



Extraordinary Meeting of Riverina Water County Council

The meeting will be held in the Pat Brassil AM Meeting Room,
91 Hammond Ave, Wagga at 9:30am on Thursday 29 August
2024 and via Teams

Meeting Agenda

Live Streaming of Council Meetings

Riverina Water advises that Council meetings are live streamed on Council's website www.riverinawater.nsw.gov.au. Visitors in the public gallery are advised that their voice and/or image may form part of the webcast. By remaining in the public gallery it is assumed your consent is given in the event your image or voice is broadcast.

Acknowledgement of Country

Livestreaming of Meeting

Apologies

Declaration of pecuniary and non-pecuniary interests

Open Reports

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R1 Financial Statements 2023/2024

Organisational Area Corporate Services

Author Natasha Harris, Manager Finance & Sourcing

Summary Riverina Water's unaudited Financial Statements and Special Purpose Financial Reports for 2023/24 have been completed and are ready to be forwarded to the Audit Office of New South Wales following consideration by the Board.

RECOMMENDATION that:

- a) Council receive and note the unaudited 2023/24 Primary Financial Statements;
- b) Council's Draft Financial Statements be referred for audit by Council's auditors being the Audit Office of New South Wales;
- c) Council makes a resolution in accordance with Section 412(2c) that the annual financial report:
 - i. is in accordance with the Local Government Act 1993 (as amended) and the Regulations made there under.
 - ii. is in accordance with the Australian Accounting Standards and professional pronouncements.
 - iii. is in accordance with the Local Government Code of Accounting Practice and Financial Reporting.
 - iv. presents fairly the council's operating results and financial position for the year
 - v. is in accordance with Council's accounting policies and other records.
 - vi. that Council is not aware of any matter that would render this report false or misleading in any way.
- d) Council adopts the above-mentioned statement and that the Chairperson, Deputy Chairperson, Chief Executive Officer and Responsible Accounting Officer be authorised to complete the 'Statement by Members of the Council' in relation to Council's 2023/24 Financial Statements and Special Purpose Financial Reports and be attached thereto;
- e) The Chief Executive Officer be delegated the authority to issue the audited Financial Statements immediately upon receipt of the Auditor's Reports, subject to their being no material changes or audit issues; and
- f) Council presents the final audited Financial Statements and Auditor's Report to the public at its ordinary meeting to be held 31 October 2024.

Report

Riverina Water's General Purpose Financial Statements and Special Purpose Financial Statements for 2023/2024 have been completed and are ready to be forwarded to Council's Auditors following consideration by the Board.

Financial Position

The anticipated Operating Result for 2023/24 is a surplus of \$6,423,681. The revised estimate following Quarterly Budget Reviews was for a surplus of \$5,342,996.

Material variances between the final Operating Result to Council's revised budget are attributed to:

Revenue

- Capital contributions exceeded the budget by \$682,000 due to higher than anticipated development in our supply area.

Expenditure

- Employee costs exceeded budget by \$1,347,000 – this is predominately due to expensed wages versus capitalised wages being higher than anticipated. Contributing factors to this included increased maintenance and the expensing of employee costs relating to the ERP (Project FLOW) implementation.
- Materials and contracts were under budget by \$1,905,000 – contributing to this is lower than anticipated energy costs being under budget \$1,309,270, lower than anticipated general administration and overhead costs also being under budget by \$1,027,626. These budget savings were counteracted by the expensing of IT costs of \$1,545,117 relating to the ERP implementation which was unbudgeted in the operational budget (it was budgeted in the Capital Budget).

Under the provisions of Section 412(2c) of the Local Government Act 1993, the Financial Statements and Special Purpose Financial Reports shall be accompanied by a statement made in accordance with a resolution by Council, signed by the Chairperson and Deputy Chairperson, Chief Executive Officer, and Responsible Accounting Officer along the lines of recommendations (c) above.





Following receipt of the Auditor's Report, it will be necessary to give public notice for a period of at least seven days prior to the adoption of the Financial Statements.

It is anticipated that the Auditor's Report will be submitted to Council's Ordinary Meeting on 31 October 2024. Council's Annual Report for 2023/2024 can be adopted at the same time.

Representatives from Crowe (Riverina Water's external auditors and the NSW Audit Office will not be present at this meeting and will be attending the Board meeting on 31 October to talk to the audited statements and answer questions from the Board.

Note from CEO:

I acknowledge the work and professionalism of the Director Corporate Services, Manager Finance & Sourcing and the Financial Accountant to complete the Financial Statements and Special Purpose Financial Reports on time. This work was even more challenging in the context of the Go Live period for the new Flow system which commenced 1 July 2024.

- › R1.1 **Statement by Councillors and Management - GPFS** [↓](#) 
- › R1.2 **Statement by Councillors and Management - SPFS** [↓](#) 
- › R1.3 **DRAFT General Purpose Financial Statements 2024** [↓](#) 
- › R1.4 **DRAFT Special Purpose Financial Statements 2024** [↓](#) 

Strategic Alignment

Our Business

Take actions that deliver responsible financial management and ensure long term sustainability

Financial Implications

The operating surplus produced in the 2023/24 Financial Statements and Special Purpose Financial Reports confirms the ongoing strong and sustainable financial position of Riverina Water

Workforce Implications

Not Applicable

Risk Considerations

Corporate Governance And Compliance	
Avoid	Riverina Water will avoid risks relating to corporate governance and compliance including ethical, responsible and transparent decision making and procedural/policy, legal and legislative compliance.

Riverina Water County Council

General Purpose Financial Statements

for the year ended 30 June 2024

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 29 August 2024.

Clr T Koschel
Chairperson
29 August 2024

Clr D Meyer OAM
Deputy Chairperson
29 August 2024

Mr A Crakanthorp
Chief Executive Officer
29 August 2024

Mrs N Harris
Responsible Accounting Officer
29 August 2024

Riverina Water County Council

Special Purpose Financial Statements

for the year ended 30 June 2024

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

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

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

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records;

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 29 August 2024.

Clr T Koschel
Chairperson

Clr D Meyer OAM
Deputy Chairperson

Mr A Crakanthorp
Chief Executive Officer

Mrs N Harris
Responsible Accounting Officer

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Riverina Water County Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024

**"to provide our community with safe reliable water at
the lowest sustainable cost"**



Riverina Water County Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Restated Actual 2023
Income from continuing operations				
6,514	Rates and annual charges	B2-1	6,061	5,760
25,095	User charges and fees	B2-2	26,013	19,295
305	Other revenues	B2-3	2,271	208
–	Grants and contributions provided for operating purposes	B2-4	–	48
2,000	Grants and contributions provided for capital purposes	B2-4	3,230	2,004
332	Interest and investment income	B2-5	1,215	804
–	Net gain from the disposal of assets	B4-1	11	52
34,246	Total income from continuing operations		38,801	28,171
Expenses from continuing operations				
11,542	Employee benefits and on-costs	B3-1	12,839	10,063
10,448	Materials and services	B3-2	10,124	8,688
104	Borrowing costs	B3-3	127	143
8,700	Depreciation, amortisation and impairment of non-financial assets	B3-4	9,098	8,709
255	Other expenses	B3-5	190	236
31,049	Total expenses from continuing operations		32,378	27,839
3,197	Operating result from continuing operations		6,423	332
3,197	Net operating result for the year attributable to Council		6,423	332
1,197	Net operating result for the year before grants and contributions provided for capital purposes		3,193	(1,672)

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

Riverina Water County Council

Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	Restated 2023
Net operating result for the year – from Income Statement		6,423	332
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	17,094	24,532
Gain (loss) on revaluation of intangible assets	C1-7	(445)	430
Total items which will not be reclassified subsequently to the operating result		16,649	24,962
Total other comprehensive income for the year		16,649	24,962
Total comprehensive income for the year attributable to Council		23,072	25,294

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

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Riverina Water County Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	Restated 2023	1 July 2022
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	2,450	3,304	2,510
Investments	C1-2	25,000	18,500	11,500
Receivables	C1-4	6,696	4,308	4,106
Inventories	C1-5	2,650	2,451	2,435
Total current assets		36,796	28,563	20,551
Non-current assets				
Investments	C1-2	5,000	7,500	17,500
Infrastructure, property, plant and equipment (IPPE)	C1-6	382,447	364,026	338,607
Intangible assets	C1-7	8,918	9,363	8,950
Total non-current assets		396,365	380,889	365,057
Total assets		433,161	409,452	385,608
LIABILITIES				
Current liabilities				
Payables	C3-1	3,765	3,311	2,694
Borrowings	C3-2	155	155	1,535
Employee benefit provisions	C3-3	4,280	3,942	4,555
Total current liabilities		8,200	7,408	8,784
Non-current liabilities				
Borrowings	C3-2	1,705	1,860	1,934
Total non-current liabilities		1,705	1,860	1,934
Total liabilities		9,905	9,268	10,718
Net assets		423,256	400,184	374,890
EQUITY				
Accumulated surplus		164,299	157,876	157,544
IPPE revaluation reserve	C4-1	258,957	242,308	217,346
Council equity interest		423,256	400,184	374,890
Total equity		423,256	400,184	374,890

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

Riverina Water County Council

Statement of Changes in Equity

for the year ended 30 June 2024

	Notes	2024			2023		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
\$ '000					Restated	Restated	Restated
Opening balance at 1 July		157,876	242,308	400,184	159,484	217,346	376,830
Correction of prior period errors	F3-1	-	-	-	(1,940)	-	(1,940)
Net operating result for the year		6,423	-	6,423	1,366	-	1,366
Correction of prior period errors	F3-1	-	-	-	(1,034)	-	(1,034)
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	-	17,094	17,094	-	24,532	24,532
Gain (loss) on revaluation of intangible assets	C1-7	-	(445)	(445)	-	430	430
Other comprehensive income		-	16,649	16,649	-	24,962	24,962
Total comprehensive income		6,423	16,649	23,072	332	24,962	25,294
Closing balance at 30 June		164,299	258,957	423,256	157,876	242,308	400,184

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

Riverina Water County Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Restated Actual 2023
Cash flows from operating activities				
<i>Receipts:</i>				
6,423	Rates and annual charges		3,692	5,696
24,350	User charges and fees		27,919	19,674
562	Interest received		960	570
2,072	Grants and contributions		3,240	2,053
–	Bonds, deposits and retentions received		1	49
634	Other		2,350	1,478
<i>Payments:</i>				
(11,740)	Payments to employees		(12,469)	(10,840)
(11,561)	Payments for materials and services		(11,784)	(9,721)
(104)	Borrowing costs		(127)	(143)
(147)	Other		(67)	(41)
10,489	Net cash flows from operating activities	F1-1	13,715	8,775
Cash flows from investing activities				
<i>Receipts:</i>				
2,433	Redemption of term deposits		–	3,000
–	Proceeds from sale of IPPE		245	115
<i>Payments:</i>				
–	Acquisition of term deposits		(4,000)	–
(16,071)	Payments for IPPE		(10,659)	(9,642)
(13,638)	Net cash flows from investing activities		(14,414)	(6,527)
Cash flows from financing activities				
<i>Payments:</i>				
(155)	Repayment of borrowings		(155)	(1,454)
(155)	Net cash flows from financing activities		(155)	(1,454)
(3,304)	Net change in cash and cash equivalents		(854)	794
3,304	Cash and cash equivalents at beginning of year		3,304	2,510
–	Cash and cash equivalents at end of year	C1-1	2,450	3,304
23,567	plus: Investments on hand at end of year	C1-2	30,000	26,000
23,567	Total cash, cash equivalents and investments		32,450	29,304

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

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Riverina Water County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024

**"to provide our community with safe reliable water at
the lowest sustainable cost"**



Riverina Water County Council

Income Statement of water supply business activity for the year ended 30 June 2024

\$ '000	2024	2023 Restated
Income from continuing operations		
Access charges	6,061	5,760
User charges	26,013	19,295
Interest and investment income	1,215	804
Grants and contributions provided for operating purposes	–	48
Net gain from the disposal of assets	11	52
Other income	2,271	208
Total income from continuing operations	35,571	26,167
Expenses from continuing operations		
Employee benefits and on-costs	12,839	10,063
Borrowing costs	127	143
Materials and services	9,911	8,453
Depreciation, amortisation and impairment	9,098	8,709
Water purchase charges	213	235
Calculated taxation equivalents	107	123
Other expenses	190	236
Total expenses from continuing operations	32,485	27,962
Surplus (deficit) from continuing operations before capital amounts	3,086	(1,795)
Grants and contributions provided for capital purposes	3,230	2,004
Surplus (deficit) from continuing operations after capital amounts	6,316	209
Surplus (deficit) from all operations before tax	6,316	209
Less: corporate taxation equivalent (25%) (2022:25%) [based on result before capital]	(772)	–
Surplus (deficit) after tax	5,544	209
Plus accumulated surplus	157,876	157,544
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	107	123
– Corporate taxation equivalent	772	–
Closing accumulated surplus	164,299	157,876
Return on capital %	0.8%	(0.5)%
Subsidy from Council	13,232	15,252
Calculation of dividend payable:		
Surplus (deficit) after tax	5,545	209
Less: capital grants and contributions (excluding developer contributions)	(1,477)	(2,004)
Surplus for dividend calculation purposes	4,068	–
Potential dividend calculated from surplus	2,034	–

Riverina Water County Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

\$ '000	2024	2023 Restated
ASSETS		
Current assets		
Cash and cash equivalents	2,450	3,304
Investments	25,000	18,500
Receivables	6,696	4,308
Inventories	2,650	2,451
Total current assets	36,796	28,563
Non-current assets		
Investments	5,000	7,500
Infrastructure, property, plant and equipment	382,447	364,026
Intangible assets	8,918	9,363
Total non-current assets	396,365	380,889
Total assets	433,161	409,452
LIABILITIES		
Current liabilities		
Payables	2,853	2,306
Income received in advance	912	1,005
Borrowings	155	155
Employee benefit provisions	4,280	3,942
Total current liabilities	8,200	7,408
Non-current liabilities		
Borrowings	1,705	1,860
Total non-current liabilities	1,705	1,860
Total liabilities	9,905	9,268
Net assets	423,256	400,184
EQUITY		
Accumulated surplus	164,299	157,876
Revaluation reserves	258,957	242,308
Total equity	423,256	400,184