	Principal Activity	Councils Interests in Outputs of JV
North East Weight of Loads Group	Policing vehicle weight limits to reduce road damage	10%

The constitution of this group specifies the Council as having a part 'Ownership' of the group's net assets. The stated objectives include to generally promote the aim of reducing damage to Council and Classified Roads by the policing of vehicle weight limits. A new Memorandum of Understanding was issued during the financial year between the eight (8) Local Councils and the RTA, having a two (2) year term, from 1 July 2009 to 30 June 2011.

(b) Council Assets employed in the Joint Venture Operation

	2011	2010
Councils share of assets jointly owned with other partners		
Current Assets	57	52
Current Liabilities	(25)	(25)
Property, Plant & Equipment	19	25
Other Non Current Assets	-	-
Non Current Liabilities	-	-
Total Net Assets Employed - Council & Jointly Owned	51	52

(c) Share of Joint Venture Operations Expenditure Commitments

	2011	2010
Capital Commitments		
Payable Not Later than 1 Year	-	-
Payable Later than 1 Year but not later than 5 Years	-	-
Payable Later than 5 Years	-	-
Total Capital Commitments	-	-
Operating Expenditure Commitments		
Payable Not Later than 1 Year	-	-
Payable Later than 1 Year but not later than 5 Years	-	-
Payable Later than 5 Years	-	-
Total Operating Expenditure Commitments	-	-

(d) Contingent Liabilities of Joint Venture Operations

	2011	2010
Share of Contingent Liabilities incurred jointly with other Participants	-	-
Share of Contingent Liabilities for which Council is severally liable	-	-

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2011	Actual 2010
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		340,703	328,537
a. Correction of Prior Period Errors	20 (c)	1,550	1,550
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	-
d. Net Operating Result for the Year		(15,551)	12,166
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		4,187	-
g. Other Changes		-	-
Balance at End of the Reporting Period		<u>330,889</u>	<u>342,253</u>

b. Reserves**(i) Reserves are represented by:**

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	193,295	161,090
Total	<u>193,295</u>	<u>161,090</u>

(ii). Reconciliation of movements in Reserves:**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

- Opening Balance	161,090	147,754
- Revaluations for the year	9(a) 38,430	13,336
- Impairment of revalued assets (incl. impairment reversals)	9(a) (2,038)	-
- Transfer to Retained Earnings for Asset disposals	(4,187)	-
- Balance at End of Year	<u>193,295</u>	<u>161,090</u>

TOTAL VALUE OF RESERVES

<u>193,295</u>	<u>161,090</u>
-----------------------	-----------------------

(iii). Nature & Purpose of Reserves**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

\$ '000	Notes	Actual 2011	Actual 2010
c. Correction of Error/s relating to a Previous Reporting Period			
Council revalued Operational and Community Land during 2010/2011.			
As a result, additional land assets have been recognised that have been determined to be controlled by Council.			
This has had the effect of restating opening equity by \$1.55m		1,550	
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Opening Equity - 1/7/09 (relating to adjustments for the 30/6/09 reporting year end and prior periods)		-	-
- Adjustments to Closing Equity - 30/6/10 (relating to adjustments for the 30/6/10 year end)		1,550	-
Total Prior Period Adjustments - Prior Period Errors		1,550	-

d. Voluntary Changes in Accounting Policies

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2011	Actual 2011	Actual 2011
	Water	Sewer	General ¹
Continuing Operations			
Income from Continuing Operations			
Rates & Annual Charges	919	5,320	10,206
User Charges & Fees	3,749	893	8,004
Interest & Investment Revenue	157	497	1,536
Other Revenues	-	-	612
Grants & Contributions provided for Operating Purposes	86	84	7,427
Grants & Contributions provided for Capital Purposes	443	987	5,253
Other Income			
Net Gains from Disposal of Assets	-	-	-
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
Total Income from Continuing Operations	5,354	7,781	33,038
Expenses from Continuing Operations			
Employee Benefits & on-costs	717	920	12,129
Borrowing Costs	-	1,021	138
Materials & Contracts	1,841	1,814	8,608
Depreciation & Amortisation	1,292	1,695	10,499
Impairment	-	-	-
Other Expenses	1,078	238	2,191
Interest & Investment Losses	-	-	-
Net Losses from the Disposal of Assets	665	2,484	1,661
Total Expenses from Continuing Operations	5,593	8,172	35,226
Operating Result from Continuing Operations	(239)	(391)	(2,188)
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	(12,733)
Net Operating Result for the Year	(239)	(391)	(14,921)
Net Operating Result attributable to each Council Fund	(239)	(391)	(14,921)
Net Operating Result attributable to Minority Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(682)	(1,378)	(20,174)

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

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

Richmond Valley Council

Notes to the Financial Statements
as at 30 June 2011

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund \$ '000	Actual 2011	Actual 2011	Actual 2011
ASSETS	Water	Sewer	General¹
Current Assets			
Cash & Cash Equivalents	2,280	12,627	5,416
Investments	1,451	621	2,703
Receivables	1,329	1,957	5,177
Inventories	-	-	1,977
Other	1	1	2,267
Non-current assets classified as 'held for sale'	-	-	-
Total Current Assets	5,061	15,206	17,540
Non-Current Assets			
Investments	-	-	3,401
Receivables	391	511	1,021
Inventories	-	-	418
Infrastructure, Property, Plant & Equipment	51,892	71,317	387,918
Investments Accounted for using the equity method	-	-	-
Investment Property	-	-	-
Intangible Assets	-	-	15
Total Non-Current Assets	52,283	71,828	392,773
TOTAL ASSETS	57,344	87,034	410,313
LIABILITIES			
Current Liabilities			
Payables	-	279	5,637
Borrowings	-	554	213
Provisions	-	-	5,178
Total Current Liabilities	-	833	11,028
Non-Current Liabilities			
Payables	-	214	287
Borrowings	-	15,874	150
Provisions	-	-	2,121
Total Non-Current Liabilities	-	16,088	2,558
TOTAL LIABILITIES	-	16,921	13,586
Net Assets	57,344	70,113	396,727
EQUITY			
Retained Earnings	25,765	35,788	269,336
Revaluation Reserves	31,579	34,325	127,391
Total Equity	57,344	70,113	396,727

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

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000

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

Note 23. Events occurring after Balance Sheet Date

Events that occur after the reporting date of 30 June 2011, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 18/10/11.

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

(i) Events that have provided evidence of conditions that existed at the Reporting Date

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2011.

(ii) Events that have provided evidence of conditions that arose after the Reporting Date

These financial statements (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2011 and which are only indicative of conditions that arose after 30 June 2011.

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 24. Discontinued Operations

\$ '000	Actual 2011	Actual 2010
(i) Discontinued Operation - Mid Richmond Residents Village		
As at 1 July 2010, the Mid Richmond Residents Village at Coraki has been transferred to Baptist Community Services, being the new approved provider for the facility, with all assets and liabilities having been transferred as at 1 July 2010, apart from cash reserves of \$196,398 remaining (refer below).		
Financial information relating to the discontinued operation for the period to the date of transfer is set out below.		
(ii) Financial Performance of Discontinued Operation		
Financial Performance		
Revenues	42	2,600
Expenses	(239)	(2,609)
Gross Profit/(Loss) of Discontinued Operation	(197)	(9)
Gain/(Losses) On Reclassification &/or Sale		
Consideration Received for Discontinued Operation	654	-
less:		
Net Carrying Value of Discontinued Operation	(4,117)	-
Gain/(Loss) on Reclassification/Sale	(3,463)	-
<u>NET PROFIT/(LOSS) from DISCONTINUED OPERATION</u>	<u>(3,660)</u>	<u>(9)</u>
(iii) Cash Flows from Discontinued Operation		
Net Cash Flows from Operating Activities	(1,440)	(1,175)
Net Cash Flows from Investing Activities - excl. sale proceeds	-	(143)
Net Cash Flows from Investing Activities - sale proceeds	654	-
Net Cash Flows from Financing Activities	-	269
Net Increase/(Decrease) in Cash Generated by the Operation	(786)	(1,049)
(iv) Net Carrying Value of Discontinued Operation		
Carrying Value of Assets and Liabilities transferred as at 1 July 2010:		
Carrying Value - Assets*	6,987	7,183
Carrying Value - Liabilities	(3,524)	(3,524)
Net Assets	3,463	3,659

* Note: Includes cash reserves held of \$196,398, shown as a payable in Note 10.

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 24. Discontinued Operations (continued)

\$ '000	Actual 2011	Actual 2010
(i) Discontinued Operation - Silver Sands Holiday Park		
<p>On 25 February 2011, Council resigned as Trust Manager of Silver Sands Holiday Park in Evans Head. The NSW Government, through its agency North Coast Holiday Parks have now taken over as Trust Managers, with all assets and liabilities having been transferred as at 25 February 2011, apart from cash reserves (refer below).</p> <p>Financial information relating to the discontinued operation for the period to the date of transfer is set out below.</p>		
(ii) Financial Performance of Discontinued Operation		
Financial Performance		
Revenues	1,641	2,379
Expenses	(1,373)	(1,805)
Gross Profit/(Loss) of Discontinued Operation	268	574
Gain/(Losses) On Reclassification &/or Sale		
Consideration Received for Discontinued Operation	-	-
less:		
Net Carrying Value of Discontinued Operation	(9,341)	-
Gain/(Loss) on Reclassification/Sale	(9,341)	-
<u>NET PROFIT/(LOSS) from DISCONTINUED OPERATION</u>	<u>(9,073)</u>	<u>574</u>
(iii) Cash Flows from Discontinued Operation		
Net Cash Flows from Operating Activities	105	759
Net Cash Flows from Investing Activities - excl. sale proceeds	(324)	(748)
Net Cash Flows from Investing Activities - sale proceeds	-	-
Net Cash Flows from Financing Activities	30	-
Net Increase/(Decrease) in Cash Generated by the Operation	(189)	11
(iv) Net Carrying Value of Discontinued Operation		
Carrying Value of Assets and Liabilities transferred as at 25 February 2011:		
Carrying Value - Assets*	9,536	9,777
Carrying Value - Liabilities	(195)	(427)
Net Assets	9,341	9,350

*Note: includes cash reserves held of \$1.339m, shown as a payable in Note 10.

Richmond Valley Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 25. Intangible Assets

\$ '000

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

	Actual 2011 Carrying Amount	Actual 2010 Carrying Amount
Intangible Assets are as follows;		
Opening Values:		
Gross Book Value (1/7)	53	53
Accumulated Amortisation & Impairment	(32)	(26)
Net Book Value - Opening Balance	21	27
Movements for the year		
- Amortisation charges	(6)	(6)
Closing Values:		
Gross Book Value (30/6)	53	53
Accumulated Amortisation & Impairment	(38)	(32)
<u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u> ¹	<u>15</u>	<u>21</u>

¹ The Net Book Value of Intangible Assets represent:

- Doolan Deck Bridge Patent	15	21
	<u>15</u>	<u>21</u>

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

Landfill and Quarry Remediation

Council is required by law to restore landfill and quarry sites at the end of their useful life. Council has three (3) landfill and two (2) quarry sites that will require remediation in the future. The projected costs take into consideration expected inflation and have been discounted to today's dollars using the risk free borrowing rate of Council. Timing of remediation of these sites will be from 2011 to 2044. Provisions raised are disclosed at Note 10.

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2011	2010
Landfills - Bora Ridge	2015	344	331
Landfills - Namoon	2044	1,099	1,080
Landfills - Rosewood Ave	2011	211	839
Quarries - Petersons	2024	349	336
Quarries - Woodview	2024	280	269
Balance at End of the Reporting Period	10	2,283	2,855

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

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

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

Reconciliation of movement in Provision for year:

Balance at beginning of year	2,855	2,579
Effect of a change in discount rates used in PV calculations	(46)	179
Amortisation of discount (expensed to borrowing costs)	103	97
Expenditure incurred attributable to Provisions	(629)	-
Total - Reinstatement, rehabilitation and restoration provision	2,283	2,855

Amount of Expected Reimbursements

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

Richmond Valley Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 27. Council Information & Contact Details

Principal Place of Business:

Cnr Walker Street and Graham Place
Casino NSW 2470

Contact Details**Mailing Address:**

Locked Bag 10
Casino NSW 2470

Opening Hours:

Office Hours: 8:15am - 4:30pm
Cashier Hours: 8:15am - 4:00pm

Telephone: 02 6660 0300

Facsimile: 02 6660 1300

Internet: www.richmondvalley.nsw.gov.au

Email: council@richmondvalley.nsw.gov.au

Officers**GENERAL MANAGER**

Brian Wilkinson

RESPONSIBLE ACCOUNTING OFFICER

Ryan Gaiter

PUBLIC OFFICER

Wayne Halcrow

AUDITORS

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

Elected Members**MAYOR**

Col Sullivan

COUNCILLORS

Stuart George
Barbara Jeffery
Charlie Cox
Donella Kinnish
Owen Crawford
Robert Mustow
Shirley Wheatley
Stephen Morrissey

Other Information

ABN: 54 145 907 009



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

Report on the Financial Statements

We have audited the accompanying financial statements of Richmond Valley Council (the Council), which comprises the balance sheet as at 30 June 2011, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the statement by Councillors' and Management.

Councils' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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



Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the general purpose financial statements of Richmond Valley Council for the year ended 30 June 2011 included on Council's website. The Council is responsible for the integrity of the website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial statements identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements to confirm the information contained in this website version of the financial statements.

Independence

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

Audit Opinion

In our opinion:

- (a) The Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 part 3 Division 2;
- (b) The Council's financial statements:
 - i. Have been presented in accordance with the requirements of that Division;
 - ii. Are consistent with the Council's accounting records;
 - iii. Present fairly, in all material respects, the Council's financial position as at 30 June 2011, and of its performance and its cash flows for the year then ended; and
 - iv. Are in accordance with applicable Accounting Standards.
- (c) All information relevant to the conduct of the audit has been obtained; and
- (d) There are no material deficiencies in the accounting records or financial statements that have come to light during the course of the audit.

THOMAS NOBLE & RUSSELL CHARTERED ACCOUNTANTS



.....

G W DWYER (Partner)
Registered Company Auditor

Dated at Lismore this 18th day of October 2011.



Lismore, 18 October 2011

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

Dear Councillors

We advise that we have completed our audit of the Council's general purpose and special purpose financial statements for the year ended 30 June 2011.

In accordance with section 417 of the Local Government Act 1993, we now report on the conduct of the audit.

1. COUNCIL'S FINANCIAL REPORTING REQUIREMENTS

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

General Purpose Financial Statements

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

Special Purpose Financial Statements

These financial statements provide an understanding of the financial position and performance of Council's declared business activities as required under National Competition Policy. Council's declared business activities for the 2011 financial year are:

- Water Fund Operations;
- Sewer Fund Operations;
- Petersons Quarry;
- Woodview Quarry;
- Silver Sands Holiday Park; and
- Bridge and Pre-Stressing.

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



2. AUDITORS' RESPONSIBILITIES

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

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

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

Forming an opinion

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

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

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

3. CONSOLIDATED OPERATING RESULT

Council's result from all activities for the year ended 30 June 2011 was a \$15,551,000 deficit compared to the surplus in the previous financial year of \$12,166,000. Council's financial result can be summarised as follows:

	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000
Revenues from continuing operations	36,175	43,256	38,049	38,966
Expenses from continuing operations	(29,506)	(38,763)	(27,663)	(30,695)
Result from continuing operations before depreciation	6,669	4,493	10,386	8,271
Depreciation	(10,048)	(12,944)	(12,920)	(13,486)
Result from continuing operations before capital amounts	(3,379)	(8,451)	(2,534)	(5,215)
Capital grants and contributions	5,265	11,882	15,162	6,683
(Loss)/Gain on disposal of assets	(2,569)	(3,018)	(1,027)	(4,810)
Assets recognised-Regional Library	-	-	-	524
Net Profit/(Loss) from Discontinued Operation	-	-	565	(12,733)
Surplus/(Deficit) from all activities	(683)	413	12,166	(15,551)



3.1. Variations to 2010 by Income / Expenditure

The surplus from continuing operations before depreciation and capital amounts has decreased by \$2,115,000, from \$10,386,000 to \$8,271,000. Some of the major movements from the 2010 year included:

Revenue

- *Increase in rates and annual charges \$715,000;*
 - The \$252,000 increase in ordinary rates, from \$7,139,000 in 2009/2010 to \$7,391,000 in 2010/2011, was primarily the result of the 2.8% rate pegged limit for the 2010/11 financial year.
 - Domestic Waste Management Charge revenue increased by \$119,000, from \$2,221,000 in 2009/2010 to \$2,340,000 in 2010/2011, as a result of increases in fees of 3.0% from the 2009/2010 year.
 - Sewerage annual charges increased by \$154,000, from \$5,166,000 in 2009/2010 to \$5,320,000 in 2010/2011 consistent with increases to charges in the vicinity of 3.7%.
 - Water Supply Services revenue increased by \$187,000, from \$664,000 in 2009/2010 to \$851,000 in 2010/2011. The major contributors to this was a charge increase of 14.0% combined with a decrease in internal consolidations due to discontinued operations of Mid Richmond Residents Village and the Silver Sands Holiday Parks.
- *Decrease in user charges and fees \$1,082,000;*
 - Revenue for works on RTA State Roads increased by \$1,636,000 during the year, from \$1,397,000 in 2009/2010 to \$3,033,000 in 2010/2011, due to increased ordered work requests under the Road Maintenance Contract for maintenance of State roads.
 - Private works revenue decreased by \$2,322,000, from \$4,580,000 in 2009/2010 to \$2,258,000 in 2010/2011, essentially due to reduced revenue from bridge and prestressing work, declining from approximately \$3.6 million in 2009/2010 to approximately \$1.7 million in 2010/2011. The 2009/2010 revenue included the Leightons Ballina bypass piles of approximately \$2.0 million, the Scenic Rim Council Chinaman's bridge of approximately \$500,000, and the RTA Morpeth bridge of \$368,000. The 2010/2011 revenue included the Upper Hunter Timor bridge \$488,000, the Barsham bridge \$406,000 and the Scotts Creek bridge \$334,000.
 - External Plant Hire revenue decreased by \$537,000, from \$670,000 in 2009/2010 to \$133,000 in 2010/2011. This decrease is consistent with the decrease in private works revenue.
 - Planning and Building Regulation fees income decreased by \$122,000, from \$627,000 in 2009/2010 to \$505,000 in 2010/2011. This decrease was generally across a number of categories, including building inspection fees, construction certificates and section 149 certificates.
 - Waste Disposal Tipping fees increased by \$94,000, from \$790,000 in 2009/2010 to \$884,000 in 2010/2011. Tip fees were increased in the 2010/2011 year.
 - Rent/Hire of Council Property increased by \$57,000, from \$129,000 in 2009/2010 to \$186,000 in 2010/2011 year.

- Sewerage User Charges increased by \$57,000, from \$566,000 in 2009/2010 to \$623,000 in 2010/2011 year, consistent with increases in charges from the prior year.
- Water User Charges remained consistent with the prior year, from \$3,295,000 in 2009/2010 to \$3,294,000 in 2010/2011. Increased charges were offset by a decrease in water consumption levels.
- *Increase in interest and investment income \$164,000;*
 - In 2010/2011, Council recognised interest and investment revenue of \$2,190,000 compared to revenue of \$2,026,000 in 2009/2010. The majority of Council's investments are recognised in the financial statements at their fair value. Any movements in the fair value of Council's investments are recognised as a revenue or expense in the income statement. During the 2010/2011 financial year there was a \$640,000 fair value increase in investments compared to \$530,000 in the 2009/2010 financial year. Refer to Section 5.1.1 of this report for further details.
- *Increase in operating grants and contributions \$1,076,000;*
 - The Financial Assistance grants received for the 2010/2011 year were \$341,000 higher than that received in the 2009/2010 year.
 - Natural Disaster funding was higher in 2010/2011, increased by \$123,000 from the 2009/2010 year.
 - An amount of \$227,000 for the Richmond Upper Clarence Regional Library was recognised by Council in the 2010/2011 financial year, with Council now having control of the library.
 - An operating grant of \$186,000 for the Evans Head Memorial Aerodrome remediation was received in the 2010/2011 year.
 - RTA contributions increased by \$65,000 to \$769,000 for the 2010/2011 year.

Expenditure

- *Increased employee costs before capitalisation of wages \$160,000;*
 - Salaries and wages decreased only marginally, from \$9,696,000 in 2009/2010 to \$9,674,000 in 2010/2011, despite a 2.15% wage increase. The 2009/2010 year was noted as having overtime in relation to the Casino CBD upgrade project, which did not impact on the 2010/2011 year.
 - Employee leave entitlement expenses were \$390,000 higher, totalling \$2,168,000 in the 2010/2011 year.
 - Workers compensation insurance costs were reduced by \$229,000, to \$667,000 in 2010/2011.
- *Increased borrowing costs \$242,000*
 - Council borrowed an additional \$5,500,000 in 2010/2011 for sewerage infrastructure. The interest expense for this loan therefore impacted the 2010/2011 year.

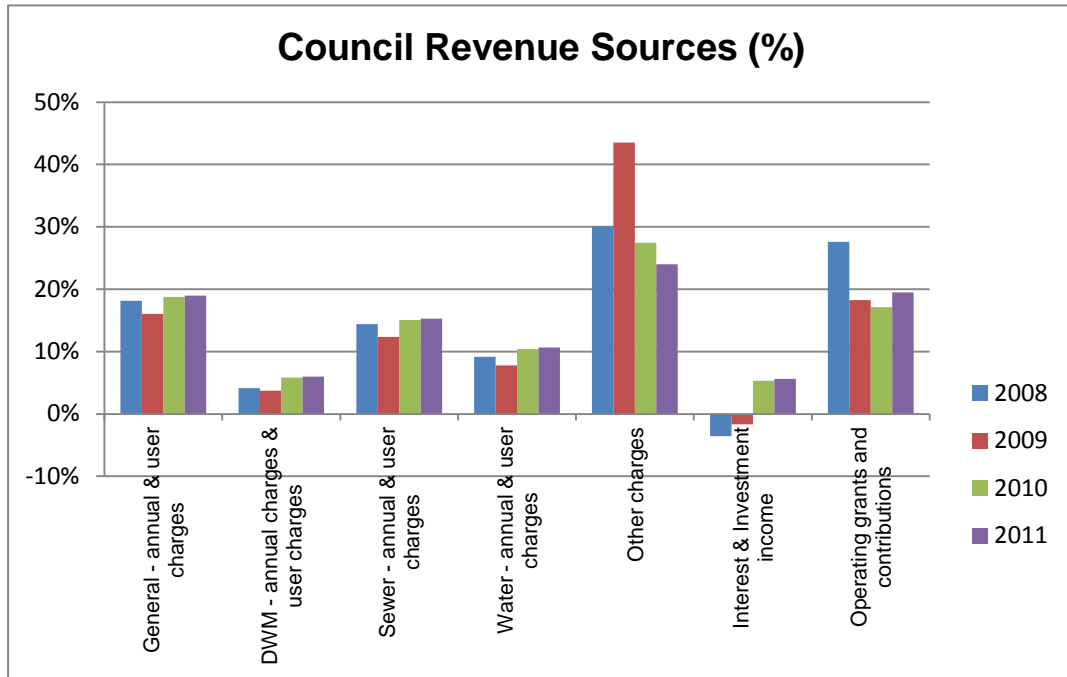


- *Increased materials and contracts \$2,350,000*
 - Increased expenditure in relation to the Road Maintenance Contract with State Roads Maintenance, increasing from \$1,190,000 to \$2,325,000. This increase is consistent with the increased revenue received from RTA State Roads noted above.
 - Expenditure of \$581,000 in 2010/2011 in relation to the Evans Head Memorial Aerodrome Remediation, compared to only \$76,000 expenditure in 2009/2010.
 - Richmond Upper Clarence Regional Library materials and contracts expenditure of \$220,000 in 2010/2011.
 - Operational costs for the pools within the shire increased, with the contracts on these pools retendered for the 2010/2011 year. These costs increased by \$173,000, the majority of the increase being the inclusion of the Evans Head Aquatic Centre in the 2010/2011 year.
 - An increase of \$123,000 on Natural Disaster Operating expenditure in the current year, from \$296,000 in 2009/2010 to \$419,000 in the 2010/2011 year.
 - Additionally there was an increase of \$71,000 in operating lease expenses, with lease costs for computers increasing.

- *Decreased other expenses \$475,000*
 - The most significant movement within other expenses is that the 2009/2010 comparative included \$536,000 for Richmond Upper Clarence Regional Library expenses. These expenses are consolidated within Councils expenses for the 2010/2011 year, due to Richmond Upper Clarence Regional Library being reported as part of Council's statements.

3.2. Analysis of income sources

	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000
General - annual & user charges	6,342	6,831	7,139	7,391
DWM - annual charges & user charges	1,445	1,587	2,221	2,340
Sewer - annual & user charges	5,033	5,248	5,732	5,943
Water - annual & user charges	3,209	3,311	3,959	4,145
Sub - total	<u>16,029</u>	<u>16,977</u>	<u>19,051</u>	<u>19,819</u>
Other charges	10,508	18,508	10,451	9,360
Interest & Investment income	(1,244)	(720)	2,026	2,190
Operating grants and contributions	9,638	7,771	6,521	7,597
Total revenue from continuing operations before capital amounts	<u><u>34,931</u></u>	<u><u>42,536</u></u>	<u><u>38,049</u></u>	<u><u>38,966</u></u>



Council's relative reliance on various income streams as detailed has remained steady on a long term trending basis. Council has historically had a large reliance on user charges, particularly private works such as bridge building and the Silver Sands Holiday Park. Both of the user charges for these operations were lower in 2010/2011 than in previous years, with Silver Sands Holiday Park transferred to North Coast Holiday Parks as at 25th February 2011 and bridge building operations progressively reducing in size. Relative to other Councils in the region, Council has had a relative low general and annual user charges base.

3.3. Depreciation

Depreciation was relatively consistent with 2009/2010 across the asset categories. The following movements were noted:

- Council revalued its stormwater drainage infrastructure assets as at 30 June 2010. The impact of this revaluation on depreciation expense was an increase in depreciation expense of \$169,000 in the 2010/2011 year.
- Water and Sewer infrastructure assets are indexed each year, resulting in increased depreciation expenses of \$51,000 and \$60,000, respectively, in the 2010/2011 year.
- The depreciation expense for Buildings and Other Structures increased by \$127,000 due to asset additions and transfers from Capital WIP during the year, increasing the asset base.
- The depreciation expense for Plant and Equipment decreased by \$196,000, the result of some disposals during the year and additional plant having reached their residual values.
- Roads, Bridges and Footpath assets have been indexed as at 30 June 2011, the impact of this revaluation on depreciation expense will occur in the 2011/2012 year.

3.4. Discontinued Operation - Transfer of Mid Richmond Residents Village

On 1st July 2010 Richmond Valley Council transferred its retirement village operations at Coraki to Baptist Community Services and the land on which it operated on to the NSW Government, as the operations were conducted as Corporate manager under the Crown Lands Act 1989. These operations contributed a loss of \$9,000 for the 2009/2010 year and a loss of \$197,000 for the 2010/2011 year. Council recorded a loss of \$3,463,000 in the 2010/2011 year as a result of the transfer of the net assets to Baptists Community Services and NSW Government.

3.5. Discontinued Operation - Transfer of Silver Sands Holiday Park

On 25 February 2011, the NSW Government, through its agency North Coast Holiday Parks, took over the operations of the Silver Sands Holiday Park, being located on Crown lands. The park was handed over as a going concern and all assets and cash reserves were transferred without compensation.

These operations contributed a profit of \$574,000 for the 2009/2010 year and a profit of \$268,000 for the eight months to February 2011. Council recorded a loss of \$9,341,000 in the 2010/2011 year when the net assets were transferred.

3.6. Capital Grants and Contributions

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

Capital grants received during the year amounted to \$5,623,000 and largely consisted of grants for the Community Centre - \$2,613,000; natural disaster funding grants - \$1,143,000; roads and bridges as part of the Roads to Recovery grants scheme - \$694,000; and grant for Sewerage Services - \$687,000.

Capital contributions received during the year amounted to \$1,060,000. This can be broken down as follows:

	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000
Section 94 Contributions - cash	108	255	566	213
Section 64 Contributions - cash/debtors	419	316	816	280
Roads & Bridges	587	128	-	-
Other contributions	192	127	429	447
Subdivider dedications	703	1,351	1,480	120
	<u>2,009</u>	<u>2,177</u>	<u>3,291</u>	<u>1,060</u>

At 30 June 2011, Council held \$1,254,000 restricted cash assets for S94 contributions and \$4,317,000 as restricted cash assets for S64 contributions.

Unexpended S.94 and S.64 contributions comprised:

	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000
Roads	396	293	205	182
Parking	228	199	372	373
Open space	36	57	95	85
Community facilities	29	20	3	3
Infrastructure	214	229	247	117
Community services	270	298	334	174
Rec & Civil facilities	157	75	56	31
Quarry roads	121	121	90	55
Others	58	120	128	234
Restricted Assets S94	<u>1,509</u>	<u>1,412</u>	<u>1,530</u>	<u>1,254</u>
Sewer S64	4,781	1,491	2,064	2,178
Water S64 debtors	475	82	-	-
Water S64	<u>1,749</u>	<u>2,287</u>	<u>2,279</u>	<u>2,139</u>
	<u><u>8,514</u></u>	<u><u>5,272</u></u>	<u><u>5,873</u></u>	<u><u>5,571</u></u>

3.7. Profit/(Loss) on Disposal of Assets

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

	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000
Profit/loss on disposal of assets				
Infrastructure assets replaced/scrapped				
- Transport & Drainage	(92)	(1,424)	(926)	(1,061)
- Water	(311)	(919)	(583)	(665)
- Sewer	(2,476)	(491)	(140)	(2,485)
Profit/(Loss) on sale of plant and equipment	245	(8)	(12)	(104)
Profit/(Loss) on sale of other real estate	(231)	(268)	(6)	(642)
Profit on sale of developed real estate	296	92	640	147
Net profit on disposal of assets	<u>(2,569)</u>	<u>(3,018)</u>	<u>(1,027)</u>	<u>(4,810)</u>

The loss on disposal of assets largely represents the written-down value of infrastructure assets that have been disposed or rehabilitated in the normal course of Council's budgeted asset replacement program. An additional contribution to the loss for the year was the write off of old pump stations resulting from the implementation of the Evans-Woodburn Augmentation Scheme, which had large capital expenditure as noted at 5.2.1 of this report.

A loss of \$642,000 was realised in relation to the disposal of other property. The majority of this relates to parcels of land, previously controlled by Council, which have been transferred to State Conservation areas or National Parks at nil consideration, thus no longer controlled by Council.



4. DECLARED BUSINESS ACTIVITIES UNDER THE NATIONAL COMPETITION GUIDELINES

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

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

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

	Revenue from Activities \$'000	Expenses from Activities \$'000	Result prior to capital amounts \$'000	Return on capital %	Subsidy \$'000	Dividends Paid \$'000
2010/11						
Water	4,911	5,618	(707)	(1.40)	N/A	-
Sewer	6,794	8,366	(1,572)	(0.80)	N/A	-
Petersons Quarry	560	651	(91)	(6.60)	(132)	-
Woodview Quarry	1,122	853	269	28.60	-	994
Silver Sands Holiday Park Bridges & Pre- stressing	1,641	10,932	(9,291)	N/A	(10,519)	540
	2,435	3,698	(1,263)	(22.50)	(1,441)	-
2009/10						
Water	4,779	5,501	(722)	(1.40)	N/A	-
Sewer	6,562	5,575	987	2.60	N/A	-
Petersons Quarry	823	664	159	15.80	-	-
Woodview Quarry	1,627	1,028	599	68.60	-	-
Silver Sands Holiday Park Bridges & Pre- stressing	2,485	2,043	442	5.20	(836)	442
	4,690	5,153	(463)	1.40	(627)	-

Water and Sewer Services

Council's water operations have remained relatively consistent to that of the prior year, with the deficit from continuing operations before capital amounts decreasing marginally from a \$722,000 deficit in 2009/2010 to a \$707,000 deficit in 2010/2011.



Council's sewer operations have deteriorated in their financial performance when compared to 2009/2010, with the result from continuing operations a \$987,000 surplus in 2009/2010 to a \$1,572,000 deficit in 2010/2011.

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

- User charges revenue was relatively consistent, increasing by \$44,000 from the previous year, from \$3,632,000 to \$3,676,000.
- Access charges revenue increased \$133,000 from the previous year, to \$919,000, consistent with an increase in charge rates.
- An increase in the purchase of water of \$139,000.
- A reduction in developer charges and developer provided assets, reduced from \$599,000 in the 2009/2010 year to \$335,000 in the 2010/2011 year, which impacted on the result from operations after capital.

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

- A loss on disposal of assets of \$2,484,000 in the 2010/2011 year (as discussed at 3.7 of this report), compared to \$141,000 in the 2009/2010 year.
- Increase in availability and user charges revenue of \$260,000 from the previous year, increased from \$5,948,000 to \$6,208,000, consistent with an increase in charge rates.
- An increase in interest expense of \$259,000 compared to the previous year, due to the new loan of \$5,500,000 in 2010/2011.
- A reduction in developer charges and developer provided assets, reduced from \$750,000 in the 2009/2010 year to \$44,000 in the 2010/2011 year, which impacted on the result from operations after capital.

Water and sewer operations are recognised as monopolies under the National Competition Policy guidelines. As a provider of essential services water and sewer funds should generate enough profits to enable it to replace its infrastructure as required. For the 2010/2011 year, Council set the required rate of return for these operations as Nil. This has been consistently applied to the 2009/2010 results also. In 2010/2011, both Council's water and sewer operations have achieved a negative rate of return.

Petersons Quarry and Woodview Quarry

Council's quarry operations have returned a combined profit of \$178,000 in the 2010/2011 year, compared to \$758,000 for the 2009/2010 year.

The most significant movement was a decrease in user charges revenue from the Woodview Quarry, decreasing from \$1,565,000 in 2009/2010 to \$1,122,000 in 2010/2011. The higher levels in the 2010 year were due to higher levels of natural disaster works in that year, which were largely for the restoration of unsealed roads, with sourcing predominantly from the Woodview Quarry.

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



Silver Sands Holiday Park

As noted at 3.5 above, North Coast Holiday Parks took over the caravan park on 25 February 2011. The operating result for the 8 month period was relatively consistent to that of the prior period. Council recorded a loss of \$9,341,000 when the net assets were transferred.

Council set the required rate of return for this operation at 15.0% for the 2010/2011 year. This is consistent with that of previous years.

Bridge and Pre-stressing

Council adopted a revised Business Plan in July 2011 to address the poor profitability of this operation and resolved to declassify the bridge operations as a business activity. These operations are to be considered as a resource sharing operation, with the objective of providing services to other Councils, rather than as an activity with a view of profit. The continued classification of these operations within the Special Purpose Financial Statements was deemed necessary in the 2010/2011 year.

The subsidy calculation per the Special Purpose Financial Statements is based on a required rate of return of 20.0%, consistent with that of previous years. It is noted, however, that this rate of return requires revision, with the objectives and operations of this activity having been reassessed.

5. BALANCE SHEET

5.1. Net Current Assets

5.1.1. Cash and Investments

Council has net current assets of \$25,946,000 as at 30 June 2011, however, this includes \$3,049,000 in leave entitlements which are not expected to be settled within twelve months. Net current assets, however, also contains \$20,673,000 of externally restricted cash in the form of special purpose grants, developer contributions and restricted water, sewer, domestic waste management funds and the Silver Sands Holiday Park funds. Developer contributions held under S.94 and S.64 are detailed in Section 3.6 of this report.

In addition, Council has allocated \$4,425,000 to internally restricted cash and investments to fund long term commitments. These internal reserves are detailed below.



	2010	2011
	\$'000	\$'000
Employee entitlements	346	389
Plant & Vehicles	997	152
Office equipment	16	-
Petersons quarry	216	435
Woodview quarry	902	209
Quarry Rehabilitation	28	42
Insurance	320	52
Real Estate & Infrastructure	287	-
Other waste management	1,711	1,618
Casino saleyards	387	420
Retirement village	39	-
Richmond Upper Clarence Regional Library	-	239
RTA roads contracts	471	-
Public cemeteries	284	334
Workers Compensation incentive	25	-
Unexpended rates variation	532	70
Uncompleted works & Other	371	465
	<u>6,932</u>	<u>4,425</u>

We note that there has been an decrease in internal reserves of \$2,507,000. Most notable has been the decrease in plant & vehicles, Woodview quarry and unexpended rates variation. We remind Council to be mindful of utilising reserves for the purposes for which they were established.

After funding internal and external restrictions Council has no unrestricted cash.

A summary of Council's investment securities is as follows:

Investments analysis (current & non-current)	2010	2011
	\$'000	\$'000
Opening balance of investments at fair value	16,808	10,178
Investments purchased	-	-
Investments sold	(7,160)	(2,642)
Fair value adjustments	530	640
Closing balance of investments at fair value	<u>10,178</u>	<u>8,176</u>

Closing balance of investments at fair value comprises:

Equity Linked Notes	2,966	3,211
Managed funds	1,983	2,073
FRNs	481	505
CDOs	2,871	1,965
Other	1,877	422
	<u>10,178</u>	<u>8,176</u>
Deposits at call & TDs	18,786	20,323
	<u>28,964</u>	<u>28,499</u>



Local Government Investment Order

Council holds investments, including Collateralised Debt Obligations (CDOs), which are no longer prescribed under the Local Government Investment Order, however, they have been retained under grandfathering provisions of the Order. These investments will be disposed of when most financially advantageous to Council.

Liquidity

Based on information provided by Council management, which has not been subject to audit, the maturity profile of investments held at balance date should not materially impact Council's budgeted operations for the 2011/2012 financial year from a liquidity perspective.

5.1.2. Receivables

Council's current receivables have increased from \$6,845,000 as at 30 June 2010 to \$8,463,000 as at 30 June 2011. The major components of the balances at the end of the financial year were:

	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000
Rates, etc	95	80	314	304
User charges	3,532	5,563	4,231	5,479
Deposits & bonds	205	350	310	310
Govt grants & subsidies	992	1,120	1,197	1,419
S64 water and sewer	459	81	8	8
Land sales	385	-	304	-
Accrued Interest on Investments	206	614	180	117
Other	134	506	425	910
Provision for Doubtful Debts	(124)	(124)	(124)	(84)
	<u>5,884</u>	<u>8,190</u>	<u>6,845</u>	<u>8,463</u>

5.2. Non-Current Assets and Liabilities

Council has a net non-current asset position of \$498,238,000, which consists largely of Council controlled investments, property, plant and equipment, water, sewer, road and drainage infrastructure and loans.

5.2.1. Property, Plant and Equipment

During the year Council capitalised the following property, plant and equipment:

	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000
<i>Non-cash Developer Contributions</i>				
Roads and Drainage Network	306	1,336	946	21
Sewerage Network	152	11	265	28
Water Supplies	127	3	269	71
<i>Non-cash Additions</i>				
Bush Fire Grants	2	206	107	53
Stan Payne Oval Lighting	-	21	-	-
<i>Council Constructed / Purchased Assets</i>				
Office Equipment	29	34	28	5
Furniture & Fittings	84	67	106	15
Non-Depreciable land improvements	57	-	395	-
Depreciable land improvements	380	503	311	70
Land and Buildings	480	689	1,579	907
Other Structures	173	350	431	465
Tips & quarries	-	300	180	-
Plant and Equipment/Vehicles	2,151	2,046	1,824	2,462
Roads and Drainage Network	2,516	6,836	4,001	2,027
Water Supply Network	493	1,412	973	1,409
Sewerage Network	2,867	1,620	421	4,536
Land Under Roads	-	-	-	12
Library Books	-	-	-	107
Capital Work In Progress	4,199	3,540	10,102	6,326
	14,016	18,974	21,938	18,514

Major additions to the sewerage network included capital expenditure on the Woodburn Sewerage Pump Station \$4,254,000.

Major additions to capital work in progress included the Casino Community Centre \$2,662,000 and various unsealed roads works funded by natural disaster grants from the RTA after damage sustained in the December 2010/January 2011 flood totalling \$1,161,000.

Asset Revaluations 2011

The Division of Local Government has mandated that all infrastructure assets including land and buildings are to be recognised in Council's financial records at their fair value. Fair value represents the written-down replacement cost of each asset using modern day equivalent materials, design and capacity.

During the year Council performed a full revaluation of Buildings, Other Structures, Operational and Community Land, Land Under Road and Land Improvements.



As a result of the revaluation, a revaluation increment of \$3,807,000 was recognised for Buildings and Other Structures and a revaluation increment of \$11,709,000 was recognised for Land and Land Improvements, the largest proportion relating to Community Land.

Where material, fair value adjustments are made each year to keep all infrastructure assets at fair value. As a result, a 2010/2011 increment of \$19,229,000 for roads, bridges and footpaths was recognised. This represents the first increment since the full revaluation of these assets performed in 2008/2009. Drainage assets were also incremented, by \$365,000, being their first increment since the full revaluation of these assets in 2009/2010.

Increments of \$1,430,000 for water infrastructure and \$1,890,000 for sewer infrastructure assets were also credited to the Asset Revaluation Reserve.

A further \$1,550,000 Community and Operational Land was recognised as an addition in the 2010/2011 year, in relation to land parcels controlled by Council that had not been previously recognised. These amounts have been shown as a correction of prior year amounts and are adjusted directly against Retained Earnings.

Regular Re-assessment of useful lives

It is important that Council regularly re-assesses the remaining useful lives of assets and their condition in future revaluations. The depreciation charge should reflect the consumption of the asset over its useful life. Fair value reporting of assets will require adequate internal resources in order to ensure the information from asset management reporting systems is accurate, timely and reflects the consumption of the assets.

Integrated Planning and Reporting Framework and Asset Management

The Integrated Planning and Reporting Framework (IPAR) has been developed as part of the Local Government Reform Program and proposes changes to the Local Government Act 1993 to improve council's long term community, financial and asset planning.

The key drivers for changing the current planning and reporting framework include: increased expectations on local government, innovation of some councils with positive effects, recent findings from reviews of council strategic performance, and the need for improved asset management and long term financial planning.

Under the IPAR framework each Council is to prepare an Asset Management Strategy to provide a clear direction for asset management. The development of an Asset Management Strategy will enable council to illustrate how its asset portfolio supports the service delivery needs of its community into the future.

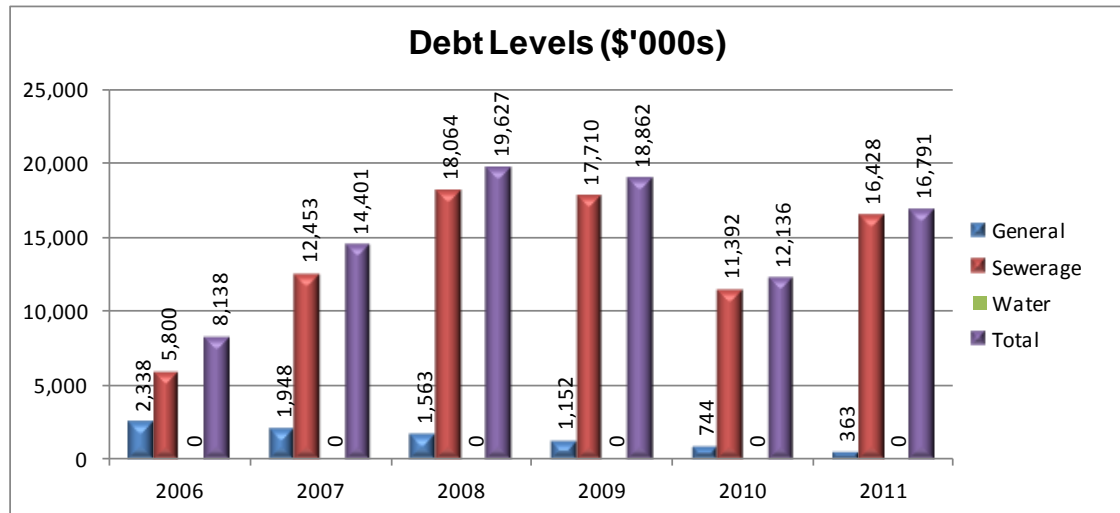
An Asset Management Policy must also be prepared which sets the framework for the preparation of Council's Asset Management Strategy and Asset Management Plan/s. An Asset Management Plan is a long term plan that outlines the asset activities for each service and outlines actions and resources to provide a defined level of service in the most cost efficient way.

Richmond Valley Council were included in Group 2, requiring implementation of these requirements by 1 July 2011. Council should be commended on meeting this timeframe.

5.2.2 Loans

Council's overall debt position has increased during the year by \$4,653,000. Council drew on a new loan of \$5,500,000 in 2010/2011 for the Woodburn/Evans Head Sewerage Augmentation. Council's general fund has loans totalling \$363,000, sewer fund has loans totalling \$16,428,000 and Council's water fund remains debt-free.

Council is projecting to repay \$767,000 of these loans in the forthcoming year.



Council is also projecting to borrow \$7,000,000 in the 2011/2012 year and \$6,177,000 over the 2012/2013 to 2014/2015 years, for further sewer infrastructure.

6. KEY PERFORMANCE INDICATORS

Council's performance can be measured using selected financial indicators. The local government sector utilises certain key performance indicators to measure some aspects of its financial position and performance. Note 13 to the general purpose financial statements provides details of local government sector key performance indicators. We provide an analysis of some of these key performance indicators on a fund-by-fund basis.

When interpreting the ratios below it is important to recognise that they represent a measure of certain aspects of Council's operations at a particular point in time and do not provide a complete assessment of Council's financial performance or position nor do they consider the plans Council has in place to manage its operations into the future.

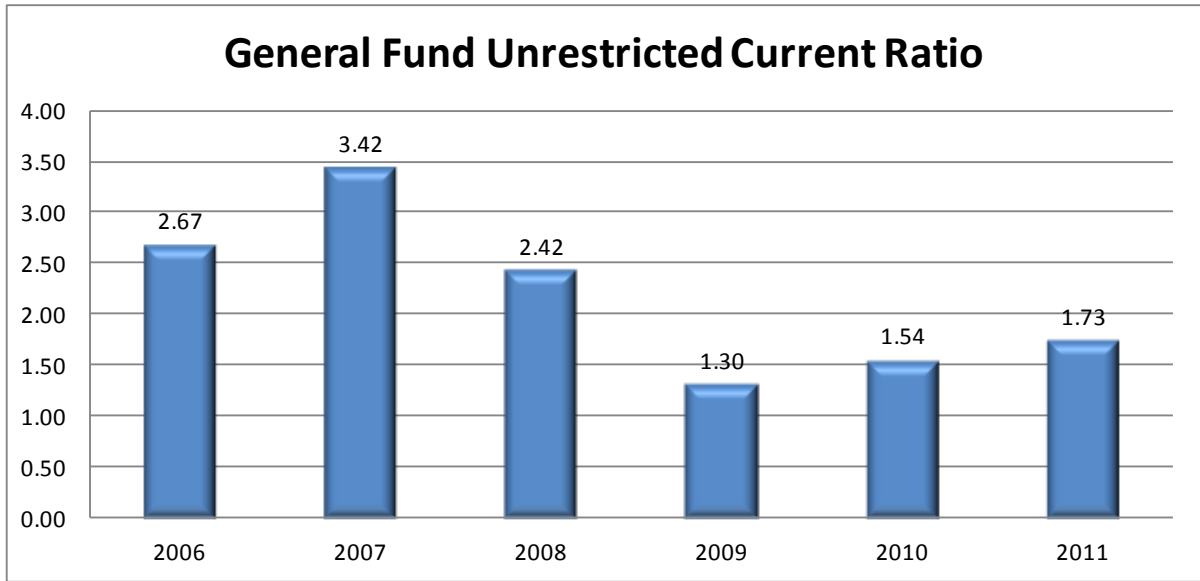
Unrestricted Current Ratio

The unrestricted current ratio represents Council's capacity to meet its commitments from current assets net of externally restricted cash, investments and receivables.

Factors influencing Council's unrestricted current assets ratio include:

- Planning and budgetary controls;
- Cash management and the timing of cash flows;
- The level of internally restricted assets; and
- Credit management policies and economic circumstances.

General Fund Unrestricted Current Ratio

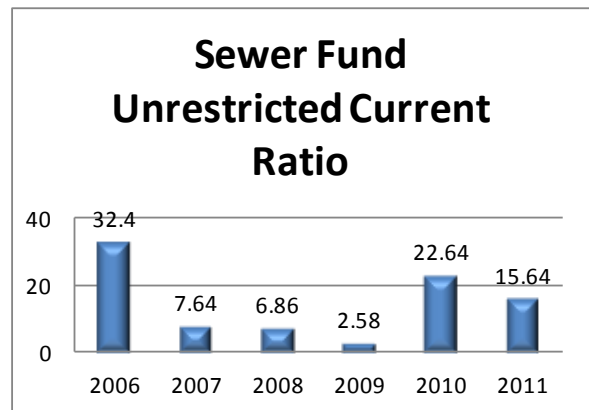
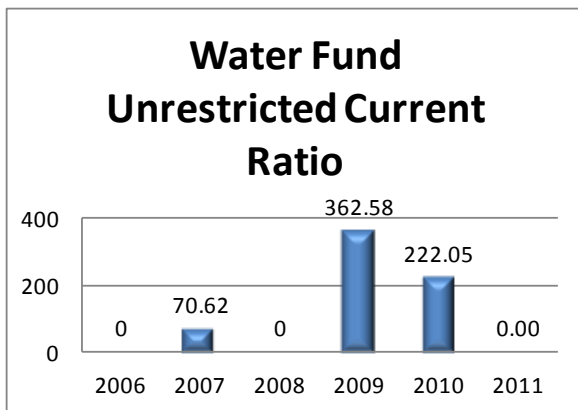


Council’s general fund unrestricted current ratio has increased from 1.54 to 1.73, due to an improved net current asset position. This means that Council has \$1.73 in unrestricted net assets for every \$1 of unrestricted current liabilities.

An unrestricted current ratio of at least 1.5 is considered to be an appropriate level to allow Council to satisfy its day to day commitments and absorb any unforeseen expenses or reductions in revenue.

It is important to note that the unrestricted current ratio does not reflect Council’s capacity to fund long term infrastructure needs nor the state of the infrastructure itself. As part of its asset management processes, Council needs to assess its infrastructure requirements and develop strategies to ensure the long-term viability (ability to provide services) of its assets.

Water and Sewer Fund Unrestricted Current Ratio



We note that the unrestricted current ratio for water and sewer activities may fluctuate significantly. Yearly fluctuations may result from the accumulation of internal reserves and the impact of debt levels and will continue to fluctuate in the future as further funds are collected and expended on infrastructure improvements.

Water fund ratio is nil as there are nil unrestricted liabilities as at 30 June 2011.

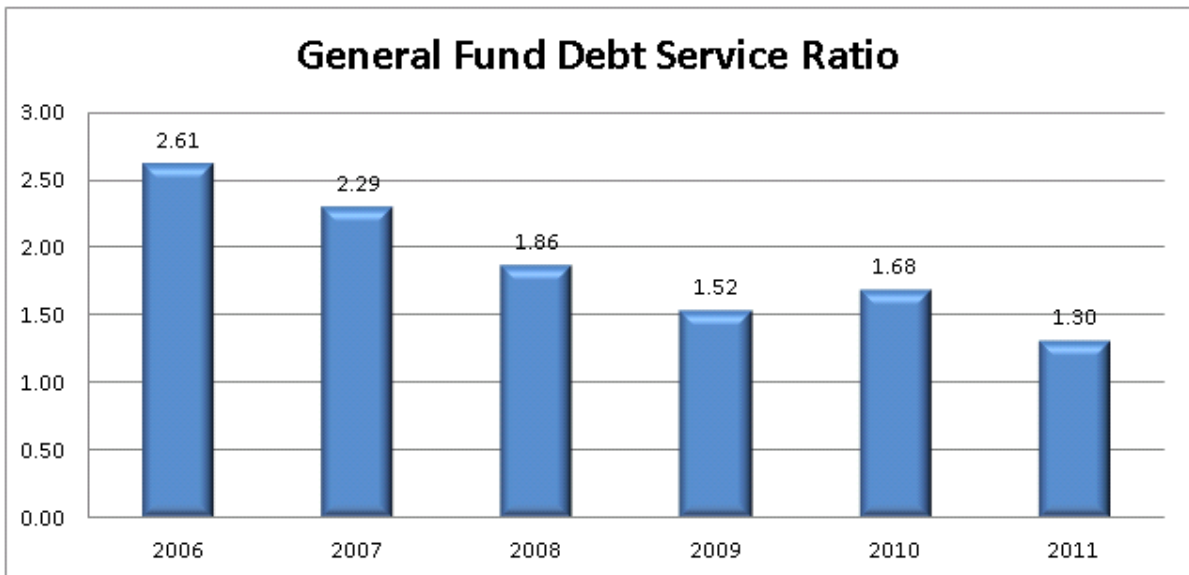


Debt Service Ratio

This indicator assesses the degree to which revenues from continuing operations are committed to the repayment of debt. Factors influencing a council's debt service ratio include:

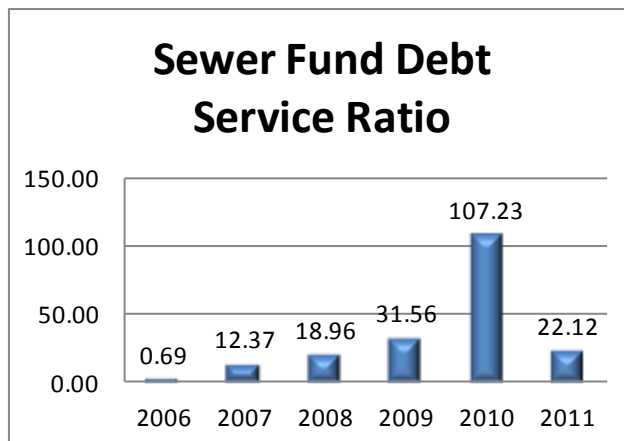
- The rate of new development in the Council area and the need to borrow to fund new infrastructure;
- Council's debt policy;
- Interest rate movements and loan terms;
- Capital investment strategies and capital contributions policies;
- The level of cash reserves available to reduce the level of borrowings; and
- The state of Council's infrastructure assets and the need to borrow to replace them.

General Fund Debt Service Ratio



Council's debt service ratio for general fund has remained stable, decreasing slightly.

Sewer Fund Debt Service Ratio





Sewer fund has a decreased debt service ratio from 107.23 at 2010 to 22.12 at 2011. The high ratio in 2010 was the result of a large increase in the debt service costs for 2010 due to the July 2009 repayment of loans totalling \$6,318,000.

As noted at 5.2.2 of this report, sewer fund drew a new loan of \$5,500,000 in 2010/2011.

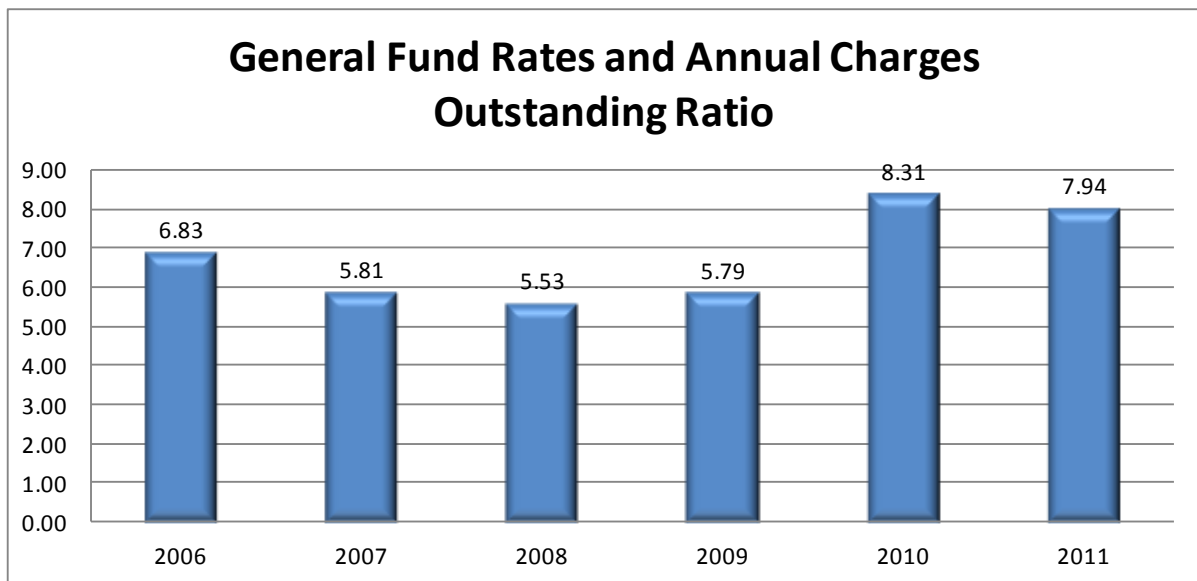
Water fund does not have any debt.

Rates and Annual Charges Outstanding Ratio

This indicator assesses the effectiveness of Council’s revenue collection. Factors influencing Council’s rates and annual charges outstanding ratio include:

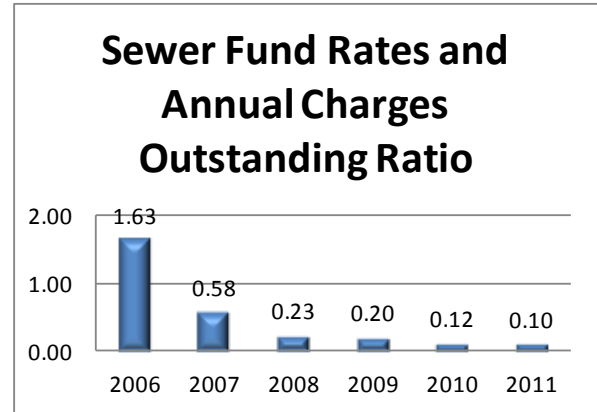
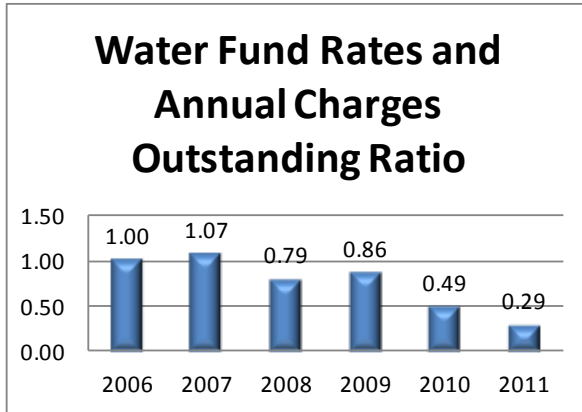
- Council’s rating policy;
- Credit management policies;
- The socio-economic characteristics of the area; and
- Environmental factors influencing ratepayers’ ability to satisfy their obligations.

General Fund Rates & Annual Charges Outstanding Ratio



Council’s general fund rates and annual charges outstanding percentage has marginally reduced as at 30 June 2011. Whilst the ratio is within acceptable industry parameters, we again suggest that it would be prudent for Council to review its policies and procedures to determine the level of outstanding rates and annual charges it wishes to maintain.

Water and Sewer Funds Rates & Annual Charges Outstanding Ratio



The above graphs illustrate the rates and annual charges outstanding ratio for water and sewer funds, which have remained relatively stable.

Buildings and Infrastructure Renewals Ratio

The purpose of this ratio is to assess the rate at which building and infrastructure assets are being renewed against the rate at which they are depreciating. Renewals are defined as replacement of existing assets with equivalent capacity or performance as opposed to the acquisition of new assets.

The consolidated building and infrastructure renewals ratio has decreased from 41.08% to 36.61%.


This ratio should also be considered in conjunction with the level of new asset additions.

7. INTERNAL CONTROL ENVIRONMENT

No significant breakdowns of internal control were encountered during the course of our audit nor did we become aware of the existence of items comprising material error, sufficient to cause us to issue a modified audit opinion.

Subject to the foregoing comments the books of account and records of the Council were maintained in good order and condition and the information and explanations required during the course of our work were readily supplied by the General Manager and his staff.

Yours faithfully
THOMAS NOBLE & RUSSELL



.....
 G W DWYER (Partner)
 Registered Company Auditor

Richmond Valley Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2011

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



Richmond Valley Council

Special Purpose Financial Statements

for the financial year ended 30 June 2011

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Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.

(ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

(iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

(iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

Richmond Valley Council

Special Purpose Financial Statements for the financial year ended 30 June 2011

Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government"
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality"
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

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

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

We are not aware of any matter that would render these Statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 18 October 2011.


Col Sullivan
MAYOR


Shirley Wheatley
COUNCILLOR


Brian Wilkinson
GENERAL MANAGER


Ryan Gaiter
RESPONSIBLE ACCOUNTING OFFICER

Richmond Valley Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2011

\$ '000	Actual 2011	Actual 2010	Actual 2009
Income from continuing operations			
Access charges	919	786	951
User charges	3,676	3,632	2,796
Fees	73	45	54
Interest	157	237	28
Grants and contributions provided for non capital purposes	86	79	86
Profit from the sale of assets	-	-	-
Other income	-	-	-
Total income from continuing operations	4,911	4,779	3,915
Expenses from continuing operations			
Employee benefits and on-costs	717	719	682
Borrowing costs	-	-	-
Materials and contracts	1,841	1,938	1,780
Depreciation and impairment	1,292	1,240	1,198
Water purchase charges	853	714	602
Loss on sale of assets	665	582	913
Calculated taxation equivalents	25	17	17
Debt guarantee fee (if applicable)	-	-	-
Other expenses	225	291	530
Total expenses from continuing operations	5,618	5,501	5,722
Surplus (deficit) from Continuing Operations before capital amounts	(707)	(722)	(1,807)
Grants and contributions provided for capital purposes	443	599	355
Surplus (deficit) from Continuing Operations after capital amounts	(264)	(123)	(1,452)
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	(264)	(123)	(1,452)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-
SURPLUS (DEFICIT) AFTER TAX	(264)	(123)	(1,452)
plus Opening Retained Profits	26,004	26,110	27,545
plus/less: Prior Period Adjustments	-	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	25	17	17
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	-
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	25,765	26,004	26,110
Return on Capital %	-1.4%	-1.4%	-3.7%
Subsidy from Council	n/a	n/a	n/a
Calculation of dividend payable:			
Surplus (deficit) after tax	(264)	(123)	(1,452)
less: Capital grants and contributions (excluding developer contributions)	(179)	(268)	(355)
Surplus for dividend calculation purposes	-	-	-
Potential Dividend calculated from surplus	-	-	-

Richmond Valley Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2011

\$ '000	Actual 2011	Actual 2010	Actual 2009
Income from continuing operations			
Access charges	5,320	5,166	4,727
User charges	888	782	1,058
Liquid Trade Waste charges	-	-	-
Fees	5	5	4
Interest	497	528	573
Grants and contributions provided for non capital purposes	84	81	88
Profit from the sale of assets	-	-	-
Other income	-	-	-
Total income from continuing operations	6,794	6,562	6,450
Expenses from continuing operations			
Employee benefits and on-costs	920	967	871
Borrowing costs	1,021	762	1,276
Materials and contracts	1,814	1,781	2,114
Depreciation and impairment	1,695	1,635	1,569
Loss on sale of assets	2,484	141	493
Calculated taxation equivalents	21	16	16
Debt guarantee fee (if applicable)	173	67	11
Other expenses	238	206	842
Total expenses from continuing operations	8,366	5,575	7,192
Surplus (deficit) from Continuing Operations before capital amounts	(1,572)	987	(742)
Grants and contributions provided for capital purposes	987	1,253	378
Surplus (deficit) from Continuing Operations after capital amounts	(585)	2,240	(364)
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	(585)	2,240	(364)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(296)	-
SURPLUS (DEFICIT) AFTER TAX	(585)	1,944	(364)
plus Opening Retained Profits	36,179	33,856	34,193
plus/less: Prior Period Adjustments	-	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	21	16	16
- Debt guarantee fees	173	67	11
- Corporate taxation equivalent	-	296	-
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	35,788	36,179	33,856
Return on Capital %	-0.8%	2.6%	0.8%
Subsidy from Council	n/a	n/a	n/a
Calculation of dividend payable:			
Surplus (deficit) after tax	(585)	1,944	(364)
less: Capital grants and contributions (excluding developer contributions)	(971)	(768)	(378)
Surplus for dividend calculation purposes	-	1,176	-
Potential Dividend calculated from surplus	-	588	-

Richmond Valley Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2011

\$ '000	Petersons Quarry		Woodview Quarry	
	Actual 2011	Actual 2010	Actual 2011	Actual 2010
Income from continuing operations				
Access charges	-	-	-	-
User charges	560	805	1,122	1,565
Fees	-	-	-	-
Interest	-	15	-	62
Grants and contributions provided for non capital purposes	-	3	-	-
Profit from the sale of assets	-	-	-	-
Other income	-	-	-	-
Total income from continuing operations	560	823	1,122	1,627
Expenses from continuing operations				
Employee benefits and on-costs	68	64	68	53
Borrowing costs	17	17	14	14
Materials and contracts	526	538	745	938
Depreciation and impairment	33	34	18	16
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	2	2	6	5
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	5	9	2	2
Total expenses from continuing operations	651	664	853	1,028
Surplus (deficit) from Continuing Operations before capital amounts	(91)	159	269	599
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	(91)	159	269	599
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	(91)	159	269	599
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(48)	(81)	(180)
SURPLUS (DEFICIT) AFTER TAX	(91)	111	188	419
plus Opening Retained Profits	869	667	1,396	520
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	2	2	6	5
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	-	48	81	180
add:				
- Subsidy Paid/Contribution To Operations	270	41	-	272
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	(994)	-
Closing Retained Profits	1,050	869	677	1,396
Return on Capital %	-6.6%	15.8%	28.6%	68.6%
Subsidy from Council	132	-	-	-

Richmond Valley Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2011

\$ '000	Silver Sands Holiday Park		Bridge & Prestressing	
	Actual 2011	Actual 2010	Actual 2011	Actual 2010
Income from continuing operations				
Access charges	-	-	-	-
User charges	-	-	2,416	4,690
Fees	-	-	4	-
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	15	-
Other income	-	-	-	-
Total income from continuing operations	-	-	2,435	4,690
Expenses from continuing operations				
Employee benefits and on-costs	-	-	732	708
Borrowing costs	-	-	501	511
Materials and contracts	-	-	2,302	3,482
Depreciation and impairment	-	-	125	414
Loss on sale of assets	-	-	-	1
Calculated taxation equivalents	-	-	7	6
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	-	-	31	31
Total expenses from continuing operations	-	-	3,698	5,153
Surplus (deficit) from Continuing Operations before capital amounts	-	-	(1,263)	(463)
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	-	-	(1,263)	(463)
Surplus (deficit) from discontinued operations	(9,291)	442	-	-
Surplus (deficit) from ALL Operations before tax	(9,291)	442	(1,263)	(463)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(133)	-	-
SURPLUS (DEFICIT) AFTER TAX	(9,291)	309	(1,263)	(463)
plus Opening Retained Profits	6,470	6,430	868	814
plus/less: Other Adjustments (Discontinued Operations)	3,321	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	40	40	7	6
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	-	133	-	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	501	511
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	(540)	(442)	-	-
Closing Retained Profits	-	6,470	113	868
Return on Capital %	n/a	5.2%	-22.5%	1.4%
Subsidy from Council	10,519	836	1,441	627

Richmond Valley Council

Balance Sheet of Council's Water Supply Business Activity

as at 30 June 2011

\$ '000	Actual 2011	Actual 2010
ASSETS		
Current Assets		
Cash and cash equivalents	2,280	2,459
Investments	1,451	1,429
Receivables	1,329	1,129
Inventories	-	-
Other	1	1
Non-current assets classified as held for sale	-	-
Total Current Assets	5,061	5,018
Non-Current Assets		
Investments	-	-
Receivables	391	350
Inventories	-	-
Infrastructure, property, plant and equipment	51,892	50,241
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	52,283	50,591
TOTAL ASSETS	57,344	55,609
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	-	19
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	-	19
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	-	19
NET ASSETS	57,344	55,590
EQUITY		
Retained earnings	25,765	26,004
Revaluation reserves	31,579	29,586
Council equity interest	57,344	55,590
Minority equity interest	-	-
TOTAL EQUITY	57,344	55,590

Richmond Valley Council

Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2011

\$ '000	Actual 2011	Actual 2010
ASSETS		
Current Assets		
Cash and cash equivalents	12,627	9,378
Investments	621	554
Receivables	1,957	1,603
Inventories	-	-
Other	1	1
Non-current assets classified as held for sale	-	-
Total Current Assets	15,206	11,536
Non-Current Assets		
Investments	-	-
Receivables	511	485
Inventories	-	-
Infrastructure, property, plant and equipment	71,317	68,092
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	71,828	68,577
TOTAL ASSETS	87,034	80,113
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	279	196
Interest bearing liabilities	554	401
Provisions	-	-
Total Current Liabilities	833	597
Non-Current Liabilities		
Payables	214	214
Interest bearing liabilities	15,874	10,990
Provisions	-	-
Total Non-Current Liabilities	16,088	11,204
TOTAL LIABILITIES	16,921	11,801
NET ASSETS	70,113	68,312
EQUITY		
Retained earnings	35,788	36,179
Revaluation reserves	34,325	32,133
Council equity interest	70,113	68,312
Minority equity interest	-	-
TOTAL EQUITY	70,113	68,312

Richmond Valley Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2011

\$ '000	Petersons Quarry		Woodview Quarry	
	Category 2		Category 2	
	Actual 2011	Actual 2010	Actual 2011	Actual 2010
ASSETS				
Current Assets				
Cash and cash equivalents	-	-	-	-
Investments	435	216	209	902
Receivables	-	-	-	-
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	435	216	209	902
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	1,121	1,117	989	894
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	1,121	1,117	989	894
TOTAL ASSETS	1,556	1,333	1,198	1,796
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Total Current Liabilities	-	-	-	-
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	349	336	280	269
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	349	336	280	269
TOTAL LIABILITIES	349	336	280	269
NET ASSETS	1,207	997	918	1,527
EQUITY				
Retained earnings	1,050	869	677	1,396
Revaluation reserves	157	128	241	131
Council equity interest	1,207	997	918	1,527
Minority equity interest	-	-	-	-
TOTAL EQUITY	1,207	997	918	1,527

Richmond Valley Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2011

\$ '000	Silver Sands Holiday Park Category 2		Bridge & Prestressing Category 1	
	Actual 2011	Actual 2010	Actual 2011	Actual 2010
ASSETS				
Current Assets				
Cash and cash equivalents	-	-	-	-
Investments	1,339	1,527	-	-
Receivables	-	-	436	1,020
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	1,339	1,527	436	1,020
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	-	8,522	3,394	3,377
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	-	8,522	3,394	3,377
TOTAL ASSETS	1,339	10,049	3,830	4,397
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	3,289	3,074
Payables	1,339	258	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Total Current Liabilities	1,339	258	3,289	3,074
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	-	-	-	-
TOTAL LIABILITIES	1,339	258	3,289	3,074
NET ASSETS	-	9,791	541	1,323
EQUITY				
Retained earnings	-	6,470	113	868
Revaluation reserves	-	3,321	428	455
Council equity interest	-	9,791	541	1,323
Minority equity interest	-	-	-	-
TOTAL EQUITY	-	9,791	541	1,323

Richmond Valley Council

Special Purpose Financial Statements

for the financial year ended 30 June 2011

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	12
2	Water Supply Business Best Practice Management disclosure requirements	15
3	Sewerage Business Best Practice Management disclosure requirements	17

Richmond Valley Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2011

Note 1. Significant Accounting Policies

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

For the purposes of these statements, the Council's business activities (reported herein) are not reporting entities.

These special purpose financial statements, unless otherwise stated, have been prepared in accordance with;

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Australian Accounting Interpretations,
- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis. They are based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Division of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing

and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

Declared Business Activities

In accordance with *Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

Category 1

(where gross operating turnover is over \$2 million)

a. Water Supplies

Comprising the whole of the operations and assets of the water supply systems, which service the towns of Broadwater, Casino, Coraki, Evans Head and Woodburn.

b. Sewerage Services

Comprising the whole of the operations and assets of the sewerage reticulation and treatment systems, which service the towns of Casino, Coraki, Evans Head, Rileys Hill and Woodburn.

c. Bridge Construction and Pre-Stressing Works

Providing bridge construction and prestressed concrete products for Council's construction and external sale that provides Council with an alternative source of income.

Category 2

(where gross operating turnover is less than \$2 million)

a. Petersons Quarry

Providing high quality supplies of gravel, aggregate and other materials, for both Council's construction program and also for sale to the public.

b. Woodview Quarry

Providing high quality supplies of gravel, aggregate and other materials, for both Council's construction program and also for sale to the public.

Richmond Valley Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2011

Note 1. Significant Accounting Policies (continued)

c. Silver Sands Holiday Park (SSHP)

Situated at Evans Head, SSHP provides tourists and long-term residents with a well maintained, quality caravan park and camping area.

Situated on Crown Land, Council was the Reserve Trust manager, charged with the care, control and management of the Reserve and Caravan Park until 25 February 2011 when the State Government, through its agency North Coast Holiday Parks took over Trust Management status and associated responsibilities. The Special Purpose Financial Statements detail financial performance to 25 February 2011.

Further details relating to the discontinued operation are outlined in Note 24 of Council's General Purpose Financial Statements.

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

As required by the NSW Office of Water (Department of Environment, Climate Change and Water) some amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

(i) Taxation Equivalent Charges

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

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities):

Notional Rate Applied %

Corporate Income Tax Rate – **30%**

Land Tax – The first **\$387,000** of combined land values attracts **0%**. From \$387,001 to \$2,366,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,366,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$658,000.

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation equivalent", may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income Tax

An income tax equivalent has been applied on the profits of the business.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

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

Richmond Valley Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2011

Note 1. Significant Accounting Policies (continued)

Since this taxation equivalent is notional - that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in Council's GPFS.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

(ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed.

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of Business Activities.

(iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field".

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

Written Down Value of I,PP&E as at 30 June

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

(iv) Dividends

Council is not required to pay dividends to either itself as owner of a range of businesses or to any external entities.

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either (i) 50% of this surplus in any one year, or (ii) the number of water supply or sewerage assessments at 30 June 2011 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the NSW Office of Water prior to making the dividend and only after it has approved its payment.

Richmond Valley Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2011

Note 2. Water Supply Business Best Practice Management disclosure requirements

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

2011

1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	25,000
(ii)	No of assessments multiplied by \$3/assessment	21,933
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	21,933
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	197,397
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2011, less the cumulative dividends paid for the 2 years to 30 June 2010 & 30 June 2009	(2,641,000)

2011 Surplus	(443,000)	2010 Surplus	(391,000)	2009 Surplus	(1,807,000)
		2010 Dividend	-	2009 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

3. Required outcomes for 6 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	
(iii)	Sound Water Conservation and Demand Management implemented	YES
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form (by 15 September each year)	NO
(vi)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

Richmond Valley Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2011

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

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)		2011
National Water Initiative (NWI) Financial Performance Indicators		
NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)	\$'000 5,145
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	% 74.44%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000 51,865
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000 3,631
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000 1,546
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	% 0.43%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000 79

- Notes:
- References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
 - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

Richmond Valley Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2011

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2011

1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	194,000
(ii)	No of assessments multiplied by \$3/assessment	20,727
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	20,727
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-												
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	186,543												
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2011, less the cumulative dividends paid for the 2 years to 30 June 2010 & 30 June 2009	(1,122,100)												
<table border="1"> <tr> <td>2011 Surplus</td> <td>(1,556,000)</td> <td>2010 Surplus</td> <td>1,175,900</td> <td>2009 Surplus</td> <td>(742,000)</td> </tr> <tr> <td></td> <td></td> <td>2010 Dividend</td> <td>-</td> <td>2009 Dividend</td> <td>-</td> </tr> </table>			2011 Surplus	(1,556,000)	2010 Surplus	1,175,900	2009 Surplus	(742,000)			2010 Dividend	-	2009 Dividend	-
2011 Surplus	(1,556,000)	2010 Surplus	1,175,900	2009 Surplus	(742,000)									
		2010 Dividend	-	2009 Dividend	-									
(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a												
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-												

3. Required outcomes for 4 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	Complying charges	
	(a) Residential [Item 2(c) in Table 1]	YES
	(b) Non Residential [Item 2(c) in Table 1]	YES
	(c) Trade Waste [Item 2(d) in Table 1]	YES
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii)	Complete Performance Reporting Form (by 15 September each year)	NO
(iv)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

Richmond Valley Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2011

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

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2011

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	6,637
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	71,194
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	2,972
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	5,190
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	2.76%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	687

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

NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	8,633
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.83%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	6,736
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	1.78%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

Richmond Valley Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2011

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

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

2011

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

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	-0.43%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): 2,192 Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c) Net Interest: 435 Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		5
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	(1,397)
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	158

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
 - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.



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

Report on the Financial Statements

We have audited the accompanying financial statements, being special purpose financial statements, of Richmond Valley Council (the Council), which comprises the balance sheet as at 30 June 2011, the income statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Councillors' and Management.

Councils' Responsibility for the Financial Statements

The Council is responsible for the preparation of the financial statements and has determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the *Local Government Act 1993* and meet the needs of the Division of Local Government. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Our audit responsibility does not extend to the best practice management disclosures in note 2 and note 3, and accordingly, we do not express an opinion on such. In addition, our audit did not include an analysis of the prudence of business decisions made by Council or management.

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



Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the special purpose financial statements of Richmond Valley Council for the year ended 30 June 2011 included on Council's website. The Council is responsible for the integrity of the website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial statements identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial statements. If users of the financial statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements to confirm the information contained in this website version of the financial statements.

Independence

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

Audit Opinion

In our opinion, the special purpose financial statements of Richmond Valley Council are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the Division of Local Government. As a result, the financial statements may not be suitable for another purpose.

THOMAS NOBLE & RUSSELL CHARTERED ACCOUNTANTS

A handwritten signature in blue ink, appearing to read 'G W Dwyer', is written over a horizontal dotted line. The signature is stylized and extends to the right.

G W DWYER (Partner)
Registered Company Auditor

Dated at Lismore this 18th day of October 2011.

Richmond Valley Council

SPECIAL SCHEDULES
for the year ended 30 June 2011

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



Richmond Valley Council

Special Schedules

for the financial year ended 30 June 2011

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Special Schedules¹

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- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply - Income Statement	5
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¹ Special Purpose Schedules are not audited.

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water,
 - the Department of Environment, Climate Change and Water, and
 - the Division of Local Government (DLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Richmond Valley Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2011

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	823	-	-	(823)
Administration	385	473	-	88
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	884	278	130	(476)
Beach Control	27	-	-	(27)
Enforcement of Local Govt Regs	-	-	-	-
Animal Control	225	76	-	(149)
Other	-	-	-	-
Total Public Order & Safety	1,136	354	130	(652)
Health	796	202	-	(594)
Environment				
Noxious Plants and Insect/Vermin Control	102	-	-	(102)
Other Environmental Protection	599	-	-	(599)
Solid Waste Management	2,797	3,848	-	1,051
Street Cleaning	221	-	-	(221)
Drainage	844	193	130	(521)
Stormwater Management	-	-	-	-
Total Environment	4,563	4,041	130	(392)
Community Services and Education				
Administration & Education	-	-	-	-
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	34	-	-	(34)
Childrens Services	-	-	-	-
Total Community Services & Education	34	-	-	(34)
Housing and Community Amenities				
Public Cemeteries	248	259	-	11
Public Conveniences	198	-	-	(198)
Street Lighting	338	84	-	(254)
Town Planning	2,213	648	213	(1,352)
Other Community Amenities	-	-	-	-
Total Housing and Community Amenities	2,997	991	213	(1,793)
Water Supplies	5,483	4,569	443	(471)
Sewerage Services	8,134	6,636	987	(511)

Richmond Valley Council

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

for the financial year ended 30 June 2011

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	967	913	26	(28)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	350	20	2,613	2,283
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	682	42	68	(572)
Swimming Pools	740	9	-	(731)
Parks & Gardens (Lakes)	1,287	50	30	(1,207)
Other Sport and Recreation	409	16	28	(365)
Total Recreation and Culture	4,435	1,050	2,765	(620)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	-	-	-	-
Other Mining, Manufacturing & Construction	76	271	-	195
Total Mining, Manufacturing and Const.	76	271	-	195
Transport and Communication				
Urban Roads (UR) - Local	2,303	67	268	(1,968)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	3,751	66	32	(3,653)
Sealed Rural Roads - Regional	1,299	818	-	(481)
Unsealed Rural Roads (URR) - Local	3,438	176	1,132	(2,130)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	850	-	-	(850)
Bridges on SRR - Local	6	-	403	397
Bridges on URR - Local	22	-	-	(22)
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	339	3	103	(233)
Aerodromes	827	197	21	(609)
Other Transport & Communication	2,876	3,033	-	157
Total Transport and Communication	15,711	4,360	1,959	(9,392)
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	4,583	3,013	56	(1,514)
Total Economic Affairs	4,583	3,013	56	(1,514)
Totals – Functions	49,156	25,960	6,683	(16,513)
General Purpose Revenues⁽²⁾		13,695		13,695
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT⁽¹⁾	49,156	39,655	6,683	(2,818)

(1) As reported in the Income Statement | (2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants & Interest on Investments (excl. Ext. Restricted Assets)

Richmond Valley Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)
for the financial year ended 30 June 2011

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-							-	-
Treasury Corporation	-	-	-							-	-
Other State Government	-	-	-							-	-
Public Subscription	-	-	-							-	-
Financial Institutions	783	11,351	12,134	5,500	843	-	-	1,055	765	16,026	16,791
Other	-	-	-							-	-
Total Loans	783	11,351	12,134	5,500	843	-	-	1,055	765	16,026	16,791
Other Long Term Debt											
Ratepayers Advances	-	-	-							-	-
Government Advances	2	2	4	-	2	-	-	1	2	-	2
Finance Leases	-	-	-							-	-
Deferred Payments	-	-	-							-	-
Total Long Term Debt	2	2	4	-	2	-	-	1	2	-	2
Total Debt	785	11,353	12,138	5,500	845	-	-	1,056	767	16,026	16,793

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

Richmond Valley Council

Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2011

\$'000	Actuals 2011	Actuals 2010
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	1,015	929
b. Engineering and Supervision	640	705
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	1
- Mains		
c. Operation expenses	38	93
d. Maintenance expenses	192	258
- Reservoirs		
e. Operation expenses	1	1
f. Maintenance expenses	34	18
- Pumping Stations		
g. Operation expenses (excluding energy costs)	3	1
h. Energy costs	95	97
i. Maintenance expenses	21	7
- Treatment		
j. Operation expenses (excluding chemical costs)	396	371
k. Chemical costs	148	259
l. Maintenance expenses	69	69
- Other		
m. Operation expenses	126	111
n. Maintenance expenses	-	-
o. Purchase of water	853	742
3. Depreciation expenses		
a. System assets	1,288	1,235
b. Plant and equipment	4	5
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	5	2
d. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	4,928	4,904

Richmond Valley Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2011

\$'000	Actuals 2011	Actuals 2010
Income		
6. Residential charges		
a. Access (including rates)	644	544
b. Usage charges	1,876	1,996
7. Non-residential charges		
a. Access (including rates)	275	242
b. Usage charges	1,691	1,573
8. Extra charges	27	25
9. Interest income	130	212
10. Other income	181	113
11. Grants		
a. Grants for acquisition of assets	79	-
b. Grants for pensioner rebates	79	77
c. Other grants	7	-
12. Contributions		
a. Developer charges	264	331
b. Developer provided assets	71	269
c. Other contributions	30	-
13. Total income	<u>5,354</u>	<u>5,382</u>
14. Gain or loss on disposal of assets	(665)	(583)
15. Operating Result	<u>(239)</u>	<u>(105)</u>
15a. Operating Result (less grants for acquisition of assets)	(318)	(105)

Richmond Valley Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2011

\$'000	Actuals 2011	Actuals 2010
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	30	582
c. Renewals	1,493	1,025
d. Plant and equipment	23	21
17. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	1,546	1,628
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	-	-
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	6,211	6,141
b. Residential (unoccupied, ie. vacant lot)	225	224
c. Non-residential (occupied)	780	767
d. Non-residential (unoccupied, ie. vacant lot)	95	99
25. Number of ETs for which developer charges were received	80 ET	102 ET
26. Total amount of pensioner rebates (actual dollars)	\$ 142,785	\$ 139,671

Richmond Valley Council

Special Schedule No. 3 - Water Supply Cross Subsidies
for the financial year ended 30 June 2011

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2010/11 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			<input type="text" value="-"/>

* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

Richmond Valley Council

Special Schedule No. 4 - Water Supply Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2011

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	2,139	-	2,139
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,592	-	1,592
31. Receivables			
a. Specific purpose grants	93	-	93
b. Rates and charges	2	2	4
c. Other	1,235	389	1,624
32. Inventories	-	-	-
33. Property, plant and equipment			
a. System assets	-	51,865	51,865
b. Plant and equipment	-	27	27
34. Other assets	-	-	-
35. Total assets	<u>5,061</u>	<u>52,283</u>	<u>57,344</u>
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	-	-	-
38. Borrowings			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
40. Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
41. NET ASSETS COMMITTED	<u>5,061</u>	<u>52,283</u>	<u>57,344</u>
EQUITY			
42. Accumulated surplus			25,765
43. Asset revaluation reserve			31,579
44. TOTAL EQUITY			<u>57,344</u>
Note to system assets:			
45. Current replacement cost of system assets			85,026
46. Accumulated current cost depreciation of system assets			(33,161)
47. Written down current cost of system assets			<u>51,865</u>

Richmond Valley Council

Special Schedule No. 5 - Sewerage Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2011

\$'000	Actuals 2011	Actuals 2010
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	979	903
b. Engineering and Supervision	568	547
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	170	168
b. Maintenance expenses	55	42
- Pumping Stations		
c. Operation expenses (excluding energy costs)	116	109
d. Energy costs	90	72
e. Maintenance expenses	254	200
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	395	404
g. Chemical costs	31	44
h. Energy costs	99	100
i. Effluent Management	-	-
j. Biosolids Management	8	150
k. Maintenance expenses	134	146
- Other		
l. Operation expenses	-	16
m. Maintenance expenses	73	52
3. Depreciation expenses		
a. System assets	1,678	1,619
b. Plant and equipment	17	17
4. Miscellaneous expenses		
a. Interest expenses	1,021	762
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Tax Equivalent Dividends (actually paid)	-	-
5. Total expenses	5,688	5,351

Richmond Valley Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2011

\$'000	Actuals 2011	Actuals 2010
Income		
6. Residential charges (including rates)	5,320	5,166
7. Non-residential charges		
a. Access (including rates)	193	168
b. Usage charges	506	534
8. Trade Waste Charges		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	82	33
d. Re-inspection fees	-	-
9. Extra charges	41	36
10. Interest income	456	492
11. Other income	111	51
12. Grants		
a. Grants for acquisition of assets	687	463
b. Grants for pensioner rebates	79	78
c. Other grants	5	3
13. Contributions		
a. Developer charges	16	485
b. Developer provided assets	28	265
c. Other contributions	256	40
14. Total income	<u>7,780</u>	<u>7,814</u>
15. Gain or loss on disposal of assets	(2,484)	(141)
16. Operating Result	<u>(392)</u>	<u>2,322</u>
16a. Operating Result (less grants for acquisition of assets)	(1,079)	1,859

Richmond Valley Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2011

\$'000	Actuals 2011	Actuals 2010
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	4,445	607
c. Renewals	735	829
d. Plant and equipment	10	26
18. Repayment of debt		
a. Loans	463	-
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	5,653	1,462
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	4,254	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	4,254	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	6,010	5,936
b. Residential (unoccupied, ie. vacant lot)	208	207
c. Non-residential (occupied)	606	601
d. Non-residential (unoccupied, ie. vacant lot)	85	87
26. Number of ETs for which developer charges were received	61 ET	51 ET
27. Total amount of pensioner rebates (actual dollars)	\$ 144,077	\$ 141,898

Richmond Valley Council

Special Schedule No. 5 - Sewerage Cross Subsidies
for the financial year ended 30 June 2011

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/>	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/>	
b. Total cross-subsidy in sewerage developer charges for 2010/11 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text" value="-"/>

* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.

Richmond Valley Council

Special Schedule No. 6 - Sewerage Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2011

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	2,178	-	2,178
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	1,360	-	1,360
e. Sinking fund	-	-	-
f. Other	9,711	-	9,711
32. Receivables			
a. Specific purpose grants	280	-	280
b. Rates and charges	3	2	5
c. Other	1,675	508	2,183
33. Inventories	-	-	-
34. Property, plant and equipment			
a. System assets	-	71,194	71,194
b. Plant and equipment	-	123	123
35. Other assets	-	-	-
36. Total Assets	15,207	71,827	87,034
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	279	214	493
39. Borrowings			
a. Loans	554	15,874	16,428
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	833	16,088	16,921
42. NET ASSETS COMMITTED	14,374	55,739	70,113
EQUITY			
42. Accumulated surplus			35,788
44. Asset revaluation reserve			34,325
45. TOTAL EQUITY			70,113
Note to system assets:			
46. Current replacement cost of system assets			125,029
47. Accumulated current cost depreciation of system assets			(53,835)
48. Written down current cost of system assets			71,194

Richmond Valley Council

Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2011

Administration ⁽¹⁾

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

Other income (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) incl. capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Richmond Valley Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2011

\$'000	Actual ⁽¹⁾ 10/11	Forecast 11/12	Forecast 12/13	Forecast ⁽³⁾ 13/14	Forecast ⁽³⁾ 14/15
(i) RECURRENT BUDGET					
Income from continuing operations	46,173	43,083	41,760	44,764	44,981
Expenses from continuing operations	48,991	44,830	45,552	46,635	48,398
Operating Result from Continuing Operations	<u>(2,818)</u>	<u>(1,747)</u>	<u>(3,792)</u>	<u>(1,871)</u>	<u>(3,417)</u>
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	9,812	10,216	6,455	750	3,595
Replacement/Refurbishment of Existing Assets	8,702	9,686	10,364	11,399	11,568
Total Capital Budget	<u>18,514</u>	<u>19,902</u>	<u>16,819</u>	<u>12,149</u>	<u>15,163</u>
Funded by:					
– Loans	4,254	7,000	1,500	1,562	2,860
– Asset sales	1,571	800	2,668	1,508	3,177
– Reserves	5,089	5,608	8,483	3,287	4,511
– Grants/Contributions	7,510	5,986	3,620	5,239	4,067
– Recurrent revenue	90	508	548	553	548
– Other	-	-	-	-	-
	<u>18,514</u>	<u>19,902</u>	<u>16,819</u>	<u>12,149</u>	<u>15,163</u>

Notes:

(1) From 10/11 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.