

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

General Purpose Financial Statements

for the year ended 30 June 2024

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Overview

Riverina Water County Council is constituted under the *Local Government Act 1993* (NSW) and has its principal place of business at:

91 Hammond Avenue
Wagga Wagga NSW 2650

Council's guiding principles are detailed in Chapter 3 of the *Local Government Act 1993* and includes:

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

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

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

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

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	2,270	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	12	52
<u>34,246</u>	Total income from continuing operations		<u>38,801</u>	<u>28,171</u>
Expenses from continuing operations				
11,542	Employee benefits and on-costs	B3-1	12,274	10,063
10,448	Materials and services ¹	B3-2	10,605	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
<u>31,049</u>	Total expenses from continuing operations		<u>32,294</u>	<u>27,839</u>
<u>3,197</u>	Operating result from continuing operations		<u>6,507</u>	<u>332</u>
<u>3,197</u>	Net operating result for the year attributable to Council		<u>6,507</u>	<u>332</u>
<u>1,197</u>	Net operating result for the year before grants and contributions provided for capital purposes		<u>3,277</u>	<u>(1,672)</u>

(1) Refer Note F3-1 for information on prior period error

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		6,507	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		23,156	25,294

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

Riverina Water County Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	Restated 2023	Restated 1 July 2022
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	2,450	3,304	2,510
Investments	C1-2	23,500	18,500	11,500
Receivables	C1-4	6,877	4,308	4,106
Inventories	C1-5	2,650	2,451	2,435
Total current assets		35,477	28,563	20,551
Non-current assets				
Investments	C1-2	6,500	7,500	17,500
Infrastructure, property, plant and equipment (IPPE)	C1-6	382,447	364,026	338,607
Intangible assets ¹	C1-7	8,918	9,363	8,950
Total non-current assets		397,865	380,889	365,057
Total assets		433,342	409,452	385,608
LIABILITIES				
Current liabilities				
Payables	C3-1	3,863	3,311	2,694
Borrowings	C3-2	155	155	1,535
Employee benefit provisions	C3-3	4,279	3,942	4,555
Total current liabilities		8,297	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		10,002	9,268	10,718
Net assets		423,340	400,184	374,890
EQUITY				
Accumulated surplus		164,383	157,876	157,544
IPPE revaluation reserve	C4-1	258,957	242,308	217,346
Council equity interest		423,340	400,184	374,890
Total equity		423,340	400,184	374,890

(1) Refer Note F3-1 for information on prior period error

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)
Restated opening balance		157,876	242,308	400,184	157,544	217,346	374,890
Net operating result for the year		6,507	–	6,507	1,366	–	1,366
Correction of prior period errors	F3-1	–	–	–	(1,034)	–	(1,034)
Restated net operating result for the period		6,507	–	6,507	332	–	332
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		6,507	16,649	23,156	332	24,962	25,294
Closing balance at 30 June		164,383	258,957	423,340	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		6,368	5,696
24,350	User charges and fees		25,243	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		2,255	1,478
<i>Payments:</i>				
(11,740)	Payments to employees		(11,823)	(10,769)
(11,561)	Payments for materials and services		(12,265)	(9,792)
(104)	Borrowing costs		(127)	(143)
(147)	Other		(138)	(41)
<u>10,489</u>	Net cash flows from operating activities	F1-1	<u>13,714</u>	<u>8,775</u>
Cash flows from investing activities				
<i>Receipts:</i>				
2,433	Redemption of term deposits		–	3,000
–	Proceeds from sale of IPPE		246	115
<i>Payments:</i>				
–	Acquisition of term deposits		(4,000)	–
(16,071)	Payments for IPPE		(10,659)	(9,642)
<u>(13,638)</u>	Net cash flows from investing activities		<u>(14,413)</u>	<u>(6,527)</u>
Cash flows from financing activities				
<i>Payments:</i>				
(155)	Repayment of borrowings		(155)	(1,454)
<u>(155)</u>	Net cash flows from financing activities		<u>(155)</u>	<u>(1,454)</u>
<u>(3,304)</u>	Net change in cash and cash equivalents		<u>(854)</u>	<u>794</u>
3,304	Cash and cash equivalents at beginning of year		3,304	2,510
<u>–</u>	Cash and cash equivalents at end of year	C1-1	<u>2,450</u>	<u>3,304</u>
23,567	plus: Investments on hand at end of year	C1-2	30,000	26,000
<u>23,567</u>	Total cash, cash equivalents and investments		<u>32,450</u>	<u>29,304</u>

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

Riverina Water County Council

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A About Council and these financial statements

A1-1 Basis of preparation

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

The material accounting policy information related to these financial statements are set out below. Accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

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

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

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts.

Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

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

and are clearly marked.

Historical cost convention

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

Significant accounting estimates and judgements

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (ii) estimated fair values of intangibles – refer Note C1-7
- (iii) employee benefit provisions – refer Note C3-3

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables - refer Note C1-4.

- (ii) Software-as-a-Service (SaaS) arrangements

Determining whether cloud computing arrangements contain a software license intangible asset - Note C1-7

Capitalisation of configuration and customisation costs in SaaS arrangements - Note C1-7

New accounting standards and interpretations issued but not yet effective

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

A1-1 Basis of preparation (continued)

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates in the annual reporting period beginning 1 July 2023.

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

New accounting standards adopted during the year

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

None of these standards had an impact on the reported position or performance however the following Standard did result in reduced disclosures.

AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates.

The most significant change introduced by this standard is to remove the requirement to disclose significant accounting policies and instead require disclosure of material accounting policy information.

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements."

In applying the new requirements, Council has after taking into account the various specific facts and circumstances applied professional judgment to ensure it discloses only material accounting policies as opposed to significant accounting policies throughout these financial statements.

B Financial Performance

B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023 Restated	2024	2023 Restated	2024	2023	2024	2023 Restated
\$ '000										
Functions or activities										
Water supply	38,801	28,171	32,294	27,839	6,507	332	3,230	2,052	433,342	409,452
Total functions and activities	38,801	28,171	32,294	27,839	6,507	332	3,230	2,052	433,342	409,452

B1-2 Components of functions or activities

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

Water supply

Comprising the water supply functions servicing the Local Government Areas of Lockhart, Wagga Wagga and parts of the Greater Hume Shire and Federation Council.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	Timing	2024	2023
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)			
Water supply services – commercial	2	522	507
Water supply services – residential	2	5,346	5,050
Annual charges levied		5,868	5,557
Pensioner annual charges subsidies received:			
– Water	2	193	203
Total annual charges		6,061	5,760
Total rates and annual charges		6,061	5,760
Timing of revenue recognition for rates and annual charges			
Rates and annual charges recognised at a point in time (2)		6,061	5,760
Total rates and annual charges		6,061	5,760

Material accounting policy information

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2024	2023
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services – commercial	2	6,710	5,819
Water supply services – residential	2	17,637	12,560
Total specific user charges		24,347	18,379
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Section 603 certificates	2	165	173
Plumbing permits/fees	2	46	52
Total fees and charges – statutory/regulatory		211	225
(ii) Fees and charges – other (incl. general user charges (per s608))			
Leaseback fees – Council vehicles	2	38	37
Water connection fees	2	1,096	492
Standpipe fees	2	321	162
Total fees and charges – other		1,455	691
Total other user charges and fees		1,666	916
Total user charges and fees		26,013	19,295
Timing of revenue recognition for user charges and fees			
User charges and fees recognised at a point in time (2)		26,013	19,295
Total user charges and fees		26,013	19,295

Material accounting policy information

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

B2-3 Other revenues

\$ '000	Timing	2024	2023
Diesel rebate	2	11	18
Insurance claims recoveries	2	–	71
Sales – general	2	–	34
Lease rental	2	65	43
Sales – scrap material	2	34	1
Sundry Income	2	2,035	3
Other	2	–	1
Employment & Training Subsidies	2	84	–
Insurance incentive	2	41	37
Total other revenue		2,270	208

Timing of revenue recognition for other revenue

Other revenue recognised at a point in time (2)	2,270	208
Total other revenue	2,270	208

Material accounting policy information for other revenue

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

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

During the year, Council resolved a contract dispute resulting in the receipt of a settlement sum recognised in Sundry Income.

B2-4 Grants and contributions

\$ '000	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
LIRS subsidy	2	–	48	–	–
Water supplies (excl. section 64 contributions)	2	–	–	1,477	708
Total special purpose grants and non-developer contributions – cash		–	48	1,477	708
Total special purpose grants and non-developer contributions (tied)		–	48	1,477	708
Total grants and non-developer contributions		–	48	1,477	708
Comprising:					
– State funding		–	48	–	–
– Other funding		–	–	1,477	708
		–	48	1,477	708

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 64 – water supply contributions	F4	2	–	–	1,753	1,296
Total developer contributions – cash			–	–	1,753	1,296
Total developer contributions			–	–	1,753	1,296
Total contributions			–	–	1,753	1,296
Total grants and contributions			–	48	3,230	2,004
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised at a point in time						
(2)			–	48	3,230	2,004
Total grants and contributions			–	48	3,230	2,004

Material accounting policy information

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer. 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.

B2-5 Interest and investment income

\$ '000	2024	2023
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges	54	90
– Cash and investments	1,161	714
Total interest and investment income	1,215	804

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2024	2023 Restated
Salaries and wages	9,848	8,451
Employee termination costs (where material – other than vested leave paid)	–	169
Employee leave entitlements (ELE)	2,464	1,806
Superannuation	1,850	1,585
Workers' compensation insurance	230	174
Fringe benefit tax (FBT)	27	49
Payroll tax	727	562
Sick leave bonus	118	101
Total employee costs	15,264	12,897
Less: capitalised costs	(2,990)	(2,834)
Total employee costs expensed	12,274	10,063
Number of 'full-time equivalent' employees (FTE) at year end	116	115

Material accounting policy information

Superannuation plans

Council participates in a Defined Benefit Plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note D3-1 for more information.

B3-2 Materials and services ¹

\$ '000	Notes	2024	2023 Restated
Raw materials and consumables		2,920	3,214
Contractor costs		440	68
Audit Fee	E2-1	107	84
Strategic Documents		61	8
Councillor and Mayoral fees and associated expenses	E1-2	139	143
Advertising		10	37
Bank charges		34	28
Computer software charges		904	368
Electricity and heating		2,747	2,267
IT expenses		1,883	1,264
Insurance		459	356
Office expenses		8	–
Postage		128	128
Printing and stationery		42	26
Subscriptions and publications		60	35
Telephone and communications		102	150
Valuation fees		6	1
Travel expenses		22	16
Rates and user charges		191	147
Community Engagement		19	26
Risk Management		–	3
Training costs (other than salaries and wages)		225	208
Memberships		21	3
Uniforms		68	70
Legal expenses:			
– Legal expenses: other		7	36
Expenses from leases of low value assets		2	2
Total materials and services		10,605	8,688
Total materials and services		10,605	8,688

(1) Refer Note F3-1 for information on prior period error

B3-3 Borrowing costs

(i) Interest bearing liability costs

Interest on loans	127	143
Total borrowing costs expensed	127	143

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

\$ '000	Notes	2024	2023
Depreciation and amortisation			
Plant and equipment		599	574
Office equipment		142	107
Land improvements (depreciable)		16	15
Infrastructure:	C1-6		
– Buildings – non-specialised		7	7
– Buildings – specialised		223	219
– Water supply network		8,111	7,770
Intangible assets	C1-7	–	17
Total gross depreciation and amortisation costs		9,098	8,709
Total depreciation, amortisation and impairment for non-financial assets		9,098	8,709

Material accounting policy information

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-6 for IPPE assets and Note C1-7 for intangible assets.

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

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

B3-5 Other expenses

\$ '000	2024	2023
Other		
Donations, contributions and assistance to other organisations (Section 356)	190	236
Total other expenses	190	236

B4 Gains or losses

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

\$ '000	Notes	2024	2023
Gain (or loss) on disposal of plant and equipment			
Proceeds from disposal – plant and equipment		246	115
Less: carrying amount of plant and equipment assets sold/written off	C1-6	(234)	(63)
Gain (or loss) on disposal		12	52
Net gain (or loss) from disposal of assets		12	52

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 22 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Revenues				
Other revenues	305	2,270	1,965	644% F
Other revenues were higher due to the payment of a settlement for a contract dispute.				
Capital grants and contributions	2,000	3,230	1,230	62% F
Income from capital grants & contributions can vary depending on the timing of new developments.				
Interest and investment revenue	332	1,215	883	266% F
Interest on investment was higher than budget due to the increase in interest rates.				
Expenses				
Borrowing costs	104	127	(23)	(22)% U
Borrowing costs were slightly higher than budget due to one of the loans having a variable interest rate.				
Statement of cash flows				
Cash flows from operating activities	10,489	13,714	3,225	31% F
Cash flows from operating activities was higher due to additional capital grants and contributions and interest income.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2024	2023
Cash assets		
Cash on hand and at bank	1,022	1,098
Cash equivalent assets		
– Short-term deposits	1,428	2,206
Total cash and cash equivalents	2,450	3,304

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	2,450	3,304
Balance as per the Statement of Cash Flows	2,450	3,304

C1-2 Financial investments

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Debt securities at amortised cost				
Long term deposits	23,500	6,500	18,500	7,500
Total	23,500	6,500	18,500	7,500
Total financial investments	23,500	6,500	18,500	7,500
Total cash assets, cash equivalents and investments	25,950	6,500	21,804	7,500

Material accounting policy information

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

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

Amortised cost

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

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

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	32,450	29,304
Cash, cash equivalents and investments not subject to external restrictions	32,450	29,304

\$ '000	2024	2023
(b) Internal allocations		
Less: Internally restricted cash, cash equivalents and investments	(7,704)	(8,424)
Unrestricted and unallocated cash, cash equivalents and investments	24,746	20,880

Internal allocations

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

Employees leave entitlement	2,140	1,972
Plant replacement	1,667	2,555
Sales fluctuation	3,000	3,000
Water Treatment Plant	228	228
Revenue from Water Licences	669	669
Total internal allocations	7,704	8,424

Accounting Policy

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

\$ '000	2024	2023
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	24,746	20,880

C1-4 Receivables

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Rates and annual charges	638	–	951	–
User charges and fees	2,676	–	1,906	–
Accrued revenues				
Accrued interest on investments	761	–	506	–
Other income accruals	2,238	–	–	–
Government grants and subsidies	193	–	203	–
Net GST receivable	–	–	167	–
Prepaid expenditure	371	–	575	–
Total	6,877	–	4,308	–
Total net receivables	6,877	–	4,308	–

Material accounting policy information

Receivables are generally due for settlement within 30 days.

Impairment/Measurement of ECL

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

Impairment

When estimating ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, including forward-looking information.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1.

When considering the ECL for rates and annual charges debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Credit losses are measured at the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

Council writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Council's provision for impairment of receivables at 30 June 2024 is \$nil (2023: \$nil).

C1-5 Inventories

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
(i) Inventories at cost				
Stores and materials	2,650	-	2,451	-
Total inventories at cost	2,650	-	2,451	-
Total inventories	2,650	-	2,451	-

Material accounting policy information

Raw materials and stores, work in progress and finished goods

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

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period						At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	14,049	–	14,049	2,636	2,631	–	–	(2,910)	–	16,406	–	16,406
Plant and equipment	7,343	(4,038)	3,305	–	2,103	(233)	(599)	–	–	8,997	(4,421)	4,576
Office equipment	1,525	(1,272)	253	–	192	(1)	(142)	–	–	1,581	(1,279)	302
Land:												
– Operational land	8,292	–	8,292	–	10	–	–	–	305	8,607	–	8,607
Land improvements – depreciable	2,367	(55)	2,312	–	–	–	(16)	–	131	2,498	(71)	2,427
Infrastructure:												
– Buildings – non-specialised	671	(225)	446	27	–	–	(7)	–	26	724	(232)	492
– Buildings – specialised	21,801	(7,537)	14,264	–	–	–	(223)	–	772	22,573	(7,760)	14,813
– Water supply network	551,137	(230,032)	321,105	1,357	1,703	–	(8,111)	2,910	15,860	572,965	(238,141)	334,824
Total infrastructure, property, plant and equipment	607,185	(243,159)	364,026	4,020	6,639	(234)	(9,098)	–	17,094	634,351	(251,904)	382,447

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

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period						At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	7,600	–	7,600	4,070	2,404	–	–	(25)	–	14,049	–	14,049
Plant and equipment	7,215	(3,655)	3,560	–	382	(63)	(574)	–	–	7,343	(4,038)	3,305
Office equipment	1,422	(1,173)	249	–	111	–	(107)	–	–	1,525	(1,272)	253
Land:												
– Operational land	7,450	–	7,450	–	92	–	–	–	750	8,292	–	8,292
Land improvements – depreciable	2,163	(40)	2,123	–	21	–	(15)	25	158	2,367	(55)	2,312
Infrastructure:												
– Buildings – non-specialised	644	(218)	426	–	–	–	(7)	–	27	671	(225)	446
– Buildings – specialised	20,925	(7,318)	13,607	5	–	–	(219)	–	871	21,801	(7,537)	14,264
– Water supply network	525,854	(222,262)	303,592	1,260	1,297	–	(7,770)	–	22,726	551,137	(230,032)	321,105
Total infrastructure, property, plant and equipment	573,273	(234,666)	338,607	5,335	4,307	(63)	(8,692)	–	24,532	607,185	(243,159)	364,026

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

C1-6 Infrastructure, property, plant and equipment (continued)

Material accounting policy information

Useful lives of IPPE

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

Plant and equipment	Years	Water assets	Years
Office equipment	5 to 10	Reservoirs	80 to 100
Office furniture	10 to 20	Bores	20 to 40
Computer equipment	5	Reticulation pipes: PVC	80
Vehicles	5 to 10	Reticulation pipes: other	25 to 75
Heavy plant/road making equipment	5 to 10	Pumps and telemetry	15 to 20
Other plant and equipment	5 to 15	Buildings	
		Buildings: masonry	50 to 100

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

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 5 years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

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

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

C1-7 Intangible assets

Intangible assets are as follows:

\$ '000	2024	2023 Restated
Software ¹		
Opening values at 1 July		
Gross book value	–	17
Net book value – opening balance	–	17
Movements for the year		
Amortisation charges	–	(17)
Closing values at 30 June		
(1) Refer Note F3-1 for information on prior period error		
Other		
(b) High Security Water Licences		
Opening values at 1 July		
Gross book value	9,363	8,933
Net book value – opening balance	9,363	8,933
Movements for the year		
Fair Value (increment to Equity - Asset Revaluation Reserve)	(445)	430
Closing values at 30 June		
Gross book value	8,918	9,363
Total High Security Water Licences – net book value	8,918	9,363
Total intangible assets – net book value	8,918	9,363

Material accounting policy information

IT development and software

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are arrangements in which the Council does not control the underlying software used in the arrangement.

Where costs incurred to configure or customise a supplier's software application result in the creation of a resource which is identifiable, and where the Council has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. The amortisation period is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates.

Where costs incurred to configure or customise a SaaS arrangement do not result in the recognition of an intangible software asset, then those costs that provide the Council with a distinct service (in addition to the SaaS access) are recognised as expenses when the supplier provides the services. When such costs incurred do not provide a distinct service, the costs are capitalised as a prepayment and are recognised as expenses over the duration of the SaaS contract. Previously, some costs had been capitalised as computer software intangible assets. In the process of applying the Council's accounting policy on configuration and customisation of costs incurred in implementing SaaS arrangements, management has made following judgements which have the most significant effect on the amounts recognised in the financial statements.

Determining whether cloud computing arrangements contain a software licence intangible asset

C1-7 Intangible assets (continued)

The Council evaluates cloud computing arrangements to determine if it provides a resource that the Council can control. The Council determines that a software licence intangible asset exists in a cloud computing arrangement when both of the following are met at the inception of the arrangement:

- The Council has the contractual right to take possession of the software during the hosting period without significant penalty.
- It is feasible for the Council to run the software on its own hardware or contract with another party unrelated to the supplier to host the software.

Capitalisation of configuration and customisation costs in SaaS arrangements

Where the Council incurs costs to configure or customise SaaS arrangements and such costs are considered to enhance current on-premise software or provide code that can be used by the Council in other arrangements, the Council applies judgement to assess whether such costs result in the creation of an intangible asset that meets the definition and recognition criteria in AASB138.

For the year ended 30 June 2024, \$0 of costs incurred in implementing SaaS arrangements were recognised as intangible assets (2023: previously reported \$2,974,021, restated in line with retrospective change \$0). Refer to Note F3-1 Correction of Errors.

High Security Water Licences

Licences are valued each year and any associated impairment or fair revaluation increment are included.

C2 Leasing activities

C2-1 Council as a lessee

Council has no material leases over any assets including land and buildings, vehicles, machinery and IT equipment. Council has applied the exceptions to lease accounting for leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Office and IT equipment

Council holds one lease for office and IT equipment for a low value asset. The expense has been accounted for on a straight-line basis in the financial statements.

Income Statement

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

\$ '000	2024	2023
Expenses relating to leases of low-value assets	2	2
	2	2

Material accounting policy information

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

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

Exceptions to lease accounting

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Goods and services – operating expenditure	447	–	672	–
Accrued expenses:				
– Salaries and wages	648	–	503	–
– Other expenditure accruals	1,532	–	989	–
Security bonds, deposits and retentions	143	–	142	–
ATO – net GST payable	94	–	–	–
Prepaid rates	999	–	1,005	–
Total payables	3,863	–	3,311	–

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

\$ '000	2024	2023
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	143	142
Total payables	143	142

Material accounting policy information

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

C3-2 Borrowings

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Loans – secured ¹	155	1,705	155	1,860
Total borrowings	155	1,705	155	1,860

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note D1.1

(a) Changes in liabilities arising from financing activities

\$ '000	2023		Non-cash movements				2024
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	2,015	(155)	–	–	–	–	1,860
Total liabilities from financing activities	2,015	(155)	–	–	–	–	1,860

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	3,469	(1,454)	–	–	–	–	2,015
Total liabilities from financing activities	3,469	(1,454)	–	–	–	–	2,015

(b) Financing arrangements

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

Total facilities

Total financing facilities available to Council at the reporting date are:

Bank overdraft facilities ¹	250	250
Credit cards/purchase cards	100	100
Market Rate Facility	500	500
Total financing arrangements	850	850

Drawn facilities

Financing facilities drawn down at the reporting date are:

– Credit cards/purchase cards	29	25
Total drawn financing arrangements	29	25

Undrawn facilities

Undrawn financing facilities available to Council at the reporting date are:

– Bank overdraft facilities	250	250
– Credit cards/purchase cards	71	75
– Market Rate Facility	500	500
Total undrawn financing arrangements	821	825

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

C3-3 Employee benefit provisions

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Annual leave	1,077	–	1,100	–
Sick leave	7	–	7	–
Long service leave	3,195	–	2,835	–
Total employee benefit provisions	4,279	–	3,942	–

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

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,798	2,493
	2,798	2,493

Material accounting policy information

Other long-term employee benefit obligations

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

The Water Licence revaluation reserve is used to record increments and decrements in the revaluation of high security water licences.

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio. Council has an investment policy which complies with the s 625 of the *Local Government Act 1993* and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio as required by local government regulations.

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 the finance team under policies approved by the Councillors.

The risks associated with the financial instruments held are:

- market risk - interest rate risk – the risk that movements in interest rates could affect returns
- liquidity risk – the risk that Council will not be able to pay its debts as and when they fall due.
- credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument, resulting in a financial loss to the Council

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

(a) Market risk – interest rate and price risk

\$ '000	2024	2023
<p>The impact on result for the year and equity of a reasonably possible movement in the interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date. This risk only relates to future reinvestment.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	324	293

D1-1 Risks relating to financial instruments held (continued)

(b) Credit risk

Council's major receivables comprise annual charges and user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

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

There are no significant concentrations of credit risk other than Council has significant credit risk exposures in its local area given the nature of Council activities.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

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

Credit risk profile

Receivables – annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	Not yet overdue	< 5 years	≥ 5 years	
2024				
Gross carrying amount	339	299	–	638
2023				
Gross carrying amount	693	258	–	951

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2024						
Gross carrying amount	4,899	785	138	90	327	6,239
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2023						
Gross carrying amount	2,933	424	–	–	–	3,357
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

D1-1 Risks relating to financial instruments held (continued)

(c) Liquidity risk

Payables and 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 and overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity table below:

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
2024							
Payables	0.00%	143	3,720	–	–	3,863	3,863
Borrowings	6.66%	–	276	998	1,829	3,103	1,860
Total financial liabilities		143	3,996	998	1,829	6,966	5,723
2023							
Payables	0.00%	142	3,169	–	–	3,311	3,311
Borrowings	5.57%	–	263	956	1,763	2,982	2,015
Total financial liabilities		142	3,432	956	1,763	6,293	5,326

D2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Financial assets and liabilities

Fair value hierarchy

All assets and liabilities measured at fair value are assigned to a level in the fair value hierarchy as follows:

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

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

Level 3: Unobservable inputs for the asset or liability

The table below shows the assigned level for each asset and liability held at fair value by Council:

D2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy				Total	
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2024	2023
		2024	2023	2024	2023	2024	2023
Recurring fair value measurements							
Intangible assets							
	C1-7						
High Security Water Licence		8,918	9,363	–	–	8,918	9,363
Total intangible assets		8,918	9,363	–	–	8,918	9,363
Infrastructure, property, plant and equipment							
	C1-6						
Water Treatment Plants		–	–	68,361	66,973	68,361	66,973
Ground Water Bores		–	–	3,651	3,614	3,651	3,614
Water Pumping Stations		–	–	6,660	6,679	6,660	6,679
Water Reservoirs		–	–	37,676	35,936	37,676	35,936
Other Water Assets		–	–	1,548	1,550	1,548	1,550
Pipes		–	–	216,928	206,353	216,928	206,353
Buildings		–	–	15,305	14,710	15,305	14,710
Land		11,034	10,604	–	–	11,034	10,604
Plant & Equipment		4,576	3,305	–	–	4,576	3,305
Office Equipment		302	253	–	–	302	253
Total infrastructure, property, plant and equipment		15,912	14,162	350,129	335,815	366,041	349,977
Non-recurring fair value measurements							

D2-1 Fair value measurement (continued)

Valuation techniques

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

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

Intangible assets

An external valuation is conducted for the High Security Water Licence on an annual basis based on observed market rates for similar licences.

Infrastructure, property, plant and equipment (IPPE)

Council engages external, independent and qualified valuers to determine fair value of infrastructure and property assets on a regular basis. This was undertaken during 2020/21. Asset Val, a business of Marsh Pty Ltd, were engaged to develop indices to reflect the movement in costs of land, land improvement and building asset classes to ensure that there is no material difference in carrying values of these assets. The indices have been applied for the reporting period ending 30 June 2024. Water Infrastructure has been indexed in accordance with the rate advised by DPI Water NSW. Techniques used to derive fair values:

Land: where an active market exists, a market approach has been adopted. For other types of land the cost approach was adopted. Market valuations were determined by comparing recent sales of land with similar characteristics. Cost valuations were obtained by assuming the need to purchase land from an adjoining neighbour, the value could be determined based on known zoning and town planning restrictions, comparing recent sales of similar land.

Buildings: buildings are disaggregated into different components. Observable inputs to the valuation include design and construction, average cost of construction, condition and consumption, supported by inspection and market evidence. Unobservable inputs include pattern of consumption and remaining service potential, which required professional judgement.

Infrastructure: assets are componentised into significant parts. Unit rates are based on similar capacity, using market evidence or other inputs that require professional judgement.

Plant and Equipment: valued based on actual historical costs.

Fair value measurements using significant unobservable inputs (level 3)

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

\$ '000	Total IPP&E	
	2024	2023
Opening balance	335,815	317,625
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	16,658	23,624
Other movements		
Purchases (GBV)	5,997	2,562
Depreciation and impairment	(8,341)	(7,996)
Closing balance	350,129	335,815

Highest and best use

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

D3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB 119 *Employee Benefits* for the following reasons:

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 8.5% of salaries for the year ending 30 June 2024 (increasing to 9.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

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

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

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

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

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

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

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

D3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2024 was \$122,914. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2023.

The amount of additional contributions included in the total employer contribution advised above is \$29,732. Council's expected contribution to the plan for the next annual reporting period is \$86,650.

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

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

* excluding member accounts and reserves in both assets and liabilities.

Based on Past Service Liabilities Methodology the share of any surplus or deficit that can be attributed to Riverina Water is .30%.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

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

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

* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2024.

(ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

The future realisation and finalisation of claims incurred but not reported to 30 June this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

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

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

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

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

D3-1 Contingencies (continued)

(iv) Other guarantees

Council has provided no other guarantees other than those listed above.

2. Other liabilities

(i) Third party claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

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

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

\$ '000	2024	2023
Compensation:		
Short-term benefits	759	689
Post-employment benefits	68	58
Other long-term benefits	31	28
Total	858	775

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. supply of water to the residence of KMP) will not be disclosed.

Councillors of Riverina Water County Council are also Councillors for constituent member Councils. Councillors are elected as independent members of Riverina Water County Council's board. Constituent Councils do not hold direct control over Riverina Water County Council and transactions between Councils have not been classified as Related Party transactions.

Nature of the transaction	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000					
2024					
Payment for goods/ services received	14	–	30 day creditor payment terms	–	–
2023					
Payment for goods/ services received	10	–	30 day creditor payment terms	–	–

E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2024	2023
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Members expenses – chairperson’s fee	18	17
Members expenses – members fees	98	94
Superannuation	9	11
Members expenses (incl. chairperson) – other (excluding fees above)	14	21
Total	139	143

E2 Other relationships

E2-1 Audit fees

\$ '000	2024	2023
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	52	35
Remuneration for audit and other assurance services	52	35
Total Auditor-General remuneration	52	35
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Other audit and assurance services: Council's Internal Auditor	55	49
Remuneration for audit and other assurance services	55	49
Total remuneration of non NSW Auditor-General audit firms	55	49
Total audit fees	107	84

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of Operating Result

\$ '000	2024	2023
Net operating result from Income Statement	6,507	332
Add / (less) non-cash items:		
Depreciation and amortisation	9,098	8,709
(Gain) / loss on disposal of assets	(12)	(52)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(2,569)	(202)
(Increase) / decrease of inventories	(199)	(16)
Increase / (decrease) in payables	(225)	352
Increase / (decrease) in other accrued expenses payable	688	119
Increase / (decrease) in other liabilities	89	146
Increase / (decrease) in employee benefit provision	337	(613)
Net cash flows from operating activities	13,714	8,775

F2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2024	2023
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Water infrastructure - other	186	353
Boree to Morundah pipeline project	451	–
Plant and equipment	464	1,070
Water Treatment Plant	300	1,001
Other- including security cameras	102	–
Solar Pilot Plant	539	425
Refurbishment of Operations Office	4	260
Total commitments	2,046	3,109
These expenditures are payable as follows:		
Within the next year	2,046	3,109
Total payable	2,046	3,109
Sources for funding of capital commitments:		
Unrestricted funds	2,046	3,109
Total sources of funding	2,046	3,109

Details of capital commitments

2024

Office refurbishment to be completed 2024/25 financial year.
 Solar Pilot Plant works to continue in 2024/25 financial year.
 Water treatment plant refurbishment and other asset renewals.
 Plant & Equipment replacement
 Boree to Morundah pipeline project to continue in 24/25 financial year

2023

Office refurbishment to be completed 2023/24 financial year.
 Solar Pilot Plant works to continue in 2023/24 financial year.
 Water treatment plant refurbishment and other asset renewals.

F3 Changes from prior year statements

F3-1 Correction of errors

Nature of prior period error

Software-as-a-Service (SaaS) arrangements

In 2020, the Council engaged a consultant to research, design and implement a new ERP system across Council. The system runs on a cloud infrastructure managed and controlled by the system supplier and the Council pays a licence fee for the access to the system. During the years, costs associated with the development of the ERP system have been capitalised under intangible asset however management has recently concluded that the Council does not have control of the system therefore the capitalisation of the development costs represents an error.

The error has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

The identified error is corrected by restating the balances at the beginning of the earliest period presented (1 July 2022) and taking the adjustment through to accumulated surplus at that date. Comparatives are changed to reflect the correction of errors. The impact of each line items is shown in the tables below.

Changes to the opening Statement of Financial Position at 1 July 2022

\$ '000	Original Balance 1 July, 2022	Impact Increase/ (decrease)	Restated Balance 1 July, 2022
Intangible Assets	10,890	(1,940)	8,950
Total non-current assets	366,997	(1,940)	365,057
Total assets	387,548	(1,940)	385,608
Net assets	376,830	(1,940)	374,890
Accumulated Surplus	159,484	(1,940)	157,544
IPPE revaluation reserve	217,346	–	217,346
Council Equity interest	376,830	(1,940)	374,890
Total equity	376,830	(1,940)	374,890

F3-1 Correction of errors (continued)

Adjustments to the comparative figures for the year ended 30 June 2023

Statement of Financial Position

\$ '000	Original Balance 30 June, 2023	Impact Increase/ (decrease)	Restated Balance 30 June, 2023
Intangible Assets	12,337	(2,974)	9,363
Total non-current assets	383,863	(2,974)	380,889
Total assets	412,426	(2,974)	409,452
Net assets	403,158	(2,974)	400,184
Accumulated Surplus	160,850	(2,974)	157,876
IPPE revaluation reserve	242,308	–	242,308
Council equity interest	403,158	(2,974)	400,184
Total equity	403,158	(2,974)	400,184

Income Statement

\$ '000	Original Balance 30 June, 2023	Impact Increase/ (decrease)	Restated Balance 30 June, 2023
Employee Benefits & On costs	10,134	(71)	10,063
Materials & Services	7,583	1,105	8,688
Total expenses from continuing operations	26,805	1,034	27,839
Operating result from continuing operations	1,366	(1,034)	332
Net operating result for the year	1,366	(1,034)	332

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2023	Impact Increase/ (decrease)	Restated Balance 30 June, 2023
Net operating result for the year	1,366	(1,034)	332
Other comprehensive income	24,962	–	24,962
Total comprehensive income for the year	26,328	(1,034)	25,294

F4 Statement of developer contributions

F4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
S64 contributions	–	1,753	–	–	–	(1,753)	–	–	–
Total contributions	–	1,753	–	–	–	(1,753)	–	–	–

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

F5 Statement of performance measures

F5-1 Statement of performance measures – consolidated results

\$ '000	Amounts	Indicator	Indicators		Benchmark
	2024	2024	Restated 2023	Restated 2022	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	3,265	9.18%	(6.60)%	7.30%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	35,559				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	35,559	91.67%	92.70%	85.49%	> 60.00%
Total continuing operating revenue ¹	38,789				
3. Unrestricted current ratio					
Current assets less all external restrictions	35,383	6.72x	5.98x	3.74x	> 1.50x
Current liabilities less specific purpose liabilities	5,262				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	12,490	44.29x	4.46x	4.87x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	282				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	638	9.03%	14.32%	12.04%	< 10.00%
Rates and annual charges collectable	7,066				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	32,450	15.89 months	15.84 months	20.31 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	2,042				

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

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

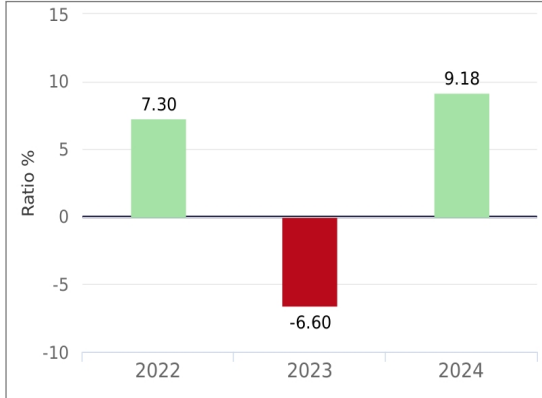
END OF AUDITED FINANCIAL STATEMENTS

End of the audited financial statements

G Additional Council disclosures (unaudited)

G1-1 Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2023/24 result

2023/24 ratio 9.18%

Increase in result on prior year is due to water sales being higher and the contract settlement.

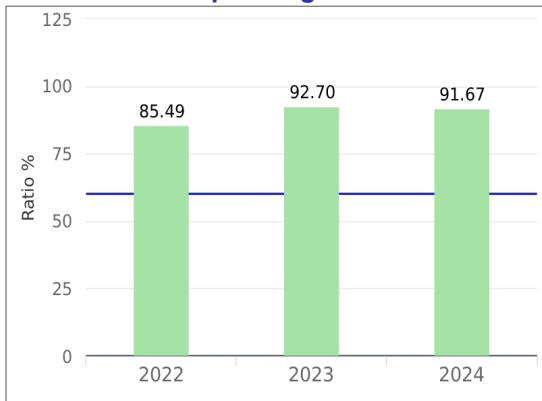
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2023/24 result

2023/24 ratio 91.67%

Council primarily relies on water sales income to fund operations, which results in a consistently high ratio.

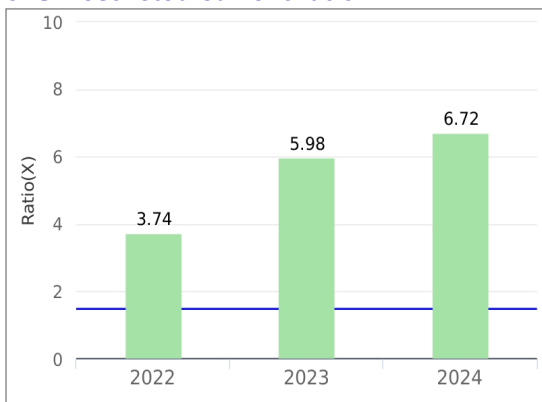
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2023/24 result

2023/24 ratio 6.72x

The increase in this ratio for the current year is due to an increase in short term cash and investments held. The ratio remains very strong and well above the benchmark.

Benchmark: — > 1.50x

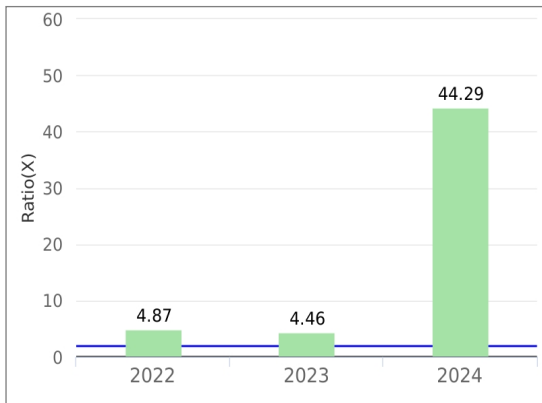
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2023/24 result

2023/24 ratio 44.29x

This ratio is again well above the benchmark and there is more than adequate cash to service debt.

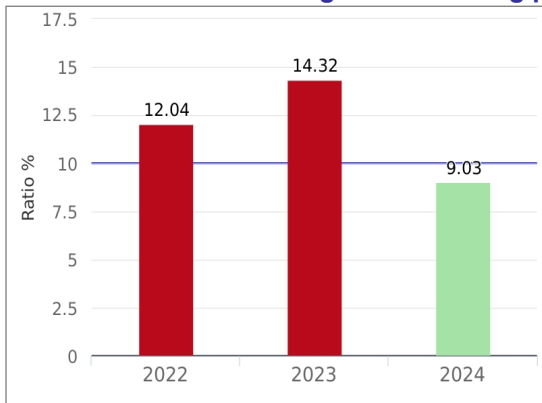
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2023/24 result

2023/24 ratio 9.03%

This ratio has improved significantly in 2024 due to debt recovery measures in place and is now with the benchmark.

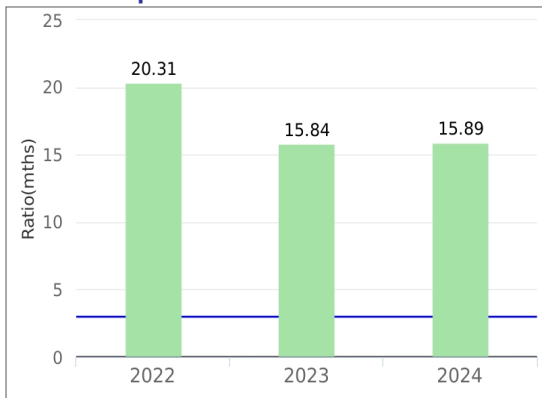
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2023/24 result

2023/24 ratio 15.89 months

This ratio has remained fairly consistent, it remains well above benchmark.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-2 Financial review

Key financial figures of Council over the past 5 years

\$ '000	2024	2023	2022	2021	2020
Inflows:					
Rates and annual charges revenue	6,061	5,760	5,710	5,655	5,592
User charges revenue	26,013	19,295	19,606	19,796	25,587
Interest and investment revenue	1,215	804	326	467	664
Grants income – operating and capital	1,477	756	1,821	1,211	270
Total income from continuing operations	38,801	28,171	31,055	29,449	36,613
Sale proceeds from IPPE	246	115	673	317	216
New loan borrowings and advances	–	–	–	–	–
Outflows:					
Employee benefits and on-cost expenses	12,274	10,063	9,116	9,066	9,627
Borrowing costs	127	143	239	367	466
Materials and contracts expenses	10,605	8,688	6,228	7,084	7,365
Total expenses from continuing operations	32,294	27,839	24,416	24,182	24,413
Total cash purchases of IPPE	10,659	9,642	10,420	11,962	15,701
Total loan repayments (incl. leases)	155	1,454	1,929	1,868	1,753
Operating surplus/(deficit) (excl. capital income)	3,277	(1,672)	2,312	2,517	9,757
Financial position figures					
Current assets	35,477	28,563	20,551	24,791	38,060
Current liabilities	8,297	7,408	8,784	9,282	9,059
Net current assets	27,180	21,155	11,767	15,509	29,001
Available working capital (Unrestricted net current assets)	24,889	21,022	14,103	17,550	28,793
Cash and investments – unrestricted	24,746	20,880	23,225	23,548	24,037
Cash and investments – internal restrictions	7,704	8,424	8,285	7,844	7,181
Cash and investments – total	32,450	29,304	31,510	31,392	31,218
Total borrowings outstanding (loans, advances and finance leases)	1,860	2,015	3,469	5,398	7,266
Total value of IPPE (excl. land and earthworks)	625,744	598,893	573,273	559,863	527,999
Total accumulated depreciation	251,904	243,159	234,666	226,974	161,175
Indicative remaining useful life (as a % of GBV)	60%	59%	59%	59%	69%

Source: published audited financial statements of Council (current year and prior year)

G1-3 Council information and contact details

Principal place of business:

91 Hammond Avenue
Wagga Wagga NSW 2650

Contact details

Mailing Address:

PO Box 456
Wagga Wagga NSW 2650

Telephone: 02 6922 0608

Facsimile: 02 6921 2241

Opening hours:

8:30am - 4:00pm
Monday to Friday

Internet: www.rwcc.nsw.gov.au

Email: admin@rwcc.nsw.gov.au

Officers

CHIEF EXECUTIVE OFFICER

Mr A Crakanthorp

RESPONSIBLE ACCOUNTING OFFICER

Mrs N Harris

PUBLIC OFFICER

Ms E Tonacia

AUDITORS

Audit Office of New South Wales
Level 15, 1 Margaret Street
Sydney NSW 2000

Elected members

CHAIRPERSON

Clr T Koschel (City of Wagga Wagga)

COUNCILLORS

Clr T Quinn (Greater Hume Shire)

Clr D Meyer, OAM (Greater Hume Shire)

Clr G Driscoll (Lockhart Shire)

Clr G Davies (City of Wagga Wagga)

Clr D Hayes (City of Wagga Wagga) (to 20 October 2023)

Clr M Henderson (City of Wagga Wagga)

Clr J McKinnon (City of Wagga Wagga)

Clr D Tout (City of Wagga Wagga) (from 20 October 2023)

Clr P Bourke (Federation Council)

Other information

ABN: 52 084 883 210



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Riverina Water County Council

To the Councillors of Riverina Water County Council

Opinion

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

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf [OR] www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

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

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



Min Cui
Delegate of the Auditor-General for New South Wales

22 October 2024
SYDNEY



Chairperson
Riverina Water County Council
PO Box 456
WAGGA WAGGA NSW 2650

Contact: Min Cui
Phone no: 02 9275 7419
Our ref: R008-2124742775-7675

22 October 2024

Dear Chairperson

**Report on the Conduct of the Audit
for the year ended 30 June 2024
Riverina Water County Council**

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

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

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

INCOME STATEMENT

Operating result

	2024	2023*	Variance
	\$m	\$m	%
Rates and annual charges revenue	6,061	5,760	↑ 5.2
User charges and fees	26,013	19,295	↑ 34.8
Grants and contributions revenue	3,230	2,052	↑ 57.4
Operating result from continuing operations	6,507	332	↑ 1860
Net operating result before capital grants and contributions	3,277	(1,672)	↑ 296.0

* The 2023 comparatives have been restated to correct a prior period error. Note F3-1 Correction of errors of the financial statements provides details of the prior period error.

Rates and annual charges revenue of \$6.1 million increased by \$0.3 million (5.2 per cent) in 2023–24. This is consistent with an increase in customer base and increase in rates and annual charges levied for 2023–24.

User charges and fees revenue of \$26.0 million increased by \$6.7 million (34.8 per cent) in 2023-24. The increase was largely a result of higher water sales from favourable seasonal conditions and an increase in applications for water connections driven by increased development activities.

Grants and contributions revenue of \$3.2 million increased by \$1.2 million (57.4 per cent) in 2023–24 largely due to an increase in contributions for water supplies and developer contributions recognised during the year. Grants and contributions revenue can fluctuate year to year depending on developments and demand for new water connections.

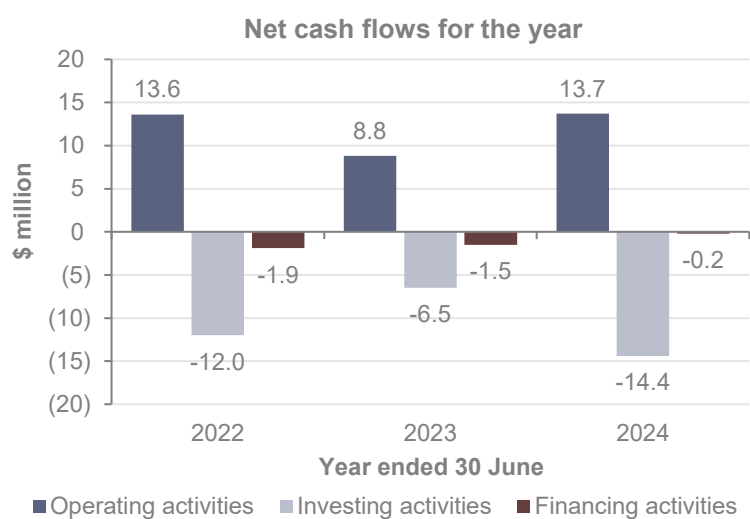
Council's operating result from continuing operations (\$6.5 million including depreciation, amortisation and impairment expense of \$9.1 million) was \$6.2 million higher than the 2022–23 result. The increase can be attributed to an increase in user charges and fees from higher water sales from favourable seasonal conditions and an increase in applications for water connections driven by increased development activities. Council also received \$2.2 million from a one-off contract dispute settlement which has been recorded as revenue in 2023-24.

The net operating result before capital grants and contributions (\$3.3 million) was \$4.9 million higher than the 2022–23 result. The increase is mainly due to the increase in user charges and fees which increased by \$6.7 million and other revenue which increased by \$2.2 million, which is offset by increases in employee benefits and materials and service expenses.

STATEMENT OF CASH FLOWS

The Council's cash and cash equivalents was \$2.4 million at 30 June 2024 (\$3.3 million at 30 June 2023). There was a net increase in cash and cash equivalents of \$0.9 million during the 2023-24 financial year.

- *Net cash inflows from operating activities increased by \$6.7 million. This is mainly due to the increase in receipts from user charges and fees of \$5.6 million.*
- *Net cash outflows from investing activities increased by \$7.9 million. This is mainly due to acquisitions of term deposits for \$4.0 million during the year.*
- *Net cash outflows from financing activities decreased by \$1.3 million due to a reduction of loan repayments made during the year.*



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	32.4	29.3	Internal allocations are determined by council policies or decisions, which are subject to change. They are restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. <ul style="list-style-type: none"> • Internal allocations are largely consistent with the prior year. • Unrestricted cash balances have increased as a result of additional cash and investment balance held at 30 June 2024
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	--	--	
• Internal allocations	7.7	8.4	
• Unrestricted	24.7	20.9	

Debt

At 30 June 2024, Council had:

- \$1.8 million in secured loans (\$2.0 million in 2022-23)
- \$0.75 million in bank overdraft and market rate facilities which were not drawn down
- \$100,000 in credit card facility with \$29,000 used.

PERFORMANCE

Performance measures

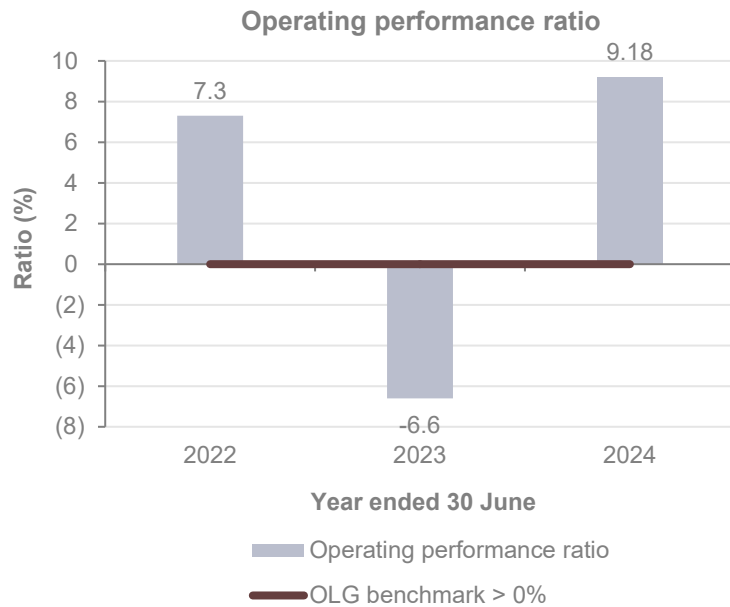
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Housing and Infrastructure.

Operating performance ratio

Council exceeded the benchmark for the current reporting period.

The 2022 and 2023 ratios were restated to correct a prior period error.

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

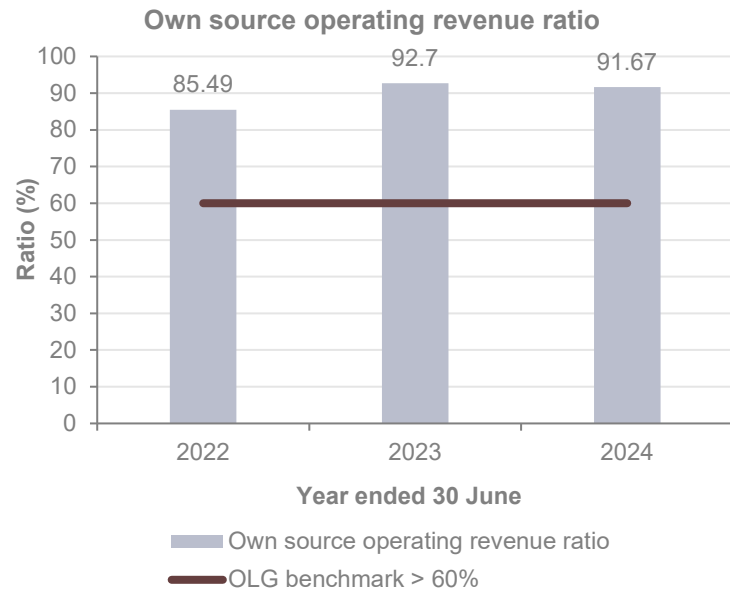


Own source operating revenue ratio

Council *exceeded* the benchmark for the current reporting period.

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

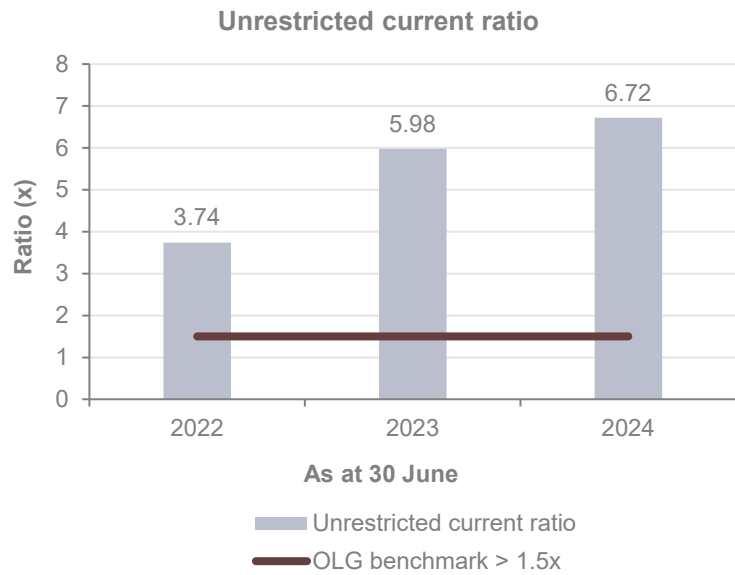
Council has met this benchmark as its main source of income is from water sales, rather than reliance on operating grants and contributions.



Unrestricted current ratio

Council exceeded the benchmark for the current reporting period.

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

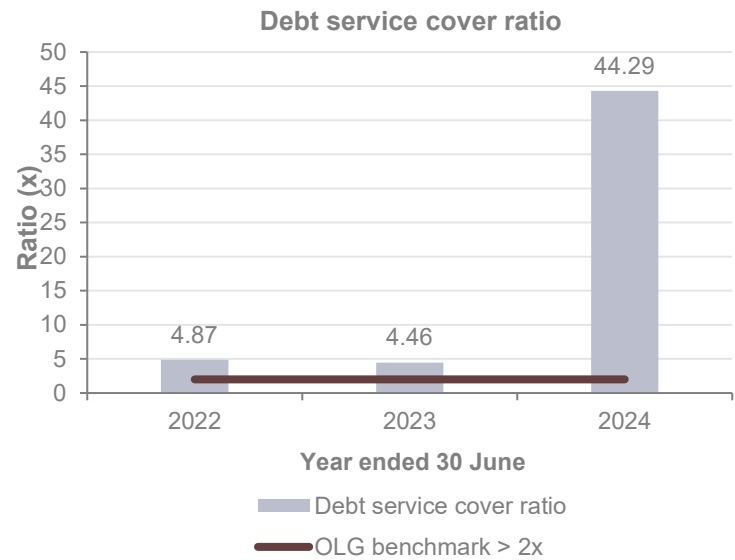


Debt service cover ratio

Council exceeded the benchmark for the current reporting period.

The 2022 and 2023 ratios were restated to correct a prior period error.

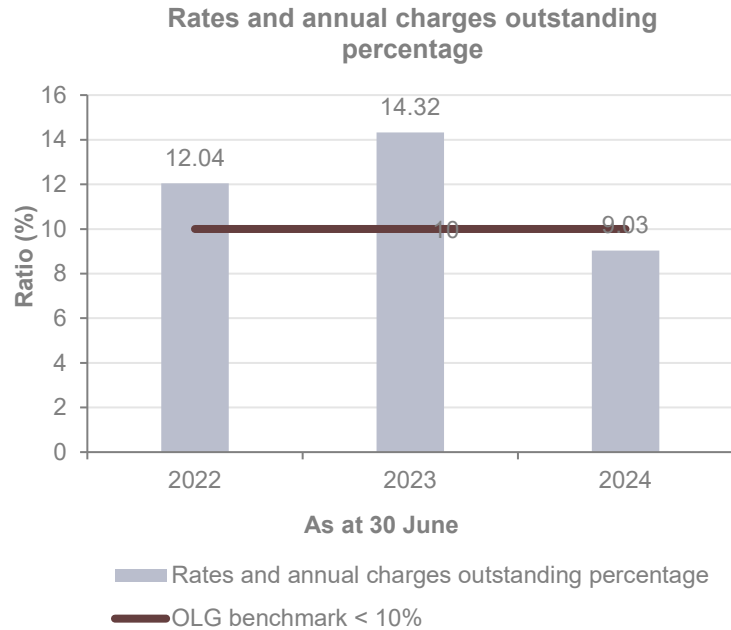
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council met the benchmark for the current reporting period.

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

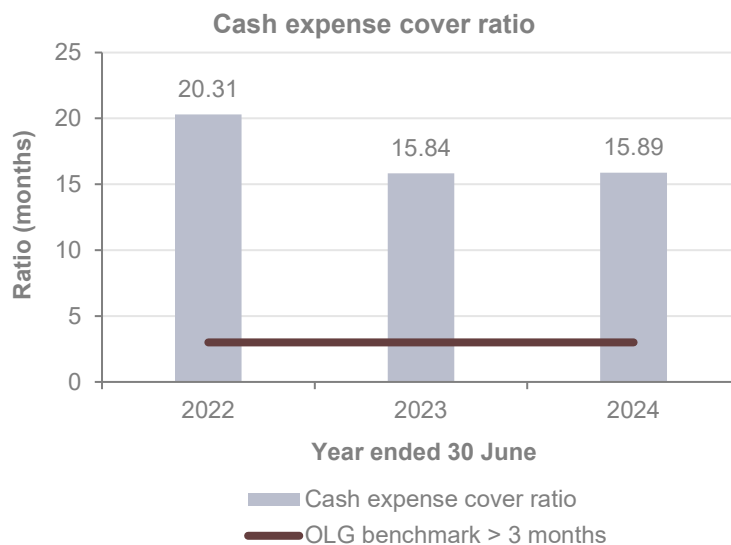


Cash expense cover ratio

Council exceeded the benchmark for the current reporting period.

The 2022 and 2023 ratios were restated to correct a prior period error.

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



Infrastructure, property, plant and equipment renewals

Council renewed \$4.0 million of infrastructure, property, plant and equipment during the 2023-24 financial year, comparable to the \$5.3 million in the 2022-23 financial year. This was mainly spent on capital work in progress and water supply network.

A further \$6.6 million was spent on new assets mainly including:

- \$2.6 million carried as work in progress
- \$2.1 million on plant and equipment
- \$1.7 million on water supply network.

OTHER MATTERS

Legislative compliance

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

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

The Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the GPFS
- staff provided all accounting records and information relevant to the audit.



Min Cui
Associate Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr Andrew Crakanthorp, Chief Executive Officer

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

Special Purpose Financial Statements

for the year ended 30 June 2024

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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

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	12	52
Other income	2,270	208
Total income from continuing operations	35,571	26,167
Expenses from continuing operations		
Employee benefits and on-costs ¹	12,274	10,063
Borrowing costs	127	143
Materials and services ¹	10,392	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 ¹	32,401	27,962
Surplus (deficit) from continuing operations before capital amounts ¹	3,170	(1,795)
Grants and contributions provided for capital purposes	3,230	2,004
Surplus (deficit) from continuing operations after capital amounts ¹	6,400	209
Surplus (deficit) from all operations before tax ¹	6,400	209
Less: corporate taxation equivalent (25%) (2022:25%) [based on result before capital]	(793)	–
Surplus (deficit) after tax ¹	5,607	209
Plus accumulated surplus ¹	157,876	157,544
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	107	123
– Corporate taxation equivalent	793	–
Closing accumulated surplus ¹	164,383	157,876
Return on capital %	0.9%	(0.5)%
Subsidy from Council	13,148	15,252
Calculation of dividend payable:		
Surplus (deficit) after tax ¹	5,608	209
Less: capital grants and contributions (excluding developer contributions)	(1,477)	(2,004)
Surplus for dividend calculation purposes	4,131	–
Potential dividend calculated from surplus	2,065	–

(1) Refer correction of errors note for information on prior period error

Riverina Water County Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

\$ '000	2024	2023 Restated	2022
ASSETS			
Current assets			
Cash and cash equivalents	2,450	3,304	2,510
Investments	23,500	18,500	11,500
Receivables	6,877	4,308	4,106
Inventories	2,650	2,451	2,435
Total current assets	35,477	28,563	20,551
Non-current assets			
Investments	6,500	7,500	17,500
Infrastructure, property, plant and equipment	382,447	364,026	338,607
Intangible assets ¹	8,918	9,363	8,950
Total non-current assets ¹	397,865	380,889	365,057
Total assets ¹	433,342	409,452	385,608
LIABILITIES			
Current liabilities			
Payables	2,864	2,306	1,786
Income received in advance	999	1,005	908
Borrowings	155	155	1,535
Employee benefit provisions	4,279	3,942	4,555
Total current liabilities	8,297	7,408	8,784
Non-current liabilities			
Borrowings	1,705	1,860	1,934
Total non-current liabilities	1,705	1,860	1,934
Total liabilities	10,002	9,268	10,718
Net assets ¹	423,340	400,184	374,890
EQUITY			
Accumulated surplus ¹	164,383	157,876	157,544
Revaluation reserves	258,957	242,308	217,346
Total equity ¹	423,340	400,184	374,890

(1) Refer correction of errors note for information on prior period error

Note – Material accounting policy information

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

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

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the *Local Government Act 1993* (NSW), the *Local Government (General) Regulation 2021*, and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. 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' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

Declared business activities

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

Category 1

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

Riverina Water County Council

Water supply operations servicing the local government areas of Wagga Wagga City, Federation, Lockhart, & Greater Hume Shire.

Category 2

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

Nil

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in special purpose financial statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – **25%** (LY 25%)

Land tax – the first \$1,075,000 of combined land values attracts **0%**. For the combined land values in excess of \$1,075,000 up to \$6,571,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$6,571,000 a premium marginal rate of **2.0%** applies.

Note – Material accounting policy information (continued)

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with DCCEEW's regulatory and assurance framework, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the regulatory and assurance framework as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

Achievement of substantial compliance to DCCEEW's regulatory and assurance framework is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the relevant corporate income tax rate, currently 25% (LY 25%).

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the 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.

The rate applied of 25% is the equivalent company tax rate prevalent at reporting date.

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.30% at 30/6/24.

(iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with DCCEEW's regulatory and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2024 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with DCCEEW's regulatory and assurance framework, statement of compliance and statement of dividend payment, dividend payment form and unqualified independent financial audit report are submitted to DCCEEW.

Correction of errors

Nature of prior period error

Software-as-a-Service (SaaS) arrangements

In 2020, the Council engaged a consultant to research, design and implement a new ERP system across Council. The system runs on a cloud infrastructure managed and controlled by the system supplier and the Council pays a licence fee for the access to the system. During the years, costs associated with the development of the ERP system have been capitalised

Correction of errors (continued)

under intangible asset however management has recently concluded that the Council does not have control of the system therefore the capitalisation of the development costs represents an error.

The error has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

The identified error is corrected by restating the balances at the beginning of the earliest period presented (1 July 2022) and taking the adjustment through to accumulated surplus at that date. Comparatives are changed to reflect the correction of errors. The impact of each line items is shown in the tables below.

Changes to the opening Statement of Financial Position at 1 July 2022

\$ '000	Original Balance 1 July, 2022	Impact Increase/ (decrease)	Restated Balance 1 July, 2022
Intangible Assets	10,890	(1,940)	8,950
Total non-current assets	366,997	(1,940)	365,057
Total assets	387,548	(1,940)	385,608
Net assets	376,830	(1,940)	374,890
Accumulated Surplus	159,484	(1,940)	157,544
IPPE revaluation reserve	217,346	–	217,346
Council equity interest	376,830	(1,940)	374,890
Total equity	376,830	(1,940)	374,890

Adjustments to the comparative figures for the year ended 30 June 2023

Statement of Financial Position

\$ '000	Original Balance 30 June, 2023	Impact Increase/ (decrease)	Restated Balance 30 June, 2023
Intangible Assets	12,337	(2,974)	9,363
Total non-current assets	383,863	(2,974)	380,889
Total assets	412,426	(2,974)	409,452
Net assets	403,158	(2,974)	400,184
Accumulated Surplus	160,850	(2,974)	157,876
IPPE revaluation reserve	242,308	–	242,308
Council equity interest	403,158	(2,974)	400,184
Total equity	403,158	(2,974)	400,184

Correction of errors (continued)

Income Statement

\$ '000	Original Balance 30 June, 2023	Impact Increase/ (decrease)	Restated Balance 30 June, 2023
Employee Benefits & On Costs	10,134	(71)	10,063
Material & Services	7,348	1,105	8,453
Total expenses from continuing operations	26,928	1,034	27,962
Surplus (deficit) from continuing operations before capital amounts	(761)	(1,034)	(1,795)
Surplus (deficit) from continuing operations after capital amounts	1,243	(1,034)	209
Surplus (deficit) from all operations before tax	1,243	(1,034)	209
Surplus (deficit) after tax	1,243	(1,034)	209
Plus accumulated surplus	159,484	(1,940)	157,544
Closing accumulated surplus	160,850	(2,974)	157,876
Surplus (deficit) after tax	1,243	(1,034)	209



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Riverina Water County Council

To the Councillors of Riverina Water County Council

Opinion

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

The Declared Business Activities of the Council is water supply.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to be 'Min Cui', with a stylized flourish extending to the right.

Min Cui
Delegate of the Auditor-General for New South Wales

22 October 2024
SYDNEY

Riverina Water County Council

SPECIAL SCHEDULES
for the year ended 30 June 2024

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



Riverina Water County Council

Special Schedules

for the year ended 30 June 2024

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Riverina Water County Council

Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
Buildings	Buildings	–	–	450	648	15,305	23,297	34.3%	26.9%	26.3%	12.6%	0.0%	
	Sub-total	–	–	450	648	15,305	23,297	34.3%	26.9%	26.3%	12.6%	0.0%	
Water supply network	Treatment Plants	1,413	1,413	945	1,164	68,361	113,405	50.0%	8.4%	19.5%	22.2%	0.0%	
	Bores	68	68	195	162	3,652	7,011	7.0%	31.0%	57.3%	4.7%	0.0%	
	Reservoirs	775	775	280	343	37,676	61,945	26.3%	9.2%	49.5%	13.9%	1.1%	
	Pumping Stations	170	170	245	268	8,208	19,817	15.8%	9.7%	65.9%	5.6%	3.0%	
	Pipeline	26,741	26,741	1,340	1,503	216,927	370,788	26.8%	42.4%	23.6%	7.2%	0.0%	
	Sub-total	29,167	29,167	3,005	3,440	334,824	572,966	30.7%	30.8%	27.4%	10.8%	0.3%	
Total – all assets		29,167	29,167	3,455	4,088	350,129	596,263	30.8%	30.7%	27.4%	10.9%	0.2%	

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

Infrastructure asset condition assessment 'key'

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

Riverina Water County Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts	Indicator	Indicators		Benchmark
	2024	2024	Restated 2023	Restated 2022	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	4,020	48.20%	66.72%	94.29%	> 100.00%
Depreciation, amortisation and impairment	8,341				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	29,167	7.96%	7.39%	6.48%	< 2.00%
Net carrying amount of infrastructure assets	366,535				
Asset maintenance ratio					
Actual asset maintenance	4,088	118.32%	128.19%	105.64%	> 100.00%
Required asset maintenance	3,455				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	29,167	4.89%	4.51%	3.85%	
Gross replacement cost	596,263				

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

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