

Riverina Water County Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

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



Riverina Water County Council

General Purpose Financial Statements

for the financial year ended 30 June 2015

Contents	Page
1. Understanding Council's Financial Statements	2
2. Statement by Councillors & Management	3
3. Primary Financial Statements:	
- Income Statement	4
- Statement of Comprehensive Income	5
- Statement of Financial Position	6
- Statement of Changes in Equity	7
- Statement of Cash Flows	8
4. Notes to the Financial Statements	9
5. Independent Auditor's Reports:	
- On the Financial Statements (Sect 417 [2])	57
- On the Conduct of the Audit (Sect 417 [3])	59

Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Riverina Water County Council.
- (ii) Riverina Water County Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

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

- the ability to provide goods, services & facilities, and to carry out activities appropriate to the current & future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the area.

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
 - (iv) These financial statements were authorised for issue by the Council on 02 October 2015. Council has the power to amend and reissue these financial statements.
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Riverina Water County Council

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

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their Council and Community.

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2015.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair values of Council's Infrastructure, Property, Plant & Equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities and "Net Wealth".

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

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

About the Auditor's Reports

Council's financial statements are required to be audited by external accountants.

In NSW, the Auditor provides two audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. Their observations on the conduct of the Audit including commentary on the Council's financial performance and financial position.

Who uses the Financial Statements?

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

Submissions from the public can be made to Council up to seven days subsequent to the public presentation of the financial statements.

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

Riverina Water County Council

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

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 02 September 2015.



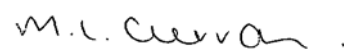
Clr G Hiscock
CHAIRPERSON



Clr G Verdon
COUNCILLOR



Mr G Haley
GENERAL MANAGER



Ms M Curran
RESPONSIBLE ACCOUNTING OFFICER

Riverina Water County Council

Income Statement

for the financial year ended 30 June 2015

Budget 2015	¹ \$ '000	Notes	Actual 2015	Actual 2014
Income from Continuing Operations				
Revenue:				
4,821	Rates & Annual Charges	3a	5,031	4,288
17,555	User Charges & Fees	3b	20,994	19,391
400	Interest & Investment Revenue	3c	1,140	1,106
119	Other Revenues	3d	504	188
715	Grants & Contributions provided for Operating Purposes	3e,f	735	674
2,300	Grants & Contributions provided for Capital Purposes	3e,f	3,115	3,055
25,910	Total Income from Continuing Operations		31,519	28,702
Expenses from Continuing Operations				
7,826	Employee Benefits & On-Costs	4a	7,148	7,869
907	Borrowing Costs	4b	902	970
2,344	Materials & Contracts	4c	3,096	2,548
6,800	Depreciation & Amortisation	4d	6,711	6,574
-	Impairment	4d	(650)	(550)
3,500	Other Expenses	4e	3,034	3,865
-	Net Losses from the Disposal of Assets	5	34	33
21,377	Total Expenses from Continuing Operations		20,275	21,309
4,533	Operating Result from Continuing Operations		11,244	7,393
4,533	Net Operating Result for the Year		11,244	7,393
4,533	Net Operating Result attributable to Council		11,244	7,393
2,233	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		8,129	4,338

¹ Original Budget as approved by Council - refer Note 16

Riverina Water County Council

Statement of Comprehensive Income for the financial year ended 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
Net Operating Result for the year (as per Income statement)		11,244	7,393
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	2,786	4,975
Total Items which will not be reclassified subsequently to the Operating Result		2,786	4,975
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		2,786	4,975
Total Comprehensive Income for the Year		14,030	12,368
Total Comprehensive Income attributable to Council		14,030	12,368

Riverina Water County Council

Statement of Financial Position as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	8,398	10,318
Investments	6b	27,500	21,500
Receivables	7	3,777	3,120
Inventories	8	3,771	3,556
Other	8	7	-
Total Current Assets		43,453	38,494
Non-Current Assets			
Infrastructure, Property, Plant & Equipment	9	206,462	198,717
Intangible Assets	25	2,750	2,100
Total Non-Current Assets		209,212	200,817
TOTAL ASSETS		252,665	239,311
LIABILITIES			
Current Liabilities			
Payables	10	829	513
Borrowings	10	1,411	1,341
Provisions	10	3,664	3,315
Total Current Liabilities		5,904	5,169
Non-Current Liabilities			
Borrowings	10	13,761	15,172
Total Non-Current Liabilities		13,761	15,172
TOTAL LIABILITIES		19,665	20,341
Net Assets		233,000	218,970
EQUITY			
Retained Earnings	20	84,842	73,598
Revaluation Reserves	20	148,158	145,372
Total Equity		233,000	218,970

Riverina Water County Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2015						
Opening Balance (as per Last Year's Audited Accounts)		73,598	145,372	218,970	-	218,970
Revised Opening Balance (as at 1/7/14)		73,598	145,372	218,970	-	218,970
c. Net Operating Result for the Year		11,244	-	11,244	-	11,244
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	2,786	2,786	-	2,786
Other Comprehensive Income		-	2,786	2,786	-	2,786
Total Comprehensive Income (c&d)		11,244	2,786	14,030	-	14,030
Equity - Balance at end of the reporting period		84,842	148,158	233,000	-	233,000

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2014						
Opening Balance (as per Last Year's Audited Accounts)		66,205	140,397	206,602	-	206,602
Revised Opening Balance (as at 1/7/13)		66,205	140,397	206,602	-	206,602
c. Net Operating Result for the Year		7,393	-	7,393	-	7,393
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	4,975	4,975	-	4,975
Other Comprehensive Income		-	4,975	4,975	-	4,975
Total Comprehensive Income (c&d)		7,393	4,975	12,368	-	12,368
Equity - Balance at end of the reporting period		73,598	145,372	218,970	-	218,970

Riverina Water County Council

Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
Cash Flows from Operating Activities				
Receipts:				
4,721	Rates & Annual Charges		4,900	4,259
17,646	User Charges & Fees		20,231	19,533
463	Investment & Interest Revenue Received		1,073	1,033
3,224	Grants & Contributions		3,831	3,900
-	Bonds, Deposits & Retention amounts received		7	3
119	Other		2,276	713
Payments:				
(7,687)	Employee Benefits & On-Costs		(6,497)	(7,540)
(1,826)	Materials & Contracts		(4,023)	(2,541)
(907)	Borrowing Costs		(902)	(970)
(3,500)	Other		(3,771)	(4,768)
12,253	Net Cash provided (or used in) Operating Activities	11b	17,125	13,622
Cash Flows from Investing Activities				
Receipts:				
6,327	Sale of Investment Securities		-	-
317	Sale of Infrastructure, Property, Plant & Equipment		166	379
Payments:				
-	Purchase of Investment Securities		(6,000)	(6,500)
(26,750)	Purchase of Infrastructure, Property, Plant & Equipment		(11,870)	(6,180)
(20,106)	Net Cash provided (or used in) Investing Activities		(17,704)	(12,301)
Cash Flows from Financing Activities				
Receipts:				
Nil				
Payments:				
(1,529)	Repayment of Borrowings & Advances		(1,341)	(1,274)
(1,529)	Net Cash Flow provided (used in) Financing Activities		(1,341)	(1,274)
(9,382)	Net Increase/(Decrease) in Cash & Cash Equivalents		(1,920)	47
11,382	plus: Cash & Cash Equivalents - beginning of year	11a	10,318	10,271
2,000	Cash & Cash Equivalents - end of the year	11a	8,398	10,318

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10
2(a)	Council Functions / Activities - Financial Information	22
2(b)	Council Functions / Activities - Component Descriptions	22
3	Income from Continuing Operations	23
4	Expenses from Continuing Operations	26
5	Gains or Losses from the Disposal of Assets	28
6(a)	Cash & Cash Equivalent Assets	29
6(b)	Investments	29
6(c)	Restricted Cash, Cash Equivalents & Investments - Details	30
7	Receivables	31
8	Inventories and Other Assets	31
9(a)	Infrastructure, Property, Plant & Equipment	32
9(b)	Externally Restricted Infrastructure, Property, Plant and Equipment	33 n/a
9(c)	Infrastructure, Property, Plant and Equipment - Current Year Impairments	33
10(a)	Payables, Borrowings and Provisions	33
10(b)	Description of (and movements in) Provisions	34
11	Statement of Cash Flows - Additional Information	35
12	Commitments for Expenditure	37
13	Statement of Performance Measures:	
13a (i)	Local Government Industry Indicators (Consolidated)	38
13a (ii)	Local Government Industry Graphs (Consolidated)	39
14	Investment Properties	41 n/a
15	Financial Risk Management	41
16	Material Budget Variations	45
17	Statement of Developer Contributions	47
18	Contingencies and Other Liabilities/Assets not recognised	48
19	Interests in Other Entities	49 n/a
20	Equity - Retained Earnings and Revaluation Reserves	50
21	Financial Result & Financial Position by Fund	50 n/a
22	"Held for Sale" Non Current Assets & Disposal Groups	51 n/a
23	Events occurring after the Reporting Date	51
24	Discontinued Operations	51 n/a
25	Intangible Assets	52
26	Reinstatement, Rehabilitation and Restoration Liabilities	52 n/a
27	Fair Value Measurement	53
 Additional Council Disclosures		
28	Financial Review	55
29	Council Information and Contact Details	56

n/a - not applicable

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

- Australian Accounting Standards and Australian Accounting Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act (1993) & Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

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

Because AASBs are sector neutral, some standards either:

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

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

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

(iii) New and amended standards adopted by Council

There were no accounting standards that became mandatory this year which materially impacted on Council's financial statements.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2015.

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

(v) Basis of Accounting

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

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of non current assets (eg. Infrastructure, Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

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

(vi) Changes in Accounting Policies

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

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(vii) Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs).

Accordingly this requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

- (i) Estimated fair values of infrastructure, property, plant and equipment.

(b) Revenue recognition

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

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

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

Revenue is measured on major income categories as follows:

Annual Charges, Grants and Contributions

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

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

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

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

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

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

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

User Charges, Fees and Other Income

User charges, fees and other income are recognised as revenue when the service has been provided, or the payment is received, whichever first occurs.

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

Sale of Infrastructure, Property, Plant and Equipment

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Interest and Rents

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

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

Other Income

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

(c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2015) and (ii) all the related operating results (for the financial year ended the 30th June 2015).

Council is a single fund entity and as such the water supply is the only entity operation. Council does not hold or have interest in any trust fund, joint arrangement, associates, County Council or unconsolidated structured entities.

(d) Leases

Council does not have any Finance Leases or Operating Leases.

(e) Cash and Cash Equivalents

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes;

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

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

(f) Investments and Other Financial Assets

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

- **financial assets at fair value through profit or loss**,
- **loans and receivables**,
- **held-to-maturity investments**, and
- **available-for-sale financial assets**.

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

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

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

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

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

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

(ii) Receivables

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

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

(iii) Held-to-maturity investments

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

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

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

Financial assets at fair value through profit and loss are subsequently carried at fair value.

Receivables and **held-to-maturity** investments classified as current assets are carried at fair value.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as "**fair value through profit or loss**"

category are included in the income statement in the period in which they arise.

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

Impairment

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

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(iii) Types of Investments

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

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

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

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations.

(g) Fair value estimation

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

(h) Receivables

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

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

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

(i) Inventories

Stores

Stores in respect of business undertakings are all stated at the lower of cost and net realisable value.

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

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

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

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

Acquisition of assets

Council's non current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Office of Local Government.

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

- **Water and Sewerage Networks**
(External/Internal Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**
(External Valuation)
- **Other Structures**
(External Valuation)
- **Plant and Equipment**
(as approximated by depreciated historical cost)
- **Other Assets**
(as approximated by depreciated historical cost)

Initial Recognition

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

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

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

- Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

Capitalisation Thresholds

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

Land	100% Capitalised
Plant & Equipment	> \$1,000
Furniture & Fittings	> \$1,000
Buildings - construction	> \$5,000
Buildings - renovations	> \$5,000
Other Structures	> \$5,000
Water Assets	
Reticulation extensions	> \$5,000
Other	> \$5,000

Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the

straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

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

Plant & Equipment

- Office Equipment	5 to 10 years
- Office Furniture	10 to 20 years
- Computer Equipment	5 years
- Vehicles	5 to 10 years
- Heavy Plant/Road Making equip.	5 to 10 years
- Other plant and equipment	5 to 15 years

Buildings

- Buildings : Masonry	50 to 100 years
-----------------------	-----------------

Water Assets

- Reservoirs	80 to 100 years
- Bores	20 to 40 years
- Reticulation pipes : PVC	80 years
- Reticulation pipes : Other	25 to 75 years
- Pumps and telemetry	15 to 20 years

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

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

Disposal and De-recognition

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

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(k) Land

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

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

(l) Intangible Assets

Water Licence Rights

Costs capitalised include external direct costs associated with the purchase of the licence. These rights are valued each year and any associated impairment or fair revaluation increment are included.

(m) Impairment of assets

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

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

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

(n) Payables

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

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

(o) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

(p) Borrowing costs

Borrowing costs are expensed.

(q) Employee benefits

(i) Short Term Obligations

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

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

employee benefit obligations disclosed under payables.

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

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

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

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

(ii) Other Long Term Obligations

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

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

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

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

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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

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

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

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils. Information required by paragraph 148 follows:

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the Scheme.

The standard 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 standard employer contribution rates are:

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each pooled employer is a share of the total additional contributions of \$48.7 million per annum, apportioned according to each employer's share of the accrued liabilities as at 30 June 2009. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2009.

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

(b) Description of the extent to which the entity can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan

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.

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 entity.

(c) Description of any agreed allocation of a deficit or surplus on:

- **Wind-up of the plan:** there are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.
- **Council's withdrawal from the plan:** there is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

(d) Given the entity accounts for the plan as if it were a defined contribution plan in accordance with paragraph 34:

- **The plan is a defined benefit plan:** we confirm the plan is a defined benefit plan.
- **Reason why sufficient information is not available to enable Council to account for the plan as a defined benefit plan:** refer above information.
- **Expected contributions to the plan for the next annual reporting period:** the expected contributions to the Fund by Council for the next annual reporting period is \$345,197.64.
- **Information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for Council:** estimated employer reserves financial position for the pooled employers at 30 June 2015 is:

Employer reserves only*	\$millions	Asset Coverage
Assets	1,707.43	
Past Service Liabilities	1,729.46	98.7%
Vested Benefits	1,761.55	96.9%

*excl member accounts and reserves in both assets and liabilities

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

Investment return	7.0% per annum
Salary inflation*	4.0% per annum
Increase in CPI	2.5% per annum

* plus promotional increases

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

The contribution requirements 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.

The implication for Council is that additional contributions are estimated to remain in place until 30 June 2016 i.e. \$162,864 additional contributions remaining. However, the Trustee is considering extending the additional contribution period in order to build up a satisfactory surplus to allow the fund to transition to a less risky investment portfolio. This results in a lower assumed long term investment return.

- **Indication of the level of participation of Council in the plan compared with other participating entities:** it is estimated that Council's participation in the Scheme compared with other participating entities is approximately 0.33%.

The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense at Note 4(a) for the year ending 30 June 2015 was \$470,112.89. The last valuation of the Fund was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20th February 2013.

Defined Contribution Plans

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

(iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/06/15.

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

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

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

Exceptions

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

(s) Taxes

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

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

Goods & Services Tax (GST)

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

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

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST. The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

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

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they

Riverina Water County Council

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

Note 1. Summary of Significant Accounting Policies

are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

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

(t) New accounting standards and interpretations

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

Council has not adopted any of these standards early.

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

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

Applicable to Local Government:

AASB 9 - Financial Instruments (and associated amending standards)

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

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

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

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

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

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

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

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

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

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

AASB 124 - Related Party Disclosures

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

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

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

(u) Rounding of amounts

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

Riverina Water County Council

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

Note 1. Summary of Significant Accounting Policies

(v) Comparative Figures

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

(w) Disclaimer

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2015	2015	2014	2015	2015	2014	2015	2015	2014	2015	2014	2015	2014
Water Supplies	25,910	31,519	28,702	21,377	20,275	21,309	4,533	11,244	7,393	735	894	252,665	239,311
Total Functions & Activities	25,910	31,519	28,702	21,377	20,275	21,309	4,533	11,244	7,393	735	894	252,665	239,311
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General Purpose Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Result from Continuing Operations	25,910	31,519	28,702	21,377	20,275	21,309	4,533	11,244	7,393	735	894	252,665	239,311

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

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

WATER SUPPLIES

Comprising the water supply functions servicing the Local Government Areas of Lockhart, Urana, Wagga Wagga and part of the Greater Hume Shire.

Riverina Water County Council

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

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Annual Charges			
Ordinary Rates			
Nil			
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Water Supply Services		5,031	4,288
Total Annual Charges		5,031	4,288
<u>TOTAL RATES & ANNUAL CHARGES</u>		<u>5,031</u>	<u>4,288</u>
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		19,997	18,641
Total User Charges		19,997	18,641
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Private Works - Section 67		12	12
Section 603 Certificates		129	135
Total Fees & Charges - Statutory/Regulatory		141	147
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Leaseback Fees - Council Vehicles		27	20
Standpipe Fees		148	84
Water Connection Fees		681	499
Total Fees & Charges - Other		856	603
<u>TOTAL USER CHARGES & FEES</u>		<u>20,994</u>	<u>19,391</u>

Riverina Water County Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		84	124
- Interest earned on Investments (interest & coupon payment income)		1,056	982
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>1,140</u>	<u>1,106</u>
Interest Revenue is attributable to:			
Restricted Investments/Funds - External:			
Water Fund Operations		1,140	1,106
<u>Total Interest & Investment Revenue Recognised</u>		<u>1,140</u>	<u>1,106</u>
(d) Other Revenues			
Lease Rental		39	7
Insurance Claim Recoveries		204	-
Sales - General		228	181
Sales - Scrap Material		33	-
<u>TOTAL OTHER REVENUE</u>		<u>504</u>	<u>188</u>

Riverina Water County Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(e) Grants				
General Purpose (Untied)				
Nil				
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	194	225	-	-
Water Supplies	-	-	-	220
Diesel and Alternative Fuels	7	13	-	-
LIRS Subsidy	534	436	-	-
Total Specific Purpose	735	674	-	220
Total Grants	735	674	-	220
Grant Revenue is attributable to:				
- Commonwealth Funding	534	436	-	41
- State Funding	7	13	-	179
- Other Funding	194	225	-	-
	735	674	-	220
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 64 - Water Supply Contributions	-	-	3,115	2,835
Total Developer Contributions	-	-	3,115	2,835
Other Contributions:				
Nil				
TOTAL GRANTS & CONTRIBUTIONS	735	674	3,115	3,055

Riverina Water County Council

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

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Employee Benefits & On-Costs			
Salaries and Wages		6,434	6,122
Travelling		187	77
Employee Leave Entitlements (ELE)		1,325	1,290
Superannuation		1,304	1,079
Workers' Compensation Insurance		108	151
Fringe Benefit Tax (FBT)		56	60
Payroll Tax		470	400
Training Costs (other than Salaries & Wages)		200	185
Uniforms		43	52
Total Employee Costs		10,127	9,416
less: Capitalised Costs		(2,979)	(1,547)
TOTAL EMPLOYEE COSTS EXPENSED		7,148	7,869
Number of "Equivalent Full Time" Employees at year end		93	92
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		902	970
Total Interest Bearing Liability Costs Expensed		902	970
(ii) Other Borrowing Costs			
Nil			
TOTAL BORROWING COSTS EXPENSED		902	970
(c) Materials & Contracts			
Contractor & Consultancy Costs		2,921	2,447
Auditors Remuneration ⁽¹⁾		59	53
Legal Expenses:			
- Legal Expenses: Other		116	48
TOTAL MATERIALS & CONTRACTS		3,096	2,548
Auditor Remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
Audit and Other Assurance Services			
- Audit & review of financial statements: Council's Auditor		23	20
- Other audit & assurance services		36	33
Remuneration for audit and other assurance services		59	53
Total Auditor Remuneration		59	53

Riverina Water County Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
Plant and Equipment		-	-	440	468
Office Equipment		-	-	100	73
Buildings - Non Specialised		-	-	48	48
Buildings - Specialised		-	-	90	89
Infrastructure:					
- Water Supply Network		-	-	6,033	5,896
Intangible Assets	25	(650)	(550)	-	-
<u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u>		<u>(650)</u>	<u>(550)</u>	<u>6,711</u>	<u>6,574</u>

\$ '000	Notes	Actual 2015	Actual 2014
Advertising		63	77
Bank Charges		99	91
Computer Software Charges		168	235
Demand Management		34	201
Donations, Contributions & Assistance to other organisations (Section 356)		36	48
Members Expenses - Chairperson's Fee		9	6
Members Expenses - Members Fees		48	47
Members Expenses (incl. Chairperson) - Other (excluding fees above)		17	20
Electricity & Heating		2,089	2,631
Insurance		151	140
Office Expenses (including computer expenses)		76	96
Postage		85	84
Printing & Stationery		36	33
Subscriptions & Publications		29	45
Telephone & Communications		94	111
<u>TOTAL OTHER EXPENSES</u>		<u>3,034</u>	<u>3,865</u>

Riverina Water County Council

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

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2015	Actual 2014
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		164	379
less: Carrying Amount of P&E Assets Sold / Written Off		(197)	(412)
Net Gain/(Loss) on Disposal		(33)	(33)
Office Equipment			
Proceeds from Disposal - Office Equipment		2	-
less: Carrying Amount of Office Equipment Assets Sold / Written Off		(3)	-
Net Gain/(Loss) on Disposal		(1)	-
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>(34)</u>	<u>(33)</u>

Riverina Water County Council

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

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

\$ '000	Notes	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		263	-	189	-
Cash-Equivalent Asset: ¹					
- Deposits at Call		1	-	1	-
- Short Term Deposits		8,134	-	10,128	-
Total Cash & Cash Equivalents		8,398	-	10,318	-
Investments (Note 6b)					
- Long Term Deposits		27,500	-	21,500	-
Total Investments		27,500	-	21,500	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		35,898	-	31,818	-

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

**Cash, Cash Equivalents & Investments were
classified at year end in accordance with
AASB 139 as follows:**

Cash & Cash Equivalents					
a. "At Fair Value through the Profit & Loss"		8,398	-	10,318	-
Investments					
b. "Held to Maturity"	6(b-ii)	27,500	-	21,500	-
Investments		27,500	-	21,500	-

Note 6(b-i)

Reconciliation of Investments classified as "Held to Maturity"

Balance at the Beginning of the Year		21,500	-	15,000	-
Additions		6,000	-	6,500	-
Balance at End of Year		27,500	-	21,500	-
Comprising:					
- Long Term Deposits		27,500	-	21,500	-
Total		27,500	-	21,500	-

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

Riverina Water County Council

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

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

	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
\$ '000				
Total Cash, Cash Equivalents and Investments	35,898	-	31,818	-
attributable to:				
Internal Restrictions (refer below)	16,565	-	21,607	-
Unrestricted	19,333	-	10,211	-
	35,898	-	31,818	-

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

Details of Restrictions

External Restrictions - Other

Developer Contributions - General (D)	-	3,115	(3,115)	-
External Restrictions - Other	-	3,115	(3,115)	-
Total External Restrictions	-	3,115	(3,115)	-

Internal Restrictions

Employees Leave Entitlement (A)	994	105	-	1,099
Asset Replacement	1,250	1,342	(1,148)	1,444
Sales Fluctuation	6,100	-	(1,100)	5,000
Unexpended Loans	13,263	-	(4,241)	9,022
Total Internal Restrictions	21,607	1,447	(6,489)	16,565
TOTAL RESTRICTIONS	21,607	4,562	(9,604)	16,565

A A provision of 30% of Employee Leave Entitlement has been made.

D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		788	-	657	-
User Charges & Fees		2,043	-	1,235	-
Accrued Revenues					
- Interest on Investments		233	-	166	-
Amounts due from ATO		-	-	31	-
Government Grants & Subsidies		194	-	175	-
Sundry Debtors		519	-	856	-
Total		3,777	-	3,120	-
less: Provision for Impairment					
Nil					
TOTAL NET RECEIVABLES		3,777	-	3,120	-

Externally Restricted Receivables

Nil

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 8.50% (2014 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Note 8. Inventories & Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		3,771	-	3,556	-
Total Inventories		3,771	-	3,556	-
Other Assets					
Prepayments		7	-	-	-
Total Other Assets		7	-	-	-
<u>TOTAL INVENTORIES / OTHER ASSETS</u>		<u>3,778</u>	<u>-</u>	<u>3,556</u>	<u>-</u>

Externally Restricted Assets

There are no restrictions applicable to the above assets.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2014					Asset Movements during the Reporting Period				as at 30/6/2015				
	At Cost	At Fair Value	Accumulated Dep'n	Impairment	Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated Dep'n	Impairment	Carrying Value
Plant & Equipment	-	5,275	2,459	-	2,816	535	(197)	(440)	-	-	5,527	2,813	-	2,714
Office Equipment	-	421	183	-	238	175	(3)	(100)	-	-	586	276	-	310
Land:														
- Operational Land	-	3,445	-	-	3,445	153	-	-	-	-	3,598	-	-	3,598
Buildings - Non Specialised	-	3,856	550	-	3,306	46	-	(48)	-	-	3,901	597	-	3,304
Buildings - Specialised	-	7,178	906	-	6,272	1,386	-	(90)	-	-	8,564	996	-	7,568
Infrastructure:														
- Water Supply Network	-	329,325	146,685	-	182,640	9,575	-	(6,033)	2,786	-	341,687	152,719	-	188,968
<u>TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.</u>	-	349,500	150,783	-	198,717	11,870	(200)	(6,711)	2,786	-	363,863	157,401	-	206,462

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$6,436) and New Assets (\$5,434).
Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

Council has no Externally Restricted Infrastructure, Property, Plant & Equipment.

Note 9c. Infrastructure, Property, Plant & Equipment - Current Year Impairments

\$ '000	Notes	Actual 2015	Actual 2014
Reversal of Impairment Losses previously recognised in the Income Statement:			
Water Rights Licence		650	550
Total Impairment Reversals		650	550
IMPAIRMENT of ASSETS - GAINS/(LOSSES) in P/L	4(d)	650	550

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		39	-	27	-
Accrued Expenses:					
- Salaries & Wages		428	-	126	-
- Other Expenditure Accruals		324	-	329	-
Security Bonds, Deposits & Retentions		38	-	31	-
Total Payables		829	-	513	-
Borrowings					
Loans - Secured ¹		1,411	13,761	1,341	15,172
Total Borrowings		1,411	13,761	1,341	15,172
Provisions					
Employee Benefits					
Annual Leave		920	-	803	-
Sick Leave		5	-	5	-
Long Service Leave		2,739	-	2,507	-
Total Provisions		3,664	-	3,315	-
Total Payables, Borrowings & Provisions		5,904	13,761	5,169	15,172

(i) Liabilities relating to Restricted Assets

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

¹ Loans are secured over the Income of Council

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

Riverina Water County Council

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

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

	Actual 2015	Actual 2014
\$ '000		
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	3,107	2,816
Payables - Security Bonds, Deposits & Retentions	38	32
	3,145	2,848

Note 10b. Description of and movements in Provisions

Class of Provision	2014	2015				
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/15
Annual Leave	803	550	(433)	-	-	920
Sick Leave	5	-	-	-	-	5
Long Service Leave	2,507	310	(78)	-	-	2,739
TOTAL	3,315	860	(511)	-	-	3,664

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

Riverina Water County Council

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

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2015	Actual 2014
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	8,398	10,318
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		8,398	10,318
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		11,244	7,393
Adjust for non cash items:			
Depreciation & Amortisation		6,711	6,574
Net Losses/(Gains) on Disposal of Assets		34	33
Impairment Losses Recognition - I,PP&E		(650)	(550)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(657)	(300)
Decrease/(Increase) in Inventories		(215)	277
Decrease/(Increase) in Other Assets		(7)	49
Increase/(Decrease) in Payables		12	(15)
Increase/(Decrease) in other accrued Expenses Payable		297	(170)
Increase/(Decrease) in Other Liabilities		7	3
Increase/(Decrease) in Employee Leave Entitlements		349	328
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		17,125	13,622

Riverina Water County Council

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

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

\$ '000	Notes	Actual 2015	Actual 2014
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		250	250
Credit Cards / Purchase Cards		90	77
Total Financing Arrangements		340	327
Amounts utilised as at Balance Date:			
- Credit Cards / Purchase Cards		12	14
Total Financing Arrangements Utilised		12	14

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

(ii) Secured Loan Liabilities

Loans are secured by a mortgage over future years income.

(e) Bank Guarantees

Council has no Bank Guarantees to any external 3rd parties outstanding at year end.

Riverina Water County Council

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

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2015	Actual 2014
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		2,918	-
Underground Powerlines		-	839
Total Commitments		2,918	839
These expenditures are payable as follows:			
Within the next year		2,918	839
Total Payable		2,918	839
Sources for Funding of Capital Commitments:			
Unexpended Loans		2,918	839
Total Sources of Funding		2,918	839

Details of Capital Commitments

Contract for the construction of store warehouse building, project to be finalised during 2015/16 financial year.

(b) Finance Lease Commitments

Nil

(c) Operating Lease Commitments (Non Cancellable)

Nil

(d) Investment Property Commitments

Nil

Riverina Water County Council

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

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 20142013	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
(excl. Capital Grants & Contributions) - Operating Expenses	8,163	28.74%	17.04%	5.05%
Total continuing operating revenue ⁽¹⁾	28,404			
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
(excl. ALL Grants & Contributions)	27,669	87.79%	87.01%	88.11%
Total continuing operating revenue ⁽¹⁾	31,519			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	43,453	15.75x	16.59	12.98
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	2,759			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation	15,126	6.74x	5.06	x 10.57
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	2,243			x
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	788	13.65%	13.04%	14.44%
Rates, Annual and Extra Charges Collectible	5,772			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents + All Term Deposits	35,898	26.05	22.34	17.92
Payments from cash flow of operating and financing activities	1,378	mths	mths	mths

Notes

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

⁽²⁾ Refer Notes 6-8 inclusive.

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

⁽³⁾ Refer to Note 10(a).

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

Riverina Water County Council

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

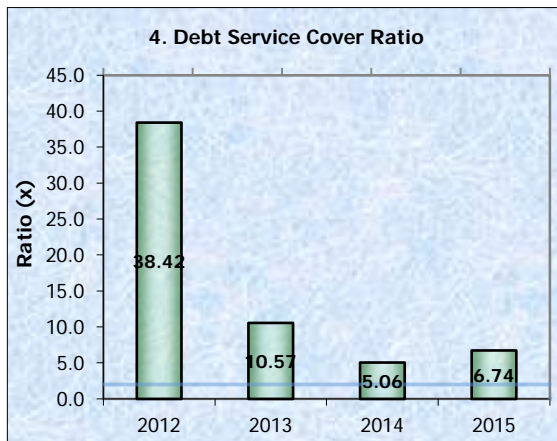
Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)

<p>1. Operating Performance Ratio</p> <p>Benchmark: — Minimum $\geq 0.00\%$ Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p>Purpose of Operating Performance Ratio</p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p>Commentary on 2014/15 Result</p> <p>2014/15 Ratio 28.74%</p> <p>Wet weather in 2011/12 resulted in negative ratio due to low water sales. Improved weather conditions, normal water sales and increased prices has resulted in this ratio increasing to positive levels.</p>
<p>2. Own Source Operating Revenue Ratio</p> <p>Benchmark: — Minimum $\geq 60.00\%$ Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p>Purpose of Own Source Operating Revenue Ratio</p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.</p>	<p>Commentary on 2014/15 Result</p> <p>2014/15 Ratio 87.79%</p> <p>Council primarily relies on water sales income to fund operations, which results in a consistently high ratio.</p>
<p>3. Unrestricted Current Ratio</p> <p>Benchmark: — Minimum ≥ 1.50 Source for Benchmark: Code of Accounting Practice and Financial Reporting #23</p>	<p>Purpose of Unrestricted Current Ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 2014/15 Result</p> <p>2014/15 Ratio 15.75x</p> <p>Increasing cash balances due to delays in capital expenditure and high water sales has resulted in this ratio increasing in prior years. A reduction in 2014/15 is due to restricted loan funds being partially used for major capital projects.</p>

Riverina Water County Council

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

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



Benchmark: — Minimum ≥ 2.00

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

Purpose of Debt Service Cover Ratio

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

Commentary on 2014/15 Result

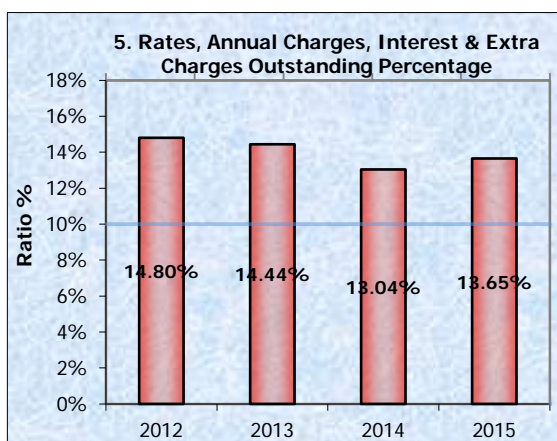
2014/15 Ratio 6.74x

Increased borrowings in prior years increased debt service costs and reduced this ratio. A larger operating result in 2014/15 increased this ratio for 2014/15.



Ratio is within Benchmark

Ratio is outside Benchmark



Benchmark: — Maximum $< 10.00\%$

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

Purpose of Rates & Annual Charges Outstanding Ratio

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

Commentary on 2014/15 Result

2014/15 Ratio 13.65%

This ratio is consistent over the years due to debt recovery measures in place. The ratio is high compared to benchmark due to annual charges being the only income used in the ratio calculation. Annual charges is only a minimal portion of Council's revenue base.



Ratio is within Benchmark

Ratio is outside Benchmark



Benchmark: — Minimum ≥ 3.00

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

Purpose of Cash Expense Cover Ratio

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

Commentary on 2014/15 Result

2014/15 Ratio 26.05 mths

Increasing cash levels over recent years due to unspent loan funds on hand and high water sales has resulted in increased liquidity.



Ratio is within Benchmark

Ratio is outside Benchmark

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 14. Investment Properties

\$ '000

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

Note 15. Financial Risk Management

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
Financial Assets				
Cash and Cash Equivalents	8,398	10,318	8,398	10,318
Investments				
- "Held to Maturity"	27,500	21,500	27,500	21,500
Receivables	3,777	3,120	3,777	3,120
Total Financial Assets	39,675	34,938	39,675	34,938
Financial Liabilities				
Payables	829	513	829	513
Loans / Advances	15,172	16,513	15,172	16,513
Total Financial Liabilities	16,001	17,026	16,001	17,026

Fair Value is determined as follows:

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

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

Riverina Water County Council

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

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

The risks associated with the investments held are:

- **Price Risk** - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest Rate Risk** - the risk that movements in interest rates could affect returns and income.
- **Credit Risk** - the risk that the investment counterparty) will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2015				
Possible impact of a 1% movement in Interest Rates	356	356	(356)	(356)
2014				
Possible impact of a 1% movement in Interest Rates	316	316	(316)	(316)

Riverina Water County Council

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

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

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

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

		2015	2015	2014	2014
		Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables - %					
Current (not yet overdue)		84%	78%	78%	84%
Overdue		16%	22%	22%	16%
		100%	100%	100%	100%
(ii) Ageing of Receivables - value					
Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
Current	Current	660	2,305	513	2,080
< 1 year overdue	0 - 30 days overdue	128	684	144	383
		788	2,989	657	2,463

Riverina Water County Council

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

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2015									
Trade/Other Payables	38	791	-	-	-	-	-	829	829
Loans & Advances	-	1,531	2,210	2,565	2,770	3,375	2,721	15,172	15,172
Total Financial Liabilities	38	2,322	2,210	2,565	2,770	3,375	2,721	16,001	16,001
2014									
Trade/Other Payables	31	482	-	-	-	-	-	513	513
Loans & Advances	-	1,529	1,555	1,584	1,612	1,641	8,594	16,515	16,513
Total Financial Liabilities	31	2,011	1,555	1,584	1,612	1,641	8,594	17,028	17,026

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

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

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	829	0.0%	513	0.0%
Loans & Advances - Fixed Interest Rate	14,766	5.5%	16,082	5.5%
Loans & Advances - Variable Interest Rate	406	5.7%	431	5.8%
	<u>16,001</u>		<u>17,026</u>	

Riverina Water County Council

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

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 25 June 2014.

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

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

Note that for Variations* of Budget to Actual :

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

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

\$ '000	2015 Budget	2015 Actual	2015 Variance* -----	
REVENUES				
Rates & Annual Charges	4,821	5,031	210	4% F
User Charges & Fees	17,555	20,994	3,439	20% F
Conservative water sale forecasts have resulted in actual water sales being higher than budget, after drier than anticipated weather during the year.				
Interest & Investment Revenue	400	1,140	740	185% F
The LIRS loan was mostly unspent during the year, water sales were also higher than anticipated. Cash levels are therefore higher than expected, which has resulted in increased investment revenue.				
Other Revenues	119	504	385	324% F
Council received an insurance settlement of \$200k and sold scrap materials during the year.				
Operating Grants & Contributions	715	735	20	3% F
Capital Grants & Contributions	2,300	3,115	815	35% F
S64 Developer Contributions were higher than anticipated.				

Riverina Water County Council

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

Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	7,826	7,148	678	9%	F
Borrowing Costs	907	902	5	1%	F
Materials & Contracts	2,344	3,096	(752)	(32%)	U
Reallocation of actual expenditure from Other Expenses to Materials and Contracts.					
Depreciation & Amortisation	6,800	6,711	89	1%	F
Impairment Expenses	-	(650)	650	0%	F
Council's High Security water licence value increased during the year, due to increased market demand, which has resulted in previous impairment losses being reversed.					
Other Expenses	3,500	3,034	466	13%	F
Reallocation of actual expenditure to Materials & Contracts.					
Net Losses from Disposal of Assets	-	34	(34)	0%	U
Slightly lower than anticipated values received for motor vehicle sales.					

Budget Variations relating to Council's Cash Flow Statement include:

Cash Flows from Operating Activities	12,253	17,125	4,872	39.8%	F
Higher than anticipated water sales due to drier weather increased cash on hand. Higher than anticipated interest income due to cash on hand.					
Cash Flows from Investing Activities	(20,106)	(17,704)	2,402	(11.9%)	F
Delays in capital works projects has resulted in lower than budgeted IPP&E outflows.					
Cash Flows from Financing Activities	(1,529)	(1,341)	188	(12.3%)	F
Lower than originally budgeted loan principal payments required during the year.					

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
S64 Contributions	-	3,115	-	-	(3,115)	-	-	2,300	(2,300)		
Total Contributions	-	3,115	-	-	(3,115)	-	-	2,300	(2,300)	-	-

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

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

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from it's Defined Benefit Scheme obligations in accordance with AASB 119.

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

(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 Councils 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 30/6 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.

(iv) Other Guarantees

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

Riverina Water County Council

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

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

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.

(ii) Sick Leave Payable on Retirement due to Medical Grounds

At balance date there is a contingent liability for staff who are entitled to a sick leave to be paid out if they were to retire due to medical grounds. This totals \$95,000.

ASSETS NOT RECOGNISED:

(i) Recovery of Assets

A court order for compensation was awarded to Council for \$351,959. Recovery action is currently underway. The extent of recovery and cost of such recovery cannot be quantified at the date of this report.

Note 19. Interests in Other Entities

Council has no interest in any Controlled Entities, Joint Arrangements or Associates.

Riverina Water County Council

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

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2015	Actual 2014
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		73,598	66,205
a. Net Operating Result for the Year		11,244	7,393
Balance at End of the Reporting Period		84,842	73,598

(b) Reserves

(i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	148,158	145,372
Total	148,158	145,372

(ii) Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		145,372	140,397
- Revaluations for the year	9(a)	2,786	4,975
- Balance at End of Year		148,158	145,372
TOTAL VALUE OF RESERVES		148,158	145,372

(iii) Nature & Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

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

(c) Correction of Error/s relating to a Previous Reporting Period

Council made no correction of errors during the current reporting period.

(d) Voluntary Changes in Accounting Policies

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

Note 21. Financial Result & Financial Position by Fund

Council utilises only a General Fund for its operations.

Riverina Water County Council

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

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

\$ '000

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

Note 23. Events occurring after the Reporting Date

Events that occur between the end of the reporting period (ending 30 June 2015) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 02/10/15.

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

(i) Events that provide evidence of conditions that existed at the Reporting Period

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2015.

(ii) Events that provide evidence of conditions that arose after the Reporting Period

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2015 and which are only indicative of conditions that arose after 30 June 2015.

Council is aware of the following "non-adjusting events" that merit disclosure:

Council signed contracts with UGL Engineering Pty Ltd on 21 July 2015 for the design, development, construction and commissioning of a 55 megalitre per day Wagga Wagga Water Treatment Plant for \$32.2 million.

Note 24. Discontinued Operations

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

Riverina Water County Council

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

Note 25. Intangible Assets

	Actual 2015	Actual 2014
\$ '000		
Intangible Assets represent identifiable non-monetary asset without physical substance.		
Intangible Assets are as follows;		
Opening Values:		
Gross Book Value (1/7)	3,608	3,608
Accumulated Amortisation (1/7)	-	-
Accumulated Impairment (1/7)	(1,508)	(2,058)
Net Book Value - Opening Balance	2,100	1,550
Movements for the year		
- Accumulated Impairment charges written back	650	550
Closing Values:		
Gross Book Value (30/6)	3,608	3,608
Accumulated Amortisation (30/6)	-	-
Accumulated Impairment (30/6)	(858)	(1,508)
<u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE ¹</u>	<u>2,750</u>	<u>2,100</u>

¹. The Net Book Value of Intangible Assets represent:

- Water Licences	2,750	2,100
	2,750	2,100

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

Council has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.

Riverina Water County Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

\$ '000

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

- Infrastructure, Property, Plant and Equipment
- Financial Assets & Liabilities

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

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

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

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

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

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

Fair Value Measurements		Fair Value Measurement Hierarchy			
2015		Level 1	Level 2	Level 3	Total
	Date of latest Valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investments					
Other Financial Assets	30/06/15	-	8,398	-	8,398
High Security Water Licence	30/06/15	-	2,750	-	2,750
Total Financial Assets		-	11,148	-	11,148
Infrastructure, Property, Plant & Equipment					
Water Treatment Plants	30/06/11	-	35,127	-	35,127
Ground Water Bores	30/06/11	-	8,032	-	8,032
Water Pumping Stations	30/06/11	-	8,201	-	8,201
Water Reservoirs	30/06/11	-	36,444	-	36,444
Other Water Assets	30/06/11	-	938	-	938
Pipes	30/06/11	-	100,226	-	100,226
Buildings	30/06/11	-	10,872	-	10,872
Land	30/06/11	-	3,599	-	3,599
Plant & Equipment	30/06/15	-	2,713	-	2,713
Office Equipment	30/06/15	-	310	-	310
Total Infrastructure, Property, Plant & Equipment		-	206,462	-	206,462

Riverina Water County Council

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

Note 27. Fair Value Measurement (continued)

\$ '000

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

		Fair Value Measurement Hierarchy			
2014		Level 1	Level 2	Level 3	Total
	Date of latest Valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investments					
Other Financial Assets	30/06/14	-	10,318	-	10,318
High Security Water Licence	30/06/14	-	2,100	-	2,100
Total Financial Assets		-	12,418	-	12,418
Infrastructure, Property, Plant & Equipment					
Water Treatment Plants	30/06/11	-	32,391	-	32,391
Ground Water Bores	30/06/11	-	7,874	-	7,874
Water Pumping Stations	30/06/11	-	7,860	-	7,860
Water Reservoirs	30/06/11	-	36,101	-	36,101
Other Water Assets	30/06/11	-	957	-	957
Pipes	30/06/11	-	97,456	-	97,456
Buildings	30/06/11	-	9,578	-	9,578
Land	30/06/11	-	3,446	-	3,446
Plants & Equipment	30/06/14	-	2,816	-	2,816
Office Equipment	30/06/14	-	238	-	238
Total Infrastructure, Property, Plant & Equipment		-	198,717	-	198,717

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

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

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

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

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

Financial Assets

Council primarily holds held to maturity term deposits. Fair value is based on annual figures confirmed by the financial institution. An external valuation is conducted for the High Security Water Licence on an annual basis.

Infrastructure, Property, Plant & Equipment

Council engages external valuers every five years to undertake valuations of all above ground infrastructure and property. Valuations have been derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's, product catalogues, recently completed projects in Australia and their own database of costings and suppliers. Pipe assets are valued every five years internally, by appropriately qualified staff, utilising pipe reference rates from NSW Reference Rates Manual. Plant and Equipment assets are valued based on actual historical costs.

(4). Highest and best use

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

Riverina Water County Council

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

Note 28. Financial Review

\$ '000

Key Financial Figures of Council over the past 5 years (consolidated)

Financial Performance Figures	2015	2014	2013	2012	2011
Inflows:					
Rates & Annual Charges Revenue	5,031	4,288	3,724	3,229	2,281
User Charges Revenue	20,994	19,391	18,177	12,006	9,994
Interest & Investment Revenue (Losses)	1,140	1,106	513	187	274
Grants Income - Operating & Capital	735	894	463	340	268
Total Income from Continuing Operations	31,519	28,702	25,777	17,622	14,490
Sale Proceeds from I,PP&E	166	379	507	293	614
New Loan Borrowings & Advances	-	-	15,000	3,200	-
Outflows:					
Employee Benefits & On-cost Expenses	7,148	7,869	7,433	7,460	7,243
Borrowing Costs	902	970	402	69	-
Materials & Contracts Expenses	3,096	2,548	2,434	1,600	1,388
Total Expenses from Continuing Operations	20,275	21,309	21,771	17,137	16,658
Total Cash purchases of I,PP&E	11,870	6,180	5,525	5,976	8,584
Total Loan Repayments (incl. Finance Leases)	1,341	1,274	382	31	-
Operating Surplus/(Deficit) (excl. Capital Income)	8,129	4,338	1,159	(1,262)	(3,621)
Financial Position Figures	2015	2014	2013	2012	2011
Current Assets	43,453	38,494	31,973	11,928	7,611
Current Liabilities	5,904	5,169	4,954	3,958	2,759
Net Current Assets	37,549	33,325	27,019	7,970	4,852
Available Working Capital (Unrestricted Net Current Assets)	26,059	16,374	11,426	6,635	5,992
Cash & Investments - Unrestricted	19,333	10,211	5,419	1,871	359
Cash & Investments - Internal Restrictions	16,565	21,607	19,834	4,343	1,202
Cash & Investments - Total	35,898	31,818	25,271	6,191	1,561
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	15,172	16,513	17,787	3,169	-
Total Value of I,PP&E (excl. Land & Earthworks)	360,265	346,055	336,515	323,514	326,486
Total Accumulated Depreciation	157,401	150,783	145,282	138,967	139,539
Indicative Remaining Useful Life (as a % of GBV)	56%	56%	57%	57%	57%

Source: Published audited financial statements of Council (current year & prior year)

Riverina Water County Council

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

Note 29. Council Information & Contact Details

Principal Place of Business:

91 Hammond Avenue
Wagga Wagga NSW 2650

Contact Details

Mailing Address:

PO Box 456
Wagga Wagga NSW 2650

Opening Hours:

Monday - Friday 8:30am - 4pm

Telephone: 02 6922 0608

Facsimile: 02 6921 2241

Internet: www.rwcc.nsw.gov.au

Email: admin@rwcc.nsw.gov.au

Officers

GENERAL MANAGER

Mr G Haley

RESPONSIBLE ACCOUNTING OFFICER

Ms M Curran

PUBLIC OFFICER

Mr G Haley

AUDITORS

Crowe Horwath Auswild
491 Smollett Street
Albury NSW 2640

Elected Members

MAYOR

Clr G Hiscock

COUNCILLORS

Clr. I. Kruetzberger	(Urana Shire Council)
Clr. D. Meyer, OAM	(Greater Hume Shire)
Clr. R. Kendall	(City of Wagga Wagga)
Clr. P. Funnell	(City of Wagga Wagga)
Clr. A. Negline	(City of Wagga Wagga)
Clr. K. Poynter	(City of Wagga Wagga)

Other Information

ABN: 52 084 883 210

INDEPENDENT AUDIT REPORT TO RIVERINA WATER COUNTY COUNCIL (SECTION 417(2) – REPORT ON THE GENERAL PURPOSE FINANCIAL STATEMENTS)

SCOPE

We have audited the accompanying financial statements of Riverina Water County Council ('the Council'), which comprises the statement of financial position as at 30 June 2015 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 29 and the Statement by Councillors and Management of the Council. The financial statements and Council's statement are in the approved form as required by Section 413(2) (a) and (c) of the Local Government Act, 1993.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Councillors and management of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, Local Government Act 1993 (as amended) and the Regulations made there under and the Local Government Code of Accounting Practice and Financial Reporting. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

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

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

We performed the procedures to assess whether in all material respects the financial statements presents fairly, in accordance with the Local Government Act 1993 (as amended) and the Regulations made there under and the Local Government Code of Accounting Practice and Financial Reporting and Australian Accounting Standards, a view which is consistent with our understanding of the Council's financial position and of its performance.

Our audit responsibilities do not extend to the Original Budget figures disclosed in the income statement, statement of cash flows, Notes 2(a) and 16 to the financial statements nor the attached Special Schedules. Our audit opinion does not extend to cover the projections data in Note 17 and accordingly, we express no opinion on them.

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

The audit opinion expressed in this report has been formed on the above basis.

INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.

AUDITOR'S OPINION

In our opinion:

- a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993 Chapter 13, Part 3, Division 2;
- b) the Council's financial statements:
 - have been properly prepared in accordance with the requirements of this Division;
 - are consistent with the Council's accounting records;
 - present fairly the Council's financial position and result of its operations; and
 - are in accordance with applicable Accounting Standards.
- c) all information relevant to the conduct of the audit has been obtained; and
- d) there are no material deficiencies in the accounting records or financial statements that have come to light during the course of the audit.


CROWE HORWATH AUSWILD

BRADLEY D BOHUN
Partner

Dated at Albury this 2nd day of October 2015.

Report on the Conduct of the Audit

Riverina Water County Council

Year Ended 30 June 2015

Contents

1	Report on the Conduct of the Audit	3
2	Operating Result	4
3	Financial Position	6
4	Performance Indicators	7
5	Specific Balance Sheet Items.....	9
6	Other Matters	11

1 Report on the Conduct of the Audit

We have completed our audit of the financial statements for Riverina Water County Council (Council) for the year ended 30 June 2015, in accordance with Section 415 of the Local Government Act, 1993. Our audit opinion under Section 417(2) has been issued to Council and this report on the conduct of the audit should be read in conjunction with the audit opinion.

The Council is responsible for the preparation and presentation of the financial statements and the information they contain. The financial statements consist of the general purpose financial statements and Council's statement in the approved form required by Section 413 (2) and (3) respectively of the Local Government Act 1993.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosure in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and statutory requirements so as to present a view which is consistent with our understanding of the Council's financial position, the results of its operations and its cash flows.

Our engagement is summarised as:

Nature of Engagement	Opinion	Basis of Preparation
General purpose financial statements	Unqualified	Going concern basis and deemed a Not for Profit entity.
Special purpose financial statements	Unqualified - Emphasis of matter regarding basis of preparation	National Competition Policy requirements by area of business activity
Special Schedule 7	Agreed upon procedures	Report of Asset Management Audit Preparedness Assessment to Council and OLG.

Following from our audit there are a number of comments we wish to raise concerning Council's financial statements. These comments are set out in this report below.

2 Operating Result

Riverina Water County Council (the 'Council') is a County Council in Southern New South Wales, whose affairs are governed by:

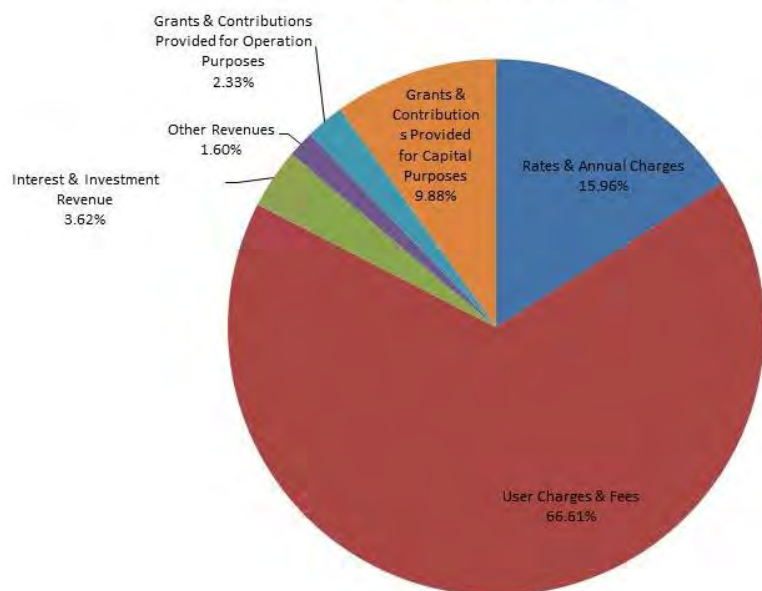
- Local Government Act 1993;
- Local Government Regulations;
- Local Government Code of Accounting Practice and Financial Reporting; and
- Local Government Asset Accounting Manual Regulations.

The Council is responsible for the administration and implementation of the strategic policies voted on in Council.

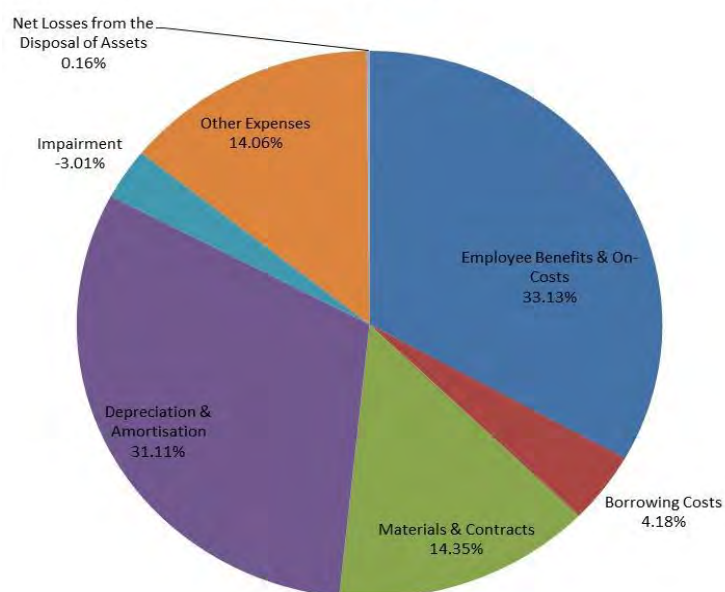
The Council achieved a net operating result from continuing operations (including capital contributions) of \$11,244,000 (2014: \$7,393,000) for the year ended 30 June 2015. The net operating result for the year before grants and contributions provided for capital purposes is \$8,129,000 (2014: \$4,338,000).

A breakdown of Council's revenues and expenses for the year are as follows:

2015 Revenue



2015 Expenses



Significant income and expense items in the current year were:

	2015 \$'000	2014 \$'000	2013 \$'000
Annual charges	5,031	4,288	3,724
User charges and fees	20,994	19,391	18,177
Grants and contributions - operating	735	674	218
Grants and contributions - capital	3,115	3,055	2,847
Employee costs	7,148	7,869	7,433
Materials and contracts	3,096	2,548	2,434
Depreciation and amortisation	6,711	6,574	6,776

The above significant items are based on the operational results from Council as disclosed in the income statement and accompanying notes.

User charges and fees has been consistently higher over the past few years due to dryer weather. Operating grants have increased due to the newly introduced Local Infrastructure Renewal Scheme (LIRS) subsidy, which is an incentive to reduce Council's borrowing costs for infrastructure projects.

Major expenditure captions have remained fairly constant across the last three years.

3 Financial Position

A measure of the Council's financial position is its unrestricted working capital. The following table sets out the unrestricted working capital position of Council as at the end of the financial year.

	2015 \$'000	2014 \$'000	2013 \$'000
Cash and Liquid Investments	35,898	31,818	25,271
External Restrictions - included in liabilities	-	-	-
- not included in liabilities	-	-	(18)
Internal Restrictions - included in liabilities	(1,099)	(994)	(896)
- not included in liabilities	(15,466)	(20,613)	(18,938)
Unrestricted Cash and Investments	19,333	10,211	5,419
Other Net Current Assets / (Liabilities) excluding anticipated LSL Provision & restrictions included in liabilities	4,758	4,323	4,213
Unrestricted Working Capital	24,091	14,534	9,632

The above represents the amount of working capital Council has available to meet its future spending requirements after making allowance for any restrictions in place over the use of such working capital.

The above result continues to indicate a capacity to pay debts as and when they fall due.

We recommend that Council continue to monitor its unrestricted working capital position when reviewing its financial position. It is also recommended that Council continue to be mindful of its unrestricted working capital position when considering its future spending requirements.

4 Performance Indicators

Refer to Note 13 of the financial statements. Sections 4.1 to 4.6 contemplate Council's performance on a consolidated basis.

4.1 Operating Performance Ratio

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

This ratio has improved year on year, 2015: 28.74%, 2014: 17.04% and 2013: 5.05%. Weather conditions and increased prices has led to increased fees and charges.

4.2 Own Source Operating Revenue Ratio

This ratio measures fiscal flexibility and shows the degree of reliance on external funding sources such as operating grants and contributions. A Council has improved financial flexibility with a higher level of own source revenue.

This ratio has consistently remained in the high 80 - 90% range as Council heavily relies on revenue from water usage charges as its main source of income.

4.3 Liquidity (Unrestricted Current) Ratio

This ratio is used to assess the adequacy of working capital and Council's ability to satisfy its obligations in the short term for the unrestricted activities of Council. Unrestricted current ratio is calculated by current assets less all external restrictions divided by current liabilities less specific purpose liabilities.

This ratio outcome for Council is considered well above the benchmark, 2015: 15.75:1, 2014: 16.59:1 and 2013: 12.98:1. The reported results are due to delays in capital projects leading to a buildup of liquid assets. The reduction in 2015 is a result of capital projects currently underway.

4.4 Debt Service Ratio

This ratio demonstrates the percentage of Council revenue required to service the debts carried by Council.

This ratio has increased this year: 2015: 6.74:1, 2014: 5.06:1 and 2013: 10.57:1. This is due to repayments of borrowings and advances and an increasing revenue base.

4.5 Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage

The outstanding percentage assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of debt recovery efforts.

The percentage of outstanding debts has increased from 13.04% in 2014 to 13.65% this year. Rates and annual charges represents only a small portion of the Council's revenue base however recovery efforts should be targeted to enhance the reported result in future years.

4.6 Cash Expense Cover Ratio

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

This ratio has increased year on year: 2015: 26.05, 2014: 22.34 and 2013: 17.92. This is due to the timing of planned capital projects leading to a surplus of cash and investments being currently held.

5 Specific Balance Sheet Items

5.1 Receivables

Total current receivables at 30 June 2015, was \$3.77m (2014: \$3.12m). This does not include an impairment provision as recoverability has historically been strong. This is due to controls in place to facilitate the recovery of these debts, including interest on overdue rates, reducing water supply and the potential for Council to sell the property after a prolonged period of non-payment.

This balance consists of user charges and fees of \$2.043m (2014: \$1.235m) and rates and annual charges of \$788k (2014: \$657k). The percentage of annual charges outstanding is referred to at Section 4.5 of this report.

5.2 Capital Expenditure

During the reporting period Council spent \$11.87m (2014: \$6.18m) on items of an infrastructure, property, plant or equipment nature. The primary areas of capital expenditure were as follows:

	2015 \$	2014 \$	2013 \$
Plant and equipment	535,000	769,000	912,00
Office equipment	175,000	52,000	97,000
Land	153,000	130,000	160,000
Buildings	1,432,000	89,000	1,237,000
Water supply network	9,575,000	5,140,000	3,119,000
	<u>11,870,000</u>	<u>6,180,000</u>	<u>5,525,000</u>

5.3 Fair Value of Water Supply Network

Water supply network assets have been indexed in accordance with the latest indices provided in NSW Office of Water – Rates Reference Manual. The revaluation increment of \$2.786m has been recognised through the revaluation reserve.

5.4 Borrowings

Borrowings have decreased by repayments of \$1.341m from the prior year's balance of \$16.513m. There have been no new loans during the 2014 year.

5.5 New Standards and Interpretations Not Yet Adopted

Certain new accounting standards have been published that are not mandatory for the 30 June 2015 reporting period as follows:

- AASB 9 *Financial Instruments* and associated amending standards, effective 1 January 2018.
- AASB 15 *Revenue from Contracts with Customers*, effective 1 January 2017.
- AASB124 *Related Party Disclosures* effective 1 July 2016.
- AASB 2014-3 Amendments to Australian Accounting Standards – *Accounting for Acquisitions of Interests in Joint Operations (AASB1 and AASB11) and AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, effective 1 January 2018.
- AASB 2015-2 Presentation of Financial Statements (amendments to AASB101), effective 1 January 2016.

Council is of the view that these standards not yet effective will not significantly affect any of the amounts recognised in the financial statements, however they may impact certain information otherwise disclosed, or the format in which information is disclosed.

6 Other Matters

Several performance improvement observations were noted during our yearend audit visits. A final management letter has been issued to management. There were no critical control deficiencies noted in Council's systems.

6.1 Superannuation

Riverina Water City Council has employees whose superannuation contributions are contributed into the Local Government Superannuation Scheme – Pool B (the Scheme).

The Local Government Superannuation Scheme – Pool B is a defined benefit plan and for the purposes of AASB 119 *Employee Benefits* it has been deemed a “multi-employer fund”. Due to the pooled nature of the funds assets sufficient information is not available for the purposes of AASB119. As a result of the global financial crisis, the Scheme has a significant deficiency in net assets. Over the past number of years Councils have been required to make additional contributions to assist the Scheme recover this deficit.

The last formal valuation of the Scheme was performed for the period ended 30 June 2009. The position of the Scheme is monitored annually and the Actuary has estimated that as at 30 June 2015 a deficit still exists. Employers are required to make additional contributions to assist extinguishing this deficit. These additional contributions made by Council during 2015 were \$345k.

Due to the pooled nature of the Scheme estimate and the inability to accurately report Council's share of this deficit, Council has recorded this as a contingent liability in the 2015 financial statements.

Additionally, we highlight that Council needs to be mindful of how its share of the deficit will be funded in future years.

6.2 Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

6.3 Assistance Provided

We recognise and appreciate the General Manager, Manager of Corporate Services and staff of Council for their cooperation and courtesy extended to us during the course of the audit.

6.4 Reliance on the Report

The report on the conduct of the audit has been prepared for distribution to Council. We disclaim any assumption of responsibility for any reliance on this report to any person other than Council or for any purpose other than that for which it was prepared.

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Riverina Water County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

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



Riverina Water County Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

Contents	Page
1. Statement by Councillors & Management	2
2. Special Purpose Financial Statements:	
Income Statement - Water Supply Business Activity	3
Income Statement - Sewerage Business Activity	n/a
Income Statement - Other Business Activities	n/a
Statement of Financial Position - Water Supply Business Activity	4
Statement of Financial Position - Sewerage Business Activity	n/a
Statement of Financial Position - Other Business Activities	n/a
3. Notes to the Special Purpose Financial Statements	5
4. Auditor's Report	11

Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.
- (ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

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

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

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

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

Riverina Water County Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

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

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

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

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

Signed in accordance with a resolution of Council made on 02 September 2015.



Clr G Hiscock
CHAIRPERSON



Clr G Verdon
COUNCILLOR



Mr G Haley
GENERAL MANAGER



Ms M Curran
RESPONSIBLE ACCOUNTING OFFICER

Riverina Water County Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	5,031	4,288
User charges	20,994	19,391
Fees	-	-
Interest	1,140	1,106
Grants and contributions provided for non capital purposes	735	674
Profit from the sale of assets	-	-
Other income	504	188
Total income from continuing operations	28,404	25,647
Expenses from continuing operations		
Employee benefits and on-costs	7,148	7,869
Borrowing costs	902	970
Materials and contracts	2,901	2,413
Depreciation and impairment	6,711	6,574
Water purchase charges	195	135
Loss on sale of assets	34	33
Calculated taxation equivalents	40	40
Debt guarantee fee (if applicable)	-	-
Other expenses	2,384	3,315
Total expenses from continuing operations	20,315	21,349
Surplus (deficit) from Continuing Operations before capital amounts	8,089	4,298
Grants and contributions provided for capital purposes	3,115	3,055
Surplus (deficit) from Continuing Operations after capital amounts	11,204	7,353
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	11,204	7,353
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(2,427)	(1,289)
SURPLUS (DEFICIT) AFTER TAX	8,777	6,064
plus Opening Retained Profits	58,741	52,678
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:	-	-
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
Closing Retained Profits	67,519	58,741
Return on Capital %	4.4%	2.7%
Subsidy from Council	-	1,806
Calculation of dividend payable:		
Surplus (deficit) after tax	8,777	6,064
less: Capital grants and contributions (excluding developer contributions)	-	(220)
Surplus for dividend calculation purposes	8,777	5,844
Potential Dividend calculated from surplus	4,389	2,922

Riverina Water County Council

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

\$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	8,398	10,318
Investments	27,500	21,500
Receivables	3,777	3,120
Inventories	3,771	3,556
Other	7	-
Non-current assets classified as held for sale	-	-
Total Current Assets	43,453	38,494
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	206,463	198,717
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	2,750	2,100
Other	-	-
Total non-Current Assets	209,213	200,817
TOTAL ASSETS	252,666	239,311
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	829	513
Interest bearing liabilities	1,411	1,341
Provisions	20,987	18,172
Total Current Liabilities	23,227	20,026
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	13,761	15,172
Provisions	-	-
Total Non-Current Liabilities	13,761	15,172
TOTAL LIABILITIES	36,988	35,198
NET ASSETS	215,678	204,113
EQUITY		
Retained earnings	67,519	58,741
Revaluation reserves	148,159	145,372
Council equity interest	215,678	204,113
Non-controlling equity interest	-	-
TOTAL EQUITY	215,678	204,113

Riverina Water County Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	6
2	Water Supply Business Best Practice Management disclosure requirements	9
3	Sewerage Business Best Practice Management disclosure requirements	n/a

Riverina Water County Council

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

Note 1. Significant Accounting Policies

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

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in these special purpose financial statements, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB) &
- Australian Accounting Interpretations.

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

- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

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

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

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

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

Declared Business Activities

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

Category 1

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

Riverina Water County Council

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

Category 2

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

Nil

Monetary Amounts

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

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Notes 2 are disclosed in whole dollars.

(i) Taxation Equivalent Charges

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

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax

Riverina Water County Council

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

Note 1. Significant Accounting Policies

payments have been applied to all Council nominated business activities and are reflected in these financial statements.

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

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

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

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

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

Income Tax

An income tax equivalent has been applied on the profits of each reported Business Activity.

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

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

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

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

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date.

(ii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.02% at 30/6/15.

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

(iii) Dividends

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

Local Government Water Supply Businesses are permitted to pay an annual dividend from its water supply surplus.

Riverina Water County Council

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

Note 1. Significant Accounting Policies

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply assessments at 30 June 2014 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Riverina Water County Council

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

Note 2. Water Supply Business Best Practice Management disclosure requirements

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

2015

1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	40,000
(ii)	No of assessments multiplied by \$3/assessment	97,482
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	40,000
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	4,388,650
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	934,820
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	18,005,500

2015 Surplus	8,777,300	2014 Surplus	5,843,600	2013 Surplus	3,384,600
		2014 Dividend	-	2013 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	934,820
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

3. Required outcomes for 6 Criteria

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

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

Riverina Water County Council

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

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

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

2015

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	30,463
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	74.46%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	203,441
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	8,271
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	11,870
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	7.50%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	-

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

INDEPENDENT AUDIT REPORT TO RIVERINA WATER COUNTY COUNCIL REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements, being special purpose financial statements, of Riverina Water County Council (the Council), which comprises the statement of financial position by business activity as at 30 June 2015, and the income statement by business activity for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Councillors' and management of the Council are responsible for the preparation and fair presentation of the financial statements and have determined that the basis of preparation described in Note 1 to the financial statements, are appropriate to meet the requirements of the NSW Government Policy Statement "Application of National Competition Policy to Local Government", Division of Local Government Guidelines "Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality", The Local Government Code of Accounting Practice and Financial Reporting and The NSW Office of Water Guidelines and are appropriate to meet the needs of the Council and the Division of Local Government.

AUDITOR'S RESPONSIBILITY

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

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

OPINION

In our opinion the financial statements of Riverina Water County Council are in accordance with the Local Government Code of Accounting Practice and Financial Reporting, including:

- (i) presenting fairly a view of the Council's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

BASIS OF ACCOUNTING

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the Local Government Code of Accounting Practice and Financial Reporting. As a result, the financial report may not be suitable for another purpose.

The financial statements have been prepared for distribution to Council for the purpose of fulfilling the Council's financial reporting obligations under the Local Government Code of Accounting Practice and Financial Reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council and the Division of Local Government, or for any purpose other than that for which it was prepared.



CROWE HORWATH AUSWILD



BRADLEY D BOHUN

Partner

Dated at Albury this 2nd day of October 2015.

Riverina Water County Council

SPECIAL SCHEDULES

for the year ended 30 June 2015

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



Riverina Water County Council

Special Schedules

for the financial year ended 30 June 2015

Contents

Page

Special Schedules¹

- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply Operations - incl. Income Statement	5
- Special Schedule No. 4	Water Supply - Statement of Financial Position	9
- Special Schedule No. 5	Sewerage Service Operations - incl. Income Statement	n/a
- Special Schedule No. 6	Sewerage Service - Statement of Financial Position	n/a
- Notes to Special Schedule No. 3		10
- Special Schedule No. 7	Report on Infrastructure Assets (as at 30 June 2015)	11
- Special Schedule No. 8	Financial Projections	n/a
- Special Schedule No. 9	Permissible Income Calculation	n/a

¹ Special Schedules are not audited (with the exception of Special Schedule 9).

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water (NOW), and
 - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Riverina Water County Council

Special Schedule No. 1 - Net Cost of Services for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	-	-	-	-
Administration	-	-	-	-
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	-	-	-	-
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	-	-	-	-
Other	-	-	-	-
Total Public Order & Safety	-	-	-	-
Health	-	-	-	-
Environment				
Noxious Plants and Insect/Vermin Control	-	-	-	-
Other Environmental Protection	-	-	-	-
Solid Waste Management	-	-	-	-
Street Cleaning	-	-	-	-
Drainage	-	-	-	-
Stormwater Management	-	-	-	-
Total Environment	-	-	-	-
Community Services and Education				
Administration & Education	-	-	-	-
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	-	-	-	-
Children's Services	-	-	-	-
Total Community Services & Education	-	-	-	-
Housing and Community Amenities				
Public Cemeteries	-	-	-	-
Public Conveniences	-	-	-	-
Street Lighting	-	-	-	-
Town Planning	-	-	-	-
Other Community Amenities	-	-	-	-
Total Housing and Community Amenities	-	-	-	-
Water Supplies	20,275	28,404	3,115	11,244
Sewerage Services	-	-	-	-

Riverina Water County Council

Special Schedule No. 1 - Net Cost of Services (continued) for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	-	-	-	-
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	-	-	-	-
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	-	-	-	-
Swimming Pools	-	-	-	-
Parks & Gardens (Lakes)	-	-	-	-
Other Sport and Recreation	-	-	-	-
Total Recreation and Culture	-	-	-	-
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	-	-	-	-
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing and Const.	-	-	-	-
Transport and Communication				
Urban Roads (UR) - Local	-	-	-	-
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads (SRR) - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	-	-	-	-
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	-	-	-	-
Aerodromes	-	-	-	-
Other Transport & Communication	-	-	-	-
Total Transport and Communication	-	-	-	-
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	-	-	-	-
Total Economic Affairs	-	-	-	-
Totals – Functions	20,275	28,404	3,115	11,244
General Purpose Revenues ⁽²⁾		-		-
Share of interests - joint ventures & associates using the equity method	-	-		-
NET OPERATING RESULT ⁽¹⁾	20,275	28,404	3,115	11,244

(1) As reported in the Income Statement

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

Riverina Water County Council

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

for the financial year ended 30 June 2015

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	1,341	15,172	16,513	-	1,341	-	-	902	1,411	13,761	15,172
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	1,341	15,172	16,513	-	1,341	-	-	902	1,411	13,761	15,172
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	1,341	15,172	16,513	-	1,341	-	-	902	1,411	13,761	15,172

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

Riverina Water County Council

Special Schedule No. 3 - Water Supply Income Statement

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

\$'000	Actuals 2015	Actuals 2014
A Expenses and Income Expenses		
1. Management expenses		
a. Administration	903	1,838
b. Engineering and Supervision	1,238	1,765
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	908	519
d. Maintenance expenses	1,020	1,037
- Reservoirs		
e. Operation expenses	100	120
f. Maintenance expenses	182	219
- Pumping Stations		
g. Operation expenses (excluding energy costs)	16	12
h. Energy costs	2,089	2,631
i. Maintenance expenses	180	254
- Treatment		
j. Operation expenses (excluding chemical costs)	-	-
k. Chemical costs	348	245
l. Maintenance expenses	607	619
- Other		
m. Operation expenses	204	168
n. Maintenance expenses	281	552
o. Purchase of water	195	135
3. Depreciation expenses		
a. System assets	6,171	6,033
b. Plant and equipment	540	541
4. Miscellaneous expenses		
a. Interest expenses	902	970
b. Revaluation Decrements	-	-
c. Other expenses	5,007	4,168
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
h. Impairment - Intangible Assets	(650)	(550)
f. Aboriginal Communities Water & Sewerage Program	-	-
5. Total expenses	20,241	21,276

Riverina Water County Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

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

\$'000	Actuals 2015	Actuals 2014
Income		
6. Residential charges		
a. Access (including rates)	4,553	3,868
b. Usage charges	13,272	12,505
7. Non-residential charges		
a. Access (including rates)	477	420
b. Usage charges	6,254	5,674
c. Other charges	470	462
8. Extra charges	84	124
9. Interest income	1,056	982
10. Other income	1,498	926
10a. Aboriginal Communities Water and Sewerage Program	-	-
11. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	194	225
c. Other grants	534	449
12. Contributions		
a. Developer charges	3,115	2,835
b. Developer provided assets	-	-
c. Other contributions	12	232
13. Total income	31,519	28,702
14. Gain (or loss) on disposal of assets	(34)	(33)
15. Operating Result	11,244	7,393
15a. Operating Result (less grants for acquisition of assets)	11,244	7,393

Riverina Water County Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

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

\$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	5,434	3,217
c. Renewals	5,726	2,142
d. Plant and equipment	710	821
17. Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	11,870	6,180
Non-operating funds employed		
20. Proceeds from disposal of assets	379	379
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	379	379
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	28,492	28,123
b. Residential (unoccupied, ie. vacant lot)	1,376	1,297
c. Non-residential (occupied)	2,626	2,661
d. Non-residential (unoccupied, ie. vacant lot)	-	-
25. Number of ETs for which developer charges were received	308 ET	342 ET
26. Total amount of pensioner rebates (actual dollars)	\$ 352,437	\$ 408,377

Riverina Water County Council

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

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed land value from access charges (ie rates)?			
	<input type="checkbox"/> Yes	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			<input type="text" value="-"/>
<p>* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.</p> <p>However, disclosure of cross-subsidies is not required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.</p>			

Riverina Water County Council

Special Schedule No. 4 - Water Supply Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	1,099	-	1,099
d. Unexpended loans	9,022	-	9,022
e. Sinking fund	-	-	-
f. Other	25,777	-	25,777
31. Receivables			
a. Specific purpose grants	194	-	194
b. Rates and Availability Charges	788	-	788
c. User Charges	2,043	-	2,043
d. Other	752	-	752
32. Inventories	3,771	-	3,771
33. Property, plant and equipment			
a. System assets	-	203,441	203,441
b. Plant and equipment	-	3,022	3,022
34. Other assets	7	2,750	2,757
35. Total assets	43,453	209,213	252,666
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	829	-	829
38. Borrowings			
a. Loans	1,411	13,761	15,172
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	3,664	-	3,664
40. Total liabilities	5,904	13,761	19,665
41. NET ASSETS COMMITTED	37,549	195,452	233,001
EQUITY			
42. Accumulated surplus			84,842
43. Asset revaluation reserve			148,159
44. TOTAL EQUITY			233,001
Note to system assets:			
45. Current replacement cost of system assets			357,752
46. Accumulated current cost depreciation of system assets			(154,311)
47. Written down current cost of system assets			203,441

Riverina Water County Council

Notes to Special Schedule No. 3

for the financial year ended 30 June 2015

Administration ⁽¹⁾

(item 1a of Special Schedule 3) comprises the following:

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedule 3) comprises the following:

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedule 3) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedule 3) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedule 3) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedule 3) is to be used when I,PP&E decreases in FV.

Impairment Losses (item 4d & 4e of Special Schedule 3) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

Aboriginal Communities Water and Sewerage Program (item 4f of Special Schedule 3) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 is for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply revenue.

Residential charges ⁽²⁾ (items 6a and 6b of Special Schedule 3) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedule 3) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

Other income (item 10 of Special Schedule 3) include all income not recorded elsewhere.

Other contributions (item 12c of Special Schedule 3) incl. capital contributions for water supply services received by Council under Section 565 of the Local Government Act.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply, and not in items 1a).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Riverina Water County Council

Special Schedule No. 7 - Report on Infrastructure Assets

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Buildings										
	Council Offices / Depots	15	5	162	10,471	17%	73%	10%	0%	0%
	Council Houses	1	1	7	401	59%	0%	41%	0%	0%
	sub total	16	6	169	10,872	18.5%	70.3%	11.1%	0.0%	0.0%
Water Supply Network										
	Treatment Plants	39,831	120	608	35,127	18%	63%	19%	0%	0%
	Bores	785	180	178	8,032	19%	80%	1%	0%	0%
	Reservoirs	7,798	220	181	36,444	9%	50%	35%	6%	0%
	Pumping Station/s	400	120	180	9,139	11%	74%	14%	1%	0%
	Pipeline	15,565	3,660	1,020	100,226	12%	13%	42%	32%	1%
	sub total	64,379	4,300	2,167	188,968	12.8%	35.2%	33.3%	18.2%	0.5%
	TOTAL - ALL ASSETS	64,395	4,306	2,336	199,840	13.1%	37.1%	32.1%	17.2%	0.5%

Notes:

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

1	Excellent	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average	Maintenance work required

4	Poor	Renewal required
5	Very Poor	Urgent renewal/upgrading required

Riverina Water County Council

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 20142013	
Infrastructure Asset Performance Indicators Consolidated				
1. Building, Infrastructure & Other Structures Renewals Ratio				
Asset Renewals				
(Building, Infrastructure & Other Structures) ⁽¹⁾	5,575	90.34%	49.11%	50.95%
Depreciation, Amortisation & Impairment	6,171			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	64,395			
Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	199,840	32.22%	9.24%	10.98%
3. Asset Maintenance Ratio				
Actual Asset Maintenance	2,336			
Required Asset Maintenance	4,306	0.54	0.81	0.84
4. Capital Expenditure Ratio				
Annual Capital Expenditure	11,670			
Annual Depreciation	6,711	1.74	0.88	0.76

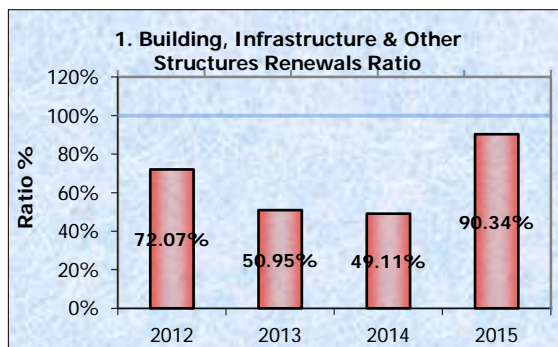
Notes

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

⁽²⁾ Written Down Value

Riverina Water County Council

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



Benchmark: — Minimum $\geq 100.00\%$

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

Purpose of Asset Renewals Ratio

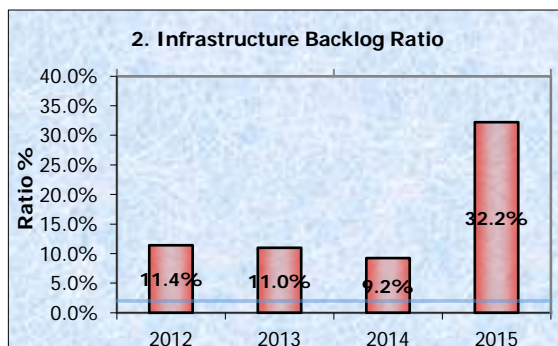
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on 2014/15 Result

2014/15 Ratio 90.34%

Council is currently undertaking significant new capital projects, including the new Wagga water treatment plant. A large pipe replacement project was undertaken during 2014/15, which increased this ratio significantly for the year.

Ratio is within Benchmark
Ratio is outside Benchmark



Benchmark: — Maximum < 0.02

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

Purpose of Infrastructure Backlog Ratio

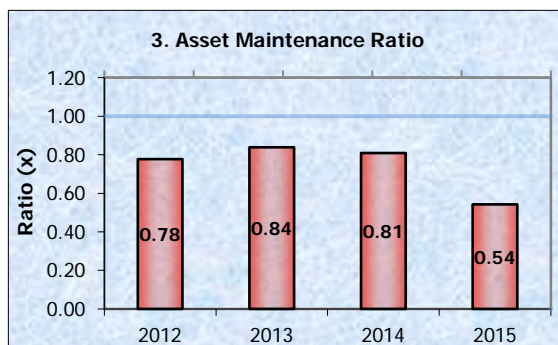
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on 2014/15 Result

2014/15 Ratio 32.22%

Council is currently in the process of replacing the Wagga water treatment plant and the low level reservoir. Both are major projects, in need of replacement and have been included in the backlog ratio for 2014/15. The remaining backlog is part of Council's asset replacement program based on priority and resourcing.

Ratio is within Benchmark
Ratio is outside Benchmark



Benchmark: — Minimum > 1.00

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

Purpose of Asset Maintenance Ratio

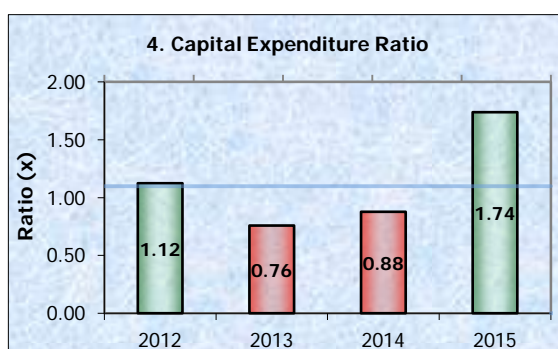
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.

Commentary on 2014/15 Result

2014/15 Ratio 0.54 x

Council has a maintenance program for its assets. Due to limited resources, there is a slight shortfall in maintenance spending compared to benchmark.

Ratio is within Benchmark
Ratio is outside Benchmark



Benchmark: — Minimum > 1.10

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

Purpose of Capital Expenditure Ratio

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

Commentary on 2014/15 Result

2014/15 Ratio 1.74 x

A large capital works program, including some major mains construction and the new Wagga water treatment plant have resulted in higher capital expenditure during 2014/15.

Ratio is within Benchmark
Ratio is outside Benchmark