

Riverina Water County Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023

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



Riverina Water County Council

General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

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

91 Hammond Avenue
Wagga Wagga NSW 2650

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

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

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

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

Riverina Water County Council

General Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

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

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

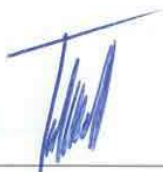
- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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


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

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

Signed in accordance with a resolution of Council made on 24 August 2023.



Clr T Koschel
Chairperson



Clr D Meyer OAM
Deputy Chairperson



Mr A Crakanthorp
Chief Executive Officer



Mrs Natasha Harris
Responsible Accounting Officer

Riverina Water County Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
	Income from continuing operations			
5,214	Rates and annual charges	B2-1	5,760	5,710
24,541	User charges and fees	B2-2	19,295	19,606
339	Other revenues	B2-3	208	576
225	Grants and contributions provided for operating purposes	B2-4	48	122
3,150	Grants and contributions provided for capital purposes	B2-4	2,004	4,327
200	Interest and investment income	B2-5	804	326
—	Net gain from the disposal of assets	B4-1	52	388
33,669	Total income from continuing operations		28,171	31,055
	Expenses from continuing operations			
10,530	Employee benefits and on-costs	B3-1	10,134	9,116
8,348	Materials and services	B3-2	7,583	6,228
1,031	Borrowing costs	B3-3	143	239
7,580	Depreciation, amortisation and impairment of non-financial assets	B3-4	8,709	8,390
227	Other expenses	B3-5	236	443
27,716	Total expenses from continuing operations		26,805	24,416
5,953	Operating result from continuing operations		1,366	6,639
5,953	Net operating result for the year attributable to Council		1,366	6,639
2,803	Net operating result for the year before grants and contributions provided for capital purposes		(638)	2,312

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

Riverina Water County Council

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Net operating result for the year – from Income Statement		1,366	6,639
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	24,532	16,714
Gain (loss) on revaluation of intangible assets	C1-7	430	(628)
Total items which will not be reclassified subsequently to the operating result		24,962	16,086
Total other comprehensive income for the year		24,962	16,086
Total comprehensive income for the year attributable to Council		26,328	22,725

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

Riverina Water County Council

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	3,304	2,510
Investments	C1-2	18,500	11,500
Receivables	C1-4	4,308	4,106
Inventories	C1-5	2,451	2,435
Total current assets		28,563	20,551
Non-current assets			
Investments	C1-2	7,500	17,500
Infrastructure, property, plant and equipment (IPPE)	C1-6	364,026	338,607
Intangible assets	C1-7	12,337	10,890
Total non-current assets		383,863	366,997
Total assets		412,426	387,548
LIABILITIES			
Current liabilities			
Payables	C3-1	3,311	2,694
Borrowings	C3-2	155	1,535
Employee benefit provisions	C3-3	3,942	4,555
Total current liabilities		7,408	8,784
Non-current liabilities			
Borrowings	C3-2	1,860	1,934
Total non-current liabilities		1,860	1,934
Total liabilities		9,268	10,718
Net assets		403,158	376,830
EQUITY			
Accumulated surplus		160,850	159,484
IPPE revaluation reserve	C4-1	242,308	217,346
Council equity interest		403,158	376,830
Total equity		403,158	376,830

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

Riverina Water County Council

Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		159,484	217,346	376,830	152,845	201,260	354,105
Net operating result for the year		1,366	–	1,366	6,639	–	6,639
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	24,532	24,532	–	16,714	16,714
Gain (loss) on revaluation of intangible assets	C1-7	–	430	430	–	(628)	(628)
Other comprehensive income		–	24,962	24,962	–	16,086	16,086
Total comprehensive income		1,366	24,962	26,328	6,639	16,086	22,725
Closing balance at 30 June		160,850	242,308	403,158	159,484	217,346	376,830

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

Riverina Water County Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Cash flows from operating activities				
Receipts:				
5,214	Rates and annual charges		5,696	5,751
24,541	User charges and fees		19,674	19,371
200	Interest received		570	372
3,375	Grants and contributions		2,053	4,452
–	Bonds, deposits and retentions received		49	30
339	Other		1,478	270
Payments:				
(10,530)	Payments to employees		(10,840)	(9,633)
(8,348)	Payments for materials and services		(8,687)	(6,360)
1,031	Borrowing costs		(143)	(239)
(227)	Other		(41)	(461)
15,595	Net cash flows from operating activities	F1-1	9,809	13,553
Cash flows from investing activities				
Receipts:				
–	Redemption of term deposits		3,000	–
–	Proceeds from sale of IPPE		115	673
Payments:				
(11,500)	Acquisition of term deposits		–	(500)
(20,731)	Payments for IPPE		(9,642)	(10,420)
(350)	Purchase of intangible assets		(1,034)	(1,759)
(32,581)	Net cash flows from investing activities		(7,561)	(12,006)
Cash flows from financing activities				
Receipts:				
18,000	Proceeds from borrowings		–	–
Payments:				
(1,535)	Repayment of borrowings		(1,454)	(1,929)
16,465	Net cash flows from financing activities		(1,454)	(1,929)
(521)	Net change in cash and cash equivalents		794	(382)
2,570	Cash and cash equivalents at beginning of year		2,510	2,892
2,049	Cash and cash equivalents at end of year	C1-1	3,304	2,510
25,500	plus: Investments on hand at end of year	C1-2	26,000	29,000
27,549	Total cash, cash equivalents and investments		29,304	31,510

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

Riverina Water County Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 29 September 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below. Unless otherwise stated, all accounting policies are consistent with those applied in the prior year.

Where appropriate, comparative figures have been amended to accord with the current year presentation, and disclosure has been made of any material changes to comparatives. Those comparative figures amended are summarised below:

- Contractor and consultancy costs of \$1,575,872 have been moved to Raw materials and consumables as they have been incorrectly categorised in the prior year.
- Travel expenses of \$172,914, Training costs of \$192,738 and Uniform expenses of \$47,460 have been transferred to Materials and Services expenses in accordance with the Code Of Accounting categorisation change.

Basis of preparation

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

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

Full dollars have been used in Note E1 Disclosures in relation to the disclosure of specific related party transactions.

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

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

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

and are clearly marked.

Historical cost convention

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

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

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

Critical accounting estimates and assumptions

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

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

Significant judgements in applying the Council's accounting policies

- Impairment of receivables

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

A1-1 Basis of preparation (continued)

Goods and Services Tax (GST)

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

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

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

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2023 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates in the annual reporting period beginning 1 July 2022.

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

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 1 July 2022.

None of these standards had an impact on the reported position or performance.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions or activities										
Water supply	28,171	31,055	26,805	24,416	1,366	6,639	2,052	4,449	412,426	387,548
Total functions and activities	28,171	31,055	26,805	24,416	1,366	6,639	2,052	4,449	412,426	387,548

B1-2 Components of functions or activities

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

Water supply

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

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	Timing	2023	2022
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)			
Water supply services – commercial	2	507	502
Water supply services – residential	2	5,050	5,004
Annual charges levied		5,557	5,506
Pensioner annual charges subsidies received:			
– Water	2	203	204
Total annual charges		5,760	5,710
Total rates and annual charges		5,760	5,710
Timing of revenue recognition for rates and annual charges			
Rates and annual charges recognised at a point in time (2)		5,760	5,710
Total rates and annual charges		5,760	5,710

Accounting policy

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

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

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

B2-2 User charges and fees

\$ '000	Timing	2023	2022
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services – commercial	2	5,819	5,355
Water supply services – residential	2	12,560	12,932
Total specific user charges		18,379	18,287
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Section 603 certificates	2	173	190
Plumbing permits/fees	2	52	59
Total fees and charges – statutory/regulatory		225	249
(ii) Fees and charges – other (incl. general user charges (per s608))			
Leaseback fees – Council vehicles	2	37	35
Water connection fees	2	492	884
Standpipe fees	2	162	151
Total fees and charges – other		691	1,070
Total other user charges and fees		916	1,319
Total user charges and fees		19,295	19,606
Timing of revenue recognition for user charges and fees			
User charges and fees recognised at a point in time (2)		19,295	19,606
Total user charges and fees		19,295	19,606

Accounting policy

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

B2-3 Other revenues

\$ '000	Timing	2023	2022
Diesel rebate	2	18	9
Insurance claims recoveries		71	—
Sales – general	2	34	35
Lease rental	2	43	31
Sales – scrap material	2	1	8
Sundry Income	2	3	—
Other		1	—
Temporary water allocation	2	—	338
Employment & Training Subsidies	2	—	142
Insurance incentive	2	37	13
Total other revenue		208	576
Timing of revenue recognition for other revenue			
Other revenue recognised at a point in time (2)		208	576
Total other revenue		208	576

Accounting policy for other revenue

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
LIRS subsidy	2	48	122	–	–
Water supplies (excl. section 64 contributions)	2	–	–	708	1,699
Total special purpose grants and non-developer contributions – cash		48	122	708	1,699
Total special purpose grants and non-developer contributions (tied)		48	122	708	1,699
Total grants and non-developer contributions		48	122	708	1,699
Comprising:					
– State funding		48	122	–	–
– Other funding		–	–	708	1,699
		48	122	708	1,699

Developer contributions

\$ '000	Notes	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 64 – water supply contributions		2	–	–	1,296	2,628
Total developer contributions – cash			–	–	1,296	2,628
Total developer contributions			–	–	1,296	2,628
Total contributions			–	–	1,296	2,628
Total grants and contributions			48	122	2,004	4,327
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised at a point in time (2)						
			48	122	2,004	4,327
Total grants and contributions			48	122	2,004	4,327

Accounting policy

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer. Developer contributions may only be expended for the purposes for which the contributions were required, but the Council may apply contributions according to the priorities established in work schedules.

B2-5 Interest and investment income

\$ '000	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges	90	86
– Cash and investments	714	240
Total interest and investment income	804	326

Interest and investment income is attributable to:**Unrestricted investments/financial assets:**

Overdue rates and annual charges	90	86
General Council cash and investments	714	240
Total interest and investment income	804	326

Accounting policy

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

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	8,522	8,357
Employee termination costs (where material – other than vested leave paid)	169	–
Employee leave entitlements (ELE)	1,806	1,789
Superannuation	1,585	1,577
Workers' compensation insurance	174	401
Fringe benefit tax (FBT)	49	54
Payroll tax	562	440
Safety Bonus	–	9
Sick leave bonus	101	140
Total employee costs	12,968	12,767
Less: capitalised costs	(2,834)	(3,651)
Total employee costs expensed	10,134	9,116

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		3,214	1,981
Contractor costs		68	207
Audit Fee	E2-1	84	58
Strategic Documents		8	61
Councillor and Mayoral fees and associated expenses	E1-2	143	124
Advertising		37	7
Bank charges		28	28
Computer software charges		368	388
Electricity and heating		2,267	1,898
Insurance		356	326
Office expenses (including computer expenses)		159	273
Postage		128	122
Printing and stationery		26	21
Subscriptions and publications		35	103
Telephone and communications		150	99
Valuation fees		1	–
Travel expenses		16	28
Demand management		–	5
Rates and user charges		147	114
Community Engagement		26	31
Risk Management		3	4
Training costs (other than salaries and wages)		208	193
Memberships		3	54
Uniforms		70	47
Legal expenses:			
– Legal expenses: other		36	54
Expenses from leases of low value assets		2	2
Total materials and services		7,583	6,228
Total materials and services		7,583	6,228

Accounting policy

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

B3-3 Borrowing costs

\$ '000	2023	2022
(i) Interest bearing liability costs		
Interest on loans	143	239
Total borrowing costs expensed	143	239

Accounting policy

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

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

\$ '000	Notes	2023	2022
Depreciation and amortisation			
Plant and equipment		574	589
Office equipment		107	103
Land improvements (depreciable)		15	13
Infrastructure:	C1-6		
– Buildings – non-specialised		7	6
– Buildings – specialised		219	205
– Water supply network		7,770	7,457
Intangible assets	C1-7	17	17
Total gross depreciation and amortisation costs		8,709	8,390
Total depreciation, amortisation and impairment for non-financial assets		8,709	8,390

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

\$ '000	2023	2022
Other		
Donations, contributions and assistance to other organisations (Section 356)	236	443
Total other expenses	236	443

Accounting policy

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

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

\$ '000	Notes	2023	2022
Gain (or loss) on disposal of plant and equipment			
Proceeds from disposal – plant and equipment		115	673
Less: carrying amount of plant and equipment assets sold/written off	C1-6	(63)	(285)
Gain (or loss) on disposal		52	388
Net gain (or loss) from disposal of assets		52	388

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 22 June 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
Rates and annual charges	5,214	5,760	546	10% F
Water availability charges were higher due to new properties coming on line.				
User charges and fees	24,541	19,295	(5,246)	(21)% U
Water usage charges were down due to a very wet first 6 months of the financial year.				
Other revenues	339	208	(131)	(39)% U
Other revenues were down on budget due to not receiving any income from temporary water sales.				
Operating grants and contributions	225	48	(177)	(79)% U
Operating grants were down due to the repayment of the LIRS loan.				
Capital grants and contributions	3,150	2,004	(1,146)	(36)% U
Income from capital grants and contributions was down due to lower than budgeted income from developer contributions.				
Interest and investment revenue	200	804	604	302% F
Interest revenue was up significantly due to increases in interest rates.				
Net gains from disposal of assets	—	52	52	∞ F
Profit on disposal from plant and vehicles was higher due to better sale prices being achieved.				
Expenses				
Borrowing costs	1,031	143	888	86% F
Borrowing costs was lower due to proposed loans not being drawn.				
Depreciation, amortisation and impairment of non-financial assets	7,580	8,709	(1,129)	(15)% U
Depreciation expense was higher due to indexation as at 30 June 2022 which resulted from a significant increase in inflation for this period.				

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Statement of cash flows				
Cash flows from operating activities	15,595	9,809	(5,786)	(37)% U
Cash flow from operating activities was less than budget due to lower than anticipated water consumption charges and developer contributions.				
Cash flows from investing activities	(32,581)	(7,561)	25,020	(77)% F
Capital expenditure was lower than budget due to delays in commencing some projects.				
Council budgets for movements in term deposits however the actual acquisition and redemption throughout the year varies according to councils cash flow requirements.				
Cash flows from financing activities	16,465	(1,454)	(17,919)	(109)% U
Proposed loans were not take up as the funds were not required at this stage.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	1,098	1,008
Cash equivalent assets		
– Short-term deposits	2,206	1,502
Total cash and cash equivalents	3,304	2,510

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	3,304	2,510
Balance as per the Statement of Cash Flows	3,304	2,510

Accounting policy

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

C1-2 Financial investments

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Debt securities at amortised cost				
Long term deposits	18,500	7,500	11,500	17,500
Total	18,500	7,500	11,500	17,500
Total financial investments	18,500	7,500	11,500	17,500
Total cash assets, cash equivalents and investments	21,804	7,500	14,010	17,500

Accounting policy

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

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

Financial assets

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

Amortised cost

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

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

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

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	29,304	31,510
Cash, cash equivalents and investments not subject to external restrictions	29,304	31,510

\$ '000	2023	2022
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	29,304	31,510
Less: Internally restricted cash, cash equivalents and investments	(8,424)	(8,285)
Unrestricted and unallocated cash, cash equivalents and investments	20,880	23,225

Internal allocations

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

Employees leave entitlement	1,972	2,278
Plant replacement	2,555	2,110
Sales fluctuation	3,000	3,000
Water Treatment Plant	228	228
Revenue from Water Licences	669	669
Total internal allocations	8,424	8,285

Accounting Policy

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

\$ '000	2023	2022
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	20,880	23,225

C1-4 Receivables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Rates and annual charges	951	—	790	—
User charges and fees	1,906	—	2,281	—
Accrued revenues				
Accrued interest on investments	506	—	272	—
Government grants and subsidies	203	—	204	—
Net GST receivable	167	—	199	—
Prepaid expenditure	575	—	360	—
Total	4,308	—	4,106	—
Total net receivables	4,308	—	4,106	—

Accounting policy

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

Impairment/Measurement of ECL

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

Impairment

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

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

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

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

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

Council's provision for impairment of receivables at 30 June 2023 is \$nil (2022: \$nil).

C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Stores and materials	2,451	–	2,435	–
Total inventories at cost	2,451	–	2,435	–
Total inventories	2,451	–	2,435	–

Accounting policy

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

C1-6 Infrastructure, property, plant and equipment

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period						At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	10,838	–	10,838	3,265	1,545	–	–	(8,048)	–	7,600	–	7,600
Plant and equipment	7,225	(3,728)	3,497	936	–	(284)	(589)	–	–	7,215	(3,655)	3,560
Office equipment	1,355	(1,070)	285	–	69	(1)	(103)	–	–	1,422	(1,173)	249
Land:												
– Operational land	6,379	–	6,379	–	1,015	–	–	–	56	7,450	–	7,450
Land improvements – depreciable	2,015	(27)	1,988	–	–	–	(13)	–	148	2,163	(40)	2,123
Infrastructure:												
– Buildings – non-specialised	623	(212)	411	–	–	–	(6)	–	21	644	(218)	426
– Buildings – specialised	20,207	(7,113)	13,094	–	35	–	(205)	–	683	20,925	(7,318)	13,607
– Water supply network	498,463	(214,824)	283,639	3,029	529	–	(7,457)	8,048	15,806	525,854	(222,262)	303,592
Total infrastructure, property, plant and equipment	547,105	(226,974)	320,131	7,230	3,193	(285)	(8,373)	–	16,714	573,273	(234,666)	338,607

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

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

Accounting policy

Initial recognition of infrastructure, property, plant and equipment (IPPE)

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

When infrastructure, property, plant and equipment is acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Useful lives of IPPE

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

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

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

Revaluation model

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

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

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

C1-7 Intangible assets

Intangible assets are as follows:

\$ '000	2023	2022
Software		
Opening values at 1 July		
Gross book value	1,957	258
Net book value – opening balance	1,957	258
Movements for the year		
Purchases	1,034	1,716
Amortisation charges	(17)	(17)
Closing values at 30 June		
Gross book value	2,974	1,957
Total software – net book value	2,974	1,957
Other		
(b) High Security Water Licences		
Opening values at 1 July		
Gross book value	8,933	9,518
Net book value – opening balance	8,933	9,518
Movements for the year		
Purchases	–	43
Fair Value (increment to Equity - Asset Revaluation Reserve)	430	(628)
Closing values at 30 June		
Gross book value	9,363	8,933
Total High Security Water Licences – net book value	9,363	8,933
Total intangible assets – net book value	12,337	10,890

Accounting policy

IT development and software

Software development costs include only those costs directly attributable to the development phase (including external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project) and are only recognised following completion of technical feasibility, and where the Council has an intention and ability to use the asset. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

High Security Water Licences

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.

C2 Leasing activities

C2-1 Council as a lessee

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

Office and IT equipment

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

Income Statement

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

\$ '000	2023	2022
Expenses relating to low-value leases	2	2
	2	2

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / concessionary leases

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Goods and services – operating expenditure	672	–	320	–
Accrued expenses:				
– Salaries and wages	503	–	579	–
– Other expenditure accruals	989	–	794	–
Security bonds, deposits and retentions	142	–	93	–
Prepaid rates	1,005	–	908	–
Total payables	3,311	–	2,694	–

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

\$ '000	2023	2022
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	142	93
Total payables	142	93

Accounting policy

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

Payables

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

C3-2 Borrowings

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Loans – secured ¹	155	1,860	1,535	1,934
Total borrowings	155	1,860	1,535	1,934

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

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

C3-2 Borrowings (continued)

(a) Changes in liabilities arising from financing activities

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

(b) Financing arrangements

\$ '000	2023	2022
Total facilities		
Bank overdraft facilities ¹	250	250
Credit cards/purchase cards	100	100
Market Rate Facility	500	500
Total financing arrangements	850	850
Drawn facilities		
– Credit cards/purchase cards	25	38
Total drawn financing arrangements	25	38
Undrawn facilities		
– Bank overdraft facilities	250	250
– Credit cards/purchase cards	75	62
– Market Rate Facility	500	500
Total undrawn financing arrangements	825	812

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

Accounting policy

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

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

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

C3-3 Employee benefit provisions

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Annual leave	1,100	–	1,224	–
Sick leave	7	–	7	–
Long service leave	2,835	–	3,324	–
Total employee benefit provisions	3,942	–	4,555	–

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,493	3,193
	2,493	3,193

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

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

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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

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

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

Financial risk management is carried out by the finance team under policies approved by the Councillors.

The risks associated with the financial instruments held are:

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

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

(a) Market risk – interest rate and price risk

\$ '000	2023	2022
The impact on result for the year and equity of a reasonably possible movement in the interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date. This risk only relates to future reinvestment.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	293	315

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

(b) Credit risk

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

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

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

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

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

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

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

Credit risk profile

Receivables – annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	Not yet overdue	< 5 years	≥ 5 years	
2023				
Gross carrying amount	693	258	–	951
2022				
Gross carrying amount	515	275	–	790

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2023						
Gross carrying amount	2,933	424	–	–	–	3,357
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2022						
Gross carrying amount	2,789	527	–	–	–	3,316
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

(c) Liquidity risk

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2023							
Payables	0.00%	142	3,169	–	–	3,311	3,311
Borrowings	5.57%	–	263	956	1,763	2,982	2,015
Total financial liabilities		142	3,432	956	1,763	6,293	5,326
2022							
Payables	0.00%	93	2,601	–	–	2,694	2,694
Borrowings	4.21%	–	1,685	853	2,074	4,612	3,469
Total financial liabilities		93	4,286	853	2,074	7,306	6,163

D2-1 Fair value measurement

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

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

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

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

D2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022
Recurring fair value measurements							
Intangible assets	C1-7						
High Security Water Licence		9,363	8,933	—	—	9,363	8,933
Total intangible assets		9,363	8,933	—	—	9,363	8,933
Infrastructure, property, plant and equipment	C1-6						
Water Treatment Plants		—	—	66,973	64,575	66,973	64,575
Ground Water Bores		—	—	3,614	3,475	3,614	3,475
Water Pumping Stations		—	—	6,679	6,663	6,679	6,663
Water Reservoirs		—	—	35,936	34,044	35,936	34,044
Other Water Assets		—	—	1,550	1,472	1,550	1,472
Pipes		—	—	206,353	193,363	206,353	193,363
Buildings		—	—	14,710	14,033	14,710	14,033
Land		10,604	9,573	—	—	10,604	9,573
Plant & Equipment		3,305	3,560	—	—	3,305	3,560
Office Equipment		253	249	—	—	253	249
Total infrastructure, property, plant and equipment		14,162	13,382	335,815	317,625	349,977	331,007
Non-recurring fair value measurements							

D2-1 Fair value measurement (continued)

Valuation techniques

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

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

Intangible assets

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

Infrastructure, property, plant and equipment (IPPE)

Council engages external, independent and qualified valuers to determine fair value of infrastructure and property assets on a regular basis. This was undertaken during 2020/21. Asset Val, a business of Marsh Pty Ltd, were engaged to develop indices to reflect the movement in costs of land, land improvement and building asset classes to ensure that there is no material difference in carrying values of these assets. The indices have been applied for the reporting period ending 30 June 2023. Water Infrastructure has been indexed in accordance with the rate advised by DPI Water NSW. Techniques used to derive fair values:

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

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

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

Plant and Equipment: valued based on actual historical costs.

Fair value measurements using significant unobservable inputs (level 3)

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

\$ '000	Total IPP&E	
	2023	2022
Opening balance	317,625	297,144
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	23,624	16,508
Other movements		
Transfers from/(to) another asset class	–	8,048
Purchases (GBV)	2,562	3,593
Depreciation and impairment	(7,996)	(7,668)
Closing balance	335,815	317,625

Highest and best use

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

D3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 8.0% of salaries or the year ended 30 June 2023 (increasing to 8.5% in line with the increase in Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

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

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

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

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

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

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

D3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$ 132,237. The last valuation of the Scheme was performed by Fund Actuary, Richard Boyfield, FIAA, as at 30 June 2022.

The amount of additional contributions included in the total employer contribution advised above is \$57,230. Council's expected contribution to the plan for the next annual reporting period is \$131,750.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2023 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,290.9	
Past Service Liabilities	2,236.1	102.4%
Vested Benefits	2,253.6	101.7%

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

Based on on Past Service Liabilities Methodology the share of any surplus or deficit can be attributed to Riverina Water is .29%.

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

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6.0% per annum 22/23 2.5% thereafter

* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2023.

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

D3-1 Contingencies (continued)

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

(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 is an unlikely event. Amount totals \$42,235 (2021/22 \$49,069).

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

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

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

\$ '000	2023	2022
Compensation:		
Short-term benefits	689	734
Post-employment benefits	58	63
Other long-term benefits	28	31
Total	775	828

(-1b) Other transactions with KMP and their related parties

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

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

Nature of the transaction	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000					
2023					
Payment for goods/ services received	10	—	30 day creditor payment terms	—	—
2022					
Payment for goods/ services received	5	—	30 day creditor payment terms	—	—

E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Members expenses – chairperson’s fee	17	18
Members expenses – members fees	94	79
Superannuation	11	–
Members expenses (incl. chairperson) – other (excluding fees above)	21	27
Total	143	124

E2 Other relationships

E2-1 Audit fees

\$ '000	2023	2022
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	35	32
Remuneration for audit and other assurance services	35	32
Total Auditor-General remuneration	35	32
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Other audit and assurance services: Council's Internal Auditor	49	26
Remuneration for audit and other assurance services	49	26
Total remuneration of non NSW Auditor-General audit firms	49	26
Total audit fees	84	58

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2023	2022
Net operating result from Income Statement	1,366	6,639
Add / (less) non-cash items:		
Depreciation and amortisation	8,709	8,390
(Gain) / loss on disposal of assets	(52)	(388)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(202)	(517)
(Increase) / decrease of inventories	(16)	(125)
Increase / (decrease) in payables	352	(420)
Increase / (decrease) in other accrued expenses payable	119	175
Increase / (decrease) in other liabilities	146	96
Increase / (decrease) in employee benefit provision	(613)	(297)
Net cash flows from operating activities	9,809	13,553

F2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2023	2022
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Water infrastructure - other	353	—
Plant and equipment	1,070	—
Water Treatment Plant	1,001	—
Solar Pilot Plant	425	104
ERP Development & Implementation	—	1,551
Refurbishment of Operations Office	260	516
Total commitments	3,109	2,171
These expenditures are payable as follows:		
Within the next year	3,109	2,171
Total payable	3,109	2,171
Sources for funding of capital commitments:		
Unrestricted general funds	3,109	2,171
Total sources of funding	3,109	2,171

Details of capital commitments

2022

Contract for refurbishment of Operations office, project to be finalised in 2022/23 financial year.
 Solar Pilot Plant preliminary works to continue in 2022/23 financial year.
 ERP Development and Implementation to continue in 2022/23 financial year.

2023

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

F3 Statement of developer contributions as at 30 June 2023

F3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
S64 contributions	—	1,296	—	—	—	(1,296)	—	—	—
Total contributions	—	1,296	—	—	—	(1,296)	—	—	—

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

F4 Statement of performance measures

F4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 20222021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(690)	(2.64)%	7.30%	9.03%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	26,115				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	26,067	92.70%	85.49%	89.98%	> 60.00%
Total continuing operating revenue ¹	28,119				
3. Unrestricted current ratio					
Current assets less all external restrictions	28,563	5.98x	3.74x	7.02x	> 1.50x
Current liabilities less specific purpose liabilities	4,773				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	8,162	5.11x	4.87x	4.63x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,597				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	951	14.32%	12.04%	11.50%	< 10.00%
Rates and annual charges collectable	6,640				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	29,304	16.61	20.31	19.39	> 3.00
Monthly payments from cash flow of operating and financing activities	1,764	months	months	months	months

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

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

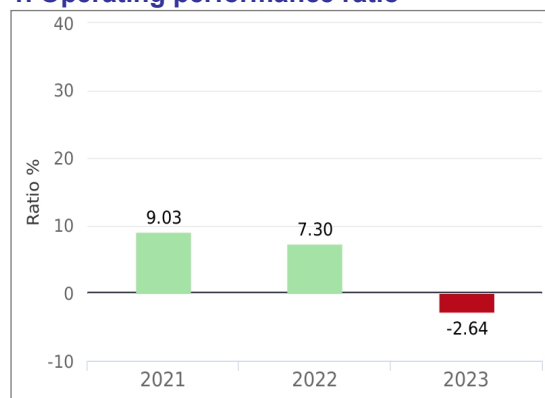
END OF AUDITED FINANCIAL STATEMENTS

End of the audited financial statements

G Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2022/23 result

2022/23 ratio (2.64)%

Decrease in result on prior years due to water sales being less as a result of increased rainfall and lower water consumption demand.

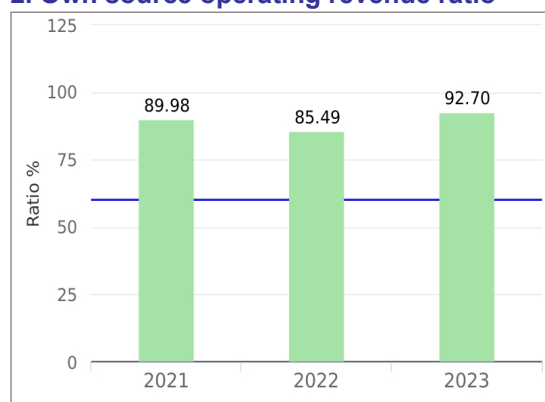
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2022/23 result

2022/23 ratio 92.70%

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

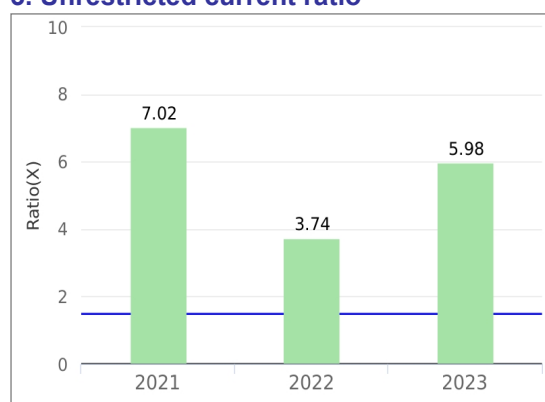
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2022/23 result

2022/23 ratio 5.98x

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

Benchmark: — > 1.50x

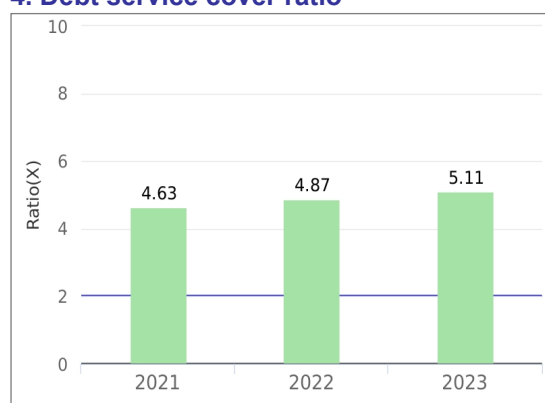
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 5.11x

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

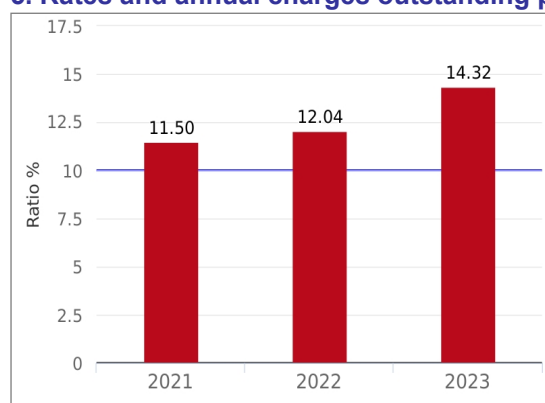
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2022/23 result

2022/23 ratio 14.32%

This ratio is consistent over the years due to debt recovery measures in place. The ratio is high compared to benchmark due to rolling quarterly billing cycle where accounts are raised throughout the quarter. This measure takes into account all accounts regardless of whether they are overdue.

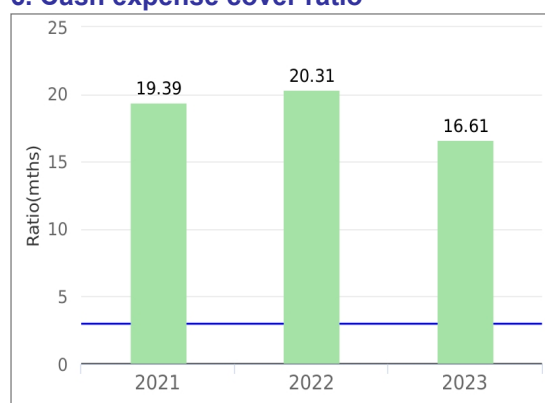
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 16.61 months

This ratio has remained fairly consistent with a decrease due to decreased cash and investments at year end, it remains well above benchmark.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-2 Financial review

Key financial figures of Council over the past 5 years

\$ '000	2023	2022	2021	2020	2019
Inflows:					
Rates and annual charges revenue	5,760	5,710	5,655	5,592	5,551
User charges revenue	19,295	19,606	19,796	25,587	25,994
Interest and investment revenue	804	326	467	664	691
Grants income – operating and capital	756	1,821	1,211	270	338
Total income from continuing operations	28,171	31,055	29,449	36,613	36,322
Sale proceeds from IPPE	115	673	317	216	279
New loan borrowings and advances	–	–	–	–	–
Outflows:					
Employee benefits and on-cost expenses	10,134	9,116	9,066	9,627	8,972
Borrowing costs	143	239	367	466	570
Materials and contracts expenses	7,583	6,228	7,084	7,365	2,580
Total expenses from continuing operations	26,805	24,416	24,182	24,413	22,853
Total cash purchases of IPPE	9,642	10,420	11,962	15,701	15,928
Total loan repayments (incl. finance leases)	1,454	1,929	1,868	1,753	1,668
Operating surplus/(deficit) (excl. capital income)	(638)	2,312	2,517	9,757	10,456
Financial position figures					
Current assets	28,563	20,551	24,791	38,060	35,545
Current liabilities	7,408	8,784	9,282	9,059	8,159
Net current assets	21,155	11,767	15,509	29,001	27,386
Available working capital (Unrestricted net current assets)	21,022	14,103	17,550	28,793	27,669
Cash and investments – unrestricted	20,880	23,225	23,548	24,037	19,545
Cash and investments – internal restrictions	8,424	8,285	7,844	7,181	8,639
Cash and investments – total	29,304	31,510	31,392	31,218	28,184
Total borrowings outstanding (loans, advances and finance leases)	2,015	3,469	5,398	7,266	9,019
Total value of IPPE (excl. land and earthworks)	598,893	573,273	553,484	527,999	510,376
Total accumulated depreciation	243,159	234,666	226,974	161,175	154,760
Indicative remaining useful life (as a % of GBV)	59%	59%	59%	69%	70%

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

G1-3 Council information and contact details

Principal place of business:

91 Hammond Avenue
Wagga Wagga NSW 2650

Contact details**Mailing Address:**

PO Box 456
Wagga Wagga NSW 2650

Telephone: 02 6922 0608

Facsimile: 02 6921 2241

Opening hours:

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

Internet: www.rwcc.nsw.gov.au

Email: admin@rwcc.nsw.gov.au

Officers**CHIEF EXECUTIVE OFFICER**

Mr A Crakanthorp

RESPONSIBLE ACCOUNTING OFFICER

Mrs N Harris

PUBLIC OFFICER

Ms E Tonacia

AUDITORS

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

Elected members**CHAIRPERSON**

Clr T Koschel (City of Wagga Wagga)

COUNCILLORS

Clr T Quinn (Greater Hume Shire)

Clr D Meyer, OAM (Greater Hume Shire)

Clr G Driscoll (Lockhart Shire)

Clr G Davies (City of Wagga Wagga)

Clr D Hayes (City of Wagga Wagga)

Clr M Henderson (City of Wagga Wagga)

Clr J McKinnon (City of Wagga Wagga)

Clr P Bourke (Federation Council)

Other information

ABN: 52 084 883 210



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Riverina Water County Council

To the Councillors of Riverina Water County Council

Opinion

I have audited the accompanying financial statements of Riverina Water County Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2023 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Somaiya Ahmed

Director, Financial Audit
Delegate of the Auditor-General for New South Wales

12 October 2023
SYDNEY



Clr Tim Koschel
Chairperson
Riverina Water County Council
PO Box 456
WAGGA WAGGA NSW 2650

Contact: Somaiya Ahmed
Phone no: 02 9275 7424
Our ref: R008-16585809-45063

12 October 2023

Dear Clr Koschel

**Report on the Conduct of the Audit
for the year ended 30 June 2023
Riverina Water County Council**






I have audited the general purpose financial statements (GPFS) of the Riverina Water County Council (the Council) for the year ended 30 June 2023 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2023 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2023 \$'000	2022 \$'000	Variance %
Rates and annual charges revenue	5,760	5,710	 0.9
User charges and fees	19,295	19,606	 1.6
Grants and contributions revenue	2,052	4,449	 53.9
Operating result from continuing operations	1,366	6,639	 79.4
Net operating result before capital grants and contributions	(638)	2,312	 127.6

Rates and annual charges revenue (\$5.8 million) increased by \$50 thousand (0.9 per cent) in 2022–23. This is consistent with a stable customer base and increase in rates and annual charges levied for 2022–23.

User charges and fees (\$19.3 million) decreased by \$311 thousand (1.6 per cent) in 2022–23. The decrease can be attributed to the wet weather which resulted in lower water sales (specific actual use charges) and bulk water sales to Councils compared to the previous year.

Grants and contributions revenue (\$2.1 million) decreased by \$2.4 million (53.9 per cent) in 2022–23 due to lower developer contributions.

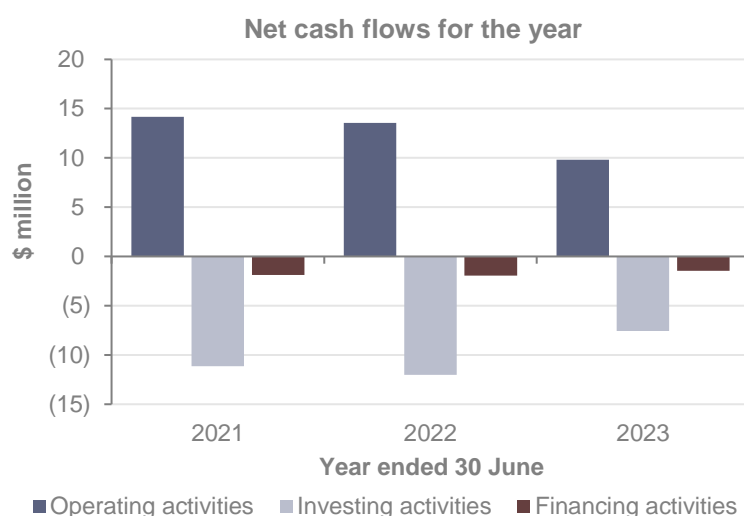
The Council's operating result from continuing operations (\$1.4 million) was \$5.3 million lower than the 2021–22 result. The decrease is mainly due to the decrease in grants and contributions revenue.

The net operating result before capital grants and contributions (\$638 thousand) was \$3.0 million lower than the 2021–22 result. The decrease is mainly due to an increase in employee benefits, materials and service expenses and depreciation expenses.

STATEMENT OF CASH FLOWS

The Council's cash and cash equivalents was \$3.3 million at 30 June 2023 (\$2.5 million at 30 June 2022). There was a net increase in cash and cash equivalents of \$0.8 million during the 2022-23 financial year:

- Net cash inflows from operating activities decreased by \$3.7 million. This is mainly due to the increase in payments to employees by \$1.2 million and payments for materials and services by \$2.3 million
- Net cash outflows from investing activities decreased by \$4.4 million. This is mainly due to a reduction in the redemption of term deposits by \$2.5 million
- Net cash outflows from financing activities decreased by \$0.5 million due to a reduction of loan repayments made during the year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	29.3	31.5	Internal allocations are determined by council policies or decisions, which are subject to change. They are restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. Internal allocations are largely consistent with the prior year.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	--	--	
• Internal allocations	8.4	8.3	

Debt

At 30 June 2023, Council had:

- \$2.0 million in secured loans (\$3.5 million in 2021-22)
- \$750,000 in bank overdraft and market rate facilities which were not drawn down
- \$100,000 in credit card facility with \$25,000 used.

PERFORMANCE

Performance measures

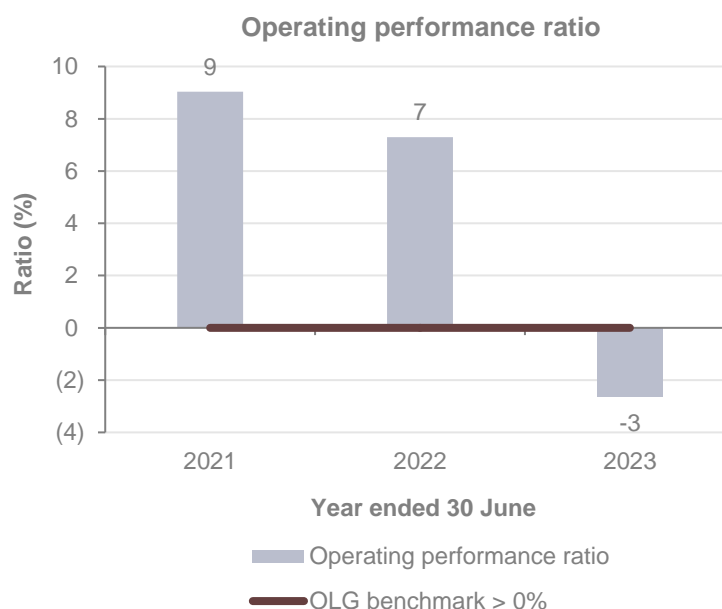
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

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

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

The deterioration from prior years is mainly attributed to a decrease in water sales due to higher rainfall in the county during the year and a decrease in grants and contributions revenue.

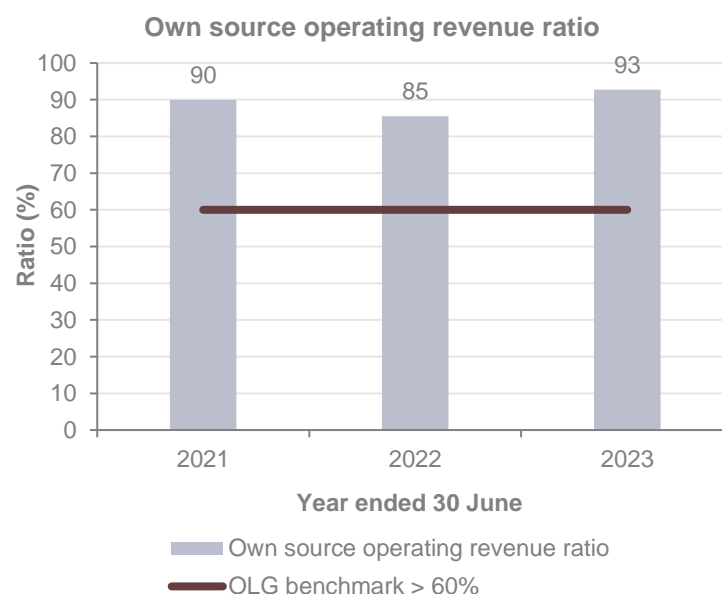


Own source operating revenue ratio

The Council exceeded the benchmark for the current reporting period.

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

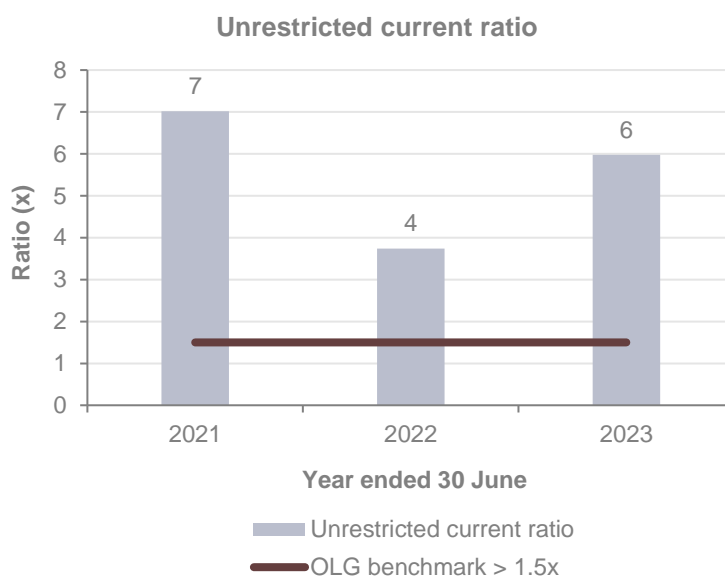
Council has met this benchmark as its main source of income is from water sales, rather than reliance on operating grants and contributions.



Unrestricted current ratio

The Council exceeded the benchmark for the current reporting period.

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

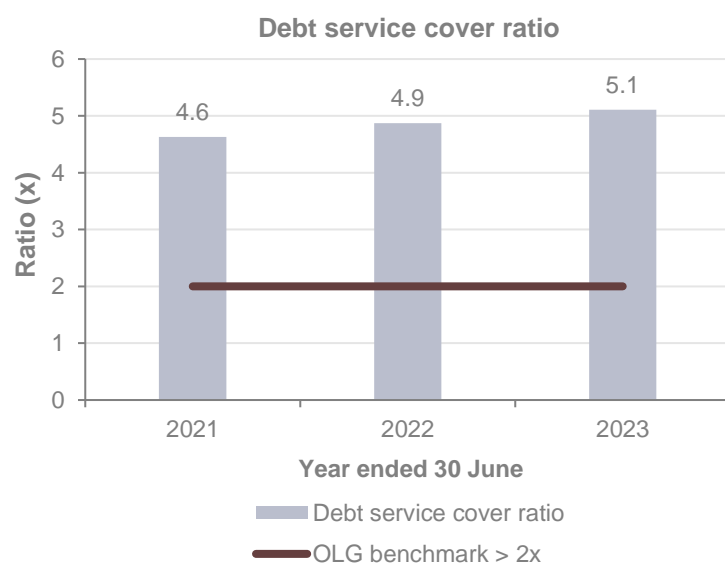


Debt service cover ratio

The Council exceeded the benchmark for the current reporting period.

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

The Council's debt service cover ratio has been gradually increasing over the last three years in line with repayment of existing debt arrangements.



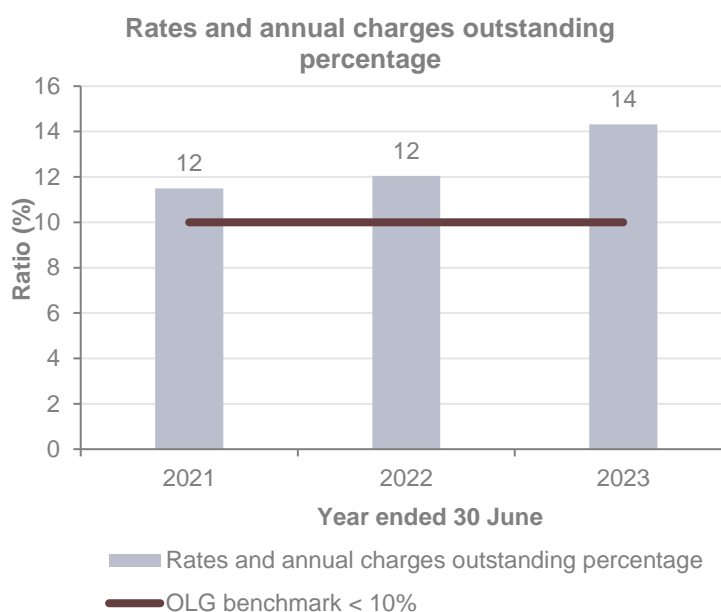
Rates and annual charges outstanding percentage

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

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

The Council's rates and annual charges outstanding percentage of 14 per cent is outside the industry benchmark of less than 10 per cent for rural councils.

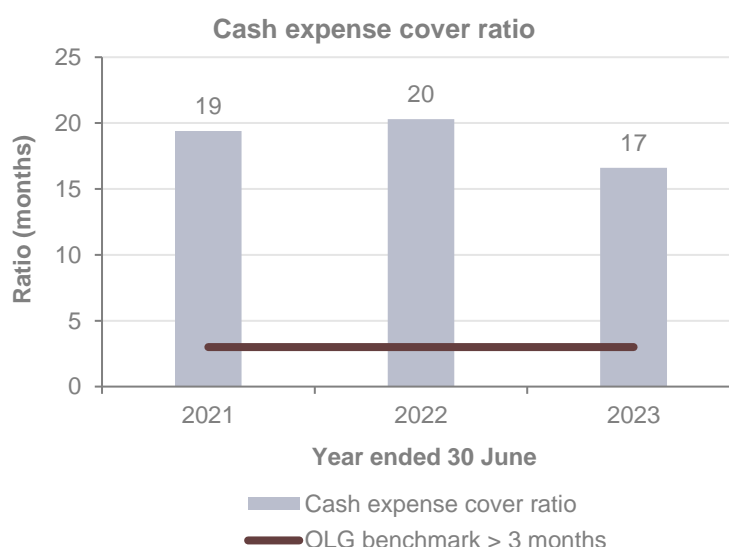
Council continues to exceed this benchmark due to the rolling quarterly billing arrangements. The billing cycle of water county councils need to be considered when assessing this performance against other general councils.



Cash expense cover ratio

The Council exceeded the benchmark for the current reporting period.

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



Infrastructure, property, plant and equipment renewals

Council renewed \$5.3 million of infrastructure, property, plant and equipment during the 2022-23 financial year (\$7.2 million in 2021-22). The decrease from prior year is mainly due to a reduction in renewal of water supply network assets by \$1.8 million. A further \$4.3 million was spent on new assets during the 2022-23 financial year compared to \$3.1 million in 2021-22. Council has a large capital works program which is contributing to the level of asset renewals.

OTHER MATTERS

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

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



Somaiya Ahmed
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Riverina Water County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023

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



Riverina Water County Council

Special Purpose Financial Statements

for the year ended 30 June 2023

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Riverina Water County Council

Special Purpose Financial Statements

for the year ended 30 June 2023

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 24 August 2023.



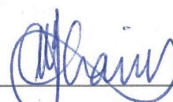
Clr T Koschel
Chairperson



Clr D Meyer OAM
Deputy Chairperson



Mr A Crakanthorp
Chief Executive Officer



Mrs N Harris
Responsible Accounting Officer

Riverina Water County Council

Income Statement of water supply business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	5,760	5,710
User charges	19,295	19,606
Interest and investment income	804	326
Grants and contributions provided for operating purposes	48	122
Net gain from the disposal of assets	52	388
Other income	208	576
Total income from continuing operations	26,167	26,728
Expenses from continuing operations		
Employee benefits and on-costs	10,134	9,529
Borrowing costs	143	239
Materials and services	7,348	5,557
Depreciation, amortisation and impairment	8,709	8,390
Water purchase charges	235	258
Calculated taxation equivalents	123	116
Other expenses	236	443
Total expenses from continuing operations	26,928	24,532
Surplus (deficit) from continuing operations before capital amounts	(761)	2,196
Grants and contributions provided for capital purposes	2,004	4,327
Surplus (deficit) from continuing operations after capital amounts	1,243	6,523
Surplus (deficit) from all operations before tax	1,243	6,523
Less: corporate taxation equivalent (25%) (2022:25%) [based on result before capital]	–	(549)
Surplus (deficit) after tax	1,243	5,974
Plus accumulated surplus	159,484	152,845
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	123	116
– Corporate taxation equivalent	–	549
Closing accumulated surplus	160,850	159,484
Return on capital %	(0.2)%	0.7%
Subsidy from Council	15,252	(56)
Calculation of dividend payable:		
Surplus (deficit) after tax	1,243	5,974
Less: capital grants and contributions (excluding developer contributions)	(2,004)	(4,327)
Surplus for dividend calculation purposes	–	1,647
Potential dividend calculated from surplus	–	824

Riverina Water County Council

Statement of Financial Position of water supply business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	3,304	2,510
Investments	18,500	11,500
Receivables	4,308	4,106
Inventories	2,451	2,435
Total current assets	28,563	20,551
Non-current assets		
Investments	7,500	17,500
Infrastructure, property, plant and equipment	364,026	338,607
Intangible assets	12,337	10,890
Total non-current assets	383,863	366,997
Total assets	412,426	387,548
LIABILITIES		
Current liabilities		
Payables	2,306	1,786
Income received in advance	1,005	908
Borrowings	155	1,535
Employee benefit provisions	3,942	4,555
Total current liabilities	7,408	8,784
Non-current liabilities		
Borrowings	1,860	1,934
Total non-current liabilities	1,860	1,934
Total liabilities	9,268	10,718
Net assets	403,158	376,830
EQUITY		
Accumulated surplus	160,850	159,484
Revaluation reserves	242,308	217,346
Total equity	403,158	376,830

Note – Significant Accounting Policies

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

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

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

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

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

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

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

Declared business activities

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

Category 1

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

Riverina Water County Council

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

Category 2

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

Nil

Taxation equivalent charges

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

Notional rate applied (%)

Corporate income tax rate – **25%** (21/22 25%)

Land tax – the first \$969,000 of combined land values attracts **0%**. For the combined land values in excess of \$969,000 up to \$5,925,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$5,925,000 a premium marginal rate of **2.0%** applies.

Note – Significant Accounting Policies (continued)

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

In accordance with section 4 of Department of Planning and Environment (DPE) – Water's regulatory and assurance framework, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

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

Achievement of substantial compliance to sections 3 and 4 of DPE – Water's regulatory and assurance framework is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25% (21/22 25%).

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

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

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.02% at 30/6/23.

(iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with section 4 of DPE – Water's regulatory and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2023 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with section 4 of DPE – Water's regulatory and assurance framework, statement of compliance and statement of dividend payment, dividend payment form and unqualified independent financial audit report are submitted to DPE – Water.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Riverina Water County Council

To the Councillors of Riverina Water County Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Riverina Water County Council's (the Council) Declared Business Activity, which comprise the Statement by Councillors and Management, the Income Statement of the Declared Business Activity for the year ended 30 June 2023, the Statement of Financial Position of the Declared Business Activity as at 30 June 2023 and Significant accounting policies note.

The Declared Business Activity of the Council is water supply.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activity as at 30 June 2023, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2022–23 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2023 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Somaiya', is written over a faint, light blue rectangular stamp. The signature is fluid and cursive.

Somaiya Ahmed

Director, Financial Audit
Delegate of the Auditor-General for New South Wales

12 October 2023
SYDNEY

Riverina Water County Council

SPECIAL SCHEDULES
for the year ended 30 June 2023

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



Riverina Water County Council

Special Schedules

for the year ended 30 June 2023

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Riverina Water County Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings	—	—	465	382	14,710	22,471	44.4%	23.4%	15.4%	16.8%	0.0%
	Sub-total	—	—	465	382	14,710	22,471	44.4%	23.4%	15.4%	16.8%	0.0%
Water supply network	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Treatment Plants	3,326	3,326	828	1,308	66,973	109,518	48.6%	8.6%	20.0%	22.9%	0.0%
	Bores	16	16	175	168	3,614	6,835	7.0%	30.9%	57.5%	4.7%	0.0%
	Reservoirs	442	442	240	277	35,936	59,554	25.2%	9.2%	50.2%	14.2%	1.2%
	Pumping Stations	43	43	210	174	8,229	19,305	15.0%	9.7%	66.3%	6.1%	3.0%
	Pipeline	22,039	22,039	920	1,329	206,353	355,924	20.5%	44.4%	26.2%	8.9%	0.0%
	Sub-total	25,866	25,866	2,373	3,256	321,105	551,136	26.2%	32.1%	29.4%	12.1%	0.2%
Total – all assets		25,866	25,866	2,838	3,638	335,815	573,607	26.9%	31.7%	28.8%	12.3%	0.3%

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

Infrastructure asset condition assessment 'key'

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

Riverina Water County Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	5,335	66.72%	94.29%	67.75%	> 100.00%
Depreciation, amortisation and impairment	7,996				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	25,866	7.39%	6.48%	6.49%	< 2.00%
Net carrying amount of infrastructure assets	349,864				
Asset maintenance ratio					
Actual asset maintenance	3,638	128.19%	105.64%	96.35%	> 100.00%
Required asset maintenance	2,838				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	25,866	4.51%	3.85%	3.75%	
Gross replacement cost	573,607				

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

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