



28<sup>th</sup> September 2011

## **NOTICE OF MEETING OF THE COUNCIL**

The meeting of the Council will be held at

**RIVERINA WATER COUNTY COUNCIL CHAMBERS,  
91 HAMMOND AVENUE, WAGGA WAGGA**

on

**WEDNESDAY, 5<sup>th</sup> OCTOBER, 2011  
at 1.30 pm**

and your attendance is requested accordingly

Yours faithfully

A handwritten signature in black ink, appearing to read "G J Haley", written in a cursive style.

G J Haley  
GENERAL MANAGER



## **AGENDA**

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# **GENERAL MANAGER'S REPORT TO THE COUNCIL**

28<sup>th</sup> September 2011

The Chairperson and Councillors:

## **1. ELECTION OF CHAIRPERSON**

RECOMMENDED

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### **Returning Officer**

- a) The General Manager is the Returning Officer

### **Nomination**

- b) i) A Councillor may be nominated without notice for election as Chairperson.  
ii) The nomination is to be made in writing by 2 or more Councillors (one of whom may be the nominee). The nomination is not valid unless the nominee has indicated consent to the nomination in writing.  
iii) The nomination is to be delivered or sent to the Returning Officer.  
iv) The Returning Officer is to announce the names of the nominees at the Council Meeting at which the election is to be held.

### **Election**

- c) i) If only one Councillor is nominated, the Councillor is elected.  
ii) If more than one Councillor is nominated, the Council is to resolve whether the election is to proceed by preferential ballot, by ordinary ballot or by open voting.  
iii) The election is to be held at the council meeting at which the council resolves on the method of voting.  
iv) In this clause:  
“ballot” has its normal meaning of secret ballot.  
“open voting” means voting by a show of hands or similar means.

### **Count – 2 Candidates**

- d) i) At such a ballot, if there are only 2 candidates, the candidate with the higher number of votes is to be declared elected.  
ii) If there are only 2 candidates and they are tied, the one to be declared elected is to be chosen by lot.

### **Count – 3 or more Candidates**

- e) i) At such a ballot, if there are 3 or more candidates, the one with the lowest number of votes is to be excluded.
- ii) If 3 or more candidates then remain, a further vote is to be taken of those candidates and the one with the lowest number of votes from that further vote is to be excluded.
- iii) If, after that, 3 or more candidates still remain, the procedure set out in subclause (ii) is to be repeated until only 2 candidates remain.
- iv) Clauses d) and f) of this Schedule, then apply to the determination of the election as if the 2 remaining candidates had been the only candidates.
- v) If at any stage during a count under this clause, 2 or more candidates are tied on the lowest number of votes, the one to be excluded is to be chosen by lot.

### **Choosing by Lot**

- f) To choose by lot, the names of the candidates who have equal numbers of votes are written on similar slips of paper by the Returning Officer. The slips are then folded by the Returning Officer so as to prevent the names being seen. The slips are mixed and one is drawn at random by the Returning Officer and the candidate whose name is on the drawn slip is chosen.

### **Result**

- g) The result of the election (including the name of the Candidate elected as Chairperson) is:-
  - (i) to be announced to the Councillors by the Returning Officer; and
  - (ii) to be sent to the Director-General and to the Secretary of the Local Government and Shires Association of NSW.

## **2. ELECTION OF DEPUTY CHAIRPERSON**

The same procedure as for election of the Chairperson is to be followed.

## **3. FINANCIAL STATEMENTS – LIST OF INVESTMENTS**

**RECOMMENDED** that the report detailing Council's external investments for the months of August 2011 and September 2011 be received.

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In accordance with the provisions of Clause 19(3) of the Local Government (Financial Management) Regulation 1993, I report details of the Council's external investments as at 31<sup>st</sup> August 2011 as attached (refer pages 2 to 3). A report showing details of Council's external investments as at 30<sup>th</sup> September 2011 will be tabled at the Council Meeting.

#### **4. QUARTERLY BUDGET REVIEW – PERIOD ENDED 30th SEPTEMBER 2011**

**RECOMMENDED** that the advice regarding Financial Statement be received and noted.

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The Quarterly Review of Council's Budget for the period ended 30<sup>th</sup> September 2011 will be circulated to Councillors during November. Due to the Council Meeting being held early in the month, it is not possible to compile a report.

#### **5. OPERATIONAL PLAN – PERFORMANCE TARGETS**

**RECOMMENDED** that the advice regarding the Report on Performance Targets be received and noted.

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A report, prepared under the provisions of Section 407 of the Local Government Act, detailing progress achieved in the year for the various objectives set out in the 2011/2012 Operational Plan, will be circulated to Councillors during October. Due to the Council Meeting being held early in the month, it is not possible to compile a Report.

#### **6. FINANCIAL STATEMENTS 2010/2011**

**RECOMMENDED** that the 2010/2011 Audited Financial statements be received

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Council's Auditors, John L Bush and Campbell, had completed their audit of the 2010/2011 Financial Statements (refer appendix 1 for the complete set of 2010/2011 Financial Statements page 28). Peter King from John L Bush & Campbell will be present at the meeting to present the audit report.

Included in the Statements is the Auditor's Management Report as required under section 417(3) of the Local Government Act, 1993

#### **7. PECUNIARY INTEREST RETURNS**

**RECOMMENDED** that the information be received.

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All returns in respect to Pecuniary Interest have been completed and returned to the General Manager and are now tabled.

## 8. TRAVEL POLICY

**RECOMMENDATION** that Riverina Water County Council adopt the Draft Travel Policy.

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Advice has been received that Riverina Water County Council needs to adopt a policy specifically relating to travel by staff and Council members.

A draft policy has been developed and is attached for Councillors' information.

- This policy sets out the method in which bona-fide travel and accommodation expenses incurred by staff and Councillors and the performance of official duties will be reimbursed or paid by Council.
- It ensures that there is accountability and transparency in the reimbursement of expenses incurred or to be incurred by staff and Councillors.
- It also ensures that facilities provided to assist councillors to carry out their civic duty are reasonable.

Like other policies suggested, this policy would be part of an improvement in Council's Internal Control mechanism.

## 9. LEAVE POLICY

**RECOMMENDATION** that Riverina Water County Council adopt the Draft Leave Policy.

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Riverina Water County Council has been advised that it is best practice and appropriate for Council to adopt an official policy with regard to the proper management of employees leave entitlements.

A draft policy has been developed and is attached for Councillors' information.

The purpose of the policy is to facilitate the proper management of employees leave entitlements in order to prevent excessive leave.

Like other policies suggested, this policy would be part of an improvement in Council's internal control mechanism.

## 10. PETTY CASH POLICY

**RECOMMENDATION** that Riverina Water County Council adopt the Draft Petty Cash Policy.

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Riverina Water County Council has been advised that it would be appropriate for Council to adopt an official policy with regard to the handling of petty cash.

A draft policy has been developed and is attached for Councillors' information.

It is appropriate that this policy be adopted to ensure Council's Petty Cash system is managed in an accountable manner.

Like other policies suggested, this policy would be part of an improvement in Council's internal control mechanism.

## **11. WATER MANAGEMENT CONFERENCE 14-16 SEPTEMBER, GRAFTON**

Submitted by Cr R Kendall and Cr L Vidler

**RECOMMENDED** that all Councillors access the Conference web site for access to the conference papers: [www.waterconference.lsga.org.au](http://www.waterconference.lsga.org.au)

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**Keynote Address:** David Harriss, Commissioner, NSW Office of Water.

Mr Harriss gave an address that largely debunked the recent reports by AECOM and the Productivity Commission. David emphasized that water is a limited resource that must be managed wisely with minimal environmental impact. Water sharing plans give the highest priority to essential human needs and will continue to do so. The Murray Darling Basin Plan will not be supported by NSW unless it takes into account all factors and in an acceptable economic outcome with negligible environmental impact.

**Direct Potable Reuse,** Dr Stuart Khan, University of NSW

Dr Khan gave a well-informed presentation that highlighted the benefits of direct potable reuse. He highlighted that there are no technical barriers to direct potable reuse and the issues that remain are public perception and political acceptability.

Advantages include:

- Improved flood mitigation by reduction in storage requirements
- Less energy use by minimizing pumping
- Less opportunity for contamination
- Lower transmission losses.
- Provides a reliable emergency supply in time of catchment contamination.

Dr Khan didn't really address the fear or consequences of a failure in the safety protocols of direct reuse.

### **Panel Discussion: Myths and Facts - Water quality in regional NSW**

Again the panel concluded that regional water utilities are providing a good standard of water supply. There are a few isolated supplies that have some ongoing issues. Poor quality water can and does kill. All supply authorities must be vigilant.

There is no data that supports the conclusions of the Productivity Commission Report or the AECOM report. Both reports were largely debunked but continuing vigilance is a must. Disinfection and residual disinfection is essential.

Many boil water alerts are beyond the control of supply authorities due to events such as flood. There remain a small number of preventable occurrences that could and should be eliminated.

**Sustainable Management of Urban Services for Small Water Utilities, Mr Graham Kennett, Kyogle Council.**

Outlined the historic issues that the Council had with its water supply and sewerage schemes to numerous isolated systems.

Strategic review and creation of upgrade strategies were put in place.  
The strategy included effluent reuse schemes to remove low flow discharges.  
Outcomes include social benefits and environmental improvements.  
Improved sewer and water reticulation was implemented.  
Storm water management was upgraded.  
The adopted IWCM resulted in several awards.

**Clarence Valley Council and Coffs Harbour Joint Regional Water Strategy.**

Mr Greg Mashiah, Water Cycle Manager, Clarence Valley Council.

Greg outlined the strategic planning behind this project and the size and scope of the undertaking. They recently completed the Shannon Creek Dam. The required planning took 9 years. The construction took 3 years.

**Site Visits**

**1. Shannon Creek Dam**

This visit showcased the major infrastructure component of the Clarence Valley Council and Coffs Harbour City Council joint regional water strategy. The associated pipelines and the dam were reviewed. The visit included the 1920's Nymboida hydroelectric power station which is operational and integrated in the Shannon Creek Dam system.

**2. Water, Wetlands and Floodplains.**

This site visit took in the natural environment along the Clarence River and explained the interaction between natural resource management, water quality and water and sewerage services.

The visit included:

Little Broadwater. A contemporary wetland and creek rehabilitation including tidal gates, fish passages, water retention structures and saltwater intrusion management.

The effect of noxious aquatic weeds.

A visit to Swan Creek demonstrated cooperative floodplain management. A ferry crossing of the Clarence River was included.

The impact of the water cycle on local industry was discussed.

**Mr Steve Cansdell, MP, Member for Clarence.**

Steve addressed the conference on behalf of Hon Katrina Hodgkinson. He praised the long term reduction in average residential water use. He also confirmed that the Country Towns Water and Sewer Scheme will continue. \$84M allocated this year. \$11M allocated to aboriginal communities for water services.

Steve emphasized the important role water utilities play in NSW and pledged to take forward to the government any issues that arise in the sector. He dismissed the AECOM report as being off the mark.

The minister is from a small community and knows the issues that face small communities and rural NSW.

## **Aboriginal Stakeholdership in Water.**

Mr Phil Duncan, Chair, First Peoples' Water Engagement Council

He stated that indigenous rights must be considered during all negotiations in regards to water reforms. Indigenous rights can't be incorporated with the environment. Their rights are separate from the environment.

To date water has not been fairly allocated to aboriginal people.

Steve gave a hard hitting presentation that outline indigenous stakeholder issues that will have significant impacts going forward but are best resolved at the earliest time.

Asserted that aboriginal people are important in water planning and should be consulted with adequate water reforms for aboriginal will include provision of cultural flows and allocations to allow commercial aboriginal water use and sustainable reliable access to water. A better understanding of all inter-relationships should result.

## **Towards Best Practice: Integrating various best practice elements in one strategic planning approach.**

A case study from Cooma-Monaro Shire Council was presented.

David Byrne, Director Engineering, Cooma-Monaro, and Andrew Frazer, HydroScience Consulting Pty Ltd gave an overview of fully integrated IWCM recently undertaken. This is the same process in general that is being undertaken by RWCC and its constituent councils.

## **Managing Drinking Water in Regional NSW.**

Presentations were given by NSW Health, Atom Consulting, Clarence Valley Council, NSW Public Works and Water Quality Research Australia.

Discussed the desired outcomes of a well implemented plan and the dangers of non-compliances. Quality assurance programs are a must under the act. Drinking water must be fit for human consumption. Risk assessment is critical part of the process and includes a water supply system analysis.

## **Resilience- the new Sustainability.**

Dr Pierre Mukheibir, Research Director, Institute or Sustainable futures, UTS.

Dr Mukheibir gave a presentation of what this means for Local Government Water and Sewerage Services.

## 12. CONSIDERATION OF SUBMISSIONS FOR INTERNAL AUDIT SERVICES

**RECOMMENDED** that Council consider the report Consideration of Submissions for Internal Audit Services whilst the meeting is closed to the public, as it relates to Commercial Information, the disclosure of which would be likely to prejudice the commercial position of the person who supplied it, as prescribed by Section 10A(2)(c) of the Local Government Act 1993.

Yours faithfully



Graeme J. Haley  
GENERAL MANAGER



# DIRECTOR OF ENGINEERING'S REPORTS TO COUNCIL MEETING OCTOBER 2011

12th September 2011

## 1. WORKS REPORT COVERING AUGUST 2011

**RECOMMENDATION:** That this report be received and noted

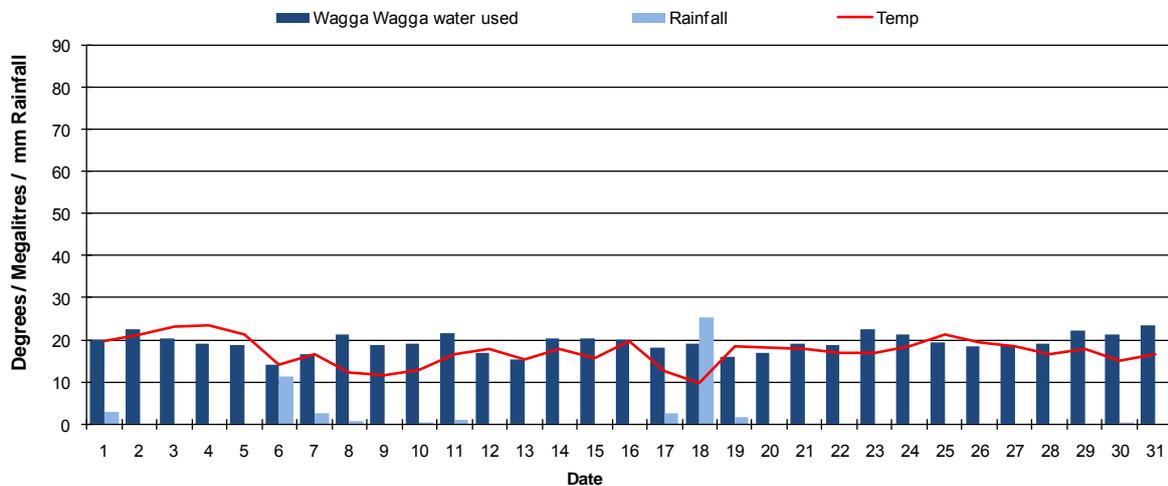
### 1.1 WATER SOURCED AND USED

August	2009	2010	2011
Rainfall	32.4	94.8	48.4
Wet Days	18	20	10
<b>WATER SOURCED August 2011 (MI)</b>			
North Wagga bores	152.26	131.29	128.82
West Wagga bores	382.00	300.32	324.16
East Wagga bores	186.54	180.50	59.69
Murrumbidgee River	0.00	34.13	141.14
<b>SUB-TOTAL</b>	<b>720.80</b>	<b>646.24</b>	<b>653.81</b>
Bulgary Bores	28.45	0.00	24.88
Urana Source	0.00	0.00	0.00
Ralvona Bores	17.35	14.84	14.83
Walla Walla Bores	0.00	0.00	0.00
Goldenfields Water Supply System	0.30	0.79	1.08
<b>SUB-TOTAL</b>	<b>46.10</b>	<b>15.63</b>	<b>40.79</b>
Woomargama	0.78	0.69	0.91
Humula	0.77	0.66	0.46
Tarcutta	2.86	2.92	2.17
Oura	2.08	2.55	2.93
Walbundrie/Rand	1.62	1.32	1.79
Morundah	0.38	0.38	0.41
Collingullie	2.91	2.52	2.67
<b>SUB-TOTAL</b>	<b>11.40</b>	<b>11.04</b>	<b>11.34</b>
<b>TOTALS</b>	<b>778.30</b>	<b>672.91</b>	<b>705.94</b>

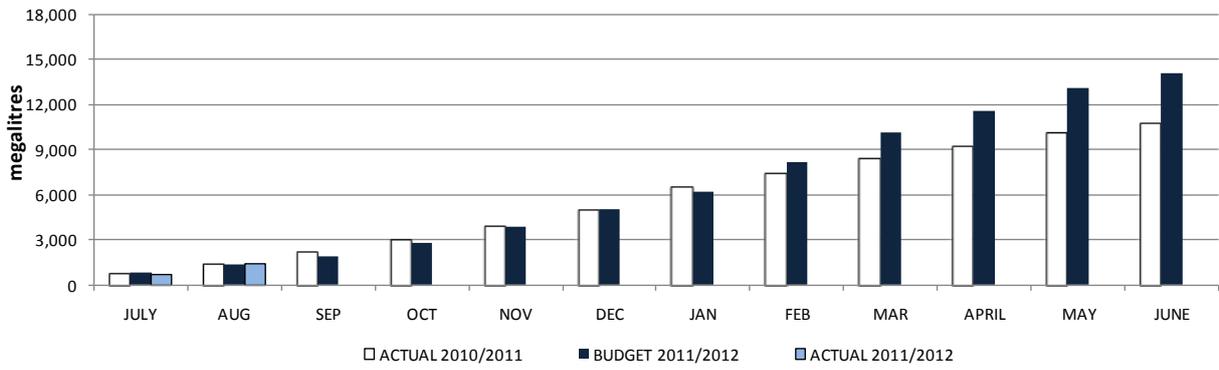
## WATER USED August 2011 (MI)

	2009	2010	2011
East Bomen	21.40	12.07	17.56
Estella	47.77	43.53	24.94
North Wagga	74.06	59.48	72.54
Wagga Wagga – Low Level	138.04	91.05	122.09
Wagga Wagga – High Level	303.22	290.00	307.57
Wagga Wagga – Bellevue Level	34.77	30.55	25.77
<b>SUB-TOTAL</b>	<b>619.26</b>	<b>526.68</b>	<b>570.47</b>
Ladysmith	2.94	3.41	3.41
Brucedale	4.26	13.25	7.95
Currawarna	5.78	5.13	7.55
Rural south from Wagga Wagga	71.12	90.56	68.73
Rural from Walla Walla Bore	0.00	0.00	0.00
Milbrulong, Lockhart and Boree Creek	14.50	7.75	11.49
Urana and Oaklands	12.59	7.75	12.02
Holbrook	17.35	14.84	14.83
<b>SUB-TOTAL</b>	<b>128.54</b>	<b>142.69</b>	<b>125.98</b>
Woomargama	0.78	0.69	0.91
Humula	0.77	0.66	0.46
Tarcutta	2.86	2.92	2.17
Oura	2.08	2.55	2.93
Walbundrie/Rand	1.62	1.32	1.79
Morundah	0.38	0.38	0.41
Collingullie	2.91	2.52	2.67
<b>SUB-TOTAL</b>	<b>11.40</b>	<b>11.04</b>	<b>11.34</b>
<b>TOTALS</b>	<b>759.20</b>	<b>680.41</b>	<b>707.79</b>

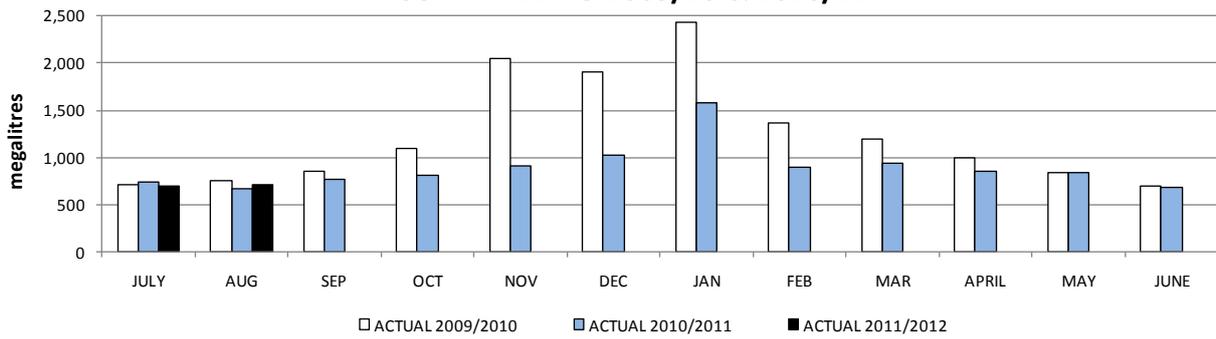
### DAILY WATER USED, WAGGA WAGGA, August 2011



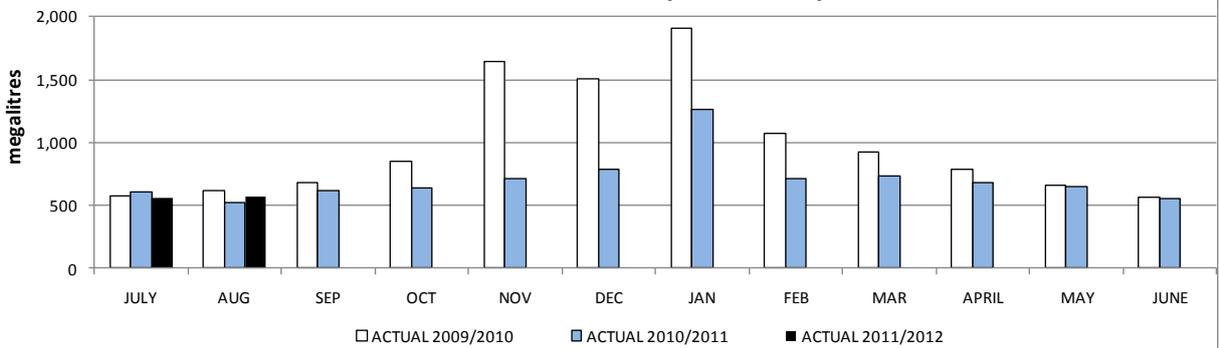
### TOTAL CUMULATIVE WATER USED 2011/12



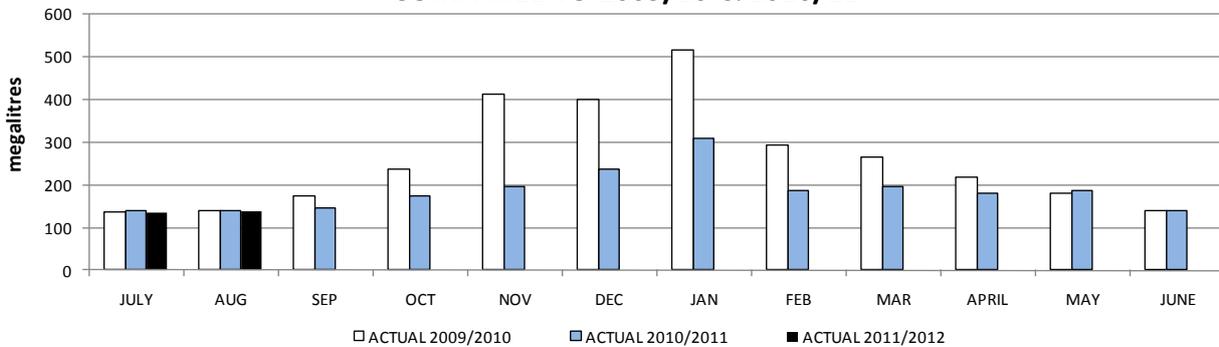
### MONTHLY TOTAL WATER USED 2011/12 COMPARED TO 2009/10 & 2010/11



### MONTHLY WAGGA WATER USED 2011/12 COMPARED TO 2009/10 & 2010/11



### MONTHLY RURAL WATER USED 2011/12 COMPARED TO 2009/10 & 2010/11



**1.2 NEW SERVICE CONNECTIONS, REPAIRS, METERS, LOCATIONS & COMPLAINTS FOR THE MONTH OF AUGUST 2011**

Location	New Connect., Residential	New connect., Non Residential	Services Renewed	Services Repaired	Quality Complaints	Supply Complaints *	Customer dealings complaints	Other Complaints	Frost damage	Meter or Metercock fault	Leaking valves or hydrants	Locations
Wagga Wagga	19	1	4	45	1	5				30	3	4
Brucedale						2						
Currawama												
Euberta												
Humula												
Ladysmith				1								
Oura												
San Isidore												
Tarcutta				1								
The Gap				2								
Bulgary												
Collingullie												
French Park				2								
Lockhart												
Mangoplah												
Milbrulong												
Pleasant Hills												
The Rock				3								
Uranquinty				1								
Yerong Creek												
Culcairn												
Henty					1							
Holbrook				3								
Morven												
Walbundrie												
Walla Walla												1
Woomargama												
Boree Creek				1								
Morundah												
Oaklands												
Rand				2								
Urana				2		2						
<b>TOTAL</b>	19	1	4	63	2	9	0	0	0	30	3	5

### 1.3 WATER SYSTEM REPAIRS

WAGGA WAGGA								
Date	Location	Town	Main Type	Cause	Live Repair	Outage Duration Time	Customers Affected (no supply)	Water Lost KI
4	Hammond Ave	Wagga Wagga	500 CI	Leaking collar	No	119:00	0	5
3	Main St	Lake Albert	100 AC	Pipe Failure (not specified)	No	3:00	24	10
4	Main & Angel St	Lake Albert	100 AC	Pipe Failure (not specified)	No	1:45	15	20
9	Thorne St	Wagga Wagga	200 AC	T/ Band Broken/Leaking	No	1:30	21	21
19	46 Patamba St	Kooringal	100 AC	Pipe Failure (not specified)	Yes	0:00	0	7
23	Lockyer St	East Wagga	150 BPVC	T/ Band Broken/Leaking	No	2:00	1	7
31	Copland & Lake Rd	Kooringal	150 AC	Pipe Failure (not specified)	No	12:00	1	14
31	Copland & Lake Rd	Kooringal	150 AC	Pipe Failure (not specified)	No	12:00	0	40
<b>TOTALS</b>						151:15	62	124
Total Breaks – 8		Breaks needing shut off - 7			Breaks affecting customers – 5			

RURAL								
Date	Location	Town	Main Type	Cause	Live Repair	Outage Duration Time	Customers Affected (no supply)	Water Lost KI
3	Morven Res	Morven	150 AC	Pipe Failure (not specified)	No	5:00	0	0
4	Downside - Shepherds Siding	Brucedale	100 WPVC	Leaking SS clamp	Yes	0:00	0	15
5	Cross Rd Uranquinty	Uranquinty	75 PVC	Accidental damage	Yes	0:00	0	1
5	Malebo Lane	Brucedale	32 PVC	Pipe Failure (not specified)	No	1:30	2	7
8	The Gap-Hall Rd	The Gap	100 WPVC	Leaking SS clamp	Yes	0:00	0	11
19	Rohans Rd	Bulgary	200 WPVC	Pipe Failure - Ground Movement	Yes	0:00	0	100
21	Malebo Hill	The Gap	80 PVC	Pipe Failure (not specified)	No	2:00	14	2
26	Sth Boundary Rd	Collingullie	32 PVC	Leaking collar	No	1:00	1	50
28	28 Reid St	Lockhart	100 AC	Pipe Failure - Ground Movement	No	1:30	10	86
28	Gap-Hall Rd	The Gap	100 WPVC	Pipe Failure (not specified)	Yes	0:00	0	14
<b>TOTALS</b>						11:00	27	286
Total Breaks – 10		Breaks needing shut off - 5			Breaks affecting customers – 4			

## 1.4 WATER QUALITY COMPLAINTS

Water quality complaints received during August 2011 were:

Date	Location	Problem	Action Taken
11/08/2011	Gurwood St, Wagga	Dirty water	Flushed mains
17/08/2011	42 Allen St, Henty	Smelly water	Problem from bathroom waste. Service flushed

## 1.5 MAINS CONSTRUCTIONS

### 1.5.1 MAINS EXTENSIONS AND NEW WORKS

New water mains laid during August 2011 include:

LOCATION	PROJECT	40	63	100		150		250
		Poly	Poly	DICL	OPVC	OPVC	DICL	DICL
The Rock	Wuilson St					240		
Estella	Estella Stage 10						18	36
Oura	Parkins Lane	1150	1090					
Wagga	181 Hammond					43		
Estella	Cooram St			24	138			
	<b>TOTAL</b>	1150	1090	24	138	283	18	36

### 1.5.2 REPLACEMENT OF EXISTING MAINS

No mains replaced during August 2011.

## 1.6 OTHER CONSTRUCTION

Other construction works during August 2011 include:

LOCATION OR PROJECT	WORK DONE
Plumpton Rd	Water Filling Station
Red Hill Rd	Water Filling Station
Yerong Creek	Water Filling Station
Red Hill Reservoir	Clean up and road work to Reservoir
Woomargama	Valve and hydrant Maintenance
Boree Creek	Valve and hydrant Maintenance
Bath Street, Holbrook	Pigged 100mm Main and Hydrant Maintenance

## 1.7 MAJOR REPAIRS / OVERHAULS

Major repairs/overhauls during August 2011 include:

LOCATION OR PROJECT	WORK DONE
West Wagga	Shires pump & motor overhauled
Waterworks	No. 2 Silica pump overhauled
10 Mill Reservoir	Chlorine pump overhauled
Morundah WTP	Installed Candy tank valve - moved dosing points
Holbrook	Replaced relief valve at Water Filling Station
North Wagga WTP	Aeration basins drained & cleaned
Bulgary WTP	Replaced fluoride dosing lines

## 1.8 STAFF TRAINING & SAFETY

The following training and/or safety activities were undertaken during August 2011:

Training or Programme	Number of Staff
First Aid Refresher	9
Asset Management	1
Fluoride	3



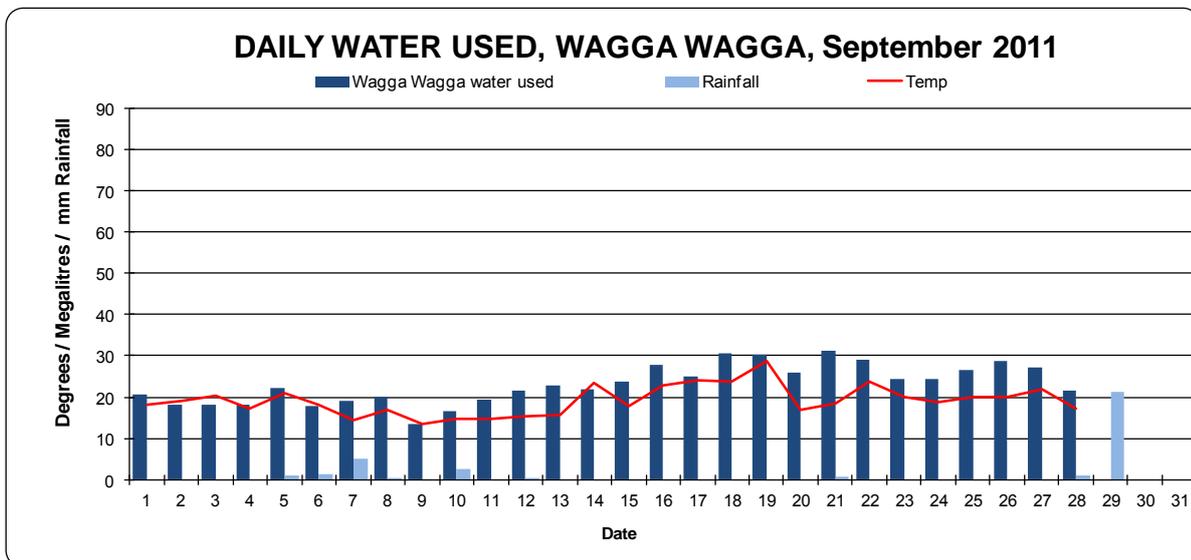
Greg Finlayson  
DIRECTOR OF ENGINEERING

## 2. INTERIM WORKS REPORT ON PROGRESS IN SEPTEMBER 2011

**RECOMMENDATION** that this report be received and noted.

Due to the early Council meeting the statistics for September are not yet compiled and verified. This is an interim report on progress and the full report will be forwarded at a later date and put to Council in December 2011.

### 2.1 Daily Water used in Wagga Wagga



### 2.2 Operations and Works

Drilling the test hole at Walla Walla Bore No.1 site was completed during the month. Results are being analysed prior to commencing drilling of the production bore. This bore replaces the old bore which had corroded casing beyond a relining repair.

Wagga's 45 ML low level reservoir was taken out service, emptied and cleaned during September. This is the routine annual cleaning.

The program to fit residual current devices at all our facilities with switchboards has been completed. These all now comply with the latest OH&S regulations.

Three additional water filling stations have been installed. These are located in Plumpton Road, Red Hill Road and Yerong Creek. The unit at Yerong Creek is currently being adapted so that the RPZ back-flow prevention device doesn't cut the flow. The mains pressure in Yerong Creek is relatively low, served from a water tower 24 metres in height.

### **2.3 Nature Strip Program**

In August I reported that Wagga Wagga City Council had given an undertaking that would allow the project to commence in October 2011. I also reported that the Commonwealth Government had generously adjusted the \$910,000 funding agreement to accommodate this deferred start.

Unfortunately it is not possible to commence the project in October. Advice from the WWCC Director of Infrastructure received on the 16<sup>th</sup> September 2011 is that the revised Road Reserve Policy will be adopted for exhibition at their October meeting, then put to the November meeting following Public Exhibition.

This advice also refers to the interim agreements sent to Riverina Water which were intended to allow the nature strip program to commence. There were numerous fundamental flaws in these agreements. Firstly they were not based on the rebate program Riverina Water proposed. In addition they had conditions which were impossible to satisfy.

The few simple corrections to the WWCC 5-page footpath policy identified in August 2010 to satisfy householders undertaking landscaping has become protracted. Although householders have been allowed to carry on landscaping footpaths in all sorts of ways, the structured, co-operative and risk-reducing proposal developed in mid-2010 by Riverina Water has been frustrated and misunderstood.

Riverina Water receives regular enquiries from householders regarding nature strip landscaping. Since 2010 we have been advising that we were waiting for the WWCC policy to be adjusted, mainly with regard to householder insurance requirements, plant heights, traffic plans and materials allowed.

Riverina Water staff have not been invited to consult on the process over the past six months. This has resulted in the two unworkable agreements that were not even based on our rebate scheme proposal. We currently are not involved in the revision of the new policy. There could be an obstacle in that draft now which could be fixed or which may lead to us abandoning the rebate scheme. Exclusion from the process puts us in the worst possible position with regard to planning and preparing. I have in the past recommended workshopping the subject.

If the draft policy, when exhibited, can be interpreted as favourable to the rebate scheme, and the WWCC Nature Strip Landscaping Application form is changed to reflect this, then the program may be possible in December, 2011. However landscaping activities in peak summer are not practical and the real commencement would be in Autumn next year. This would effectively reduce the two year program to one year.

### **2.4 Staff Matters**

Two engineering positions were advertised recently to fill vacancies. Applicants for the position of Engineering Assistant were interviewed on the 22nd September. Here there was a strong field and the nominated candidate has excellent qualifications and skills.

The position of Project Engineer, which became vacant following the sad loss of our colleague Nelson Sali, has not yet been filled. Only two applicants were interviewed on the 27<sup>th</sup> September, 2011 and to date there is no outcome. To recruit a candidate who meets the essential criteria it is proposed that the position be re-advertised.

Engineering Assistants who currently hold certificates may show interest in undertaking a Civil Engineering Degree by correspondence with the USQ. This would generally be supported by Riverina Water. There is currently a priority to have qualified engineering staff to carry out the substantial body of work we have in front of us. Presently we have a retired engineer employed casually undertaking network analysis. And there are a number of consultants engaged or about to be engaged by Council. Riverina Water have an excellent record in training and up-skilling. Putting on a trainee engineer is a long term investment, with little assurance that they will stay. This may be desirable in the future but at this time we do not have the capacity to take on a trainee. If the project Engineer position is not filled, then the highly technical work can be outsourced or carried out by casual professional employees.

The staff evaluation, skills review and training plan interviews were completed in August and evaluated by the skills review committee during September. This committee is comprised of senior staff, supervisors and union representatives. The process included new elements in 2011. This included the staff evaluation where staff had dialogue with their supervisor on their progress, concerns and way forward. In addition the training plan was moved from the calendar year to the financial year to align with the skills review. The process, although new, was well conducted by staff and well received.

A handwritten signature in black ink, appearing to read 'G Finlayson', with a long horizontal stroke extending to the right.

Greg Finlayson  
DIRECTOR OF ENGINEERING

### 3. INTEGRATED WATER CYCLE MANAGEMENT STRATEGY – ADOPTION

#### **RECOMMENDATIONS:**

1. That the key elements of IWCM Detailed Strategy Scenario C, as set out in this report, be adopted as the basis for Councils 30 year strategy.
  2. That work proceeds immediately on critical projects based on this adopted strategy.
- 

In 2009 work commenced on an Integrated Water Cycle Management (IWCM) Evaluation Study. This was undertaken in conjunction with Riverina Water's four constituent Councils. HydroScience Consulting were engaged to carry out the work. The process followed the stringent best practice requirements of the NSW Office of Water.

The Evaluation Study identified different outcomes for each Council. For Riverina Water a Detailed IWCM Strategy was required. In 2010 HydroScience were engaged to carry out the work to make a Detailed Strategy with a 30 year planning horizon.

On the 8<sup>th</sup> September 2011 the final Project Reference Group (PRG) meeting was held to evaluate the options and scenarios which would satisfy the IWCM issues over 30 years. The issues focussed on were those relating to source capabilities, treatment capacity, aging infrastructure, demand management and growth. Additional work was undertaken by separate consultants on the rural distribution scheme and Wagga groundwater capacity. The outcomes were incorporated in the IWCM strategy.

The final report is now being compiled. This will be vetted by the NSW Office of Water and eventually be put to Council in full for adoption. This may take a number of months. However there are at least four substantial and current projects which must follow the adopted IWCM strategy and which have critical timing. These are summarised below.

1. Upgrade of the rural distribution scheme at the Wagga Wagga end. The critical timing relates to meeting water demands at the Uranquinty Power Station.
2. Replacement of the Wagga Water Treatment Plant. This is an adopted project which has commenced. The current work is rationalisation of power lines through our site. The size of the plant is based on the IWCM strategy.
3. Rationalisation of trunk mains in the Hammond Avenue area. This is to accommodate development on the Essential Energy site and another more recent development.
4. Completing Integrated Planning and Reporting (IPR) strategic documents to satisfy the Division of Local Governments deadline of 30<sup>th</sup> June 2012. This matter is covered in a separate report.

These projects have already undergone considerable investigation in parallel with IWCM work and must continue without a long delay. The NOW review won't change the major outcomes of the strategy. It will however ensure the documents satisfy the prescribed IWCM process.

The Scenario adopted at the final PRG meeting was based on a substantial body of work over two years and triple bottom line evaluation. This Scenario was itself comprised of options which had been through a similar process. The outcomes were overall not surprising, although the adopted strategies for the rural scheme could not have been developed without the additional detailed analysis undertaken.

The adopted Scenario was C, comprised of options 1,4,9 and 13. The key elements of that Scenario are set out below.

## Scenario C

- Low level demand management package.
- High level growth for rural areas.
- 55 ML Water Treatment Plant at Wagga in two stages.
- Replacement of old 4.5ML Rural Res with a new one near Kapooka
- Abandon rural trunk main through Wagga.
- Augment Southern Trunk Main from West Wagga source
- Western Trunk Main augmented from Colombo Creek source.

These elements are solid outcomes and form the road map for Riverina Water. Any element can be refined or changed in the future if required. However our current work needs this unified strategy now and these elements can be adopted with confidence to allow progress to continue.



Greg Finlayson  
DIRECTOR OF ENGINEERING

#### **4. STRATEGIC BUSINESS PLAN - PROPOSAL**

**RECOMMENDATION** that HydroScience Consulting be engaged as a Local Government Procurement contractor to make a Strategic Business Plan and related strategic documents for a lump sum fee of \$145,000

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Riverina Water have effectively completed an Integrated Water Cycle Management (IWCM) 30 year strategy. This can now serve as the basis for other strategic plans which we are required to make. These cover the requirements of the NSW Office of Water (Best Practice Guidelines) and the NSW Division of Local Government (Integrated Planning and Reporting)(IPR).

There are at least fourteen strategic documents required of Council. These include those listed below.

To meet NOW Best Practice Guidelines

IWCM Plan, Strategic Business Plan, Demand Management Plan, Drought Management Plan and a Development Servicing Plan.

To meet DLG IPR requirements

Resourcing Strategy, Asset Management Plan, Financial Plan and a Workforce Plan.

Within these requirements we need to produce a Water Quality Management Plan and a Capital Works Plan. We have recently completed a Business Continuity Plan.

In addition we have the requirement to annually make an Operational Plan, complete TBL reporting and do an Annual Report.

Some of these plans have been undertaken in the past but are now due for replacement. Others are new.

Consultants HydroScience were engaged to complete the IWCM Plan. This has been undertaken successfully over two years and included a great deal of data collection. There is a strong case to continue with the same consultants to maintain continuity, minimize duplication of work, and achieve cost savings.

A proposal was requested from HydroScience Consulting to produce nine strategic documents in a 27 week program concluding in April 2012. The Development Servicing Plan could then be exhibited in time for new charges to be adopted for 2012/13. Also the Division of Local Governments IRP deadline for Group 3 councils will be met.

The required outcomes of the engagement are summarised below.

##### **1. Water Demand and Conservation Management Plan**

This will use the modelling already developed for IWCM to develop demand management measures for Riverina Water.

## **2. Drought Management Plan**

This will develop a system where an action for demand management (e.g. restriction) and/or supply management is triggered by a pre-defined event (e.g. water allocation level in the Murrumbidgee).

## **3. Water Quality Management Compliance Review**

This will review Riverina Water's current HACCP water quality systems to assess their compliance with the Australian Drinking Water Guidelines.

## **4. Workforce Management Plan**

Development of a four year strategy to address Council's human resourcing requirements to provide council with the people best able to achieve Councils aims.

## **5. Asset Management Plan**

Development of an IPR consistent asset management policy, strategy and overarching asset plan to ensure that now and in the future Riverina Water can meet its Levels of Service at an optimum cost.

## **6. Strategic Business Plan for Water Supply**

Most of the data for the SBP will be available from the IWCM. When prepared after IWCM, the SBP is a simpler process. The SBP will comply with the Office of Water guidelines and serve as the Resourcing Strategy for IPR. Incorporated in the SBP will be the following:

- **Capital Works Plan**
- **Financial Plan**

## **7. Development Servicing Plan for Water Supply**

This will be developed in parallel with the SBP so that the plans will be consistent.

The lump sum fee for the work, excluding GST, is \$145,000.

Councils Purchasing Policy allows exceptions to the requirement to seek tenders or quotations in accordance with Section 55(3) of the NSW Local Government Act 1993.

Local Government Procurement (LGP) has been prescribed under s55 of the Local Government Act, allowing councils to utilise supply arrangements coordinated by LGP without the need to go to tender in their own right. LGP and the Department of Commerce's State Contracts Control Board are the only two NSW entities who have this legislative requirement.

HydroScience Consulting is an approved Local Government Procurement Contractor and their quotation is structured accordingly.



Greg Finlayson  
DIRECTOR OF ENGINEERING

**QUESTIONS & STATEMENTS**

**CLOSURE OF MEETING TO THE PUBLIC**  
**(Confidential Reports)**

# **APPENDIX 1: FINANCIAL STATEMENTS 2010/11**

# Riverina Water County Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2011

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



# Riverina Water County Council

## General Purpose Financial Statements

for the financial year ended 30 June 2011

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### Overview

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

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

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

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 14/09/11. Council has the power to amend and reissue the financial statements.
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# Riverina Water County Council

## General Purpose Financial Statements

for the financial year ended 30 June 2011

## Understanding Council's Financial Statements

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### Introduction

Each year, individual Local Governments across NSW are required to present a set of audited Financial Statements to their Council & Community.

### What you will find in the Statements

The Financial Statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2011.

The format of the Financial Statements is standard across all NSW Councils and complies with both the accounting & reporting requirements of Australian Accounting Standards and requirements as set down by the NSW Division of Local Government.

### About the Councillor/Management Statement

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

### About the Primary Financial Statements

The Financial Statements incorporate 5 "primary" financial statements:

#### 1. An Income Statement

A summary of Council's financial performance for the year, listing all income & expenses.

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

#### 2. A Statement of Comprehensive Income

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

#### 3. A Balance Sheet

A 30 June snapshot of Council's Financial Position including its Assets & Liabilities.

#### 4. A Statement of Changes in Equity

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

#### 5. A Statement of Cash Flows

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

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

### About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the 5 Primary Financial Statements.

### About the Auditor's Reports

Council's Financial Statements are required to be audited by external accountants (that generally specialize in Local Government).

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the Financial Statements present fairly the Council's financial performance & position, &
2. Their observations on the conduct of the Audit including the Council's financial performance & financial position.

### Who uses the Financial Statements ?

The Financial Statements are publicly available documents & must be presented at a Council meeting between 7 days & 5 weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to 7 days subsequent to the public presentation of the Financial Statements.

Council is required to forward an audited set of Financial Statements to the Division of Local Government.

## Riverina Water County Council

### General Purpose Financial Statements

for the financial year ended 30 June 2011

### Statement by Councillors and Management

made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

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

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

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

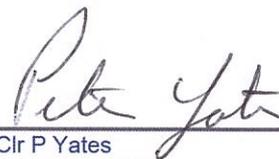
- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 24 August 2011.



Clr R Kendall  
CHAIRPERSON



Clr P Yates  
COUNCILLOR



Mr G Haley  
GENERAL MANAGER



Ms M Curran  
RESPONSIBLE ACCOUNTING OFFICER

# Riverina Water County Council

## Income Statement

for the financial year ended 30 June 2011

Budget <sup>(1)</sup>				Actual	Actual
2011	\$ '000		Notes	2011	2010
<b>Income from Continuing Operations</b>					
<b>Revenue:</b>					
2,720	Rates & Annual Charges		3a	2,281	2,251
13,387	User Charges & Fees		3b	9,994	13,753
120	Interest & Investment Revenue		3c	274	308
502	Other Revenues		3d	277	399
215	Grants & Contributions provided for Operating Purposes		3e,f	207	196
600	Grants & Contributions provided for Capital Purposes		3e,f	1,453	1,972
<b>Other Income:</b>					
27	Net gains from the disposal of assets		5	4	-
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method		19	-	-
<b>17,571</b>	<b>Total Income from Continuing Operations</b>			<b>14,490</b>	<b>18,879</b>
<b>Expenses from Continuing Operations</b>					
7,099	Employee Benefits & On-Costs		4a	7,243	5,743
-	Borrowing Costs		4b	-	-
1,719	Materials & Contracts		4c	1,388	2,156
4,454	Depreciation & Amortisation		4d	4,481	4,380
-	Impairment		4d	808	1,100
2,748	Other Expenses		4e	2,738	2,825
-	Interest & Investment Losses		3c	-	-
-	Net Losses from the Disposal of Assets		5	-	11
<b>16,020</b>	<b>Total Expenses from Continuing Operations</b>			<b>16,658</b>	<b>16,215</b>
<b>1,551</b>	<b>Operating Result from Continuing Operations</b>			<b>(2,168)</b>	<b>2,664</b>
<b>Discontinued Operations</b>					
-	Net Profit/(Loss) from Discontinued Operations		24	-	-
<b>1,551</b>	<b>Net Operating Result for the Year</b>			<b>(2,168)</b>	<b>2,664</b>
1,551	Net Operating Result attributable to Council			(2,168)	2,664
-	Net Operating Result attributable to Minority Interests			-	-
<b>951</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>			<b>(3,621)</b>	<b>692</b>

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

## Riverina Water County Council

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

\$ '000	Notes	Actual 2011	Actual 2010
Net Operating Result for the year (as per Income statement)		<b>(2,168)</b>	<b>2,664</b>
<b>Other Comprehensive Income</b>			
Gain (loss) on revaluation of I,PP&E	20b (ii)	32,440	2,502
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-
Other Movements in Reserves	20b (ii)	-	-
<b>Total Other Comprehensive Income for the year</b>		<b>32,440</b>	<b>2,502</b>
<b>Total Comprehensive Income for the Year</b>		<b>30,272</b>	<b>5,166</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>30,272</b>	<b>5,166</b>
<b>Total Comprehensive Income attributable to Minority Interests</b>		<b>-</b>	<b>-</b>

# Riverina Water County Council

## Balance Sheet

as at 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010	Actual 2009
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents	6a	1,561	8,193	7,671
Investments	6b	-	-	-
Receivables	7	2,531	2,436	2,292
Inventories	8	3,475	1,926	1,133
Other	8	44	252	46
Non-current assets classified as 'held for sale'	22	-	-	-
<b>Total Current Assets</b>		<b>7,611</b>	<b>12,807</b>	<b>11,142</b>
<b>Non-Current Assets</b>				
Receivables	7	-	-	-
Inventories	8	-	-	-
Infrastructure, Property, Plant & Equipment	9	189,712	153,779	149,445
Investment Property	14	-	-	-
Intangible Assets	25	1,700	2,508	3,608
<b>Total Non-Current Assets</b>		<b>191,412</b>	<b>156,287</b>	<b>153,053</b>
<b>TOTAL ASSETS</b>		<b>199,023</b>	<b>169,094</b>	<b>164,195</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	10	417	464	864
Borrowings	10	-	-	-
Provisions	10	2,342	2,638	2,505
<b>Total Current Liabilities</b>		<b>2,759</b>	<b>3,102</b>	<b>3,369</b>
<b>Non-Current Liabilities</b>				
Payables	10	-	-	-
Borrowings	10	-	-	-
Provisions	10	-	-	-
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>2,759</b>	<b>3,102</b>	<b>3,369</b>
<b>Net Assets</b>		<b>196,264</b>	<b>165,992</b>	<b>160,826</b>
<b>EQUITY</b>				
Retained Earnings	20	61,714	63,858	61,194
Revaluation Reserves	20	134,550	102,134	99,632
Council Equity Interest		196,264	165,992	160,826
<b>Total Equity</b>		<b>196,264</b>	<b>165,992</b>	<b>160,826</b>

## Riverina Water County Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2011</b>						
<b>Opening Balance (as at 1/7/10)</b>		<b>63,858</b>	<b>102,134</b>	<b>165,992</b>	<b>-</b>	<b>165,992</b>
<b>c. Net Operating Result for the Year</b>		<b>(2,168)</b>	<b>-</b>	<b>(2,168)</b>	<b>-</b>	<b>(2,168)</b>
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	32,440	<b>32,440</b>	-	<b>32,440</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	24	(24)	-	-	-
<b>Other Comprehensive Income</b>		<b>24</b>	<b>32,416</b>	<b>32,440</b>	<b>-</b>	<b>32,440</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>(2,144)</b>	<b>32,416</b>	<b>30,272</b>	<b>-</b>	<b>30,272</b>
<b>e. Distributions to/(Contributions from) Minority Interests</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>f. Transfers between Equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity - Balance at end of the reporting period</b>		<b>61,714</b>	<b>134,550</b>	<b>196,264</b>	<b>-</b>	<b>196,264</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2010</b>						
<b>Opening Balance (as at 1/7/09)</b>		<b>61,194</b>	<b>99,632</b>	<b>160,826</b>	<b>-</b>	<b>160,826</b>
<b>c. Net Operating Result for the Year</b>		<b>2,664</b>	<b>-</b>	<b>2,664</b>	<b>-</b>	<b>2,664</b>
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	2,502	<b>2,502</b>	-	<b>2,502</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		<b>-</b>	<b>2,502</b>	<b>2,502</b>	<b>-</b>	<b>2,502</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>2,664</b>	<b>2,502</b>	<b>5,166</b>	<b>-</b>	<b>5,166</b>
<b>e. Distributions to/(Contributions from) Minority Interests</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>f. Transfers between Equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity - Balance at end of the reporting period</b>		<b>63,858</b>	<b>102,134</b>	<b>165,992</b>	<b>-</b>	<b>165,992</b>

# Riverina Water County Council

## Statement of Cash Flows

for the financial year ended 30 June 2011

Budget 2011	\$ '000	Notes	Actual 2011	Actual 2010
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
2,720	Rates & Annual Charges		2,254	2,510
13,387	User Charges & Fees		10,142	13,196
120	Investment & Interest Revenue Received		310	269
815	Grants & Contributions		1,660	2,170
-	Bonds & Deposits Received		16	-
502	Other		1,366	832
<b>Payments:</b>				
(5,327)	Employee Benefits & On-Costs		(7,465)	(6,232)
(398)	Materials & Contracts		(2,927)	(2,813)
(3,108)	Other		(4,018)	(3,187)
<b>8,711</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>1,338</b>	<b>6,745</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
364	Sale of Infrastructure, Property, Plant & Equipment		614	437
<b>Payments:</b>				
(13,077)	Purchase of Infrastructure, Property, Plant & Equipment		(8,584)	(6,660)
<b>(12,713)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(7,970)</b>	<b>(6,223)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
Nil				
<b>Payments:</b>				
Nil				
<b>-</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>-</b>	<b>-</b>
(4,002)	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		(6,632)	522
6,427	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	8,193	7,671
<b>2,425</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>1,561</b>	<b>8,193</b>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	-	-
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		<b>1,561</b>	<b>8,193</b>

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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n/a - not applicable

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 1. Summary of Significant Accounting Policies

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

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

#### (a) Basis of preparation

##### (i) Background

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

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

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

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

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

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

Under the Local Government Act (LGA), Regulations and Local Government Code of Accounting Practice

& Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with Australian Accounting Standards.

##### (iii) Basis of Accounting

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

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

##### (iv) Changes in Accounting Policies

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

##### (v) Critical Accounting Estimates

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

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

##### (b) Revenue recognition

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

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

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

Revenue is measured on major income categories as follows:

##### Annual Charges, Grants and Contributions

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

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

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

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

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

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

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

##### User Charges, Fees and Other Income

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

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

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

##### Sale of Infrastructure, Property, Plant and Equipment

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

##### Interest and Rents

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

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

#### (c) Principles of Consolidation

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

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

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

##### (i) The Consolidated Fund

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

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

Council is a single fund entity and as such the water supply is the only entity operation.

##### (ii) The Trust Fund

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

Council did not hold any funds in trust at 30 June 2011.

##### (iii) Joint Ventures

Council has no interest in any Joint Venture Entities, Assets or Operations.

##### (iv) Associated Entities

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

Such entities are usually termed Associates.

##### (v) County Councils

Council is not a member of any County Councils.

##### (vi) Additional Information

Council does not have any Joint Venture Entities, Associated Entities or Joint Venture Operations.

##### (d) Leases

Council does not have any Finance Leases or Operating Leases.

##### (e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

##### (f) Investments and Other Financial Assets

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

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

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

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

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

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

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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

##### (ii) Loans and receivables

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

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

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

##### (iii) Held-to-maturity investments

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

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

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

##### (iv) Available-for-sale financial assets

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

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

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

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

##### Financial Assets – Reclassification

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

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

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

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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

##### General Accounting & Measurement of Financial Instruments:

###### (i) Initial Recognition

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

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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

##### (ii) Subsequent Measurement

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

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

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

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

When securities classified as "**available-for-sale**" are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

##### Impairment

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

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

If there is evidence of impairment for any of Council's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the income statement.

##### (iii) Types of Investments

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

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

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

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

##### (g) Fair value estimation

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

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

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

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

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

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

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

analysis, and option pricing models refined to reflect the issuer's specific circumstances.

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

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

#### (h) Receivables

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

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

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

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

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

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

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

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

#### (i) Inventories

##### Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

##### Land Held for Resale/Capitalisation of Borrowing Costs

Council does not hold any land held for resale.

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

##### Acquisition of assets

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

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

- **Water Networks**  
(External / Internal Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**  
(External Valuation)

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

- **Plant and Equipment**  
(as approximated by depreciated historical cost)
- **Other Structures**  
(as approximated by depreciated historical cost)
- **Other Assets**  
(as approximated by depreciated historical cost)

#### Initial Recognition

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

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

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

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

#### Subsequent costs

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

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

#### Asset Revaluations (including Indexation)

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

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

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

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

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

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

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

#### Capitalisation Thresholds

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

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

##### Depreciation

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

Land is not depreciated.

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

<b>Plant &amp; Equipment</b>	
- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	5 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years
<hr/>	
<b>Buildings</b>	
- Buildings : Masonry	50 to 100 years
- Buildings : Other	20 to 40 years
<hr/>	
<b>Water Assets</b>	
- Dams and reservoirs	80 to 100 years
- Bores	20 to 40 years
- Reticulation pipes : PVC	80 years
- Reticulation pipes : Other	25 to 75 years
- Pumps and telemetry	15 to 20 years

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

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

##### Disposal and De-recognition

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

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the

asset) is included in Council's Income Statement in the year the asset is derecognised.

##### (k) Land

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

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

##### (l) Land under roads

Council does not hold any land under roads.

##### (m) Intangible Assets

##### Water Licence Rights

Costs capitalised include external direct costs associated with the purchase of the licence.

These rights are valued each year and any associated impairment or fair valuation increment are included.

##### (n) Crown Reserves

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

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

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

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (o) Rural Fire Service assets

Council does not hold any Rural Fire Service assets.

##### (p) Investment property

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

Investment property is carried at fair value, representing an open-market value determined annually by external valuers.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Other Income".

Full revaluations are carried out every five years with an appropriate index utilised each year in between the full revaluations.

The last full revaluation for Council's Investment Properties was dated 30/06/11.

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

Council does not have any requirement to provide for close down, restoration or environmental clean up costs.

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

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

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be

traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

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

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

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

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

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

##### (s) Impairment of assets

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

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

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

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

For non-cash generating assets of Council value in use is represented by the "deprival value" of the asset which is approximated as its written down replacement cost.

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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

##### (t) Payables

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

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

##### (u) Borrowings

Council does not have any borrowings.

##### (v) Borrowing costs

Council does not have any borrowings.

##### (w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

Provisions are measured at the present value of management's best estimate of the expenditure

required to settle the present obligation at the reporting date.

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

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

##### (x) Employee benefits

A change of accounting policy has occurred during the 2010/11 financial year in relation to the calculation method used for employee benefits. As such, prior year adjustments have been made.

##### (i) Short Term Obligations

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

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

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

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

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

##### (ii) Other Long Term Obligations

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

services provided by employees up to the reporting date.

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

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

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

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 5 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 5 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

#### (iii) Retirement benefit obligations

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

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

#### Defined Benefit Plans

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

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

experience of employee departures and periods of service.

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

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

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

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

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

Council's share any deficiency associated with the scheme cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

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

#### Defined Contribution Plans

Contributions to Defined Contribution Plans are recognised as an expense as they become payable.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### (iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

the future payment of certain Leave Liabilities accrued as at 30/6/11.

##### (y) Self insurance

Council does not self insure.

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

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

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

##### Exceptions

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

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

##### (aa) Taxes

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

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

##### Goods & Services Tax (GST)

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

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

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

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

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

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

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

##### (ab) New accounting standards and UIG interpretations

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

**Council has not adopted any of these standards early.**

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

##### Applicable to Local Government with implications:

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

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

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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

**Applicable to Local Government but no implications for Council;**

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

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

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

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

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

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

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

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

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

None

**Not applicable to Local Government per se;**

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

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

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

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

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

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

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

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

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

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Summary of Significant Accounting Policies (continued)

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

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

##### **(ac) Rounding of amounts**

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

##### **(ad) Comparative Figures**

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

##### **(ae) Disclaimer**

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2011	Actual 2011	Actual 2010	Original Budget 2011	Actual 2011	Actual 2010	Original Budget 2011	Actual 2011	Actual 2010	Actual 2011	Actual 2010	Actual 2011	Actual 2010
Water Supplies	17,571	14,490	18,879	16,020	16,658	16,215	1,551	(2,168)	2,664	268	207	199,023	169,094
<b>Operating Result from Continuing Operations</b>	<b>17,571</b>	<b>14,490</b>	<b>18,879</b>	<b>16,020</b>	<b>16,658</b>	<b>16,215</b>	<b>1,551</b>	<b>(2,168)</b>	<b>2,664</b>	<b>268</b>	<b>207</b>	<b>199,023</b>	<b>169,094</b>

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

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

##### **WATER SUPPLIES**

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

# Riverina Water County Council

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

### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a). Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Nil			
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496, s.501 & s.611)			
Water Supply Services		2,281	2,251
<b>Total Annual Charges</b>		<b>2,281</b>	<b>2,251</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>2,281</b>	<b>2,251</b>
<b>(b). User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		9,555	13,323
<b>Total User Charges</b>		<b>9,555</b>	<b>13,323</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s608 & 610A)			
Private Works		(29)	(3)
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>(29)</b>	<b>(3)</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges</b> (per s.610C))			
Water Connection Fees		468	433
<b>Total Fees &amp; Charges - Other</b>		<b>468</b>	<b>433</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>9,994</b>	<b>13,753</b>
<b>(c). Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest earned on Investments (interest & coupon payment income)		274	308
<b>TOTAL INTEREST &amp; INVESTMENT REVENUE</b>		<b>274</b>	<b>308</b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
General Council Cash & Investments		-	308
<b>Restricted Investments/Funds - External:</b>			
Water Fund Operations		274	-
<b>Total Interest &amp; Investment Revenue Recognised</b>		<b>274</b>	<b>308</b>



# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		4,853	3,303
Employee Termination Costs		-	-
Travelling		43	637
Employee Leave Entitlements (ELE)		1,392	1,246
Superannuation		925	866
Workers' Compensation Insurance		239	111
Fringe Benefit Tax (FBT)		5	46
Payroll Tax		388	344
Training Costs (other than Salaries & Wages)		224	114
Uniforms		70	-
<b>Total Employee Costs</b>		<b>8,139</b>	<b>6,667</b>
less: Capitalised Costs		(896)	(924)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>7,243</b>	<b>5,743</b>
Number of "Equivalent Full Time" Employees at year end		<b>90</b>	<b>87</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Nil			
<b>(ii) Other Borrowing Costs</b>			
Nil			
<b>(c) Materials &amp; Contracts</b>			
Contractor & Consultancy Costs			
- Contractor & Consultancy Costs		1,271	2,126
Auditors Remuneration			
- Audit Services: Council's Auditor		26	30
- Other Audit Services		41	-
Legal Expenses:			
- Legal Expenses: Other		40	-
Prior Year Expense re Asset Revaluation		10	-
<b>Total Materials &amp; Contracts</b>		<b>1,388</b>	<b>2,156</b>
less: Capitalised Costs		-	-
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>1,388</b>	<b>2,156</b>

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2011	Actual 2010	Actual 2011	Actual 2010
Plant and Equipment		-	-	461	1,041
Office Equipment		-	-	346	18
Buildings - Non Specialised		-	-	45	48
Buildings - Specialised		-	-	61	65
Infrastructure:					
- Water Supply Network		-	-	3,568	3,208
Intangible Assets	25	808	1,100	-	-
<b>Total Depreciation &amp; Impairment Costs</b>		<b>808</b>	<b>1,100</b>	<b>4,481</b>	<b>4,380</b>
less: Capitalised Costs		-	-	-	-
less: Impairments offset in ARR (Equity)	9a	-	-	-	-
<b><u>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</u></b>		<b><u>808</u></b>	<b><u>1,100</u></b>	<b><u>4,481</u></b>	<b><u>4,380</u></b>

	Notes	Actual 2011	Actual 2010
Advertising		131	102
Bank Charges		16	22
Computer Software Charges		130	111
Members Expenses - Chairperson's Fee		8	8
Members Expenses - Members Fees		43	42
Members Expenses (incl. Chairperson's) - Other (excluding fees above)		15	14
Donations, Contributions & Assistance to other organisations (Section 356)		22	23
Electricity & Heating		1,693	1,962
Insurance		106	107
Office Expenses (including computer expenses)		231	189
Postage		67	61
Printing & Stationery		84	84
Subscriptions & Publications		42	14
Telephone & Communications		82	86
Valuation Fees		68	-
<b>Total Other Expenses</b>		<b>2,738</b>	<b>2,825</b>
less: Capitalised Costs		-	-
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>2,738</u></b>	<b><u>2,825</u></b>

## Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2011	Actual 2010
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal		614	437
less: Carrying Amount of P&E Assets Sold		(610)	(448)
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>4</u></b>	<b><u>(11)</u></b>

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

\$ '000	Notes	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
<b>Cash &amp; Cash Equivalents</b>					
Cash on Hand and at Bank		60	-	188	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		1	-	8,005	-
- Short Term Deposits		1,500	-	-	-
<b>Total Cash &amp; Cash Equivalents</b>		<b><u>1,561</u></b>	<b><u>-</u></b>	<b><u>8,193</u></b>	<b><u>-</u></b>
<b>Investment Securities</b>					
Nil					
<b><u>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</u></b>		<b><u>1,561</u></b>	<b><u>-</u></b>	<b><u>8,193</u></b>	<b><u>-</u></b>

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

## Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 6b. Restricted Cash, Cash Equivalents &amp; Investments - Details

\$ '000	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
<b>Total Cash, Cash Equivalents and Investment Securities</b>	<b>1,561</b>	-	<b>8,193</b>	-
<b>attributable to:</b>				
External Restrictions (refer below)	-	-	-	-
Internal Restrictions (refer below)	1,202	-	3,292	-
Unrestricted	359	-	4,901	-
	<b>1,561</b>	-	<b>8,193</b>	-
<b>2011 \$ '000</b>	<b>Opening Balance</b>	<b>Transfers to Restrictions</b>	<b>Transfers from Restrictions</b>	<b>Closing Balance</b>
<b>Details of Restrictions</b>				
<b>External Restrictions - Included in Liabilities</b>				
Nil				
<b>External Restrictions - Other</b>				
Developer Contributions - General (A)	-	1,392	(1,392)	-
<b>External Restrictions - Other</b>	-	1,392	(1,392)	-
<b>Total External Restrictions</b>	-	<b>1,392</b>	<b>(1,392)</b>	-
<b>Internal Restrictions</b>				
Employees Leave Entitlement (B)	1,092	-	(390)	702
Mains Replacement (C)	1,000	-	(500)	500
Sales Fluctuation (D)	1,200	-	(1,200)	-
<b>Total Internal Restrictions</b>	<b>3,292</b>	-	<b>(2,090)</b>	<b>1,202</b>
<b>TOTAL RESTRICTIONS</b>	<b>3,292</b>	<b>1,392</b>	<b>(3,482)</b>	<b>1,202</b>

- A** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- B** A provision of 30% of Employee Leave Entitlement has been made.
- C** Mains Replacement - due to Council's ageing infrastructure, provision is made to create a fund for mains replacements.
- D** Sales Fluctuation Reserve - Income from sales of water is largely dependent on seasonal weather conditions. Consumption for 2010/11 was low due to wet weather conditions. This has resulted in this reserve being reduced to nil.

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 7. Receivables

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		456	-	429	-
User Charges & Fees		797	-	945	-
Accrued Revenues					
- Interest on Investments		4	-	40	-
Government Grants & Subsidies		145	-	145	-
Sundry Debtors		1,129	-	-	-
Other Debtors		-	-	877	-
<b>Total</b>		<b>2,531</b>	<b>-</b>	<b>2,436</b>	<b>-</b>
<b>less: Provision for Impairment</b>					
Nil					
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>2,531</u></b>	<b><u>-</u></b>	<b><u>2,436</u></b>	<b><u>-</u></b>

#### Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

#### Note 8. Inventories & Other Assets

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Stores & Materials		3,475	-	1,926	-
<b>Total Inventories</b>		<b>3,475</b>	<b>-</b>	<b>1,926</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		44	-	252	-
<b>Total Other Assets</b>		<b>44</b>	<b>-</b>	<b>252</b>	<b>-</b>
<b><u>TOTAL INVENTORIES / OTHER ASSETS</u></b>		<b><u>3,519</u></b>	<b><u>-</u></b>	<b><u>2,178</u></b>	<b><u>-</u></b>

#### Externally Restricted Assets

There are no restrictions applicable to the above assets.

Riverina Water County Council

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2010					Asset Movements during the Reporting Period				as at 30/6/2011				
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Deprec.	Impairment	Value					Cost	Fair Value	Dep'n	Impairment	Value
Plant & Equipment	-	6,470	3,221	-	3,249	1,151	(610)	(461)	-	-	6,713	3,384	-	3,329
Office Equipment	-	4,796	3,808	-	988	381	-	(346)	-	-	5,191	4,168	-	1,023
<b>Land:</b>														
- Operational Land	-	-	-	-	-	-	-	-	2,765	-	2,765	-	-	2,765
Buildings - Non Specialised	-	1,867	252	-	1,615	57	-	(45)	1,636	-	3,704	441	-	3,263
Buildings - Specialised	-	2,528	341	-	2,187	76	-	(61)	2,225	-	5,153	726	-	4,427
<b>Infrastructure:</b>														
- Water Supply Network	-	168,601	22,861	-	145,740	6,919	-	(3,568)	25,814	-	305,725	130,820	-	174,905
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	-	<b>184,262</b>	<b>30,483</b>	-	<b>153,779</b>	<b>8,584</b>	<b>(610)</b>	<b>(4,481)</b>	<b>32,440</b>	-	<b>329,251</b>	<b>139,539</b>	-	<b>189,712</b>

## Riverina Water County Council

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

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

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

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>(i) Impairment Losses recognised in the Income Statement include:</b>			
Water Rights Licence - decrease in value of water due to wet weather		(808)	(1,100)
<b><u>IMPAIRMENT of ASSETS - GAINS/(LOSSES)</u></b>		<b><u>(808)</u></b>	<b><u>(1,100)</u></b>

#### Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		325	-	241	-
Accrued Expenses:					
- Salaries & Wages		76	-	-	-
- Other Expenditure Accruals		-	-	223	-
Security Bonds, Deposits & Retentions		16	-	-	-
<b>Total Payables</b>		<b><u>417</u></b>	<b><u>-</u></b>	<b><u>464</u></b>	<b><u>-</u></b>
<b>Borrowings</b>					
Nil					
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		596	-	596	-
Sick Leave		4	-	198	-
Long Service Leave		1,742	-	1,844	-
<b>Total Provisions</b>		<b><u>2,342</u></b>	<b><u>-</u></b>	<b><u>2,638</u></b>	<b><u>-</u></b>
<b><u>Total Payables, Borrowings &amp; Provisions</u></b>		<b><u>2,759</u></b>	<b><u>-</u></b>	<b><u>3,102</u></b>	<b><u>-</u></b>

#### (i) Liabilities relating to Restricted Assets

Nil

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	2011	2010
<b>(ii) Current Liabilities not anticipated to be settled within the next 12 months</b>		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	382	-
Payables - Security Bonds, Deposits & Retentions	16	-
	<b>398</b>	<b>-</b>

#### Note 10b. Description of and movements in Provisions

Class of Provision	2010		2011		Unused amounts reversed	Closing Balance as at 30/6/11
	Opening Balance as at 1/7/10	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting		
Annual Leave	596	416	(427)	11	-	596
Sick Leave	198	47	(242)	1	-	4
Long Service Leave	1,844	563	(547)	(118)	-	1,742
<b>TOTAL</b>	<b>2,638</b>	<b>1,026</b>	<b>(1,216)</b>	<b>(106)</b>	<b>-</b>	<b>2,342</b>

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

## Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	1,561	8,193
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>1,561</b>	<b>8,193</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>(2,168)</b>	<b>2,664</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		4,481	5,480
Net Losses/(Gains) on Disposal of Assets		(4)	11
Impairment Losses Recognition - I,PP&E		808	-
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(95)	(144)
Decrease/(Increase) in Inventories		(1,549)	(793)
Decrease/(Increase) in Other Assets		208	(206)
Increase/(Decrease) in Payables		84	(423)
Increase/(Decrease) in other accrued Expenses Payable		(147)	23
Increase/(Decrease) in Other Liabilities		16	-
Increase/(Decrease) in Employee Leave Entitlements		(296)	133
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>1,338</b>	<b>6,745</b>

**(c) Non-Cash Investing & Financing Activities**

Nil

## Riverina Water County Council

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

#### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2011	Actual 2010
<b>(a) Capital Commitments (exclusive of GST)</b>			
Nil			
<b>(b) Other Expenditure Commitments (exclusive of GST)</b>			
Nil			
<b>(c) Finance Lease Commitments</b>			
Nil			
<b>(d) Operating Lease Commitments (Non Cancellable)</b>			
Nil			
<b>(e) Investment Property Commitments</b>			
Nil			
<b>(f) Remuneration Commitments</b>			
Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:			
Within the next year		354	175
Later than one year and not later than 5 years		1,040	556
Later than 5 years		-	-
<b>Total Payable</b>		<b>1,394</b>	<b>731</b>

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Amounts 2011	Indicator 2011	Prior Periods 2010      2009	
<b>Local Government Industry Indicators</b>				
<b>1. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(1)</sup>	<u>7,611</u>	3.22 : 1	4.13	4.50
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	<u>2,361</u>			
<b>2. Debt Service Ratio</b>				
Debt Service Cost	<u>-</u>	0.00%	0.00%	0.00%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>12,830</u>			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>				
Rates & Annual Charges	<u>2,281</u>	15.74%	13.71%	14.00%
Income from Continuing Operations	<u>14,490</u>			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual & Extra Charges Outstanding	<u>456</u>	16.83%	14.60%	12.33%
Rates, Annual & Extra Charges Collectible	<u>2,710</u>			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>				
Asset Renewals <sup>(4)</sup> [Buildings & Infrastructure]	<u>5,005</u>	136.23%	68.00%	91.00%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	<u>3,674</u>			

#### Notes

(1) Refer Notes 6-8 inclusive.

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

(2) Refer to Note 10(a).

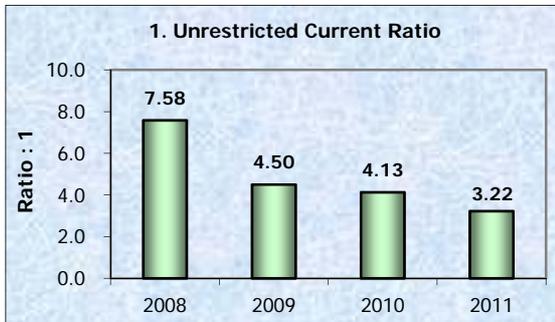
(3) Refer to Note 10(c) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

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

# Riverina Water County Council

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

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



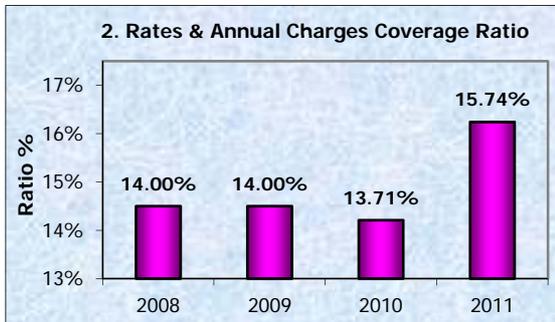
**Purpose of Unrestricted Current Ratio**

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

**Commentary on 2010/11 Result**

**2010/11 Ratio 3.22 : 1**

A reduction in Council's cash funds during the year due to wet weather has seen a reduction in this ratio. Council's ratio is still at a reasonable level to satisfy obligations.



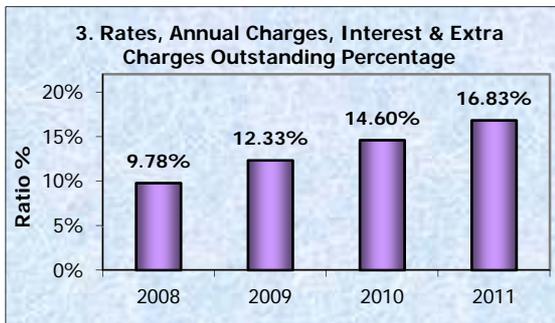
**Purpose of Rates & Annual Charges Coverage Ratio**

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

**Commentary on 2010/11 Result**

**2010/11 Ratio 15.74%**

As annual charges a relatively static, the reduction in water sales this year has seen an increase in this ratio. Annual charges are still make up a relatively small portion of Council's income base.



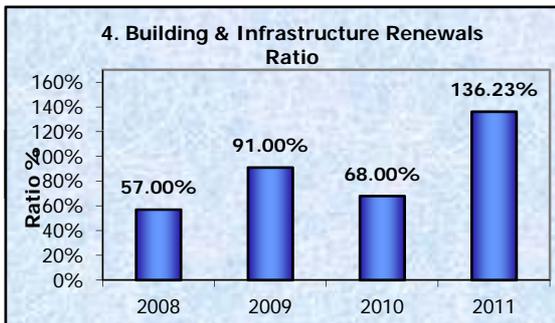
**Purpose of Rates & Annual Charges Outstanding Ratio**

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

**Commentary on 2010/11 Result**

**2010/11 Ratio 16.83%**

There has been a gradual increase in this ratio, which could be reasonably be assumed to be a sign of current economic climate.



**Purpose of Bldg & Infrastructure Renewals Ratio**

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

**Commentary on Result**

**2010/11 Ratio 136.23%**

Majority of asset purchases during the current financial year were asset renewals, rather than new assets, which has seen a significant increase in this ratio.

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 14. Investment Properties

\$ '000

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

#### Note 15. Financial Risk Management

##### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2011	2010	2011	2010
<b>Financial Assets</b>				
Cash and Cash Equivalents	1,561	8,193	1,561	8,193
Receivables	2,531	2,436	2,531	2,436
<b>Total Financial Assets</b>	<b>4,092</b>	<b>10,629</b>	<b>4,092</b>	<b>10,629</b>
<b>Financial Liabilities</b>				
Payables	417	464	417	464
<b>Total Financial Liabilities</b>	<b>417</b>	<b>464</b>	<b>417</b>	<b>464</b>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2011</b>				
Possible impact of a 1% movement in Interest Rates	45	45	(45)	(45)
<b>2010</b>				
Possible impact of a 1% movement in Interest Rates	51	51	(51)	(51)

## Riverina Water County Council

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

#### Note 15. Financial Risk Management (continued)

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\$ '000

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##### (b) Receivables

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

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

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

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

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

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

	2011	2011	2010	2010
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	385	1,741	429	2,007
Past due by up to 30 days	71	334	-	-
	<u>456</u>	<u>2,075</u>	<u>429</u>	<u>2,007</u>

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2011</b>									
Trade/Other Payables	16	401	-	-	-	-	-	417	417
<b>Total Financial Liabilities</b>	<b>16</b>	<b>401</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>417</b>	<b>417</b>
<b>2010</b>									
Trade/Other Payables	-	464	-	-	-	-	-	464	464
<b>Total Financial Liabilities</b>	<b>-</b>	<b>464</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>464</b>	<b>464</b>

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

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

	2011		2010	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	417	0.0%	464	0.0%
	<u>417</u>		<u>464</u>	

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 10/11 was incorporated as part of its Management Plan and was adopted by the Council on 23 June 2010.

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

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

**Note that for Variations\* of Budget to Actual :**

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

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

\$ '000	2011 Budget	2011 Actual	2011 ----- Variance* -----		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	<b>2,720</b>	<b>2,281</b>	<b>(439)</b>	(16%)	<b>U</b>
Includes \$337k pensioner rebate, the Council cost portion, which gets partially offset by pensioner rebate grant, which is included in operating grants.					
<b>User Charges &amp; Fees</b>	<b>13,387</b>	<b>9,994</b>	<b>(3,393)</b>	(25%)	<b>U</b>
Due to extremely wet weather, water sales were significantly lower than anticipated.					
<b>Interest &amp; Investment Revenue</b>	<b>120</b>	<b>274</b>	<b>154</b>	128%	<b>F</b>
Term deposit and at call rates were higher than anticipated during the year.					
<b>Other Revenues</b>	<b>502</b>	<b>277</b>	<b>(225)</b>	(45%)	<b>U</b>
Connection fees were included in other revenues for budget figures. In actual figures connection fees have been included in user charges and fees.					
<b>Operating Grants &amp; Contributions</b>	<b>215</b>	<b>207</b>	<b>(8)</b>	(4%)	<b>U</b>
No Budget Variation Details Are Required - Variance is < 10%					
<b>Capital Grants &amp; Contributions</b>	<b>600</b>	<b>1,453</b>	<b>853</b>	142%	<b>F</b>
Council received significantly higher developer contributions than was initially budgeted for.					
<b>Net Gains from Disposal of Assets</b>	<b>27</b>	<b>4</b>	<b>(23)</b>	(85%)	<b>U</b>
Used car sales were lower than budgeted for, mainly as a result of the used car market.					

## Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

## Note 16. Material Budget Variations (continued)

\$ '000	2011 Budget	2011 Actual	2011 ----- Variance* -----		
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	<b>7,099</b>	<b>7,243</b>	<b>(144)</b>	<b>(2%)</b>	<b>U</b>
No Budget Variation Details Are Required - Variance is < 10%					
<b>Materials &amp; Contracts</b>	<b>1,719</b>	<b>1,388</b>	<b>331</b>	<b>19%</b>	<b>F</b>
Original budget figures inadvertently included employee costs in materials & contracts, resulting in slight variances in both cost areas.					

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

<b>Cash Flows from Operating Activities</b>	<b>8,711</b>	<b>1,338</b>	<b>(7,373)</b>	<b>(84.6%)</b>	<b>U</b>
Cash inflows from water sales was significantly lower than originally budgeted, due to wet weather. Employee cost outflows of cash were much higher than budgeted for, as 3 long term employees retired during the year - this was not included in Council's original budget.					
<b>Cash Flows from Investing Activities</b>	<b>(12,713)</b>	<b>(7,970)</b>	<b>4,743</b>	<b>(37.3%)</b>	<b>F</b>
Council did not complete the original capital works plan. Capital works were reduced in both the December and March quarterly budget reviews as the original plan was unattainable.					

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 17. Statement of Developer Contributions

\$ '000

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

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

#### SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
S64 Contributions	-	1,392	-	-	(1,392)	-	-	700	(700)		
<b>Total Contributions</b>	<b>-</b>	<b>1,392</b>	<b>-</b>	<b>-</b>	<b>(1,392)</b>	<b>-</b>	<b>-</b>	<b>700</b>	<b>(700)</b>	<b>-</b>	<b>-</b>

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

#### Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

##### (i) Defined Benefit Superannuation Contribution Plans

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

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

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions from 2009/10 & beyond.

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

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

##### (ii) Statewide Limited

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

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the Net Assets or Liabilities reflects 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 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

##### (iii) StateCover Limited

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

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council.

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

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

##### (iv) Other Guarantees

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000

##### LIABILITIES NOT RECOGNISED (continued):

##### 2. Other Liabilities

###### (i) Third Party Claims

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

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

###### (ii) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Council's intention to spend funds in the manner and timing set out in those Plans.

###### (iii) Potential Land Acquisitions due to Planning

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (& subsequent land asset) from such potential acquisitions has not been possible.

###### (iv) Sick Leave Payable on Retirement due to Medical Grounds

At balance date there is a contingent liability for staff who are entitled to a sick leave to be paid out if they were to retire due to medical grounds. This totals \$132,000.

##### ASSETS NOT RECOGNISED:

###### (i) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but unpaid Infringement Notices.

Due to the limited information available on the status, value and duration of outstanding Notices, Council is unable to determine the value of outstanding income.

###### (ii) Recovery of Assets

Investigations are currently underway after alleged misappropriation of Council assets. This may lead to recovery action being taken in future financial years. The extent of this possible recovery and cost of such recovery cannot be quantified at the date of this report.

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

Council has no interest in any Controlled Entities, Associated Entities or Joint Ventures.

#### Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2011	Actual 2010
<b>a. Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		63,858	60,464
a. Correction of Prior Period Errors	20 (c)	-	-
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	730
c. Transfer from Reserves		24	-
d. Net Operating Result for the Year		(2,168)	2,664
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
<b>Balance at End of the Reporting Period</b>		<b>61,714</b>	<b>63,858</b>

#### b. Reserves

##### (i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	134,550	102,134
<b>Total</b>	<b>134,550</b>	<b>102,134</b>

##### (ii) Reconciliation of movements in Reserves:

###### Infrastructure, Property, Plant & Equipment Revaluation Reserve

- Opening Balance	102,134	99,632
- Revaluations for the year	32,440	2,502
- Transfer to Reserves	(24)	-
<b>- Balance at End of Year</b>	<b>134,550</b>	<b>102,134</b>

###### TOTAL VALUE OF RESERVES

<b>134,550</b>	<b>102,134</b>
----------------	----------------

##### (iii) Nature & Purpose of Reserves

###### Infrastructure, Property, Plant & Equipment Revaluation Reserve

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
<b>c. Correction of Error/s relating to a Previous Reporting Period</b>			
Council made no correction of errors during the current reporting period.			
<b>d. Voluntary Changes in Accounting Policies</b>			
- Discounting of Employee Leave Entitlements			492
- Non-recognition of sick leave			238
<b>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above changes in Accounting Policy have been recognised retrospectively.</b>			
<b>These amounted to the following Equity Adjustments:</b>			
- Adjustments to Opening Equity - 1/7/09 (relating to adjustments for the 30/6/09 reporting year end and prior periods)		-	730
<b>Total Prior Period Adjustments - Accounting Policy Changes</b>		<u>-</u>	<u>730</u>
<b>2010 Line Items Effected:</b>			
<b>Operating Statement Extract</b>			
Employment Expenses		5,828	(85)
<b>Operating Surplus/Loss</b>		<u>2,579</u>	<u>85</u>
<b>Balance Sheet Extract</b>			
Employment Entitlements		3,453	(815)
<b>Net Assets</b>		<u>165,177</u>	<u>815</u>
<b>Equity Extract</b>			
Opening Retained Earnings		60,464	730
Profit for the year		2,579	85
<b>Total Retained Earnings</b>		<u>63,043</u>	<u>815</u>
			<u>61,194</u>
			<u>2,664</u>
			<u>63,858</u>

#### Note 21. Financial Result & Financial Position by Fund

Council only operates a Water Fund.

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

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

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\$ '000

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

#### Note 23. Events occurring after Balance Sheet Date

---

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

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

Accordingly, the "authorised for issue" date is 14/09/11.

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

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

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

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

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

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

#### Note 24. Discontinued Operations

---

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

## Riverina Water County Council

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

#### Note 25. Intangible Assets

\$ '000

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

	Actual 2011 Carrying Amount	Actual 2010 Carrying Amount
<b>Intangible Assets are as follows;</b>		
<b>Opening Values:</b>		
Gross Book Value (1/7)	3,608	3,608
Accumulated Amortisation & Impairment	(1,100)	-
<b>Net Book Value - Opening Balance</b>	<b>2,508</b>	<b>3,608</b>
<b>Movements for the year</b>		
- Amortisation & Impairment charges	(808)	(1,100)
<b>Closing Values:</b>		
Gross Book Value (30/6)	3,608	3,608
Accumulated Amortisation & Impairment	(1,908)	(1,100)
<b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u></b> <sup>1</sup>	<b><u>1,700</u></b>	<b><u>2,508</u></b>

<sup>1</sup> The Net Book Value of Intangible Assets represent:

- Water Licences	1,700	2,508
	<b><u>1,700</u></b>	<b><u>2,508</u></b>

#### Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2011

### Note 27. Council Information & Contact Details

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#### Principal Place of Business:

91 Hammond Avenue  
Wagga Wagga NSW 2650

#### Contact Details

##### Mailing Address:

PO Box 456  
Wagga Wagga NSW 2650

##### Opening Hours:

Monday - Friday 8:30am - 4pm

**Telephone:** 02 6922 0608

**Facsimile:** 02 6921 2241

**Internet:** [www.rwcc.com.au](http://www.rwcc.com.au)

**Email:** [admin@rwcc.com.au](mailto:admin@rwcc.com.au)

#### Officers

##### GENERAL MANAGER

Mr G Haley

##### RESPONSIBLE ACCOUNTING OFFICER

Ms M Curran

##### PUBLIC OFFICER

Mr G Haley

##### AUDITORS

John L Bush & Campbell  
Chartered Accountants  
30 Blake Street  
Wagga Wagga

#### Elected Members

##### CHAIRPERSON

Clr R Kendall (City of Wagga Wagga)

##### DEPUTY CHAIRPERSON

Clr. P. Yates (Lockhart Shire Council)

##### COUNCILLORS

Clr. J. McInerney (Greater Hume Shire)  
Clr. I. Kruetzberger (Urana Shire Council)  
Clr. J. Ross (Greater Hume Shire)  
Clr. L. Vidler (City of Wagga Wagga)  
Clr. A. Brown (City of Wagga Wagga)  
Clr. W. Geale (City of Wagga Wagga)  
Clr. R. Goodlass (City of Wagga Wagga)

#### Other Information

**ABN:** 52 084 883 210

**RIVERINA WATER COUNTY COUNCIL**

**GENERAL PURPOSE FINANCIAL REPORT**

**INDEPENDENT AUDITORS' REPORT**

A.B.N. 33 225 395 249

We have audited the general purpose financial reports of Riverina Water County Council for the year ended 30 June 2011, comprising the Statement by Councillors and Management of the Council, Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Accounts.

*Councillors and Managements responsibility for the financial report*

The Councillors and Management of the Council are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Local Governments Act 1993* and for such internal controls as they determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

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

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

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

**AUDIT OPINION**

In our opinion:

- a) The accounting record of the Council have been kept in accordance with the requirements of Division 2 of Part 3 of the Local Government Act, 1993;
- b) The general purpose financial report:
  - i. has been prepared in accordance with the requirements of Division 2 of Part 3 of the Local Government Act, 1993;
  - ii. is consistent with the Council's accounting records; and
  - iii. presents fairly the Council's financial position and the results of its operation;
- c) we have been able to obtain all the information relevant to the conduct of our audit; and
- d) no material deficiencies in the records or financial reports were detected in the course of the audit.

**JOHN L BUSH & CAMPBELL**

**Peter King  
Partner**

**14 September 2011**

WAGGA WAGGA 2650  
30 Blake Street  
PO Box 98  
Tel (02) 6921 5222  
Fax (02) 6921 7539

14 September 2011

A.B.N. 33 225 395 249

**The Chairman**  
**Riverina Water County Council**  
**PO Box 456**  
**WAGGA WAGGA NSW 2650**

WAGGA WAGGA 2650  
 30 Blake Street  
 PO Box 98  
 Tel (02) 6921 5222  
 Fax (02) 6921 7539

Dear Sir

Having completed an audit of the financials statements and the associated records of the Riverina Water County Council for the 12 months ended 30 June 2011 and have pleasure in submitting our report in accordance of Section 417(3) of the Local Government Act 1993.

The financial statements for the year ended 30 June 2011 have been prepared to comply with Statements of Accounting Concepts and Applicable Australian Accounting Standards including the requirements under Australian equivalents of International Financial Reporting Standards, the requirements of the Local Government Act 1993 and Regulations thereto, the Local Government Code of Accounting Practice and Financial Reporting and Local Government Asset Accounting Manual.

**Operating Result and Financial Position**

The operating result for the year was a deficit of \$2.168 million. Included in this deficit the Council received contributions for capital purposes of \$1.453 million and recorded a net gain on disposal of assets of \$4 thousand. The operating result includes an impairment expense of \$800 thousand on the carrying value of water licenses in the financial statements. The total change in net assets resulting from operations was \$30.2 million. This includes an increase in the Asset Revaluation Reserve of \$32.4 million resulting from revaluation of non current assets for the year.

The financial position of Council increased during the year as follows:

	2011 \$000	2010 \$000	2009 \$000	2008 \$000	2007 \$000
Net Assets 1 July 1997	20,627	20,627	20,627	20,627	20,627
Asset Revaluation	134,550	102,134	99,632	95,538	91,639
Change in net assets resulting from operations	41,087	43,231	40,567	35,874	31,288
Net Assets 30 June	\$196,264	\$165,992	\$160,826	\$152,039	\$143,554

PARTNERS: C.J. LONG T.J. FULLER S.J. TAYLOR P.J. KING A.P. POWELL J.K. MAXWELL



## Cash Investments and Working Capital

The operating result for the year has decreased Council's equity and working capital. This result is directly attributable to decreased revenue from User Charges and Fees.

	2011 \$000	2010 \$000	2009 \$000	2008 \$000	2007 \$000
Cash	60	188	153	56	55
Investment	1,501	8,005	7,518	10,776	11,264
Working Capital	4,852	9,705	7,773	12,142	11,472

Cash and Investments held at the close of the year amounted to \$1.561 million. The cash flow statement shows a decrease in cash of \$6.632 million. The decrease in cash is mainly due to the reduction in User Charges and Fee income and also increasing the level of inventory on hand at 30 June 2011 for future capital works. Cash and Investments have not been restricted in their use by any externally imposed requirements. However they are restricted by internally imposed requirements.

## Actual Performance Compared to Budget

	2011 Actual \$000	2011 Budget \$000	2010 Actual \$000	2010 Budget \$000	2009 Actual \$000	2009 Budget \$000	2008 Actual \$000	2008 Budget \$000
<b>Revenue</b>								
Rates and Annual Charges	2,281	2,720	2,251	2,698	2,573	2,519	2,520	2,481
User charges and fees	9,994	13,387	13,753	13,871	12,557	12,178	10,392	11,408
Interest	274	120	308	100	547	350	720	350
Grants and Contributions	1,660	815	2,168	810	1,506	910	2,937	805
Other	277	502	399	490	984	542	811	272
Gain on disposal of assets	4	27	(11)	27	90	27	11	27
	14,490	17,571	18,868	17,996	18,257	16,526	17,391	15,343
<b>Expenses</b>	16,658	16,020	16,204	14,679	14,294	13,593	12,805	13,400
<b>Operating Result</b>	(\$2,168)	\$1,551	\$2,664	\$3,317	\$3,963	\$2,933	\$4,586	\$1,943

As detailed in the Cash Investments review the main fluctuation in budget to actual was the reduced User Charges and Fees.

## Equity

The equity of the Council has increased for the 2011 year due to the revaluation of non current assets increasing the Asset Revaluation Reserve.

	2011 \$000	2010 \$000	2009 \$000	2008 \$000	2007 \$000
Non Current Assets	191,412	156,287	153,053	141,757	134,157
Non Current Liabilities	-	-	-	1,860	2,075
Working Capital	4,852	9,705	7,773	12,142	11,472
<b>Equity</b>	\$196,264	\$165,992	\$160,826	\$152,039	\$143,554

## **Other Matters**

As discussed earlier in the report during the year the water licenses previously shown at cost in the balance sheet were written down to their current recoverable value. At cost the water licenses were recorded at \$3.6 million. This was from the purchase of 1000 mega litres at \$3,600 per mega litre in 2008. Current values of mega litres for high security river water are \$1,700. The difference in cost and current value is \$1.9 million which represents the accumulated impairment losses. An impairment loss of \$800 thousand has been recorded this year.

As detailed in the financial report a former employee of the Council is currently under a police investigation for misappropriation of Council Assets. As the police report has not concluded at the date of this report, it not possible to quantify the value of the misappropriation through the financials.

With the exception of the misappropriation allegation referred to in the above paragraph, the Council's books of account and other records appear to have been maintained in a satisfactory and up to date manner and the requirements of the Local Government Act and Regulations well observed.

In conclusion we wish to acknowledge the excellent assistance and co-operation extended to us by the General Manager and his Staff during the conduct of the audit and from whom we have attained all the information and explanations which we required.

Sincerely

**JOHN L BUSH & CAMPBELL**  
**Chartered Accountants**



**Peter King**  
**Partner**

# Riverina Water County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2011

---

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



# Riverina Water County Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2011

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

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### Background

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

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

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

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

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

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

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## Riverina Water County Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2011

### Statement by Councillors and Management

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

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

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

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

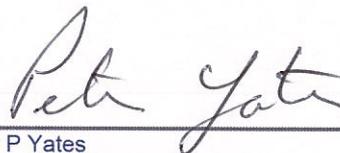
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

**Signed in accordance with a resolution of Council made on 24 August 2011.**



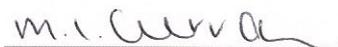
Clr R Kendall  
CHAIRPERSON



Clr P Yates  
DEPUTY CHAIRPERSON



Mr G Haley  
GENERAL MANAGER



Ms M Curran  
RESPONSIBLE ACCOUNTING OFFICER

## Riverina Water County Council

### Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2011

\$ '000	Actual 2011	Actual 2010
<b>Income from continuing operations</b>		
Access charges	2,281	2,588
User charges	9,993	12,983
Fees	-	-
Interest	274	308
Grants and contributions provided for non capital purposes	207	196
Profit from the sale of assets	4	-
Other income	275	832
<b>Total income from continuing operations</b>	<b>13,034</b>	<b>16,907</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	7,243	5,743
Borrowing costs	-	-
Materials and contracts	1,407	2,627
Depreciation and impairment	5,289	5,480
Water purchase charges	54	101
Loss on sale of assets	-	11
Calculated taxation equivalents	26	23
Debt guarantee fee (if applicable)	-	-
Other expenses	2,662	2,253
<b>Total expenses from continuing operations</b>	<b>16,681</b>	<b>16,238</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(3,647)</b>	<b>669</b>
Grants and contributions provided for capital purposes	1,453	1,972
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(2,194)</b>	<b>2,641</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(2,194)</b>	<b>2,641</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(792)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(2,194)</b>	<b>1,849</b>
plus Opening Retained Profits	50,770	48,921
plus/less: Transfers from Reserves	24	-
<b>Closing Retained Profits</b>	<b>48,600</b>	<b>50,770</b>
Return on Capital %	-1.9%	0.4%
Subsidy from Council	13,531	-
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(2,194)	1,849
less: Capital grants and contributions (excluding developer contributions)	-	-
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>1,849</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>925</b>

## Riverina Water County Council

## Balance Sheet of Council's Water Supply Business Activity

as at 30 June 2011

\$ '000	Actual 2011	Actual 2010
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,561	8,193
Investments	-	-
Receivables	2,531	2,436
Inventories	3,475	1,926
Other	44	252
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>7,611</b>	<b>12,807</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	189,712	153,779
Intangibles	1,700	2,508
Investments accounted for using equity method	-	-
Investment property	-	-
<b>Total non-Current Assets</b>	<b>191,412</b>	<b>156,287</b>
<b>TOTAL ASSETS</b>	<b>199,023</b>	<b>169,094</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	417	464
Interest bearing liabilities	-	-
Provisions	15,456	15,726
<b>Total Current Liabilities</b>	<b>15,873</b>	<b>16,190</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>15,873</b>	<b>16,190</b>
<b>NET ASSETS</b>	<b>183,150</b>	<b>152,904</b>
<b>EQUITY</b>		
Retained earnings	48,600	50,770
Revaluation reserves	134,550	102,134
Council equity interest	183,150	152,904
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<b>183,150</b>	<b>152,904</b>

# Riverina Water County Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2011

### Contents of the Notes accompanying the Financial Statements

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

## Riverina Water County Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Significant Accounting Policies

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

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

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

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

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

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

#### National Competition Policy

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

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

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

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

#### Declared Business Activities

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

##### Category 1

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

##### **Riverina Water County Council**

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

##### Category 2

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

Nil

#### Monetary Amounts

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

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

#### (i) Taxation Equivalent Charges

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

However, where Council is exempt from paying taxes which are generally paid by private sector

## Riverina Water County Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2011

#### Note 1. Significant Accounting Policies (continued)

businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

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

#### Notional Rate Applied %

##### Corporate Income Tax Rate – 30%

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

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

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

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

#### Income Tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a

provision equivalent to the corporate income tax rate, currently 30%.

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

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

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

#### Local Government Rates & Charges

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

#### Loan & Debt Guarantee Fees

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

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

#### (ii) Subsidies

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

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

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the

## Riverina Water County Council

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

#### Note 1. Significant Accounting Policies (continued)

difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

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

#### (iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

**Operating Result before Capital Income + Interest Expense**

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**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 5.21% at 30/6/11.

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

#### (iv) Dividends

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

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

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either **(i)** 50% of this surplus in any one year, or **(ii)** the number of water supply or sewerage assessments at 30 June 2011

multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

# Riverina Water County Council

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

### Note 2. Water Supply Business Best Practice Management disclosure requirements

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

**2011**

#### 1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	26,000
(ii)	No of assessments multiplied by \$3/assessment	95,523
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	26,000
(iv)	Amounts actually paid for Tax Equivalents	-

#### 2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	929,230
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2011, less the cumulative dividends paid for the 2 years to 30 June 2010 & 30 June 2009	2,413,000

2011 Surplus	(2,194,000)	2010 Surplus	1,849,000	2009 Surplus	2,758,000
		2010 Dividend	-	2009 Dividend	-

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

#### 3. Required outcomes for 6 Criteria

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

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

## Riverina Water County Council

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

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

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

2011

#### National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F1</b>	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)	\$'000	14,148
<b>NWI F4</b>	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	79.47%
<b>NWI F9</b>	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	185,360
<b>NWI F11</b>	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	9,745
<b>NWI F14</b>	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	8,584
<b>NWI F17</b>	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	-0.47%
<b>NWI F26</b>	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	61

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

RIVERINA WATER COUNTY COUNCIL  
SPECIAL PURPOSE FINANCIAL REPORTS  
INDEPENDENT AUDITORS' REPORT

**SCOPE**

We have audited the special purpose financial reports of Riverina Water County Council for the year ended 30 June 2011, comprising the Statement by Councillors and Management, Income Statement of Water Supply Business Activity, Balance Sheet of Water Supply Business Activity, and accompanying Notes to the Accounts.

*Councillors and Managements responsibility for the financial report*

The Councillors and Management of the Council are responsible for the preparation of the financial report in accordance with the accounting policies described in Note 1 to the financial statements and have determined that the accounting policies therein described are appropriate to meet the financial reporting requirements to the Division of Local Government of the Department of Premier Cabinet. The Councillors and Managements responsibility includes establishing and maintaining internal controls as they determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

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

The special purpose financial reports have been prepared for distribution to the Council and the Department of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Department of Local Government or for any purpose other than for which the report was prepared.

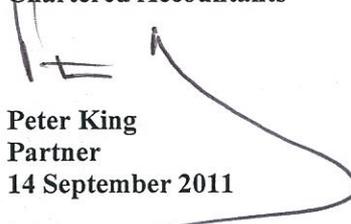
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.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

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

**AUDIT OPINION**

In our opinion, the Special Purpose Financial Reports of the Riverina Water County Council are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

**JOHN L BUSH & CAMPBELL**  
Chartered Accountants

  
**Peter King**  
Partner  
14 September 2011

# Riverina Water County Council

SPECIAL SCHEDULES  
for the year ended 30 June 2011

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



# Riverina Water County Council

## Special Schedules

for the financial year ended 30 June 2011

### Contents

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#### Special Schedules<sup>1</sup>

- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	n/a
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply - Income Statement	4
- Special Schedule No. 4	Water Supply - Balance Sheet	8
- Special Schedule No. 5	Sewerage Service - Income Statement	n/a
- Special Schedule No. 6	Sewerage Service - Balance Sheet	n/a
- Notes to Special Schedules No. 3 & 5		9
- Special Schedule No. 7	Condition of Public Works	10
- Special Schedule No. 8	Financial Projections	11

<sup>1</sup> Special Purpose Schedules are not audited.

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#### Background

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

## Riverina Water County Council

Special Schedule No. 1 - Net Cost of Services  
for the financial year ended 30 June 2011

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	-	-	-	-
<b>Administration</b>	-	-	-	-
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	-	-	-	-
Beach Control	-	-	-	-
Enforcement of Local Govt Regs	-	-	-	-
Animal Control	-	-	-	-
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	-	-	-	-
<b>Health</b>	-	-	-	-
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	-	-	-	-
Other Environmental Protection	-	-	-	-
Solid Waste Management	-	-	-	-
Street Cleaning	-	-	-	-
Drainage	-	-	-	-
Stormwater Management	-	-	-	-
<b>Total Environment</b>	-	-	-	-
<b>Community Services and Education</b>				
Administration & Education	-	-	-	-
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	-	-	-	-
Childrens Services	-	-	-	-
<b>Total Community Services &amp; Education</b>	-	-	-	-
<b>Housing and Community Amenities</b>				
Public Cemeteries	-	-	-	-
Public Conveniences	-	-	-	-
Street Lighting	-	-	-	-
Town Planning	-	-	-	-
Other Community Amenities	-	-	-	-
<b>Total Housing and Community Amenities</b>	-	-	-	-
<b>Water Supplies</b>	<b>16,658</b>	<b>13,037</b>	<b>1,453</b>	<b>(2,168)</b>
<b>Sewerage Services</b>	-	-	-	-

## Riverina Water County Council

## Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2011

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	-	-	-	-
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	-	-	-	-
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	-	-	-	-
Swimming Pools	-	-	-	-
Parks & Gardens (Lakes)	-	-	-	-
Other Sport and Recreation	-	-	-	-
<b>Total Recreation and Culture</b>	-	-	-	-
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	-	-	-	-
Other Mining, Manufacturing & Construction	-	-	-	-
<b>Total Mining, Manufacturing and Const.</b>	-	-	-	-
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	-	-	-	-
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	-	-	-	-
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	-	-	-	-
Aerodromes	-	-	-	-
Other Transport & Communication	-	-	-	-
<b>Total Transport and Communication</b>	-	-	-	-
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	-	-	-	-
<b>Total Economic Affairs</b>	-	-	-	-
<b>Totals – Functions</b>	<b>16,658</b>	<b>13,037</b>	<b>1,453</b>	<b>(2,168)</b>
<b>General Purpose Revenues<sup>(2)</sup></b>				
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	-	-	-
<b>NET OPERATING RESULT<sup>(1)</sup></b>	<b>16,658</b>	<b>13,037</b>	<b>1,453</b>	<b>(2,168)</b>

(1) As reported in the Income Statement | (2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants & Interest on Investments (excl. Ext. Restricted Assets)

## Riverina Water County Council

### Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2011

\$'000	Actuals 2011	Actuals 2010
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	993	1,844
b. Engineering and Supervision	867	764
<b>2. Operation and Maintenance expenses</b>		
<b>- Dams &amp; Weirs</b>		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
<b>- Mains</b>		
c. Operation expenses	165	124
d. Maintenance expenses	1,060	805
<b>- Reservoirs</b>		
e. Operation expenses	165	124
f. Maintenance expenses	193	85
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	658	498
h. Energy costs	1,693	1,962
i. Maintenance expenses	739	499
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	659	388
k. Chemical costs	641	561
l. Maintenance expenses	145	110
<b>- Other</b>		
m. Operation expenses	884	450
n. Maintenance expenses	829	628
o. Purchase of water	54	101
<b>3. Depreciation expenses</b>		
a. System assets	3,675	3,321
b. Plant and equipment	806	1,059
c. Impairment	808	1,100
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	1,621	1,792
d. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>16,655</b>	<b>16,215</b>

## Riverina Water County Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2011

\$'000	Actuals 2011	Actuals 2010
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	1,719	2,274
b. Usage charges	6,653	9,151
c. Other	-	60
<b>7. Non-residential charges</b>		
a. Access (including rates)	561	254
b. Usage charges	2,094	3,364
c. Other	808	471
<b>8. Extra charges</b>	-	-
<b>9. Interest income</b>	274	308
<b>10. Other income</b>	714	829
<b>11. Grants</b>		
a. Grants for acquisition of assets	61	11
b. Grants for pensioner rebates	191	192
c. Other grants	16	4
<b>12. Contributions</b>		
a. Developer charges	1,392	1,961
b. Developer provided assets	-	-
c. Other contributions	-	-
<b>13. Total income</b>	<u>14,483</u>	<u>18,879</u>
<b>14. Gain or loss on disposal of assets</b>	4	-
<b>15. Operating Result</b>	<u>(2,168)</u>	<u>2,664</u>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	(2,229)	2,653

## Riverina Water County Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2011

\$'000	Actuals 2011	Actuals 2010
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	3,579	2,346
c. Renewals	3,472	2,247
d. Plant and equipment	1,533	2,067
<b>17. Repayment of debt</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>8,584</b>	<b>6,660</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	614	437
<b>21. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	<b>614</b>	<b>437</b>
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	27,818	27,400
b. Residential (unoccupied, ie. vacant lot)	1,475	1,321
c. Non-residential (occupied)	2,548	2,407
d. Non-residential (unoccupied, ie. vacant lot)		-
<b>25. Number of ETs for which developer charges were received</b>	175 ET	354 ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 337,706	\$ 337,000

## Riverina Water County Council

Special Schedule No. 3 - Water Supply Cross Subsidies  
for the financial year ended 30 June 2011

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>27. Annual charges</b>			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy <b>from</b> residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
<b>28. Developer charges</b>			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2010/11 (page 47 of Guidelines)			<input type="text" value="955"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>29. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b +27c + 27d + 28b)</b>			<input type="text" value="955"/>
* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.			
However, disclosure of cross-subsidies is <b>not</b> required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.			

## Riverina Water County Council

## Special Schedule No. 4 - Water Supply Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2011

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	1,561	-	1,561
<b>31. Receivables</b>			
a. Specific purpose grants	145	-	145
b. Rates and charges	1,253	-	1,253
c. Other	1,133	-	1,133
<b>32. Inventories</b>	3,475	-	3,475
<b>33. Property, plant and equipment</b>			
a. System assets	-	185,360	185,360
b. Plant and equipment	-	4,352	4,352
<b>34. Other assets</b>	44	1,700	1,744
<b>35. Total assets</b>	<u>7,611</u>	<u>191,412</u>	<u>199,023</u>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	417	-	417
<b>38. Borrowings</b>			
a. Loans	-	-	-
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	2,342	-	2,342
<b>40. Total liabilities</b>	<u>2,759</u>	<u>-</u>	<u>2,759</u>
<b>41. NET ASSETS COMMITTED</b>	<u>4,852</u>	<u>191,412</u>	<u>196,264</u>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			61,714
<b>43. Asset revaluation reserve</b>			134,550
<b>44. TOTAL EQUITY</b>			<u>196,264</u>
<b>Note to system assets:</b>			
<b>45. Current replacement cost</b> of system assets			317,347
<b>46. Accumulated current cost</b> depreciation of system assets			(131,987)
<b>47. Written down current cost</b> of system assets			<u>185,360</u>

## Riverina Water County Council

### Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2011

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#### Administration <sup>(1)</sup>

(item 1a of Special Schedules 3 and 5) comprises the following:

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

#### Engineering and supervision <sup>(1)</sup>

(item 1b of Special Schedules 3 and 5) comprises the following:

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

**Operational expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

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

**Other expenses** (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

**Revaluation decrements** (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

**Residential charges** <sup>(2)</sup> (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

**Non-residential charges** <sup>(2)</sup> (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

**Trade waste charges** (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

**Other income** (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

**Other contributions** (items 12c and 13c of Special Schedules 3 and 5 respectively) incl. capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

#### Notes:

<sup>(1)</sup> Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

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



## Riverina Water County Council

## Special Schedule No. 8 - Financial Projections

as at 30 June 2011

\$'000	Actual <sup>(1)</sup> 10/11	Forecast 11/12	Forecast 12/13	Forecast <sup>(3)</sup> 13/14	Forecast <sup>(3)</sup> 14/15
<b>(i) RECURRENT BUDGET</b>					
Income from continuing operations	14,490	19,867	20,637	21,452	22,053
Expenses from continuing operations	16,658	16,670	17,722	19,080	19,742
<b>Operating Result from Continuing Operations</b>	<b><u>(2,168)</u></b>	<b><u>3,197</u></b>	<b><u>2,915</u></b>	<b><u>2,372</u></b>	<b><u>2,311</u></b>
<b>(ii) CAPITAL BUDGET</b>					
New Capital Works <sup>(2)</sup>	3,579	9,459	15,828	18,348	7,581
Replacement/Refurbishment of Existing Assets	5,005	-	-	-	-
<b>Total Capital Budget</b>	<b><u>8,584</u></b>	<b><u>9,459</u></b>	<b><u>15,828</u></b>	<b><u>18,348</u></b>	<b><u>7,581</u></b>
<b>Funded by:</b>					
- Loans	-	3,247	5,660	10,700	-
- Asset sales	614	411	419	428	436
- Reserves	-	(600)	-	-	-
- Grants/Contributions	-	-	-	-	-
- Recurrent revenue	7,970	6,401	9,749	7,220	7,145
- Other	-	-	-	-	-
	<b><u>8,584</u></b>	<b><u>9,459</u></b>	<b><u>15,828</u></b>	<b><u>18,348</u></b>	<b><u>7,581</u></b>

**Notes:**

(1) From 10/11 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) If Council has only adopted 3 years of projections then only show 3 years.

**APPENDIX 2: DRAFT LEAVE POLICY**

## **POLICY 4.26 LEAVE**

<b>POLICY NAME:</b>	Leave
<b>POLICY NO:</b>	4.26
<b>MINUTE NO:</b>	
<b>ADOPTION DATE:</b>	5 October 2011
<b>NEXT REVISION DATE:</b>	October 2013
<b>LAST REVISED:</b>	

### **OBJECTIVE:**

The purpose of this policy is to facilitate the proper management of employees' leave entitlements in order to prevent excessive leave.

### **SCOPE:**

This policy applies to all Riverina Water County Council employees. Staff leave is provided for under the Riverina Water County Council Enterprise Award.

### **POLICY:**

#### **Leave Principles**

Management will be responsible for ensuring Council policy is adhered to in regard to the management of their employees' leave entitlements. Supervisors will consult with staff to ensure, where possible, leave accruals are taken at a mutually convenient time and work operations are not adversely affected.

#### **Leave Conditions**

All employees (other than casual) accrue leave entitlements in accordance with the relevant Enterprise Award.

The following conditions apply to all types of leave:

- All paid absences will count as service for all purposes;
- Casual staff are not entitled to paid leave;
- A part time staff member is entitled to the same leave and absence entitlements as a full time staff member in an equivalent position, except that leave will be paid on a pro rata basis;
- If a staff member takes leave at half pay his or her leave accruals and superannuation contributions during the period of leave at half pay will be on a pro rata basis;
- Where practicable, all absences must have prior approval;
- Staff should give sufficient notice to permit consideration of the application and, if approved, to permit alternative arrangements to be made for his/her duties to be fulfilled; and
- Where a staff member is absent without having obtained prior approval, Council may cease paying that staff member's salary for the duration of the absence. If such unapproved absence is for an extended period, the Council will be entitled to assume that the staff member has abandoned his/her employment, and take steps to terminate their employment.

#### **Leave Authorisation**

- Authorisation of all leave, other than maternity leave, paternity leave and leave without pay is to be given by the relevant manager or Director, once they are satisfied that the relevant supervisor recommends the leave and that the employee is eligible for the leave.
- Maternity leave, paternity leave and leave without pay is to be approved by the General Manager for all staff.
- The Chairperson is to approve all leave for the General Manager.

**APPENDIX 3: DRAFT PETTY CASH POLICY**

## **POLICY 4.27      PETTY CASH**

<b>POLICY NAME:</b>	Petty Cash
<b>POLICY NO:</b>	4.27
<b>MINUTE NO:</b>	
<b>ADOPTION DATE:</b>	5 October 2011
<b>NEXT REVISION DATE:</b>	October 2013
<b>LAST REVISED:</b>	

### **OBJECTIVE:**

To ensure that Council's Petty Cash System is managed in an accountable manner.

### **SCOPE:**

This policy applies to all Riverina Water County Council employees and associates. This policy should be read in conjunction with Council's Purchasing Policy.

### **POLICY:**

#### **Policy Statement**

Petty cash funds are to be used to pay for miscellaneous and incidental expenditure of small value. Expenditure may only be incurred for Council business purposes.

#### **Monetary Limit**

The maximum petty cash reimbursement will be \$100. Exceptions to this requirement may only be approved by the Finance / Administration Manager.

There is a \$100 limit per day inclusive of Goods and Services Tax (GST) for individual amounts reimbursed by petty cash. Cashiers will not refund more than \$100 per day, per individual. Payment for items of a higher value should be made through normal invoice processing or by means of corporate credit card.

#### **Inappropriate Use of Petty Cash**

Within the monetary limit for petty cash transactions, petty cash funds cannot be used as a means of avoiding normal control procedures or preferred supplier supply agreements. It is inappropriate for petty cash to be used in any of the following circumstances:

- to make payments for personal items or services
- to make cash advances for travel
- for cashing personal cheques
- to advance loans for personal benefit

#### **Segregation of Duties**

The officer who controls the petty cash float cannot be the claimant, unless they have another administration staff member certify the claim. The claimant cannot be the supplier of the goods / services that the petty cash claim relates to.

#### **Reconciliation of Petty Cash Funds**

The petty cash float should be reconciled by the petty cash advance holder either every two months or when the float falls below \$50 balance, whichever occurs first. All claim dockets and original receipts should be attached to the petty cash reconciliation with associated cost account details and given to the Finance / Administration Manager to review and approve for a cheque to be drawn to replenish the petty cash float.

**APPENDIX 4: DRAFT TRAVEL POLICY**

## **POLICY 5.17 TRAVEL**

<b>POLICY NAME:</b>	Travel
<b>POLICY NO:</b>	5.17
<b>MINUTE NO:</b>	
<b>ADOPTION DATE:</b>	5 October 2011
<b>NEXT REVISION DATE:</b>	October 2012
<b>LAST REVISED:</b>	

### **OBJECTIVE:**

Riverina Water County Council recognises that certain staff and Council members need to undertake travel on occasions in the course of their Council business. The purpose of this policy is to:

- Set out the method in which bona fide travel and accommodation expenses incurred by staff and associates of the Council in the performance of official duties will be reimbursed or paid by Council
- Ensure that there is accountability and transparency in the reimbursement of expenses incurred or to be incurred by staff and associates
- Ensure that the facilities provided to assist Councillors to carry out their civic duties are reasonable

A council staff / representative's ability to claim for travel expenses is a privilege not a right, and is for reasonable expenses related to Council business only. Council staff / representatives will be entitled to reasonable privileges that they would be used to at home (e.g. newspapers, meals) - costs associated with non-council accompanying persons will not be met by the Council except where it is necessary for an accompanying person due to staff / representative disability.

### **SCOPE:**

This policy applies to all Riverina Water County Council employees and associates / representatives of the Council.

### **POLICY:**

#### **Cost Effectiveness**

Travellers on Council business must:

- Exercise the same care in incurring expenses as a person travelling for personal reasons; and
- Make their business travel arrangements to ensure best value to Council whilst meeting minimum agreed standards for accommodation and travel.

#### **Travel Authorisation**

*For Councillors and General Manager:*

- Approval for attendance at conferences, seminars and other meetings should generally be approved by Council resolution however, should this not be practicable, approval may be given by the Chairperson and the General Manager. Should attendance be proposed by the Chairperson approval may be given by the Deputy Chairperson and/or another Councillor with the General Manager's attendance to be approved by the Chairperson.

- Council may, by resolution, agree to pay expenses for a spouse/partner or accompanying person where a function is of a formal or ceremonial nature and it is considered that they be reasonably expected to attend. Alternatively, approval may be given by the Chairperson and General Manager. Should attendance be proposed by the Chairperson's, General Manager's or Director's partner, approval may be given by the Deputy Chairperson and/or another Councillor.
- Where Council is represented by a person requiring assistance for the reason of disability, the accompanying person shall be given the same privileges as the representative regarding travel, accommodation and reasonable expenses incurred.

*For Council Staff:*

- Approval for attendance at conferences, seminars and other meetings should generally be approved by the employee's manager, in conjunction with associated training application approval.

### **Bookings for Conventions, Conferences and Meetings**

Council shall pay all conference registration fees, including the costs related to official lunches and dinners and associated tours where they are relevant to the business and interest of Council. Prepayment of registration fees, accommodation and flights can be arranged through the use of Council's Corporate Credit Cards.

### **Reimbursement of Incidental Costs**

Reasonable out of pocket expenses will be reimbursed by Council on presentation of receipts. No reimbursement will be made without receipts. Council will not meet the cost of:

- Laundry or dry cleaning services;
- Any tips provided by staff or Councillors;
- Any expenses incurred at bars (including the bar located at the hotel).

### **Report Required by Councillors**

Following any conference or seminar attended by Councillors, a written report must be provided by at least one of the persons attending and cover all aspects that are relevant to Council business and/or the local community.

### **Air Transportation**

*Class of Service*

The least expensive class of service will be used for all employees or Council members unless specially approved by the General Manager or by Council for Council members. Exceptions to the use of the least expensive service are allowed:

- When such service is not available at the required time and flights at other times cannot meet the trip requirements;
- If there is a possibility the trip may need to be rescheduled to another date.

*Awards*

Coupons, cash, prizes or other forms of refund of expenses are and remain the property of the Council.

*Itinerary Changes*

When itinerary changes are absolutely necessary en route:

- Process the change via the nearest facility providing the required travel services;
- Provide to the relevant manager a report with any unused or partially used tickets, which should be treated the same as cash.

## **Ground Transportation**

### *General Travel Arrangements*

A Council motor vehicle should be used for travel wherever possible. Payment for private motor vehicle will only be considered where a Council vehicle is not available.

The most direct route is to be taken and the most practicable and economical mode of transport utilised, subject to any personal and/or medical considerations.

Where a motor vehicle is utilised, Council will pay the costs associated with parking and road tolls (it is noted that the latter may not render receipts). The driver is personally responsible for all traffic or parking fines incurred whilst utilising a motor vehicle on Council business. Claims for accident damage to private vehicles will not be met by Council.

### *Transfers*

For transfers between airport and hotel:

- Taxis, trains, coaches and other transfer transport expenses will be met by the Council for approved travel, upon presentation of an official receipt;
- Car rental may not be the most effective method of local transport, considering rental, petrol and parking charges, time loss in acquiring and returning the car, difficulty of driving in a strange city etc. The most appropriate car is to be arranged bearing in mind cost and travel requirements.

## **Accommodation & Food**

Where the traveller does not have a Council Corporate Credit Card, an arrangement will be made with the accommodation venue to charge expenses back to Council.

Council will meet reasonable cost of accommodation. Council will pay for an appropriate standard of accommodation (not below 3 star for example) and acknowledges the economic and practical benefits of being accommodated at the conference/seminar venue.

Council will meet reasonable costs of main meals where any of these meals are not provided as part of the conference. Receipts of purchases will need to be presented for reimbursement. Costs for mini bar use will not be paid for by Council.

Staff may elect to receive a travel allowance for meals, instead of claiming for reimbursement of actual expenses. The staff member will need to submit the relevant claim form to their manager prior to travelling.

## **Authorisation of Claims**

Travel claims will be authorised as follows:

- The General Manager will authorise travel expense claims made by the Chairperson and Councillors. The General Manager or Director will authorise claims made by Managers, with claims made by all other staff members being authorised by the relevant Manager.
- The Chairperson will authorise the General Manager's travel claims.
- Travel expenses claimed by a traveller but not supported with receipts will not be paid for by Council
  - supporting documentation should be dated to allow the authorising officer to determine if the expense item related to the authorised period of travel
  - receipts should also contain details of the nature of the transaction to allow the authorising officer to determine if the item is valid or not
- Registration fees for a conference can entitle the traveller to included meals at the conference venue. Claims for meals at other venues when these included conference meals are available will not be paid for by Council. This particular clause does not affect employee travel allowance claims made under Council's enterprise award.
- Claims for expenses before or after conference attendance need to be approved by the relevant authorising officer, based on what they consider reasonable.

- Claims for meals / drinks / entertainment for "other people" will only be considered for possible authorisation if the name / position / organisation of the "other people" are detailed - if no details are provided, Council will not pay the claim.
- Payment in Advance - Provision of a payment in advance may be requested by a Councillor however such an advance must be fully accounted for upon return and any unspent portion returned to Council.