

Riverina Water County Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2026

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



Riverina Water County Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2026

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



Riverina Water County Council

General Purpose Financial Statements

for the year ended 30 June 2026

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Overview

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

91 Hammond Avenue
Wagga Wagga NSW 2650

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

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

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

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

Riverina Water County Council

General Purpose Financial Statements

for the year ended 30 June 2026

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 27 August 2026.



Cllr Gail Driscoll
Chairperson
27 August 2026



Cllr Allana Condon
Deputy Chairperson
27 August 2026



Mr Andrew Crakanthorp
Chief Executive Officer
27 August 2026



Ms Natasha Harris
Responsible Accounting Officer
27 August 2026

Riverina Water County Council

Income Statement

for the year ended 30 June 2026

Original unaudited budget 2026	\$ '000	Notes	Actual 2026	Actual 2025
	Income from continuing operations			
6,584	Rates and annual charges	B2-1	6,872	6,147
27,989	User charges and fees	B2-2	33,513	29,512
107	Other revenues	B2-3	1,202	451
25	Grants and contributions provided for operating purposes	B2-4	156	31
3,039	Grants and contributions provided for capital purposes	B2-4	2,658	1,389
1,571	Interest and investment income	B2-5	1,953	1,649
—	Net gain from the disposal of assets	B4-1	—	162
39,315	Total income from continuing operations		46,354	39,341
	Expenses from continuing operations			
13,325	Employee benefits and on-costs	B3-1	15,560	14,556
12,584	Materials and services	B3-2	11,128	10,166
364	Borrowing costs	B3-3	146	117
266	Other expenses	B3-5	203	224
—	Net loss from the disposal of assets	B4-1	1,654	—
26,539	Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		28,691	25,063
12,776	Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		17,663	14,278
9,092	Depreciation, amortisation and impairment of non-financial assets	B3-4	10,717	8,682
3,684	Operating result from continuing operations		6,946	5,596
3,684	Net operating result for the year attributable to Council		6,946	5,596
645	Net operating result for the year before grants and contributions provided for capital purposes		4,288	4,207

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

Riverina Water County Council

Statement of Comprehensive Income

for the year ended 30 June 2026

\$ '000	Notes	2026	2025
Net operating result for the year – from Income Statement		6,946	5,596
Other comprehensive income:			
Amounts which will not be reclassified subsequent to operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	9,573	63,013
Gain (loss) on revaluation of intangible assets	C1-7	476	(99)
Total items which will not be reclassified subsequent to operating result		10,049	62,914
Total other comprehensive income for the year		10,049	62,914
Total comprehensive income for the year attributable to Council		16,995	68,510

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

Riverina Water County Council

Statement of Financial Position

as at 30 June 2026

\$ '000	Notes	2026	2025
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	4,437	2,243
Investments	C1-2	24,000	22,000
Receivables	C1-4	5,649	5,323
Inventories	C1-5	2,771	2,691
Total current assets		36,857	32,257
Non-current assets			
Investments	C1-2	20,700	13,000
Infrastructure, property, plant and equipment (IPPE)	C1-6	455,123	448,110
Intangible assets	C1-7	9,295	8,819
Total non-current assets		485,118	469,929
Total assets		521,975	502,186
LIABILITIES			
Current liabilities			
Payables	C2-1	3,507	3,610
Borrowings	C2-2	455	155
Employee benefit provisions	C2-3	4,835	4,754
Total current liabilities		8,797	8,519
Non-current liabilities			
Borrowings	C2-2	4,020	1,550
Employee benefit provisions	C2-3	313	267
Total non-current liabilities		4,333	1,817
Total liabilities		13,130	10,336
Net assets		508,845	491,850
EQUITY			
Accumulated surplus		176,925	169,979
IPPE revaluation surplus	C3-1	331,920	321,871
Council equity interest		508,845	491,850
Total equity		508,845	491,850

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

Riverina Water County Council

Statement of Changes in Equity

for the year ended 30 June 2026

\$ '000	Notes	2026			2025		
		Accumulated surplus	IPPE revaluation surplus	Total equity	Accumulated surplus	IPPE revaluation surplus	Total equity
Opening balance at 1 July		169,979	321,871	491,850	164,383	258,957	423,340
Net operating result for the year		6,946	–	6,946	5,596	–	5,596
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	9,573	9,573	–	63,013	63,013
Gain (loss) on revaluation of intangible assets	C1-7	–	476	476	–	(99)	(99)
Other comprehensive income		–	10,049	10,049	–	62,914	62,914
Total comprehensive income		6,946	10,049	16,995	5,596	62,914	68,510
Closing balance at 30 June		176,925	331,920	508,845	169,979	321,871	491,850

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

Riverina Water County Council

Statement of Cash Flows

for the year ended 30 June 2026

Original unaudited budget 2026	\$ '000	Notes	Actual 2026	Actual 2025
Cash flows from operating activities				
Receipts:				
6,584	Rates and annual charges		6,849	6,144
27,998	User charges and fees		33,616	29,272
1,571	Interest received		1,664	1,511
3,064	Grants and contributions		2,799	1,415
–	Bonds, deposits and retentions received		–	47
107	Other		2,755	4,556
Payments:				
(13,349)	Payments to employees		(16,022)	(13,634)
(13,842)	Payments for materials and services		(12,337)	(10,555)
(364)	Borrowing costs		(146)	(117)
–	Bonds, deposits and retentions refunded		(40)	–
(266)	Other		(203)	(2,521)
11,503	Net cash flows from operating activities	F1-1	18,935	16,118
Cash flows from investing activities				
Receipts:				
–	Proceeds from sale of IPPE		303	482
Payments:				
–	Acquisition of term deposits		(9,700)	(5,000)
(18,090)	Payments for IPPE		(10,114)	(11,652)
(18,090)	Net cash flows from/(used in) investing activities		(19,511)	(16,170)
Cash flows from financing activities				
Receipts:				
4,400	Proceeds from borrowings		3,000	–
Payments:				
(487)	Repayment of borrowings		(230)	(155)
3,913	Net cash flows from/(used in) financing activities		2,770	(155)
(2,674)	Net change in cash and cash equivalents		2,194	(207)
2,450	Cash and cash equivalents at beginning of year		2,243	2,450
(224)	Cash and cash equivalents at end of year	C1-1	4,437	2,243
35,000	plus: Investments on hand at end of year	C1-2	44,700	35,000
34,776	Total cash, cash equivalents and investments		49,137	37,243

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

Riverina Water County Council

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Riverina Water County Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 27 August 2026. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

Basis of preparation

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

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

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

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

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

and are clearly marked.

Historical cost convention

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

Significant accounting estimates and judgements

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

Critical accounting estimates and assumptions

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (ii) estimated fair values of intangibles – refer Note C1-7
- (iii) employee benefit provisions – refer Note C2-3

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables

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

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2026 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates in the annual reporting period beginning 1 July 2025.

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

A1-1 Basis of preparation (continued)

AASB 18 *Presentation and Disclosure in Financial Statements*

Nature of change in accounting policy:

This standard replaces AASB 101 Presentation of Financial Statements and sets out the requirements for the structure of the financial statements, including the application of fundamental concepts such as materiality.

AASB 18 introduces additional subtotals into the Income Statement as well as restructuring the statement into operating, investing and financing elements. Management performance measures are also required to be disclosed.

Effective date:

Annual reporting periods beginning on or after 1 January 2028, i.e., councils' financial statements for the year ended 30 June 2029.

Expected impact on council financial statements:

The presentation of Councils primary statements will be changed along with some additional disclosures, however there will be no effect on Councils reported position or performance. Council will assess the final local-government presentation requirements as they are developed.

New accounting standards adopted during the year

There were no new standards relevant to Councils that became mandatorily effective for the year ended 30 June 2026.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Functions or activities										
Water supply	46,354	39,341	39,408	33,745	6,946	5,596	2,814	1,420	521,975	502,186
Total functions and activities	46,354	39,341	39,408	33,745	6,946	5,596	2,814	1,420	521,975	502,186

B1-2 Components of functions or activities

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

Water supply

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

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2026	2025
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Water supply services – commercial	585	525
Water supply services – residential	6,089	5,424
Annual charges levied	6,674	5,949
Pensioner annual charges subsidies received:		
– Water	198	198
Total annual charges	6,872	6,147
Total rates and annual charges	6,872	6,147
Timing of revenue recognition for rates and annual charges		
Rates and annual charges recognised at a point in time	6,872	6,147
Total rates and annual charges	6,872	6,147

Material accounting policy information

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

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

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

B2-2 User charges and fees

\$ '000	2026	2025
Specific user charges (per s502 - specific 'actual use' charges)		
Water supply services – commercial	8,040	6,957
Water supply services – residential	23,556	20,204
Total specific user charges	31,596	27,161
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s608)		
Private works – section 67	7	33
Section 603 certificates	231	208
Plumbing permits/fees	66	53
Total fees and charges – statutory/regulatory	304	294
(ii) Fees and charges – other (incl. general user charges (per s608))		
Leaseback fees – Council vehicles	107	95
Water connection fees	847	1,513
Standpipe fees	659	449
Total fees and charges – other	1,613	2,057
Total other user charges and fees	1,917	2,351
Total user charges and fees	33,513	29,512
Timing of revenue recognition for user charges and fees		
User charges and fees recognised at a point in time	33,513	29,512
Total user charges and fees	33,513	29,512

B2-2 User charges and fees (continued)

Material accounting policy information

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

B2-3 Other revenues

\$ '000	2026	2025
Diesel rebate	56	1
Insurance claims recoveries	24	–
Lease rental	133	88
Sales – scrap material	60	2
Sundry Income	21	71
Temporary water allocation	863	247
Insurance incentive	45	42
Total other revenue	1,202	451

Timing of revenue recognition for other revenue

Other revenue recognised at a point in time	1,202	451
Total other revenue	1,202	451

Material accounting policy information for other revenue

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

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

B2-4 Grants and contributions

\$ '000	Operating 2026	Operating 2025	Capital 2026	Capital 2025
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Water supplies	156	31	1	–
Water supplies (excl. section 64 contributions)	–	–	860	330
Total special purpose grants and non-developer contributions – cash	156	31	861	330
Total special purpose grants and non-developer contributions (tied)	156	31	861	330
Total grants and non-developer contributions	156	31	861	330
Comprising:				
– Other funding	156	31	861	330
	156	31	861	330

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2026	Operating 2025	Capital 2026	Capital 2025
Developer contributions:					
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions	F3				
S 64 – water supply contributions		–	–	1,797	1,059
Total developer contributions – cash		–	–	1,797	1,059
Total developer contributions		–	–	1,797	1,059
Total contributions		–	–	1,797	1,059
Total grants and contributions		156	31	2,658	1,389
Timing of revenue recognition					
Grants and contributions recognised at a point in time		156	31	2,658	1,389
Total grants and contributions		156	31	2,658	1,389

Material accounting policy information

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred. Developer contributions may only be expended for the purposes for which the contributions were required, but the Council may apply contributions according to the priorities established in work schedules.

B2-5 Interest and investment income

\$ '000	2026	2025
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges	93	81
– Cash and investments	1,860	1,568
Total interest and investment income	1,953	1,649

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2026	2025
Salaries and wages	11,598	10,699
Employee leave entitlements (ELE)	2,793	3,016
Superannuation	2,282	2,127
Workers' compensation insurance	279	224
Fringe benefit tax (FBT)	58	53
Payroll tax	856	802
Sick leave bonus	115	73
Total employee costs	17,981	16,994
Less: capitalised costs	(2,421)	(2,438)
Total employee costs expensed	15,560	14,556
Number of 'full-time equivalent' employees (FTE) at year end	126	126

Material accounting policy information

Superannuation plans

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

B3-2 Materials and services

\$ '000	Notes	2026	2025
Consultancy costs		328	281
Raw materials and consumables		2,753	2,106
Contractor costs		1,011	876
Audit Fee	E2-1	104	129
Councillor and Mayoral fees and associated expenses	E1-2	156	147
Advertising		21	54
Bank charges		58	38
Computer software charges		128	370
Electricity and heating		3,355	3,070
IT expenses		1,607	1,409
Insurance		516	485
Postage		157	168
Printing and stationery		83	100
Subscriptions and publications		60	125
Telephone and communications		145	148
Travel expenses		18	21
Rates and user charges		210	186
Training costs (other than salaries and wages)		261	293
Memberships		77	48
Uniforms		32	57
Legal expenses:			
– Legal expenses: other		48	55
Total materials and services		11,128	10,166

B3-3 Borrowing costs

(i) Interest bearing liability costs

Interest on loans	146	117
Total borrowing costs expensed	146	117

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

\$ '000	Notes	2026	2025
Depreciation and amortisation			
Plant and equipment		775	707
Office equipment		39	166
Land improvements (depreciable)		15	17
Infrastructure:	C1-6		
– Buildings – non-specialised		7	4
– Buildings – specialised		510	298
– Water supply network		9,371	7,490
Total gross depreciation and amortisation costs		10,717	8,682
Total depreciation, amortisation and impairment of non-financial assets		10,717	8,682

Material accounting policy information

Depreciation and amortisation

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

Impairment of non-financial assets

Specialised assets held at fair value which are not primarily held for cash-generating purposes are not subject to impairment testing. These assets are reassessed annually to confirm their value is not materially different from fair value, and any impairment is captured through that process.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if there are indicators of impairment.

All other non-financial assets are tested for impairment if events suggest their carrying amount might not be recoverable. If the carrying amount is higher than the recoverable amount, an impairment loss is recognised. The recoverable amount is the greater of fair value (less selling costs) and value in use.

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

B3-5 Other expenses

\$ '000	2026	2025
Other		
Donations, contributions and assistance to other organisations (Section 356)	203	224
Total other expenses	203	224

B4 Gains or losses

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

\$ '000	Notes	2026	2025
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		–	10
Less: carrying amount of property assets sold/written off		–	(1)
Gain (or loss) on disposal		–	9
Gain (or loss) on disposal of plant and equipment			
Proceeds from disposal – plant and equipment		303	472
Less: carrying amount of plant and equipment assets sold/written off	C1-6	(190)	(305)
Gain (or loss) on disposal		113	167
Gain (or loss) on disposal of infrastructure			
Proceeds from disposal – infrastructure	C1-6	–	–
Less: carrying amount of infrastructure assets sold/written off		(1,767)	(14)
Gain (or loss) on disposal		(1,767)	(14)
Net gain (or loss) from disposal of assets		(1,654)	162

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 26 June 2025 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2026 Budget	2026 Actual	2026 ----- Variance -----	
Revenues				
User charges and fees	27,989	33,513	5,524	20% F
User charges were higher due to increased water sales and income from water connection fees.				
Other revenues	107	1,202	1,095	1,023% F
Temporary sales of water licence allocations increased other revenues.				
Operating grants and contributions	25	156	131	524% F
New grant received for Fresh Start for Local Government Apprentices, Trainees and Cadets Program.				
Capital grants and contributions	3,039	2,658	(381)	(13)% U
Income from developer contributions was less than budgeted, however increased on 2024/25 figures.				
Interest and investment revenue	1,571	1,953	382	24% F

B5-1 Material budget variations (continued)

\$ '000	2026 Budget	2026 Actual	2026 ----- Variance -----	
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Interest on investments was higher than original budget due to more favourable interest rates.

Expenses

Employee benefits and on-costs	13,325	15,560	(2,235)	(17)%	U
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Employee benefits and on-costs were higher than budget due to capitalised wages being lower than anticipated, and budget realignment resulting from realignment of the wages budget.

Materials and services	12,584	11,128	1,456	12%	F
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Materials and services were lower than budget due to lower than anticipated contractor and consultancy costs.

Borrowing costs	364	146	218	60%	F
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Borrowing costs were lower than budget due to a budgeted new loan not being drawn for the solar project. This was partially offset by drawdown of a new loan not included in the original budget for the Plumpton Road project.

Other expenses	266	203	63	24%	F
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Other expenses were lower than budget due to less donations made.

Net losses from disposal of assets	—	1,654	(1,654)	∞	U
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The loss principally relates to infrastructure assets replaced or derecognised during the year that were not identifiable when the original budget was prepared.

Statement of cash flows

Cash flows from operating activities	11,503	18,935	7,432	65%	F
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Cash flows from operating activities was higher due to user fee income mainly from increased water sales.

Cash flows from investing activities	(18,090)	(19,511)	(1,421)	8%	U
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Cash flows from investing activities was higher than budgeted due to purchase of additional investments. This was partially offset by lower than budgeted capital expenditure.

Cash flows from financing activities	3,913	2,770	(1,143)	(29)%	U
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Cash flow from financing activities was lower than budgeted due to a budgeted loan not being drawn for the solar project. This was partially offset by the drawdown of a new loan for the Plumpton Road project which was not included in the original budget.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2026	2025
Cash assets		
Cash on hand and at bank	1,437	1,060
Cash equivalent assets		
– Short-term deposits	3,000	1,183
Total cash and cash equivalents	4,437	2,243

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	4,437	2,243
Balance as per the Statement of Cash Flows	4,437	2,243

C1-2 Financial investments

\$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Debt securities at amortised cost				
Long term deposits	24,000	20,700	22,000	13,000
Total	24,000	20,700	22,000	13,000
Total financial investments	24,000	20,700	22,000	13,000
Total cash assets, cash equivalents and investments	28,437	20,700	24,243	13,000

Material accounting policy information

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

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

Financial assets

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

Amortised cost

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

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

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

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

\$ '000	2026	2025
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	49,137	37,243
Cash, cash equivalents and investments not subject to external restrictions	49,137	37,243

\$ '000	2026	2025
(b) Internal allocations		
Less: Internally restricted cash, cash equivalents and investments	(9,512)	(8,715)
Unrestricted and unallocated cash, cash equivalents and investments	39,625	28,528

Internal allocations

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

Employees leave entitlement	2,574	2,377
Plant replacement	2,159	2,422
Sales fluctuation	3,000	3,000
Revenue from Water Licences	1,779	916
Total internal allocations	9,512	8,715

Accounting Policy

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

\$ '000	2026	2025
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	39,625	28,528

C1-4 Receivables

\$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Rates and annual charges	766	—	655	—
User charges and fees	2,837	—	2,929	—
Accrued revenues				
Accrued interest on investments	1,188	—	899	—
Other income accruals	31	—	32	—
Government grants and subsidies	213	—	198	—
Net GST receivable	189	—	86	—
Prepaid expenditure	313	—	435	—
Other debtors	112	—	89	—
Total	5,649	—	5,323	—
Total net receivables	5,649	—	5,323	—

Material accounting policy information

Receivables are generally due for settlement within 30 days.

Impairment/Measurement of ECL

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

Impairment

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

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

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

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

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

Council's provision for impairment of receivables at 30 June 2026 is \$nil (2025: \$nil).

C1-5 Inventories

\$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
(i) Inventories at cost				
Stores and materials	2,771	–	2,691	–
Total inventories at cost	2,771	–	2,691	–
Total inventories	2,771	–	2,691	–

Material accounting policy information

Raw materials and stores, work in progress and finished goods

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

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2025			Asset movements during the reporting period						At 30 June 2026		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	17,889	–	17,889	4,450	–	(143)	–	(12,660)	–	9,536	–	9,536
Plant and equipment	8,944	(4,429)	4,515	–	1,461	(190)	(775)	260	–	9,922	(4,651)	5,271
Office equipment	387	(248)	139	–	1	–	(39)	28	–	416	(287)	129
Land:												
– Operational land	9,922	–	9,922	–	–	–	–	31	848	10,801	–	10,801
Land improvements – depreciable	2,278	(137)	2,141	–	94	–	(15)	11	36	2,422	(155)	2,267
Infrastructure:												
– Buildings – non-specialised	377	(135)	242	–	–	–	(7)	–	12	396	(149)	247
– Buildings – specialised	30,057	(9,203)	20,854	3	–	(336)	(510)	26	1,197	31,284	(10,050)	21,234
– Water supply network	620,938	(228,530)	392,408	4,063	–	(1,246)	(9,371)	12,304	7,480	647,300	(241,662)	405,638
Total infrastructure, property, plant and equipment	690,792	(242,682)	448,110	8,516	1,556	(1,915)	(10,717)	–	9,573	712,077	(256,954)	455,123

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

By aggregated asset class	At 1 July 2024			Asset movements during the reporting period							At 30 June 2025		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Transfers from/(to) IPPE Asset classes	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	16,406	–	16,406	4,134	3,286	–	–	(5,937)	–	–	17,889	–	17,889
Plant and equipment	8,997	(4,421)	4,576	–	883	(274)	(707)	36	1	–	8,944	(4,429)	4,515
Office equipment	1,581	(1,279)	302	–	–	(31)	(166)	–	34	–	387	(248)	139
Land:													
– Operational land	8,607	–	8,607	–	–	(1)	–	–	–	1,316	9,922	–	9,922
Land improvements – depreciable	2,498	(71)	2,427	–	–	–	(17)	–	2	(271)	2,278	(137)	2,141
Infrastructure:													
– Buildings – non-specialised	724	(232)	492	–	–	–	(4)	–	(198)	(48)	377	(135)	242
– Buildings – specialised	22,573	(7,760)	14,813	97	–	–	(298)	2,424	3,695	123	30,057	(9,203)	20,854
– Water supply network	572,965	(238,141)	334,824	3,140	–	(14)	(7,490)	3,477	(3,422)	61,893	620,938	(228,530)	392,408
Total infrastructure, property, plant and equipment	634,351	(251,904)	382,447	7,371	4,169	(320)	(8,682)	–	112	63,013	690,792	(242,682)	448,110

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

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

Material accounting policy information

Useful lives of IPPE

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their carrying amount, net of their residual values, over their estimated remaining useful lives. Expected useful lives applied upon capitalisation are as follows:

Plant and equipment	Years	Water assets	Years
Office equipment	5 to 10	Reservoirs	20 to 100
Office furniture	10 to 20	Bores	20 to 80
Computer equipment	5	Reticulation pipes: PVC	60 to 80
Vehicles	5 to 10	Reticulation pipes: other	50 to 80
Heavy plant/road making equipment	5 to 10	Pumps and telemetry	20 to 80
Other plant and equipment	5 to 15	Water treatment plants	20 to 80
Buildings			
		Buildings: masonry	60 to 80

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

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive revaluation was last undertaken by Marsh Valuation Services for all water infrastructure, land, land improvement, and buildings assets for the year ended 30 June 2025.

In the years outside of comprehensive revaluations, water assets are indexed in accordance with the Reference Rates Manual issued by the Department of Climate Change, Energy, Environment and Water. Land, land improvement, and building assets are indexed in accordance with an indexation assessment provided by Marsh Valuation Services.

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

C1-7 Intangible assets

Intangible assets are as follows:

Other

\$ '000	2026	2025
High Security Water Licences		
Opening values at 1 July		
Gross carrying amount	8,819	8,918
Net carrying amount – opening balance	8,819	8,918
Movements for the year		
Fair Value (increment/(decrement) to Equity - Asset Revaluation Reserve)	476	(99)
Closing values at 30 June		
Gross carrying amount	9,295	8,819
Total High Security Water Licences – net carrying amount	9,295	8,819
Total intangible assets – net carrying amount	9,295	8,819

Material accounting policy information

High Security Water Licences

High security water licences are measured using the revaluation model as an active market exists for the relevant class of water entitlements. Fair value is determined annually by reference to observable market transactions.

C2 Liabilities of Council

C2-1 Payables

\$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Goods and services – operating expenditure	884	–	1,116	–
Accrued expenses:				
– Salaries and wages	289	–	850	–
– Other expenditure accruals	986	–	441	–
Security bonds, deposits and retentions	150	–	190	–
Other	97	–	–	–
Prepaid rates	1,101	–	1,013	–
Total payables	3,507	–	3,610	–

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

\$ '000	2026	2025
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	150	190
Total payables	150	190

Material accounting policy information

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

C2-2 Borrowings

	2026 Current	2026 Non-current	2025 Current	2025 Non-current
\$ '000				
Loans – secured ¹	455	4,020	155	1,550
Total borrowings	455	4,020	155	1,550

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

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

(a) Changes in liabilities arising from financing activities

	2025	Non-cash movements					2026
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	1,705	(230)	3,000	–	–	–	4,475
Total liabilities from financing activities	1,705	(230)	3,000	–	–	–	4,475

	2024	Non-cash movements					2025
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	1,860	(155)	–	–	–	–	1,705
Total liabilities from financing activities	1,860	(155)	–	–	–	–	1,705

(b) Financing arrangements

\$ '000	2026	2025
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Total facilities

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

Bank overdraft facilities ¹	250	250
Credit cards/purchase cards	200	100
Market Rate Facility	500	500
Total financing arrangements	950	850

Drawn facilities

Financing facilities drawn down at the reporting date are:

– Credit cards/purchase cards	22	25
Total drawn financing arrangements	22	25

Undrawn facilities

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

– Bank overdraft facilities	250	250
– Credit cards/purchase cards	178	75
– Market Rate Facility	500	500
Total undrawn financing arrangements	928	825

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

C2-3 Employee benefit provisions

\$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Annual leave	1,228	–	1,193	–
Sick leave	8	–	8	–
Long service leave	3,599	313	3,553	267
Total employee benefit provisions	4,835	313	4,754	267

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

\$ '000	2026	2025
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	3,162	3,120
	3,162	3,120

Material accounting policy information

Other long-term employee benefit obligations

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

C3 Reserves

C3-1 Nature and purpose of reserves

IPPE Revaluation Surplus

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

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

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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

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

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

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

The risks associated with the financial instruments held are:

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

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

(a) Market risk – interest rate and price risk

\$ '000	2026	2025
The impact on the result for the year and equity of a reasonably possible movement in the interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date. This risk only relates to future reinvestment.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	477	362

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

(b) Credit risk

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

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

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

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

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

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

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

Credit risk profile

Receivables – annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	Not yet overdue	< 5 years	≥ 5 years	
2026				
Gross carrying amount	532	234	–	766
2025				
Gross carrying amount	345	310	–	655

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2026						
Gross carrying amount	4,056	98	177	161	391	4,883
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2025						
Gross carrying amount	3,307	708	217	106	330	4,668
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

(c) Liquidity risk

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2026							
Payables	0.00%	150	3,357	–	–	3,507	3,507
Borrowings	6.39%	–	735	3,196	2,498	6,429	4,475
Total financial liabilities		150	4,092	3,196	2,498	9,936	7,982
2025							
Payables	0.00%	190	3,420	–	–	3,610	3,610
Borrowings	6.05%	–	265	957	1,605	2,827	1,705
Total financial liabilities		190	3,685	957	1,605	6,437	5,315

D2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- High security water licences

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

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

D2-1 Fair value measurement (continued)

		Fair value measurement hierarchy					
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2026	2025	2026	2025	2026	2025
Recurring fair value measurements							
Intangible assets							
	C1-7						
High Security Water Licence		9,295	8,819	—	—	9,295	8,819
Total intangible assets		9,295	8,819	—	—	9,295	8,819
Infrastructure, property, plant and equipment							
	C1-6						
Water Supply Networks		—	—	405,638	392,408	405,638	392,408
Buildings		—	—	21,481	21,096	21,481	21,096
Land		13,068	12,063	—	—	13,068	12,063
Plant & Equipment		5,271	4,515	—	—	5,271	4,515
Office Equipment		129	139	—	—	129	139
Total infrastructure, property, plant and equipment		18,468	16,717	427,119	413,504	445,587	430,221

D2-1 Fair value measurement (continued)

Valuation techniques

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

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

Intangible assets

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

Infrastructure, property, plant and equipment (IPPE)

Council engages external, independent and qualified valuers to determine fair value of infrastructure and property assets on a regular basis. A full revaluation of land, land improvements, buildings and water infrastructure was undertaken in 2024/25 by Marsh Pty Ltd. In other years water infrastructure is indexed in accordance with the reference rates advised by the NSW Department of Climate Change, Energy, Environment and Water and other assets are assessed to ensure there are no material differences in carrying values.

Techniques used to derive fair values:

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

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

Infrastructure: assets are componentised into significant parts. Unit rates are based on similar capacity, using market evidence or other inputs that require professional judgement. The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the Level 3 Infrastructure asset class fair values:

Significant Unobservable Input	Range of Input	Relationship of input to Fair Value
Condition Rating	1 - 5 as specified	The lower the condition rating, the higher the Fair Value
Useful Life	4 - 120	The longer the useful life, the higher the Fair Value
Remaining Useful Life	0 - 118 years	The longer the remaining life, the higher the Fair Value

Plant and Equipment: valued based on actual historical costs.

Fair value measurements using significant unobservable inputs (level 3)

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

	Total IPP&E	
\$ '000	2026	2025
Opening balance	413,504	350,129
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	8,689	61,968
Other movements		
Purchases (GBV)	16,396	9,213
Disposals (WDV)	(1,582)	(14)
Depreciation and impairment	(9,888)	(7,792)
Closing balance	427,119	413,504

Highest and best use

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

D3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under Vision Super (Active Super merged with Vision Super during the financial year ended 2025) – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 9.5% of salaries for the year ending 30 June 2026 to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The adequacy of contributions is assessed at each actuarial investigation which will be conducted annually, the next of which is due effective 30 June 2026.

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

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

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

Description of any agreed allocation of a deficit or surplus on:

(i) wind-up of the plan

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

(ii) the entity's withdrawal from the plan

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

D3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2026 was \$60,852.

Council's expected contribution to the plan for the next annual reporting period is \$60,806.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2026 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,127.6	
Past Service Liabilities	1,966.9	108.2%
Vested Benefits	2,007.4	106.0%

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

In respect of the share of funding surplus or deficit, Mercer has advised that 0.28% can be attributed to Riverina Water. This is based on the last formal valuation of the Fund which was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2025.

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

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

Investment return	6.25% per annum
Salary inflation *	4.0% 2026/27, 4.0% 2027/28, 4.0% 2028/29, 3.50% per annum thereafter
Increase in CPI	4.1% 2025/26, 3.75% 2026/27, 2.50% per annum thereafter

* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed by December 2026.

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

D3-1 Contingencies (continued)

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.

2. Other liabilities

(i) Third party claims

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

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

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

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

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

\$ '000	2026	2025
Compensation:		
Short-term benefits	938	853
Post-employment benefits	88	84
Other long-term benefits	40	37
Total	1,066	974

Other transactions with KMP and their related parties

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

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

Nature of the transaction	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000					
2026					
Payment for goods/ services received	–	–	30 day creditor payment terms	–	–
2025					
Payment for goods/ services received	2	–	30 day creditor payment terms	–	–

E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2026	2025
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Members expenses – chairperson’s fee	19	15
Members expenses – members fees	103	95
Superannuation	11	9
Members expenses (incl. chairperson) – other (excluding fees above)	23	28
Total	156	147

E2 Other relationships

E2-1 Audit fees

\$ '000	2026	2025
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	55	63
Remuneration for audit and other assurance services	55	63
Total fees paid or payable to the NSW Auditor-General	55	63
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Other audit and assurance services: Council's Internal Auditor	49	66
Remuneration for audit and other assurance services	49	66
Total remuneration of non NSW Auditor-General audit firms	49	66
Total audit fees	104	129

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2026	2025
Net operating result from Income Statement	6,946	5,596
Add / (less) non-cash items:		
Depreciation and amortisation	10,717	8,682
(Gain) / loss on disposal of assets	1,654	(162)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(326)	1,554
(Increase) / decrease of inventories	(80)	(41)
Increase / (decrease) in payables	(232)	669
Increase / (decrease) in other accrued expenses payable	(16)	(889)
Increase / (decrease) in other liabilities	145	(33)
Increase / (decrease) in employee benefit provision	127	742
Net cash flows from operating activities	18,935	16,118

F2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2026	2025
---------	------	------

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Water infrastructure - other	777	550
Boree to Morundah pipeline project	41	147
Plant and equipment replacement	819	729
Water Treatment Plant	391	129
Land & Buildings	87	—
The Rock Depot project	1,725	—
Solar Pilot Plant	1,029	539
Plumpton Road project	2,717	—
Total commitments	7,586	2,094

These expenditures are payable as follows:

Within the next year	7,586	2,094
Total payable	7,586	2,094

Sources for funding of capital commitments:

Unrestricted funds	7,586	2,094
Total sources of funding	7,586	2,094

Details of capital commitments

2026

The Rock Depot project to be completed in 2026/27 financial year.
 Plumpton Road project to be completed in 2026/27 financial year.
 Solar Pilot Plant works to continue in 2026/27 financial year.
 Water treatment plant refurbishment and other asset renewals.
 Plant & Equipment replacement.

2025

Solar Pilot Plant works to continue in 2025/26 financial year.
 Water treatment plant refurbishment and other asset renewals.
 Plant & Equipment replacement.
 Boree to Morundah pipeline project to be completed in 2025/26 financial year.

F3 Statement of developer contributions

F3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2025	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2026	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
S64 contributions	—	1,797	—	—	—	(1,797)	—	—	—
Total contributions	—	1,797	—	—	—	(1,797)	—	—	—

Under the *Environmental Planning and Assessment Act 1979*, local infrastructure contributions, also known as developer contributions, are charged by councils when new development occurs. They help fund infrastructure like parks, community facilities, local roads, footpaths, stormwater drainage and traffic management. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

End of the audited financial statements

G1 Statement of performance measures

G1-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2026	Indicator 2026	Indicators 20252024		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	5,942	13.60%	10.70%	9.18%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	43,696				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	43,540	93.93%	96.38%	91.67%	> 60.00%
Total continuing operating revenue ¹	46,354				
3. Unrestricted current ratio					
Current assets less all external restrictions	36,857	6.72x	6.19x	6.72x	> 1.50x
Current liabilities less specific purpose liabilities	5,485				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	16,805	44.69x	47.22x	44.29x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	376				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	766	10.05%	9.54%	9.03%	< 10.00%
Rates and annual charges collectable	7,620				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	49,137	20.35 months	16.56 months	15.89 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	2,415				

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

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



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Riverina Water County Council

To the Councillors of Riverina Water County Council

Opinion

I have audited the accompanying financial statements of Riverina Water County Council (the council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2026, the Statement of Financial Position as at 30 June 2026, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion:

- the council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of the Division
 - are, in all material respects, consistent with the council's accounting records
 - present fairly, in all material respects, the financial position of the council as at 30 June 2026, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
 - all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for opinion

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

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

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

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

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

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

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

Other information

The council's annual report for the year ended 30 June 2026 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements.

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

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

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

I have nothing to report in this regard.

The councillors' responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

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

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

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

A handwritten signature in black ink, appearing to read 'Nirupama'.

Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

29 September 2026
SYDNEY



Gail Driscoll
Chairperson
Riverina Water County Council
91 Hammond Ave
WAGGA WAGGA NSW 2650

Contact: Nirupama Mani
Phone no: 02 9275 7111
Our ref: R008-266507568-12307

29 September 2026

Dear Ms Driscoll

**Report on the Conduct of the Audit
for the year ended 30 June 2026
Riverina Water County Council**

I have audited the general purpose financial statements (GPFS) of the Riverina Water County Council (the Council) for the year ended 30 June 2026 as required by section 415 of the *Local Government Act 1993* (the Act).

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

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

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

Basis of this report

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2026 is issued in accordance with section 417 of the Act. The Report:

- must address the specific matters outlined in the Local Government Code of Accounting Practice and Financial Reporting 2025-26
- may include statements, comments and recommendations that I consider to be appropriate based on the conduct of the audit of the GPFS.

This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Financial performance

	2026	2025	Variance
	\$m	\$m	%
Rates and annual charges revenue	6.9	6.1	↑ 11.8
User Charges and Fees	33.5	29.5	↑ 13.6
Grants and contributions provided for capital purposes revenue	2.7	1.4	↑ 91.4
Operating result from continuing operations	6.9	5.6	↑ 24.1
Net Operating result for the year before grants and contributions provided for capital purposes	4.3	4.2	↑ 1.9

Operating result from continuing operations

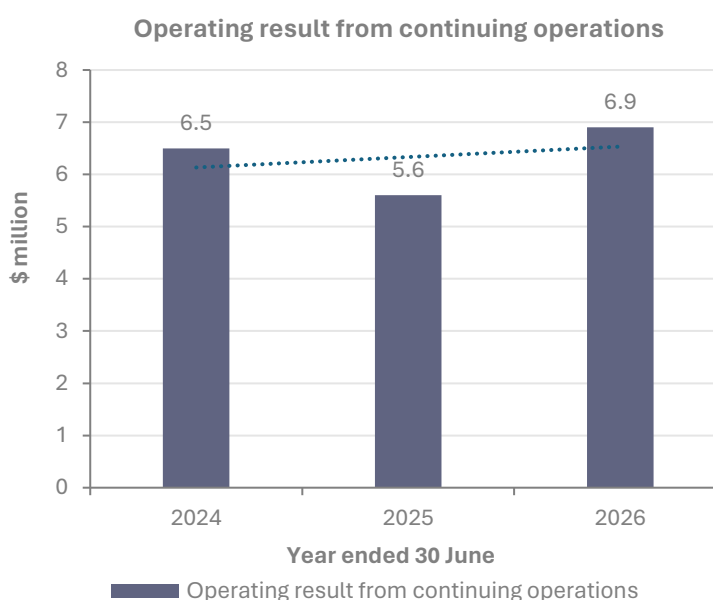
This graph shows the operating result from continuing operations for the current and prior two financial years.

Operating result from continuing operations for the year was \$1.3 million higher than the 2024–25 result as:

- user charges and fees (\$33.5 million) increased by \$4.0 million (13.6%) due to increase in the water sales and income from water connection fees
- grants and contributions provided for capital purposes (\$2.7 million) increased by \$1.3 million (91.4%) mainly due to increase in Section 64 water supply developer contribution.

These increase in revenue is offset by:

- increase in employee benefits and on-costs (\$15.6 million) by \$1.0 million (6.9%) due to 4% increase in wage inflation



- increase in depreciation, amortisation and impairment of non-financial assets expense (\$10.7 million) by \$2.0 million (23.4 %) due to addition in water supply network.

The net operating result for the year before grants and contributions provided for capital purposes was \$4.3 million. Refer to 'Grants and contributions revenue' below for details.

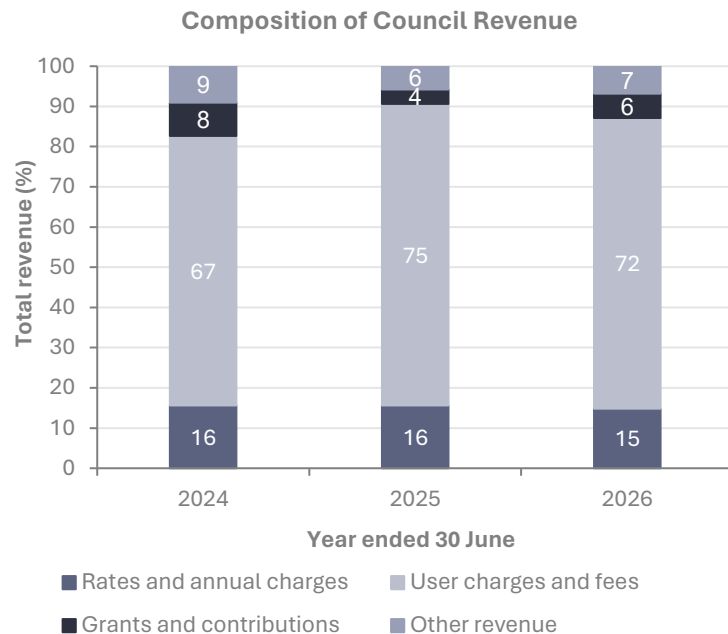
Income

Council revenue

This graph shows the composition of Council's revenue recognised for the current and prior two financial years.

Council revenue (\$46.4 million) increased by \$7.0 million (17.8%) in 2025–26 due to:

- rates and annual charges revenue (\$6.9 million) which increased by \$0.8 million (11.8%) due to an increase in annual water access charges for water supply adopted by Council for the FY26 year in its operational plan
- user charges and fees revenue (\$33.5 million) increased by \$4.0 million (13.6%) due to increase in the water consumption sales and income from water connection fees
- grants and contributions revenue (\$2.8 million) which increased by \$1.4 million (98.2%) due to increase in Section 64 water supply contributions by \$0.7 million and increase in non-developer capital contributions by \$0.5 million



CASH FLOWS

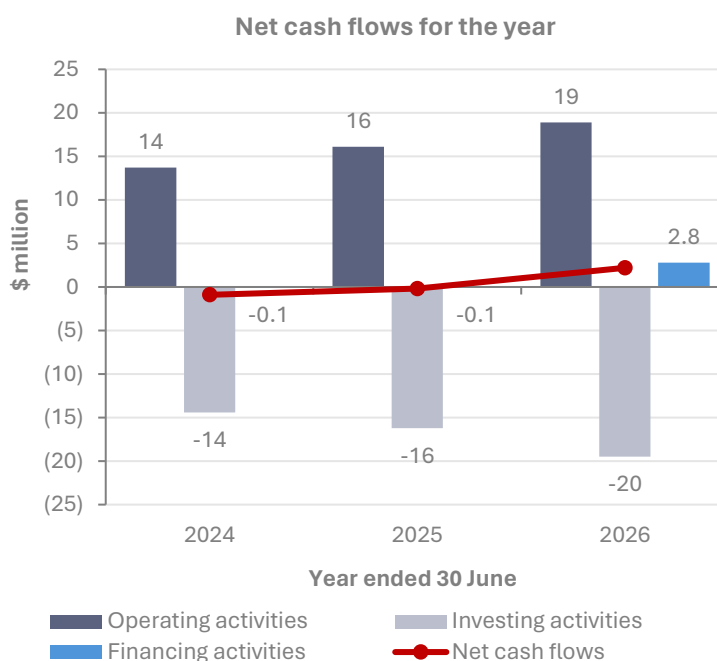
Statement of cash flows

The Statement of Cash Flows details the Council's inflows and outflows of cash over a specific period. It helps in assessing the Council's ability to generate cash to fund its operations, pay off debts, and support future projects. It also aids in identifying any pressures or issues in the Council operating in a financially sustainable manner.

This graph shows the net cash flows for the current and prior two financial years.

The net cash flows for the 2025-26 were positive \$2.2 million (negative \$0.2 million in 2024-25). In 2025-26 the net cashflows:

- from operating activities increased by \$2.8 million, mainly due to increase in receipts from rates and annual charges by \$0.7 million, user charges and fees by \$4.3 million and grants and contributions by \$1.4 million. These were offset by the increase in payments to employees by \$2.4 million and increase in payments for materials and services by \$1.8 million.
- used in investing activities increased by \$3.3 million, mainly due to increase in acquisition of term deposits by \$4.7 million and decrease in payments for IPPE by \$1.5 million
- from financing activities increased by \$2.9 million, mainly due to introduction of proceeds from borrowings.



FINANCIAL POSITION

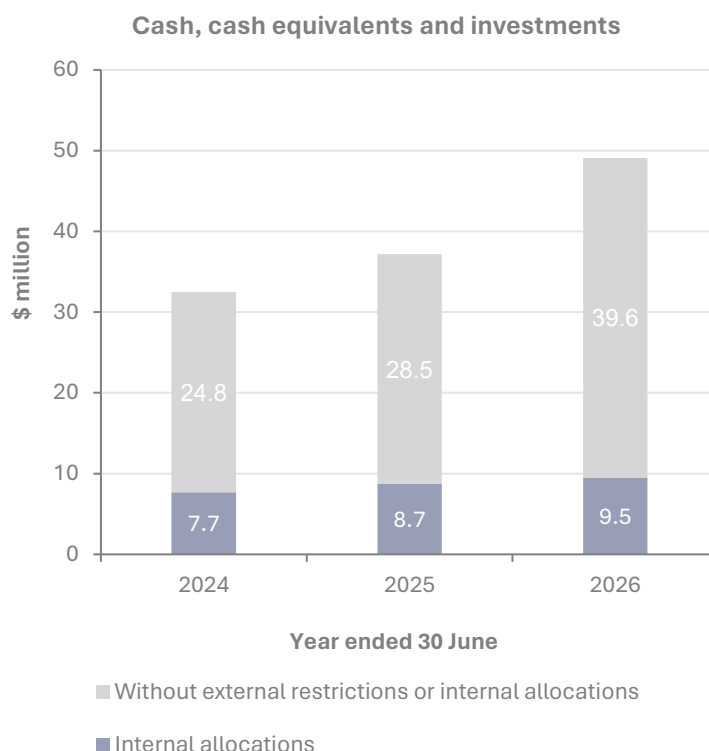
Cash, cash equivalents and investments

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by council due to a restriction placed by legislation or third party contractual agreement.

Cash, cash equivalents, and investments without external restrictions can be allocated internally by the elected Council's resolution or policy. These allocations are matters of Council policy and can be changed or removed by a Council resolution.

This graph shows the amount of cash, cash equivalents and investments with external restrictions, internal allocations, and those with neither as at 30 June 2026 and prior two financial years.

- Cash and investments include internal allocations for future commitments and operational requirements, comprising employee leave entitlements of \$2.6 million (2025: \$2.4 million), plant replacement of \$2.2 million (2025: \$2.4 million), fluctuation in excess or loss of water sales of \$3.0 million (2025: \$3.0 million), and water licence revenue of \$1.8 million (2025: \$0.9 million).
- Overall, these internally allocated amounts increased to \$9.5 million from \$8.7 million in 2025, driven primarily by the increase in funds allocated from water licence revenue.
- Council does not have any external restrictions.

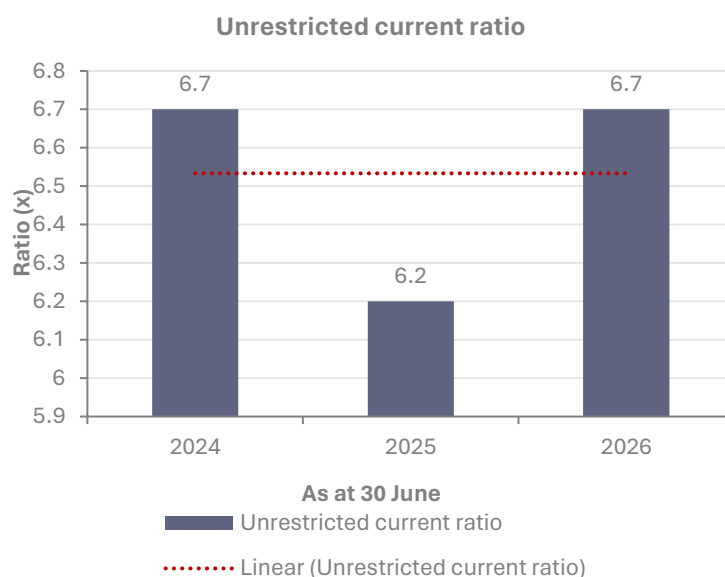


Council liquidity

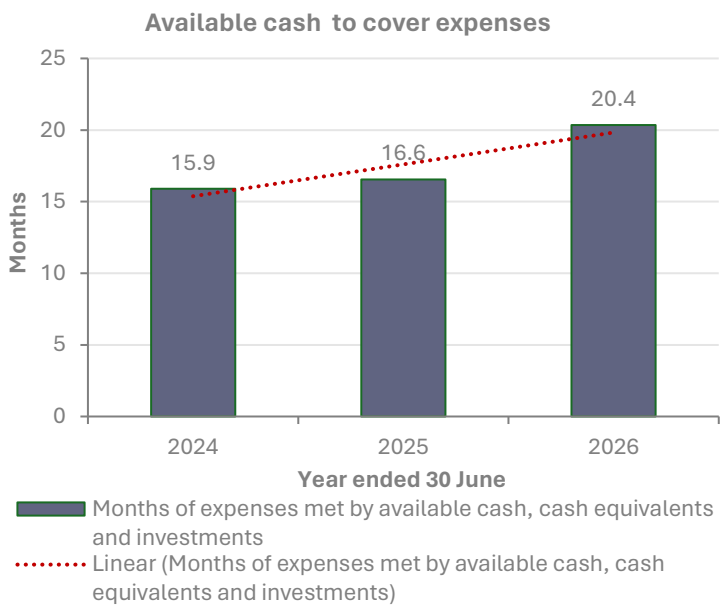
This graph shows the Council's unrestricted current ratio for the current and prior two financial years.

The unrestricted current ratio is specific to local government and represents council's ability to meet its short-term obligations as they fall due. It measures the ratio of unrestricted current assets to current liabilities less specific purpose liabilities.

In 2024-25, the average unrestricted current ratio was an average of 4.8x for rural councils.

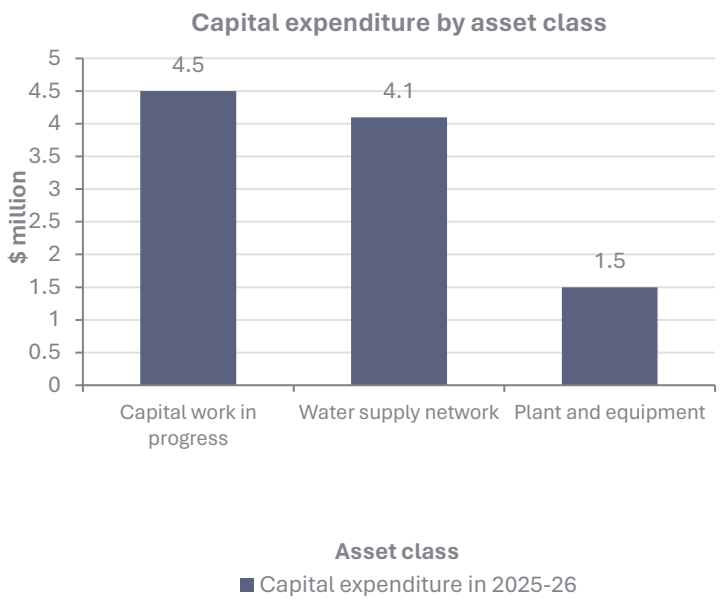


This graph shows the number of months of general fund expenses (excluding depreciation and borrowing costs), Council can fund from its available cash, cash equivalents and investments (not subject to external restrictions). Further details on cash, cash equivalents and investments including internal allocations are included in the section above. Cash expense cover ratio has increased from FY25 due to a higher net cash amount.



Infrastructure, property, plant and equipment

This graph shows how much the Council spent on renewing and purchasing assets in 2025-26. Council renewed \$10.1 million of infrastructure, property, plant and equipment during the 2025-26 financial year. This was mainly spent on capital work in progress and water supply network which includes water treatment plant refurbishment, Plumpton Road project, The Rock Depot project and Solar Pilot Plant.



Debt

The Council has entered contracts for \$3.0 million in loans with financial institutions (2025: \$1.7 million). At 30 June 2026, \$2.9 million of the loans were drawn down. The Council uses loans to finance Plumpton Road project.

A handwritten signature in black ink, appearing to read 'Nirupama'.

Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General

Riverina Water County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2026

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



Riverina Water County Council

Special Purpose Financial Statements

for the year ended 30 June 2026

Contents	Page
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Statement of Financial Position of water supply business activity	5
Note – Material accounting policy information	6
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Riverina Water County Council

Special Purpose Financial Statements

for the year ended 30 June 2026

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

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

- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections 3 and 4 of the NSW Department of Climate Change, Energy, the Environment and Water's (DCCEE) *Regulatory and assurance framework for local water utilities, July 2022*

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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 27 August 2026.



Cllr Gail Driscoll
Chairperson
27 August 2026



Cllr Allana Condon
Deputy Chairperson
27 August 2026



Mr Andrew Crakanthorp
Chief Executive Officer
27 August 2026



Ms Natasha Harris
Responsible Accounting Officer
27 August 2026

Riverina Water County Council

Income Statement of water supply business activity

for the year ended 30 June 2026

\$ '000	2026	2025
Income from continuing operations		
Access charges	6,872	6,147
User charges	33,513	29,512
Interest and investment income	1,953	1,649
Grants and contributions provided for operating purposes	156	31
Net gain from the disposal of assets	–	162
Other income	1,202	451
Total income from continuing operations	43,696	37,952
Expenses from continuing operations		
Employee benefits and on-costs	15,560	14,556
Borrowing costs	146	117
Materials and services	10,769	9,800
Water purchase charges	359	366
Net loss from the disposal of assets	1,654	–
Other expenses	203	224
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	28,691	25,063
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets before capital amounts	15,005	12,889
Depreciation, amortisation and impairment of non-financial assets	10,717	8,682
Surplus (deficit) from continuing operations before capital amounts	4,288	4,207
Grants and contributions provided for capital purposes	2,658	1,389
Surplus (deficit) from continuing operations after capital amounts	6,946	5,596
Surplus (deficit) from all operations before tax	6,946	5,596
Less: corporate taxation equivalent (25%) (2025:25%) [based on result before capital]	(1,072)	(1,052)
Surplus (deficit) after tax	5,874	4,544
Opening accumulated surplus	169,979	164,383
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	1,072	1,052
Closing accumulated surplus	176,925	169,979
Return on capital %	1.0%	1.0%
Subsidy from Council	17,139	14,317
Calculation of dividend payable:		
Surplus (deficit) after tax	5,874	4,544
Less: capital grants and contributions (excluding developer contributions)	(2,658)	(1,389)
Surplus for dividend calculation purposes	3,216	3,155
Potential dividend calculated from surplus	1,608	1,578

Riverina Water County Council

Statement of Financial Position of water supply business activity

as at 30 June 2026

\$ '000	2026	2025
ASSETS		
Current assets		
Cash and cash equivalents	4,437	2,243
Investments	24,000	22,000
Receivables	5,649	5,323
Inventories	2,771	2,691
Total current assets	36,857	32,257
Non-current assets		
Investments	20,700	13,000
Infrastructure, property, plant and equipment	455,123	448,110
Intangible assets	9,295	8,819
Total non-current assets	485,118	469,929
Total assets	521,975	502,186
LIABILITIES		
Current liabilities		
Payables	2,406	2,597
Income received in advance	1,101	1,013
Borrowings	455	155
Employee benefit provisions	4,835	4,754
Total current liabilities	8,797	8,519
Non-current liabilities		
Borrowings	4,020	1,550
Employee benefit provisions	313	267
Total non-current liabilities	4,333	1,817
Total liabilities	13,130	10,336
Net assets	508,845	491,850
EQUITY		
Accumulated surplus	176,925	169,979
IPPE revaluation surplus	331,920	321,871
Total equity	508,845	491,850

Note – Material accounting policy information

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

Riverina Water County Council

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

Category 2

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

Nil

Taxation equivalent charges

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

Notional rate applied (%)

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

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

Note – Material accounting policy information (continued)

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

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

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

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

Income tax

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

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to the 'Council' as the owner of business operations – it represents an internal payment and has no effect on the operations of the Council.

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Written down value of IPPE as at 30 June 2026

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.74% at 30/6/26.

(iii) Dividends

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

A local government water supply business is permitted to pay annual dividends from their water supply business surpluses. Each dividend must be calculated and approved in accordance with DCCEEW's regulatory and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of water supply assessments at 30 June 2026 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Riverina Water County Council

To the Councillors of Riverina Water County Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Riverina Water County Council's (the council) declared business activities, which comprise the Statement by Councillors and Management, the Income Statement of each declared business activity for the year ended 30 June 2026, the Statement of Financial Position of each declared business activity as at 30 June 2026 and the Material accounting policy information note.

The declared business activities of the council are:

- water supply business activity.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the council's declared business activities as at 30 June 2026, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Material accounting policy information note and the Local Government Code of Accounting Practice and Financial Reporting 2025–26 (LG Code).

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

Basis for opinion

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

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

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

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

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

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

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

Emphasis of matter - basis of accounting

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

Other information

The council's annual report for the year ended 30 June 2026 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements.

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

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

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

I have nothing to report in this regard.

The councillors' responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Nirupama'.

Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

29 September 2026
SYDNEY

Riverina Water County Council

SPECIAL SCHEDULES
for the year ended 30 June 2026

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



Riverina Water County Council

Special Schedules

for the year ended 30 June 2026

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Report on infrastructure assets as at 30 June 2026	3

Riverina Water County Council

Report on infrastructure assets as at 30 June 2026

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2025/26 Required maintenance ^a	2025/26 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Asset condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings – non-specialised	–	–	1	1	247	396	0.0%	59.9%	40.1%	0.0%	0.0%
	Buildings – specialised	–	–	120	120	21,234	31,284	37.6%	31.9%	21.6%	8.4%	0.5%
	Sub-total	–	–	121	121	21,481	31,680	37.1%	32.2%	21.9%	8.3%	0.5%
Water supply network	Treatment Plants	4,205	4,205	2,030	2,030	63,860	94,359	59.8%	11.9%	8.2%	14.1%	6.1%
	Bores	513	513	96	96	3,658	7,104	19.2%	32.8%	38.2%	5.8%	4.1%
	Reservoirs	2,296	2,296	165	165	38,165	58,483	45.7%	23.5%	22.4%	3.9%	4.6%
	Pumping Stations	2,511	2,511	109	109	5,517	14,038	22.1%	9.0%	37.2%	16.7%	15.1%
	Pipeline	20,997	20,997	970	970	294,438	473,318	37.0%	25.9%	24.2%	5.3%	7.6%
	Sub-total	30,522	30,522	3,370	3,370	405,638	647,302	40.6%	23.3%	22.2%	6.7%	7.2%
Total – all assets		30,522	30,522	3,491	3,491	427,119	678,982	40.4%	23.8%	22.1%	6.8%	6.9%

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

Infrastructure asset condition assessment 'key'

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

Riverina Water County Council

Report on infrastructure assets as at 30 June 2026

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2026	Indicator 2026	Indicators 20252024		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	8,516	86.12%	94.60%	48.20%	> 100.00%
Depreciation, amortisation and impairment	9,888				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	30,522	6.99%	4.83%	7.96%	< 2.00%
Net carrying amount of infrastructure assets	436,655				
Asset maintenance ratio					
Actual asset maintenance	3,491	100.00%	100.00%	118.32%	> 100.00%
Required asset maintenance	3,491				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	30,522	4.50%	3.20%	4.89%	
Gross replacement cost	678,982				

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

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