

# Riverina Water County Council

## GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2021

---

"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 2021

---

Contents	Page
<b>Statement by Councillors and Management</b>	<b>3</b>
<b>Primary Financial Statements:</b>	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
<b>Notes to the Financial Statements</b>	<b>9</b>

---

### 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 LGA 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](http://www.rwcc.nsw.gov.au).

# Riverina Water County Council

## General Purpose Financial Statements

for the year ended 30 June 2021

---

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

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

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

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

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

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

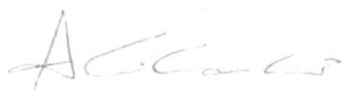
Signed in accordance with a resolution of Council made on 24 August 2021.



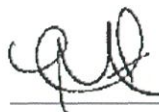
Clr G Verdon  
Chairperson



Clr T Koschel  
Deputy Chairperson



Mr A Crakanthorp  
Chief Executive Officer



Ms E Tonacia  
Responsible Accounting Officer

# Riverina Water County Council

## Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
	<b>Income from continuing operations</b>			
5,117	Rates and annual charges	B2-1	<b>5,655</b>	5,592
23,833	User charges and fees	B2-2	<b>19,735</b>	25,587
345	Other revenue	B2-3	<b>519</b>	2,052
225	Grants and contributions provided for operating purposes	B2-4	<b>207</b>	270
3,190	Grants and contributions provided for capital purposes	B2-4	<b>2,750</b>	2,443
300	Interest and investment income	B2-5	<b>467</b>	664
–	Net gains from the disposal of assets	B4-1	<b>116</b>	5
<b>33,010</b>	<b>Total income from continuing operations</b>		<b>29,449</b>	36,613
	<b>Expenses from continuing operations</b>			
9,371	Employee benefits and on-costs	B3-1	<b>9,066</b>	9,627
4,029	Materials and services	B3-2	<b>7,084</b>	7,365
387	Borrowing costs	B3-3	<b>367</b>	466
6,350	Depreciation, amortisation and impairment for non-financial assets	B3-4	<b>7,570</b>	6,845
5,193	Other expenses	B3-5	<b>95</b>	110
<b>25,330</b>	<b>Total expenses from continuing operations</b>		<b>24,182</b>	24,413
<b>7,680</b>	<b>Operating result from continuing operations</b>		<b>5,267</b>	12,200
<b>7,680</b>	<b>Net operating result for the year attributable to Council</b>		<b>5,267</b>	12,200
<b>4,491</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>2,517</b>	9,757

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 2021

\$ '000	Notes	2021	2020
<b>Net operating result for the year – from Income Statement</b>		<b>5,267</b>	<b>12,200</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<b>(47,725)</b>	2,703
Gain (loss) on revaluation of intangible assets	C1-7	<b>(1,587)</b>	3,200
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>(49,312)</b>	5,903
<b>Total other comprehensive income for the year</b>		<b>(49,312)</b>	5,903
<b>Total comprehensive income for the year attributable to Council</b>		<b>(44,045)</b>	18,103

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 2021

\$ '000	Notes	2021	2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	14,392	13,218
Investments	C1-2	17,000	18,000
Receivables	C1-4	3,589	4,366
Inventories	C1-5	2,310	2,476
<b>Total current assets</b>		<b>37,291</b>	<b>38,060</b>
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment	C1-6	327,948	371,482
Intangible Assets	C1-7	9,776	10,884
<b>Total non-current assets</b>		<b>337,724</b>	<b>382,366</b>
<b>Total assets</b>		<b>375,015</b>	<b>420,426</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	2,843	1,886
Borrowings	C3-2	1,587	1,866
Employee benefit provisions	C3-3	4,852	5,307
<b>Total current liabilities</b>		<b>9,282</b>	<b>9,059</b>
<b>Non-current liabilities</b>			
Borrowings	C3-2	3,811	5,400
<b>Total non-current liabilities</b>		<b>3,811</b>	<b>5,400</b>
<b>Total liabilities</b>		<b>13,093</b>	<b>14,459</b>
<b>Net assets</b>		<b>361,922</b>	<b>405,967</b>
<b>EQUITY</b>			
Accumulated surplus		152,845	147,578
IPPE revaluation reserve	C4-1	209,077	258,389
<b>Council equity interest</b>		<b>361,922</b>	<b>405,967</b>
<b>Total equity</b>		<b>361,922</b>	<b>405,967</b>

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 2021

\$ '000	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		147,578	258,389	405,967	135,378	252,486	387,864
Net operating result for the year		5,267	–	5,267	12,200	–	12,200
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	(47,725)	(47,725)	–	2,703	2,703
Gain (loss) on revaluation of intangible assets		–	(1,587)	(1,587)	–	3,200	3,200
<b>Other comprehensive income</b>		–	(49,312)	(49,312)	–	5,903	5,903
<b>Total comprehensive income</b>		<b>5,267</b>	<b>(49,312)</b>	<b>(44,045)</b>	<b>12,200</b>	<b>5,903</b>	<b>18,103</b>
<b>Closing balance at 30 June</b>		<b>152,845</b>	<b>209,077</b>	<b>361,922</b>	<b>147,578</b>	<b>258,389</b>	<b>405,967</b>

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 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
5,107	Rates and annual charges		6,103	6,061
24,061	User charges and fees		20,346	25,071
329	Investment and interest revenue received		476	566
3,460	Grants and contributions		2,955	2,714
–	Bonds, deposits and retention amounts received		4	–
210	Other		1,845	4,696
<b>Payments:</b>				
(9,367)	Employee benefits and on-costs		(9,448)	(8,486)
(3,806)	Materials and services		(7,749)	(2,486)
(387)	Borrowing costs		(367)	(466)
–	Bonds, deposits and retention amounts refunded		–	(77)
(5,193)	Other		1	(7,239)
14,414	<b>Net cash flows from operating activities</b>	F1-1	<b>14,166</b>	<b>20,354</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
–	Redemption of term deposits		1,000	–
–	Sale of infrastructure, property, plant and equipment		317	216
<b>Payments:</b>				
–	Purchase of investment securities		–	(3,000)
(20,317)	Purchase of infrastructure, property, plant and equipment		(11,962)	(15,701)
–	Purchase of intangible assets		(479)	(82)
(20,317)	<b>Net cash flows from investing activities</b>		<b>(11,124)</b>	<b>(18,567)</b>
<b>Cash flows from financing activities</b>				
<b>Payments:</b>				
(1,860)	Repayment of borrowings		(1,868)	(1,753)
(1,860)	<b>Net cash flows from financing activities</b>		<b>(1,868)</b>	<b>(1,753)</b>
(7,763)	<b>Net change in cash and cash equivalents</b>		<b>1,174</b>	<b>34</b>
10,482	Cash and cash equivalents at beginning of year		13,218	13,184
2,719	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>14,392</b>	<b>13,218</b>
15,000	plus: Investments on hand at end of year	C1-2	17,000	18,000
17,719	<b>Total cash, cash equivalents and investments</b>		<b>31,392</b>	<b>31,218</b>

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



# Riverina Water County Council

## Contents for the notes to the Financial Statements for the year ended 30 June 2021

<b>A About Council and these financial statements</b>	<b>11</b>
A1-1 Basis of preparation	11
<b>B Financial Performance</b>	<b>14</b>
<b>B1 Functions or activities</b>	<b>14</b>
B1-1 Functions or activities – income, expenses and assets	14
B1-2 Components of functions or activities	15
<b>B2 Sources of income</b>	<b>16</b>
B2-1 Rates and annual charges	16
B2-2 User charges and fees	16
B2-3 Other revenue	17
B2-4 Grants and contributions	18
B2-5 Interest and investment income	19
<b>B3 Costs of providing services</b>	<b>20</b>
B3-1 Employee benefits and on-costs	20
B3-2 Materials and services	21
B3-3 Borrowing costs	21
B3-4 Depreciation, amortisation and impairment of non-financial assets	22
B3-5 Other expenses	23
<b>B4 Gains or losses</b>	<b>24</b>
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	24
<b>B5 Performance against budget</b>	<b>25</b>
B5-1 Material budget variations	25
<b>C Financial position</b>	<b>27</b>
<b>C1 Assets we manage</b>	<b>27</b>
C1-1 Cash and cash equivalents	27
C1-2 Financial investments	27
C1-3 Restricted cash, cash equivalents and investments	28
C1-4 Receivables	29
C1-5 Inventories	30
C1-6 Infrastructure, property, plant and equipment	31
C1-7 Intangible assets	33
<b>C2 Leasing activities</b>	<b>34</b>
C2-1 Council as a lessee	34
<b>C3 Liabilities of Council</b>	<b>35</b>
C3-1 Payables	35
C3-2 Borrowings	35
C3-3 Employee benefit provisions	38
<b>C4 Reserves</b>	<b>41</b>
C4-1 Nature and purpose of reserves	41
<b>D Risks and accounting uncertainties</b>	<b>42</b>
D1-1 Risks relating to financial instruments held	42

# Riverina Water County Council

## Contents for the notes to the Financial Statements for the year ended 30 June 2021

---

D2 Fair value measurement	45
D3-1 Contingencies	49
<b>E People and relationships</b>	<b>50</b>
<b>E1 Related party disclosures</b>	<b>50</b>
E1 Key management personnel (KMP)	50
E1-2 Councillor and Mayoral fees and associated expenses	51
<b>E2 Other relationships</b>	<b>52</b>
E2-1 Audit fees	52
<b>F Other matters</b>	<b>53</b>
F1-1 Statement of Cash Flows information	53
F2-1 Commitments	54
F3-1 Events occurring after the reporting date	55
<b>F4 Changes from prior year statements</b>	<b>55</b>
F4-1 Changes in accounting estimates	55
<b>F5 Statement of developer contributions as at 30 June 2021</b>	<b>56</b>
F5-1 Summary of developer contributions	56
<b>F6 Statement of performance measures</b>	<b>57</b>
F6-1 Statement of performance measures – consolidated results	57
<b>G Additional Council disclosures (unaudited)</b>	<b>58</b>
G1-1 Statement of performance measures – consolidated results (graphs)	58
G1-2 Financial review	60
G1-3 Council information and contact details	61

## A About Council and these financial statements

### A1-1 Basis of preparation

---

These financial statements were authorised for issue by Council on 13 September 2021.

Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These 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 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for profit entity for the purpose of preparing these financial statements.

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

Full dollars have been used in Note F1 Disclosures in relation to the disclosure of specific related party transactions.

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

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

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

and are clearly marked.

#### Historical cost convention

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

#### Significant accounting estimates and judgements

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

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

#### Critical accounting estimates and assumptions

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

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

#### Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables

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

Covid 19 has caused some disruption to council's business practices with a number of staff working remotely from home or at other council facilities away from the main administration building. Whilst this has caused some inconvenience, it has not resulted in significant additional cost. Some costs have been incurred for additional equipment and staff salaries for employees required to isolate.

## A1-1 Basis of preparation (continued)

There has not been any notable reductions in water rates, user charges or collections. Other receivables have not been impacted.

Overall the financial impact has not been significant and is not anticipated to increase in future years.

Council is of the view that physical non-current assets will not experience substantial declines in value due to covid. Fair value for the majority of Council's non-current assets is determined by replacement cost where there is no anticipated material change in value due to covid. For assets where fair value is determined by market value, Council has no evidence of material changes to these values.

### Goods and Services Tax (GST)

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

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

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

### New accounting standards and interpretations issued not yet effective

#### 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 2021 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

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:

#### **AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current; and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date**

This Standard amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

For example the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

**Council does not expect any material impact from the above amendments and to its classification of liabilities as current or non-current.**

This standard has an effective date for the 30 June 2024 reporting period.

#### **AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 -2020 and Other Amendments**

This Standard amends a number of standards as follows:

- AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences,
- AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations,
- AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability,

## A1-1 Basis of preparation (continued)

- AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset,
- AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making and
- AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

**Council does not expect any material impact from the above amendments.**

This standard has an effective date for the 30 June 2023 reporting period.

### New accounting standards adopted during the year

During the year Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2020:

- AASB 1059 Service Concession Arrangements: Grantor and associated amendments
- AASB 2018- 6 Amendments to Australian Accounting Standards – Definition of a business
- AASB 2018 – 7 Amendments to Australian Accounting Standards – Definition of material
- AASB 2019 – 3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
- AASB 2019 -5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia
- AASB 2019 – 7 Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP / GFS Reconciliations
- AASB 2020 – 4 Amendments to Australian Accounting Standards – Covid-19 Related Rent Concessions

These newly adopted standards did not have a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

## 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Functions or activities</b>										
Water supplies	29,449	36,613	24,182	24,413	5,267	12,200	2,750	2,443	375,015	420,426
Other	–	–	–	–	–	–	207	270	–	–
<b>Total functions and activities</b>	<b>29,449</b>	<b>36,613</b>	<b>24,182</b>	<b>24,413</b>	<b>5,267</b>	<b>12,200</b>	<b>2,957</b>	<b>2,713</b>	<b>375,015</b>	<b>420,426</b>

## 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 supplies**

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

### **Other**

Comprising the Pensioner Rebate that is received by Council.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	Timing	2021	2020
<b>Annual charges</b>			
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Water supply services – commercial	2	496	493
Water supply services – residential	2	4,952	4,894
<b>Annual charges levied</b>		<b>5,448</b>	<b>5,387</b>
Pensioner subsidies received:			
– Water	2	207	205
<b>Total annual charges</b>		<b>5,655</b>	<b>5,592</b>
<b>Total rates and annual charges</b>		<b>5,655</b>	<b>5,592</b>

#### Accounting policy

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

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

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

### B2-2 User charges and fees

\$ '000	Timing	2021	2020
<b>Specific user charges</b>			
(per s.502 - specific 'actual use' charges)			
Water supply services – commercial	2	5,589	7,455
Water supply services – residential	2	13,234	17,128
<b>Total specific user charges</b>		<b>18,823</b>	<b>24,583</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Private works – section 67	2	2	12
Section 603 certificates	2	217	146
<b>Total fees and charges – statutory/regulatory</b>		<b>219</b>	<b>158</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Leaseback fees – Council vehicles	2	44	40
Water connection fees	2	423	477
Standpipe fees	2	226	329
<b>Total fees and charges – other</b>		<b>693</b>	<b>846</b>
<b>Total user charges and fees</b>		<b>19,735</b>	<b>25,587</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised at a point in time (2)		19,735	25,587
<b>Total user charges and fees</b>		<b>19,735</b>	<b>25,587</b>

#### Accounting policy

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



## B2-3 Other revenue

\$ '000	Timing	2021	2020
Sales – general	2	60	36
Lease rental	2	25	30
Sales – scrap material	2	8	24
Sundry Income	2	93	1,817
Temporary water allocation	2	333	145
<b>Total other revenue</b>		<b>519</b>	<b>2,052</b>
<b>Timing of revenue recognition for other revenue</b>			
Other revenue recognised at a point in time (2)		519	2,052
<b>Total other revenue</b>		<b>519</b>	<b>2,052</b>

### Accounting policy for other revenue

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.

## B2-4 Grants and contributions

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
<b>Previously specific grants:</b>					
<b>Pensioners' rates subsidies:</b>					
LIRS subsidy	2	190	256	—	—
Diesel and alternative fuels	2	17	14	—	—
<b>Previously contributions:</b>					
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>207</b>	<b>270</b>	<b>—</b>	<b>—</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>207</b>	<b>270</b>	<b>—</b>	<b>—</b>
<b>Total grants and non-developer contributions</b>		<b>207</b>	<b>270</b>	<b>—</b>	<b>—</b>
<b>Comprising:</b>					
– Commonwealth funding		190	220	—	—
– State funding		17	50	—	—
		<b>207</b>	<b>270</b>	<b>—</b>	<b>—</b>

## Developer contributions

\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Developer contributions:</b>						
<b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>						
<b>Cash contributions</b>						
S 64 – water supply contributions		2	—	—	2,750	2,443
<b>Total developer contributions – cash</b>			<b>—</b>	<b>—</b>	<b>2,750</b>	<b>2,443</b>
<b>Total developer contributions</b>			<b>—</b>	<b>—</b>	<b>2,750</b>	<b>2,443</b>
<b>Total contributions</b>			<b>—</b>	<b>—</b>	<b>2,750</b>	<b>2,443</b>
<b>Total grants and contributions</b>			<b>207</b>	<b>270</b>	<b>2,750</b>	<b>2,443</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised at a point in time (2)			207	270	2,750	2,443
<b>Total grants and contributions</b>			<b>207</b>	<b>270</b>	<b>2,750</b>	<b>2,443</b>

## Accounting policy

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

**B2-5 Interest and investment income**

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	<b>63</b>	102
– Cash and investments	<b>404</b>	562
<b>Total interest and investment income</b>	<b>467</b>	<b>664</b>

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

Overdue rates and annual charges (general fund)	<b>63</b>	102
General Council cash and investments	<b>404</b>	562
<b>Total interest and investment income</b>	<b>467</b>	<b>664</b>

**Accounting policy**

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

## B3 Costs of providing services

### B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	8,205	8,095
Travel expenses	191	280
Employee leave entitlements (ELE)	1,423	2,443
Superannuation	1,465	1,400
Workers' compensation insurance	155	268
Fringe benefit tax (FBT)	66	36
Payroll tax	541	531
Training costs (other than salaries and wages)	212	237
Uniforms	58	70
Safety Bonus	9	19
Sick leave bonus	149	143
<b>Total employee costs</b>	<b>12,474</b>	<b>13,522</b>
Less: capitalised costs	(3,408)	(3,895)
<b>Total employee costs expensed</b>	<b>9,066</b>	<b>9,627</b>
Number of 'full-time equivalent' employees (FTE) at year end	108	102

#### Accounting policy

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

#### *Retirement benefit obligations*

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

#### *Superannuation plans*

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

Council participates in a Defined Benefit Plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note C3-3 for more information.

## B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		321	290
Contractor and consultancy costs		2,054	2,032
Audit Fee	E2-1	49	70
Strategic Documents		44	9
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	E1-2	120	134
Advertising		56	491
Bank charges		24	96
Computer software charges		352	270
Electricity and heating		2,255	2,832
Insurance		251	207
Office expenses (including computer expenses)		311	227
Postage		124	117
Printing and stationery		36	32
Subscriptions and publications		111	72
Telephone and communications		182	91
Demand management		44	125
Rates and user charges		144	90
Community Engagement		546	–
Risk Management		14	–
<b>Legal expenses:</b>			
– Legal expenses: other		44	178
Expenses from leases of low value assets		2	2
<b>Total materials and services</b>		<b>7,084</b>	<b>7,365</b>
<b>Total materials and services</b>		<b>7,084</b>	<b>7,365</b>

## B3-3 Borrowing costs

### (i) Interest bearing liability costs

Interest on loans	367	466
<b>Total interest bearing liability costs</b>	<b>367</b>	<b>466</b>
<b>Total interest bearing liability costs expensed</b>	<b>367</b>	<b>466</b>

### (ii) Other borrowing costs

Fair value adjustments on recognition of advances and deferred debtors		
<b>Total borrowing costs expensed</b>	<b>367</b>	<b>466</b>

### Accounting policy

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

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

\$ '000	Notes	2021	2020
<b>Depreciation and amortisation</b>			
Plant and equipment		555	514
Office equipment		130	175
Software		17	–
<b>Infrastructure:</b>	C1-6		
– Buildings – non-specialised		54	51
– Buildings – specialised		143	143
– Water supply network		6,671	5,962
Right of use assets	C2-1	–	–
<b>Total gross depreciation and amortisation costs</b>		<b>7,570</b>	<b>6,845</b>
<b>Total depreciation and amortisation costs</b>		<b>7,570</b>	<b>6,845</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>7,570</b>	<b>6,845</b>

### Accounting policy

#### Depreciation and amortisation

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

#### Impairment of non-financial assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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**

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
<b>Other</b>		
Donations, contributions and assistance to other organisations (Section 356)	<b>95</b>	110
<b>Total other expenses</b>	<b>95</b>	<b>110</b>

**Accounting policy**

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

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

<b>\$ '000</b>	<b>Notes</b>	<b>2021</b>	<b>2020</b>
<b>Gain (or loss) on disposal of plant and equipment</b>	C1-6		
Proceeds from disposal – plant and equipment		<b>317</b>	216
Less: carrying amount of plant and equipment assets sold/written off		<b>(201)</b>	(211)
<b>Gain (or loss) on disposal</b>		<b>116</b>	<b>5</b>
<b>Net gain (or loss) on disposal of assets</b>		<b>116</b>	<b>5</b>

**Accounting policy**

The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.



## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 24/06/2020 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	2021 Budget	2021 Actual	2021 ----- Variance -----	
<b>REVENUES</b>				
<b>Rates and annual charges</b>	<b>5,117</b>	<b>5,655</b>	<b>538</b>	<b>11% F</b>
Connections through the year slightly higher than anticipated resulting in increased fixed income for access charges.				
<b>User charges and fees</b>	<b>23,833</b>	<b>19,735</b>	<b>(4,098)</b>	<b>(17)% U</b>
Water sales lower than budgeted due to wetter weather over the year.				
<b>Other revenues</b>	<b>345</b>	<b>519</b>	<b>174</b>	<b>50% F</b>
Higher than budgeted due to a temporary water licence allocation.				
<b>Operating grants and contributions</b>	<b>225</b>	<b>207</b>	<b>(18)</b>	<b>(8)% U</b>
<b>Capital grants and contributions</b>	<b>3,190</b>	<b>2,750</b>	<b>(440)</b>	<b>(14)% U</b>
Variance due to lower than anticipated developer contributions.				
<b>Interest and investment revenue</b>	<b>300</b>	<b>467</b>	<b>167</b>	<b>56% F</b>
Income higher than budgeted due to cash on hand being higher than anticipated.				
<b>Net gains from disposal of assets</b>	<b>–</b>	<b>116</b>	<b>116</b>	<b>∞ F</b>
<b>EXPENSES</b>				
<b>Employee benefits and on-costs</b>	<b>9,371</b>	<b>9,066</b>	<b>305</b>	<b>3% F</b>
<b>Materials and services</b>	<b>4,029</b>	<b>7,084</b>	<b>(3,055)</b>	<b>(76)% U</b>
Changes to the OLG Code of Accounting have resulted in more expenses being shown under Materials and Services that were previously shown under Other Expenses.				
<b>Borrowing costs</b>	<b>387</b>	<b>367</b>	<b>20</b>	<b>5% F</b>
<b>Depreciation, amortisation and impairment of non-financial assets</b>	<b>6,350</b>	<b>7,570</b>	<b>(1,220)</b>	<b>(19)% U</b>
Water Treatment Plant was capitalised at the end of last year which resulted in a higher depreciation expense than budgeted. An adjustment for this amount was made in the March 2021 Quarterly Budget Review.				
<b>Other expenses</b>	<b>5,193</b>	<b>95</b>	<b>5,098</b>	<b>98% F</b>
Changes to the OLG Code of Accounting have resulted in more expenses being shown under Materials and Services that were previously shown under Other Expenses.				
<b>STATEMENT OF CASH FLOWS</b>				
<b>Cash flows from operating activities</b>	<b>14,414</b>	<b>14,166</b>	<b>(248)</b>	<b>(2)% U</b>

continued on next page ...

**B5-1 Material budget variations (continued)**

<b>\$ '000</b>	<b>2021 Budget</b>	<b>2021 Actual</b>	<b>2021 ----- Variance -----</b>	
<b>Cash flows from investing activities</b>	<b>(20,317)</b>	<b>(11,124)</b>	<b>9,193</b>	<b>(45)% F</b>
Decreased capital expenditure due to delays caused by Covid.				
<b>Cash flows from financing activities</b>	<b>(1,860)</b>	<b>(1,868)</b>	<b>(8)</b>	<b>0% U</b>

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2021	2020
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	340	119
Cash-equivalent assets		
– Short-term deposits	14,052	13,099
<b>Total cash and cash equivalents</b>	<b>14,392</b>	<b>13,218</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	14,392	13,218
<b>Balance as per the Statement of Cash Flows</b>	<b>14,392</b>	<b>13,218</b>

#### Accounting policy

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

#### C1-2 Financial investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Debt securities at amortised cost</b>				
Long term deposits	17,000	–	18,000	–
<b>Total</b>	<b>17,000</b>	<b>–</b>	<b>18,000</b>	<b>–</b>
<b>Total financial investments</b>	<b>17,000</b>	<b>–</b>	<b>18,000</b>	<b>–</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>31,392</b>	<b>–</b>	<b>31,218</b>	<b>–</b>

#### Accounting policy

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

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

#### Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

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

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total cash, cash equivalents and investments	<b>31,392</b>	<b>—</b>	<b>31,218</b>	<b>—</b>
<b>attributable to:</b>				
Internal restrictions	<b>7,844</b>	<b>—</b>	7,181	—
Unrestricted	<b>23,548</b>	<b>—</b>	24,037	—
	<b>31,392</b>	<b>—</b>	<b>31,218</b>	<b>—</b>

\$ '000	2021	2020
---------	------	------

### Details of restrictions

#### Internal restrictions

Council has internally restricted cash, cash equivalents and investments as follows:

Employees leave entitlement	<b>2,426</b>	2,653
Plant replacement	<b>1,857</b>	1,300
Sales fluctuation	<b>3,000</b>	3,000
Water Treatment Plant	<b>228</b>	228
Revenue from Water Licences	<b>333</b>	—
<b>Total internal restrictions</b>	<b>7,844</b>	<b>7,181</b>
<b>Total restrictions</b>	<b>7,844</b>	<b>7,181</b>

Internal restrictions over cash, cash equivalents and investments are those assets restricted only by a resolution of the elected Council.

## C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Purpose</b>				
Rates and annual charges	765	—	932	—
User charges and fees	2,046	—	2,657	—
Accrued revenues				
Accrued interest on investments	318	—	327	—
Government grants and subsidies	207	—	205	—
Sundry debtors	253	—	245	—
<b>Total</b>	<b>3,589</b>	<b>—</b>	<b>4,366</b>	<b>—</b>
<b>Total net receivables</b>	<b>3,589</b>	<b>—</b>	<b>4,366</b>	<b>—</b>

### Accounting policy

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

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

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

### 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 2021 is \$nil (2020: \$nil).

### Covid 19 Impact

Council's rate and user charges collections have not been significantly impacted by the Covid 19 pandemic and are comparable to prior years, therefore no adjustment has been made to the impairment provision.

## C1-5 Inventories

<b>\$ '000</b>	<b>2021 Current</b>	<b>2021 Non-current</b>	<b>2020 Current</b>	<b>2020 Non-current</b>
<b>(i) Inventories at cost</b>				
Stores and materials	<b>2,310</b>	<b>–</b>	2,476	–
<b>Total inventories at cost</b>	<b>2,310</b>	<b>–</b>	<b>2,476</b>	<b>–</b>
<b>Total inventories</b>	<b>2,310</b>	<b>–</b>	<b>2,476</b>	<b>–</b>

### Accounting policy

#### Inventory held for distribution

Inventory held for distribution is carried at the weighted average cost, adjusted where applicable for any loss of service potential.

## C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period								At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Capital work in progress	8,572	–	8,572	2,192	841	–	–	(627)	(140)	–	–	10,838	–	10,838
Plant and equipment	6,959	(3,495)	3,464	781	–	(194)	(555)	–	–	–	–	7,225	(3,728)	3,497
Office equipment	1,302	(961)	341	–	83	(2)	(130)	–	–	–	–	1,355	(1,070)	285
<b>Land:</b>														
– Operational land	4,658	–	4,658	–	1,587	–	–	–	–	–	134	6,379	–	6,379
- Land Improvements	2,510	–	2,510	–	36	–	–	–	–	(558)	–	2,015	(27)	1,988
<b>Infrastructure:</b>														
– Buildings – non-specialised	4,094	(636)	3,458	–	–	–	(54)	–	–	(2,992)	–	623	(212)	411
– Buildings – specialised	12,431	(1,358)	11,073	–	400	–	(143)	–	140	–	1,625	20,207	(7,113)	13,094
– Water supply network	492,131	(154,725)	337,406	4,653	1,376	–	(6,671)	627	–	(45,934)	–	506,280	(214,824)	291,456
<b>Total infrastructure, property, plant and equipment</b>	<b>532,657</b>	<b>(161,175)</b>	<b>371,482</b>	<b>7,626</b>	<b>4,323</b>	<b>(196)</b>	<b>(7,553)</b>	<b>–</b>	<b>–</b>	<b>(49,484)</b>	<b>1,759</b>	<b>554,922</b>	<b>(226,974)</b>	<b>327,948</b>

(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 2019			Asset movements during the reporting period						At 30 June 2020		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	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
<b>\$ '000</b>												
Capital work in progress	48,491	–	48,491	6,153	858	–	–	(46,931)	–	8,572	–	8,572
Plant and equipment	6,840	(3,332)	3,508	678	–	(208)	(514)	–	–	6,959	(3,495)	3,464
Office equipment	1,129	(865)	264	–	254	–	(175)	–	–	1,302	(961)	341
<b>Land:</b>												
– Operational land	4,518	–	4,518	–	140	–	–	–	–	4,658	–	4,658
- Land Improvements	1,968	–	1,968	–	542	–	–	–	–	2,510	–	2,510
<b>Infrastructure:</b>												
– Buildings – non-specialised	3,807	(585)	3,222	287	–	–	(51)	–	–	4,094	(636)	3,458
– Buildings – specialised	12,431	(1,215)	11,216	–	–	–	(143)	–	–	12,431	(1,358)	11,073
– Water supply network	435,710	(148,763)	286,947	5,100	1,687	–	(5,962)	46,931	2,703	492,131	(154,725)	337,406
<b>Total infrastructure, property, plant and equipment</b>	<b>514,894</b>	<b>(154,760)</b>	<b>360,134</b>	<b>12,218</b>	<b>3,481</b>	<b>(208)</b>	<b>(6,845)</b>	<b>–</b>	<b>2,703</b>	<b>532,657</b>	<b>(161,175)</b>	<b>371,482</b>

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

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

### Accounting policy

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

Water network assets are indexed annually between full revaluations in accordance with the latest indices provided in the Rates Reference Manual issued by Department of Industry (DoI) - Water.

Increases in the carrying amounts arising on revaluation are credited to the 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 revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

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

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.



## C1-7 Intangible assets

Intangible assets are as follows:

\$ '000	2021	2020
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	52	—
<b>Net book value – opening balance</b>	<b>52</b>	<b>—</b>
<b>Movements for the year</b>		
Purchases	223	52
Amortisation	(17)	—
<b>Closing values at 30 June</b>		
Gross book value	258	52
<b>Total software – net book value</b>	<b>258</b>	<b>52</b>

### Other

#### (b) High Security Water Licences

<b>Opening values at 1 July</b>		
Gross book value	10,832	7,602
<b>Net book value – opening balance</b>	<b>10,832</b>	<b>7,602</b>
<b>Movements for the year</b>		
Purchases	273	30
Fair Value (increment to Equity - Asset Revaluation Reserve)	(1,587)	3,200
<b>Closing values at 30 June</b>		
Gross book value	9,518	10,832
<b>Total High Security Water Licences – net book value</b>	<b>9,518</b>	<b>10,832</b>
<b>Total intangible assets – net book value</b>	<b>9,776</b>	<b>10,884</b>

### Accounting policy

#### IT development and software

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

#### High Security Water Licences

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

## C2 Leasing activities

### C2-1 Council as a lessee

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

#### Office and IT equipment

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

#### (a) Income Statement

\$ '000	2021	2020
The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:		
Expenses relating to low-value leases	2	2
	<b>2</b>	<b>2</b>

#### (b) Leases at significantly below market value – concessionary / peppercorn leases

##### Accounting policy

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

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

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

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

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

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

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

##### Exceptions to lease accounting

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

##### Leases at significantly below market value / concessionary leases

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

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Payables</b>				
Goods and services – operating expenditure	740	–	237	–
Accrued expenses:				
– Salaries and wages	386	–	313	–
– Other expenditure accruals	812	–	716	–
Security bonds, deposits and retentions	63	–	59	–
Prepaid rates	842	–	561	–
<b>Total payables</b>	<b>2,843</b>	<b>–</b>	<b>1,886</b>	<b>–</b>
<b>Total payables</b>	<b>2,843</b>	<b>–</b>	<b>1,886</b>	<b>–</b>

#### Payables relating to restricted assets

There are no restricted assets (external or internal) applicable to the above payables and borrowings

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

\$ '000	2021	2020
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	63	59
<b>Total payables and borrowings</b>	<b>63</b>	<b>59</b>

#### Accounting policy

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

#### Payables

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

### C3-2 Borrowings

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Loans – secured <sup>1</sup>	1,587	3,811	1,866	5,400
<b>Total borrowings</b>	<b>1,587</b>	<b>3,811</b>	<b>1,866</b>	<b>5,400</b>

(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.

#### Borrowings relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Externally restricted assets</b>				
Water	1,587	3,811	1,866	5,400
<b>Borrowings relating to externally restricted assets</b>	<b>1,587</b>	<b>3,811</b>	<b>1,866</b>	<b>5,400</b>

**C3-2 Borrowings (continued)**

<b>\$ '000</b>	<b>2021 Current</b>	<b>2021 Non-current</b>	<b>2020 Current</b>	<b>2020 Non-current</b>
<b>Total borrowings relating to restricted assets</b>	<b>1,587</b>	<b>3,811</b>	<b>1,866</b>	<b>5,400</b>
<b>Total borrowings</b>	<b>1,587</b>	<b>3,811</b>	<b>1,866</b>	<b>5,400</b>

**Current borrowings not anticipated to be settled within the next twelve months**

The following borrowings, even though classified as current, are not expected to be settled in the next 12 months.

## C3-2 Borrowings (continued)

### (a) Changes in liabilities arising from financing activities

	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	7,266	(1,868)	–	–	–	–	5,398
<b>Total liabilities from financing activities</b>	<b>7,266</b>	<b>(1,868)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5,398</b>

### (b) Financing arrangements

\$ '000	2021	2020
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	250	250
Credit cards/purchase cards	100	100
Market Rate Facility	500	500
<b>Total financing arrangements</b>	<b>850</b>	<b>850</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	15	17
<b>Total drawn financing arrangements</b>	<b>15</b>	<b>17</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	250	250
– Credit cards/purchase cards	85	83
– Market Rate Facility	500	500
<b>Total undrawn financing arrangements</b>	<b>835</b>	<b>833</b>

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

#### Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective-interest method.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired.

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

### C3-3 Employee benefit provisions

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Annual leave	1,205	–	1,338	–
Sick leave	8	–	8	–
Long service leave	3,639	–	3,961	–
<b>Total employee benefit provisions</b>	<b>4,852</b>	<b>–</b>	<b>5,307</b>	<b>–</b>

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

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	3,972	4,423
	<b>3,972</b>	<b>4,423</b>

#### Accounting policy

##### Short-term obligations

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

##### Other long-term employee benefit obligations

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

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

#### Defined Benefit Superannuation Disclosure

Council participates in an employer sponsored Defined Benefit Superannuation Scheme that is a multi-employer plan.

*(a) a description of the funding arrangements, including method used to determine rate of contributions and any minimum funding requirements.*

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 employee contributions for non-180 Point Members; Nil for 180 Point Members*
Division C	2.5% of salary
Division D	1.64 times employee contributions

\* For 180 Point Members, Employers are required to contribute 7% of salaries for the year ending 30 June 2021 (increasing to 7.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million per annum for 1 July 2019 for 3 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities

### C3-3 Employee benefit provisions (continued)

as at 30 June 2019. These past service contributions are used to maintain the adequacy of the funding position for accrued liabilities.

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

*(b) a description of the extent to which Council can be liable to plan the plan for other entities' obligations under the terms and conditions of the multi-employer plan.*

As stated 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.

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 past service contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

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

*(i) wind-up of the plan*

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

*(ii) 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.

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

*(i) the fact the plan is a defined benefit plan*

Council confirms that the plan is a defined benefit plan.

*(ii) why sufficient information is not available to enable Council to account for the plan as a defined benefit plan*

1. Assets are not segregated within the sub-group according to the employees of each sponsoring employer;
2. The contribution rates have been the same for all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer; and
3. Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer; and
4. The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors set out above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by the members). As such we do not believe that there is sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

*(iii) the expected contribution to the plan for the next annual reporting period*

The expected contributions by Council to the Fund for the next annual reporting period are \$219,238.

*(iv) information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity*

The estimated employer reserves financial position for the Pooled Employers at 30 June 2021 is:

Employer reserves only*	\$M	Asset Coverage
Assets	2,620.5	
Past Service Liabilities	2,445.6	107.2%
Vested Benefits	2,468.7	106.2%

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

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

Investment Return	5.75% per annum
Salary Inflation (plus promotional increases)	3.5% per annum
Increase in CPI	2.5% per annum

### C3-3 Employee benefit provisions (continued)

---

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. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2021.

*(v) an indication of the level of Council's participation in the plan compared with other participating entities*

Council's participation in the Scheme compared with other entities is about 0.28% based on the Council's current level of annual additional contributions against total contributions. The last valuation of the Fund was performed by Mr Richard Boyfield, FIAA, as at 30 June 2020.



## C4 Reserves

### C4-1 Nature and purpose of reserves

---

#### **Infrastructure, property, plant and equipment revaluation reserve**

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

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

## D Risks and accounting uncertainties

### D1-1 Risks relating to financial instruments held

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

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

Financial risk management is carried out by Council's finance section under policies approved by the Council.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

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

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

#### (a) Market risk – interest rate and price risk

\$ '000	2021	2020
The following represents a summary of the sensitivity of Council's Income Statement and accumulated surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.		
It is assumed that the change in interest rates would have been constant throughout the reporting period.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	314	312

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

### (b) Credit risk

Council's major receivables comprise (i) annual charges and (ii) user charges and fees.

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

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

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

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

### Credit risk profile

#### Receivables – annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
<b>2021</b>						
Gross carrying amount	518	247	–	–	–	765
<b>2020</b>						
Gross carrying amount	703	229	–	–	–	932

#### 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	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
<b>2021</b>						
Gross carrying amount	2,303	521	–	–	–	2,824
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>2020</b>						
Gross carrying amount	2,878	556	–	–	–	3,434
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
<b>2021</b>							
Trade/other payables	0.00%	63	1,796	–	–	1,859	2,001
Loans and advances	5.70%	–	2,246	2,884	1,314	6,444	5,398
<b>Total financial liabilities</b>		<b>63</b>	<b>4,042</b>	<b>2,884</b>	<b>1,314</b>	<b>8,303</b>	<b>7,399</b>
<b>2020</b>							
Trade/other payables	0.00%	59	1,266	–	–	1,325	1,325
Loans and advances	5.70%	–	2,247	4,843	1,600	8,690	7,266
<b>Total financial liabilities</b>		<b>59</b>	<b>3,513</b>	<b>4,843</b>	<b>1,600</b>	<b>10,015</b>	<b>8,591</b>

## D2 Fair value measurement

---

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

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

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

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

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

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

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

## D2 Fair value measurement (continued)

		Fair value measurement hierarchy									
\$ '000	Notes	Date of latest valuation		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Recurring fair value measurements											
Intangible assets											
High Security Water Licence				–	10,832	9,518	–	–	–	9,518	10,832
Total intangible assets				–	10,832	9,518	–	–	–	9,518	10,832
Infrastructure, property, plant and equipment		C1-6									
Water Treatment Plants		30/06/21		–	–	–	–	62,737	72,243	62,737	72,243
Ground Water Bores		30/06/21		–	–	–	–	3,386	6,665	3,386	6,665
Water Pumping Stations		30/06/21		–	–	–	–	6,667	7,520	6,667	7,520
Water Reservoirs		30/06/21		–	–	–	–	32,847	47,451	32,847	47,451
Other Water Assets		30/06/21		–	–	–	–	1,502	1,352	1,502	1,352
Pipes		30/06/21		–	–	–	–	184,317	202,175	184,317	202,175
Buildings		30/06/21		–	–	–	–	13,505	14,531	13,505	14,531
Land		30/06/21		–	–	8,791	–	–	7,168	8,791	7,168
Plant & Equipment				–	–	3,497	3,465	–	–	3,497	3,465
Office Equipment				–	–	286	341	–	–	286	341
Total infrastructure, property, plant and equipment				–	–	12,574	3,806	304,961	359,105	317,535	362,911
Non-recurring fair value measurements											

## D2 Fair value measurement (continued)

### Transfers between level 1 and level 2 fair value hierarchies

During the year, there were one transfer between level 1 and level 2 fair value hierarchies for recurring fair value measurements of the High Security Water Licences.

This change was made as the valuation of High Security Water Licences is based on similar sales but not identical sales.

### Valuation techniques

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

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

#### Intangible assets

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

#### Infrastructure, property, plant and equipment (IPPE)

Council engages external, independent and qualified valuers to determine fair value of infrastructure and property assets on a regular basis. This was undertaken during 2020/21. Techniques used to derive fair values:

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

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

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

**Plant and Equipment:** valued based on actual historical costs.

### Fair value measurements using significant unobservable inputs (level 3)

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

\$ '000	Water Treatment Plants		Ground Water Bores		Water Pumping Stations		Water Reservoirs	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>72,243</b>	28,126	<b>6,665</b>	6,830	<b>7,520</b>	7,892	<b>47,451</b>	45,652
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	(8,051)	263	(3,196)	63	(372)	70	(13,948)	432
<b>Other movements</b>								
Transfers from/(to) another asset class	–	44,163	–	21	–	11	–	621
Purchases (GBV)	152	689	268	100	16	41	79	1,458
Depreciation and impairment	(1,607)	(998)	(350)	(349)	(498)	(494)	(735)	(712)
<b>Closing balance</b>	<b>62,737</b>	<b>72,243</b>	<b>3,387</b>	<b>6,665</b>	<b>6,666</b>	<b>7,520</b>	<b>32,847</b>	<b>47,451</b>

\$ '000	Other Water Assets		Pipes		Buildings		Land	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>1,352</b>	1,152	<b>202,175</b>	197,293	<b>14,531</b>	14,436	–	6,486

## D2 Fair value measurement (continued)

\$ '000	Other Water Assets		Pipes		Buildings		Land	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	66	11	(20,433)	1,862	(1,367)	–	–	–
<b>Other movements</b>								
Transfers from/(to) another asset class	–	–	626	2,115	139	–	–	–
Purchases (GBV)	140	231	5,374	4,270	400	224	–	682
Depreciation and impairment	(55)	(42)	(3,426)	(3,365)	(197)	(129)	–	–
<b>Closing balance</b>	<b>1,503</b>	<b>1,352</b>	<b>184,316</b>	<b>202,175</b>	<b>13,506</b>	<b>14,531</b>	<b>–</b>	<b>7,168</b>

\$ '000	Total	
	2021	2020
<b>Opening balance</b>	<b>351,937</b>	<b>307,867</b>
Recognised in other comprehensive income – revaluation surplus	(47,301)	2,701
Transfers from/(to) another asset class	765	46,931
Purchases (GBV)	6,429	7,695
Depreciation and impairment	(6,868)	(6,089)
<b>Closing balance</b>	<b>304,962</b>	<b>359,105</b>

### 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 makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefit, as defined in the Trust Deed, as they accrue.

Council has an ongoing obligation to share in the future rights and liabilities of the Scheme. Favourable or unfavourable variations may arise should the financial requirements of the Scheme differ from the assumptions made by the Scheme's actuary in estimating the accrued benefits liability.

##### (ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

##### (iii) StateCover Limited

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

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

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

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

##### (iv) Other guarantees

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

#### 2. Other liabilities

##### (i) Third party claims

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

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

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

At balance date there is a contingent liability for staff who are entitled to a sick leave to be paid out if they were to retire due to medical grounds. This is an unlikely event. Amount totals \$47,208 (2019/20 \$46,355).

## E People and relationships

### E1 Related party disclosures

#### E1 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. Council had transactions with 11 KMP during the reporting period.

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

\$ '000	2021	2020
<b>Compensation:</b>		
Short-term benefits	528	521
Post-employment benefits	39	39
Other long-term benefits	20	19
<b>Total</b>	<b>587</b>	<b>579</b>

#### 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.

Council had no other transactions with KMP and their related parties during the reporting period.

## E1-2 Councillor and Mayoral fees and associated expenses

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
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	<b>18</b>	17
Members expenses – members fees	<b>89</b>	100
Members expenses (incl. chairperson) – other (excluding fees above)	<b>13</b>	17
<b>Total</b>	<b>120</b>	<b>134</b>

## E2 Other relationships

### E2-1 Audit fees

\$ '000	2021	2020
---------	------	------

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

	31	31
--	----	----

#### Remuneration for audit and other assurance services

	31	31
--	----	----

#### Total Auditor-General remuneration

#### Non NSW Auditor-General audit firms

##### (i) Audit and other assurance services

Other audit and assurance services: Council's Internal Auditor

	18	39
--	----	----

#### Remuneration for audit and other assurance services

	18	39
--	----	----

#### Total remuneration of non NSW Auditor-General audit firms

	49	70
--	----	----

#### Total audit fees

## F Other matters

### F1-1 Statement of Cash Flows information

#### Reconciliation of net operating result to cash provided from operating activities

\$ '000	2021	2020
<b>Net operating result from Income Statement</b>	<b>5,267</b>	12,200
<b>Adjust for non-cash items:</b>		
Depreciation and amortisation	<b>7,570</b>	6,845
Net losses/(gains) on disposal of assets	<b>(116)</b>	(5)
<b>+/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables	<b>777</b>	423
Decrease/(increase) in inventories	<b>166</b>	96
Increase/(decrease) in payables	<b>503</b>	(1)
Increase/(decrease) in other accrued expenses payable	<b>169</b>	(282)
Increase/(decrease) in other liabilities	<b>285</b>	39
Increase/(decrease) in provision for employee benefits	<b>(455)</b>	1,039
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>	<b>14,166</b>	20,354

## F2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2021	2020
---------	------	------

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

#### Property, plant and equipment

Water Treatment Plant	238	74
Low Level Reservoir	–	57
Purchase of Vacant Land	–	119
Ground Water Purchase	–	270
Purchase Land Koorringal Road	121	–
Solar Pilot Plant	109	–
ERP Development & Implementation	176	–
Humula Reservoir Replacement	74	–
Walbundrie Reservoir Replacement	79	–
<b>Total commitments</b>	<b>797</b>	<b>520</b>

#### These expenditures are payable as follows:

Within the next year	797	520
<b>Total payable</b>	<b>797</b>	<b>520</b>

#### Sources for funding of capital commitments:

Unrestricted general funds	797	520
<b>Total sources of funding</b>	<b>797</b>	<b>520</b>

#### Details of capital commitments

Works to rectify defects of the Wagga Wagga Water Treatment Plant, project to be finalised during 2021/22 financial year.

Purchase of land on Koorringal Road, settlement to take place in 2021/22 financial year.

Solar Pilot Plant preliminary works to continue in 2021/22 financial year.

ERP Development and Implementation to continue in 2021/22 financial year.

Contract for the construction of the Humula Reservoir, project to be finalised in 2021/22 financial year.

Contract for the construction of the Walbundrie Reservoir, project to be finalised in 2021/22 financial year.

### F3-1 Events occurring after the reporting date

---

Council was subject to a cyber incident in July 2021. The impact to operations was minimal and it has been determined it will not have a material impact on finances. The total out of pocket costs of the incident and remediation is estimated to be \$20,000. It should be noted that this incident resulted in an insurance claim which may have an impact on future premiums.

### F4 Changes from prior year statements

#### F4-1 Changes in accounting estimates

---

##### **Nature and effect of changes in accounting estimates on current year**

There was no impact on the accounting estimates in the current year.

##### **Nature and effect of changes in accounting estimates on future years**

There are no foreseeable impacts on the accounting estimates for the future years.

## F5 Statement of developer contributions as at 30 June 2021

### F5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
S64 contributions	—	2,750	—	—	(2,750)	—	—	—
<b>Total contributions</b>	<b>—</b>	<b>2,750</b>	<b>—</b>	<b>—</b>	<b>(2,750)</b>	<b>—</b>	<b>—</b>	<b>—</b>

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



## F6 Statement of performance measures

### F6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Prior periods		Benchmark
			2020	2019	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1, 2</sup>	2,401	9.03%	28.54%	31.24%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	26,583				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	26,376	89.92%	92.59%	90.76%	>60.00%
Total continuing operating revenue <sup>1</sup>	29,333				
3. Unrestricted current ratio					
Current assets less all external restrictions	68,683	10.33x	8.32x	9.47x	>1.50x
Current liabilities less specific purpose liabilities	6,652				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	10,338	4.63x	7.69x	7.67x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	2,235				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	765	11.50%	14.26%	13.21%	<10.00%
Rates and annual charges collectable	6,650				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	31,392	19.39	18.27	17.54	>3.00
Monthly payments from cash flow of operating and financing activities	1,619	mths	mths	mths	mths

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

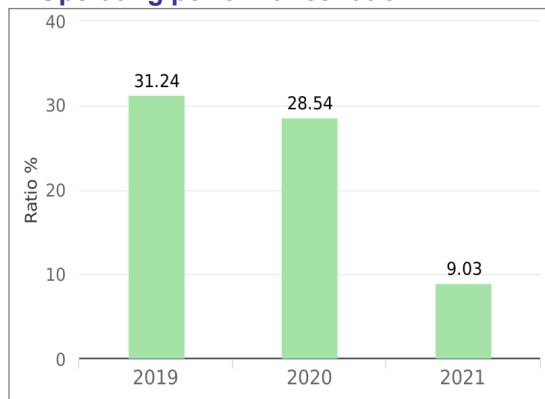
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

## END OF AUDITED FINANCIAL STATEMENTS

## G Additional Council disclosures (unaudited)

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

#### 1. Operating performance ratio



##### Purpose of operating performance ratio

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

##### Commentary on 2020/21 result

2020/21 ratio 9.03%

Decrease in result on prior years due to water sales being less as more rainfall received.

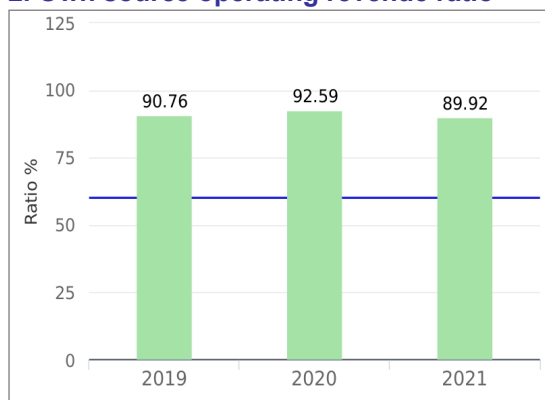
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 2. Own source operating revenue ratio



##### Purpose of own source operating revenue ratio

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

##### Commentary on 2020/21 result

2020/21 ratio 89.92%

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

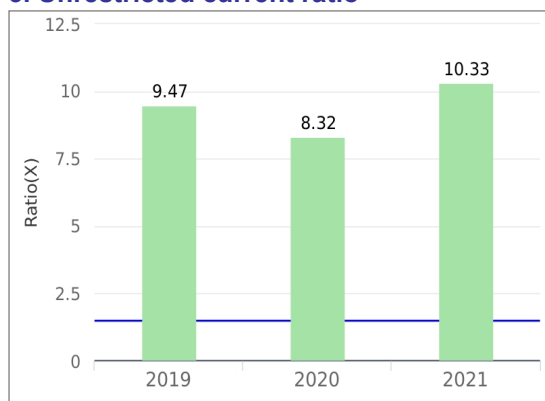
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



##### Purpose of unrestricted current ratio

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

##### Commentary on 2020/21 result

2020/21 ratio 10.33x

An increase in this ratio for the current year is due to increased short term cash holdings.

Benchmark: — > 1.50x

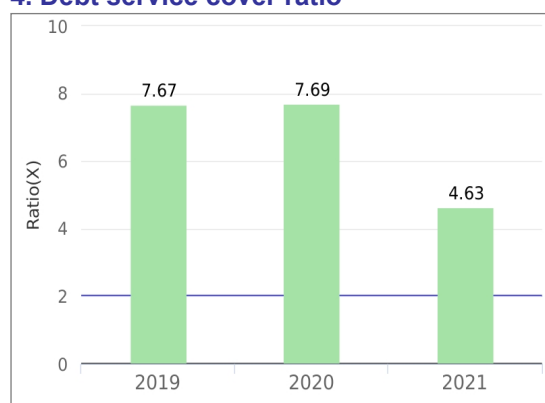
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

### 4. Debt service cover ratio



#### Purpose of debt service cover ratio

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

#### Commentary on 2020/21 result

2020/21 ratio 4.63x

Lower operating result this year has resulted in a lower ratio.

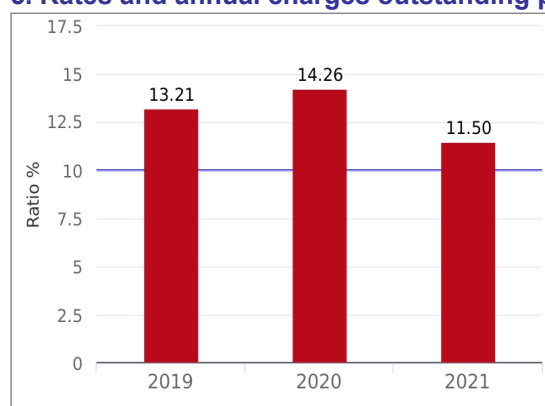
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 5. Rates and annual charges outstanding percentage



#### Purpose of rates and annual charges outstanding percentage

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

#### Commentary on 2020/21 result

2020/21 ratio 11.50%

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

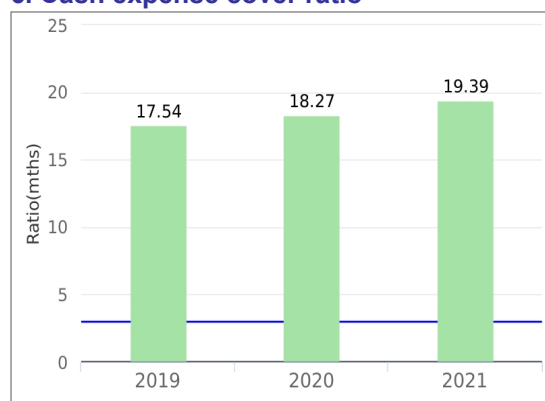
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 6. Cash expense cover ratio



#### Purpose of cash expense cover ratio

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

#### Commentary on 2020/21 result

2020/21 ratio 19.39 mths

This ratio has remained fairly consistent with a slight increase due to increased cash holdings at year end.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## G1-2 Financial review

### Key financial figures of Council over the past 5 years

\$ '000	2021	2020	2019	2018	2017
<b>Inflows:</b>					
Rates and annual charges revenue	5,655	5,592	5,551	5,471	5,100
User charges revenue	19,735	25,587	25,994	22,877	21,727
Interest and investment revenue (losses)	467	664	691	595	922
Grants income – operating and capital	207	270	338	402	723
Total income from continuing operations	29,449	36,613	36,322	32,970	33,658
Sale proceeds from IPPE	317	216	279	214	333
<b>Outflows:</b>					
Employee benefits and on-cost expenses	9,066	9,627	8,972	7,942	8,032
Borrowing costs	367	466	570	653	162
Materials and contracts expenses	7,084	7,365	2,580	2,202	1,492
Total expenses from continuing operations	24,182	24,413	22,853	21,260	19,607
Total cash purchases of IPPE	11,962	15,701	15,928	11,025	35,016
Total loan repayments (incl. finance leases)	1,868	1,753	1,668	1,575	1,411
Operating surplus/(deficit) (excl. capital income)	2,517	9,757	10,456	8,391	10,202
<b>Financial position figures</b>					
Current assets	37,291	38,060	35,545	32,045	27,739
Current liabilities	9,282	9,059	8,159	6,868	6,128
Net current assets	28,009	29,001	27,386	25,177	21,611
Available working capital (Unrestricted net current assets)	30,050	28,793	27,669	23,338	19,068
Cash and investments – unrestricted	23,548	24,037	19,545	17,421	12,045
Cash and investments – internal restrictions	7,844	7,181	8,639	8,714	7,845
Cash and investments – total	31,392	31,218	28,184	26,135	19,890
Total borrowings outstanding (loans, advances and finance leases)	5,398	7,266	9,019	10,687	13,761
Total value of IPPE (excl. land and earthworks)	548,543	527,999	510,376	490,822	454,537
Total accumulated depreciation	226,974	161,175	154,760	149,064	137,663
Indicative remaining useful life (as a % of GBV)	59%	69%	70%	70%	70%

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

## G1-3 Council information and contact details

---

**Principal place of business:**

91 Hammond Avenue  
Wagga Wagga NSW 2650

**Contact details****Mailing Address:**

PO Box 456  
Wagga Wagga NSW 2650

**Telephone:** 02 6922 0608

**Facsimile:** 02 6921 2241

**Opening hours:**

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

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

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

**Officers****CHIEF EXECUTIVE OFFICER**

Mr A Crakanthorp

**RESPONSIBLE ACCOUNTING OFFICER**

Ms E Tonacia

**PUBLIC OFFICER**

Ms E Tonacia

**AUDITORS**

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

**Elected members****CHAIRPERSON**

Clr G Verdon (Lockhart Shire)

**COUNCILLORS**

Clr T Quinn (Greater Hume Shire)

Clr D Meyer, OAM (Greater Hume Shire)

Clr G Conkey, OAM (City of Wagga Wagga)

Clr T Koschel (City of Wagga Wagga)

Clr Y Braid, OAM (City of Wagga Wagga)

Clr V Keenan (City of Wagga Wagga)

Clr P Bourke (Federation Council)

**Other information**

**ABN:** 52 084 883 210



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Riverina Water County Council

To the Councillors of the 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 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been prepared, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2021, 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).

I have fulfilled my other ethical responsibilities in accordance with 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 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 2021 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 and Special Schedules (the Schedules).

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](http://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
- on the Special Schedules.
- 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.



Michael Kharzoo  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

13 September 2021  
SYDNEY





Cr Greg Verdon  
Chairperson  
Riverina Water County Council  
PO Box 456  
WAGGA WAGGA NSW 2650

Contact: Michael Kharzoo  
Phone no: 02 9275 7188  
Our ref: D2118494/1822

13 September 2021

Dear Cr Verdon

**Report on the Conduct of the Audit  
for the year ended 30 June 2021  
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 2021 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2021 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

## INCOME STATEMENT

### Operating result

	2021 \$'000	2020 \$'000	Variance %
Rates and annual charges revenue	5,655	5,592	 1.13
User charges and fees	19,735	25,587	 22.87
Grants and contributions revenue	2,957	2,713	 8.99
Operating result from continuing operations	5,267	12,200	 56.83
Net operating result before capital grants and contributions	2,517	9,757	 74.20

Rates and annual charges revenue increased by \$63 thousand (1.13 per cent) to \$5.65 million. Council's customers increased by 1.5 per cent which is consistent with the movement in rates and annual charges revenue.

User charges and fees decreased by \$5.85 million (22.87 per cent) to \$19.73 million. The decrease can be attributed to the wet weather which resulted in lower water sales (specific actual use charges) and bulk water sales to Councils compared to the previous year.

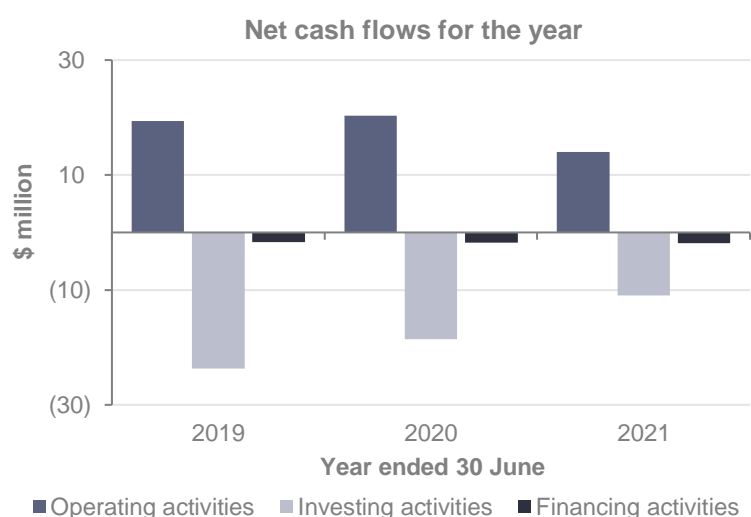
Grants and contributions revenue increased by \$244 thousand (8.99 per cent) in 2020-21 to \$2.96 million due to additional water supply contributions received for headworks.

The Council's operating result from continuing operations (\$5.27 million including depreciation and amortisation expense of \$7.57 million) was \$6.93 million lower than the 2019-20 result. The decrease of 56.83 per cent is mainly due to the decrease in user charges and fees.

The net operating result before capital grants and contributions (\$2.52 million) was \$7.24 million lower than the 2019-20 result. The decrease of 74.20 per cent is mainly due to the decrease in user charges and fees.

## STATEMENT OF CASH FLOWS

- Council recorded a net increase in cash and cash equivalents of \$1.17 million at 30 June 2021 (net increase of \$0.03 million at 30 June 2020).
- Net cash provided by operating activities amounted to \$14.17 million. Council recorded cash receipts from user fees and charges of \$20.35 million and grants and contributions of \$2.95 million. Council recorded cash payments for employee benefits and on-costs of \$9.45 million and materials and services of \$7.75 million.
- Net cash used in investing activities amounted to \$11.12 million. This is largely due to the net cash outflow of \$11.96 million for the purchase of infrastructure, property, plant and equipment during the year.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>31.39</b>	<b>31.22</b>	<ul style="list-style-type: none"> <li>• Internally restricted cash and cash investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council.</li> <li>• Restricted cash has increased due to an increase in restrictions for plant replacement. This increased due to the large base of plant now held. Additionally water licence revenue was restricted for future purchase of water licences to safe guard communities water supply for future generations.</li> </ul>
Restricted cash and investments:			
• External restrictions	-	-	
• Internal restrictions	7.84	7.18	
• Unrestricted	23.55	24.04	

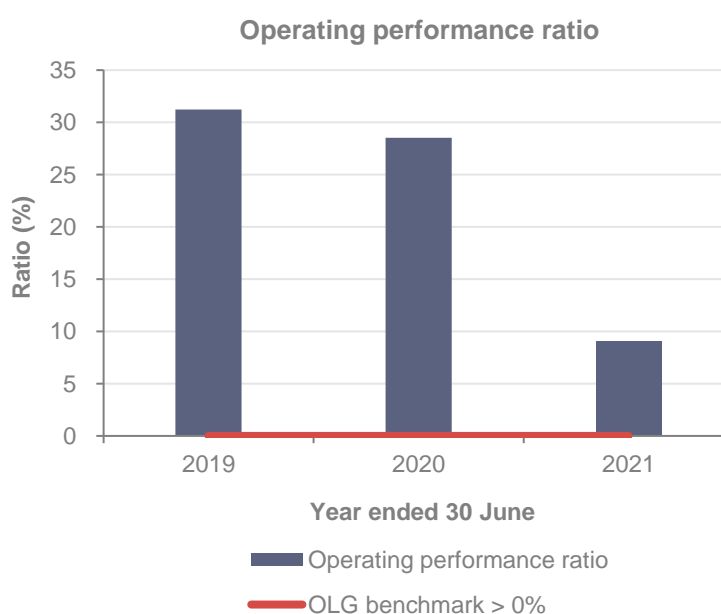
# PERFORMANCE

## Performance measures

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

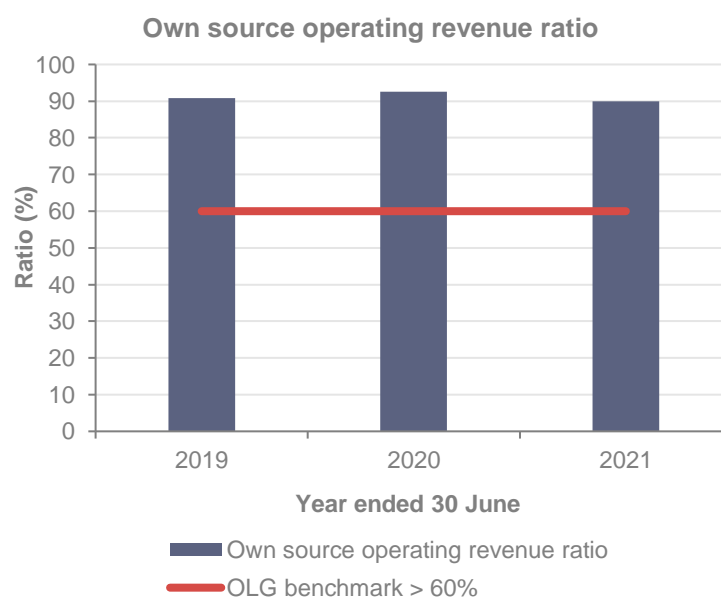
### Operating performance ratio

- The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.
- The Council exceeded the OLG benchmark for the current reporting period with a ratio of 9.03%.
- The decrease from prior years can be explained by a decrease in water sales due to higher rainfall in the county during the period.



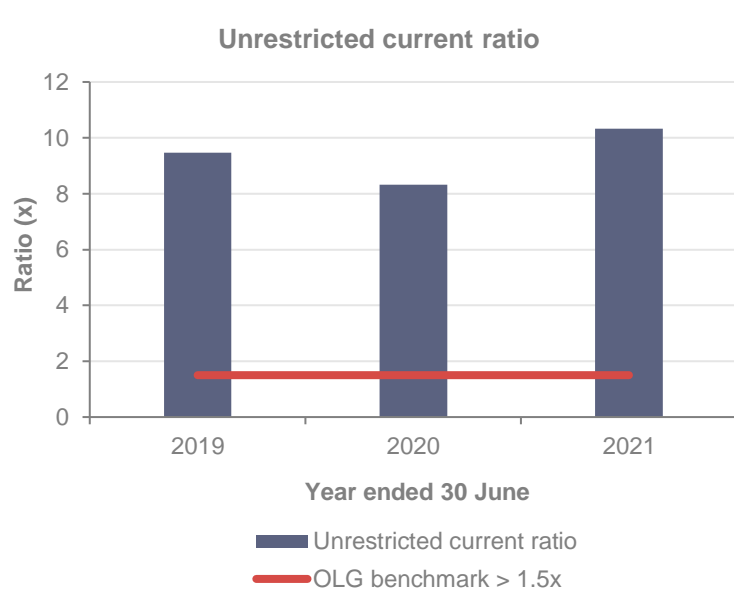
### Own source operating revenue ratio

- The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.
- The Council's own source operating revenue ratio of 89.92% is above the industry benchmark of 60%. Council has met this benchmark as its main source of income is from water sales, rather than reliance on operating grants and contributions.
- The Council's own source operating revenue ratio has remained steady.



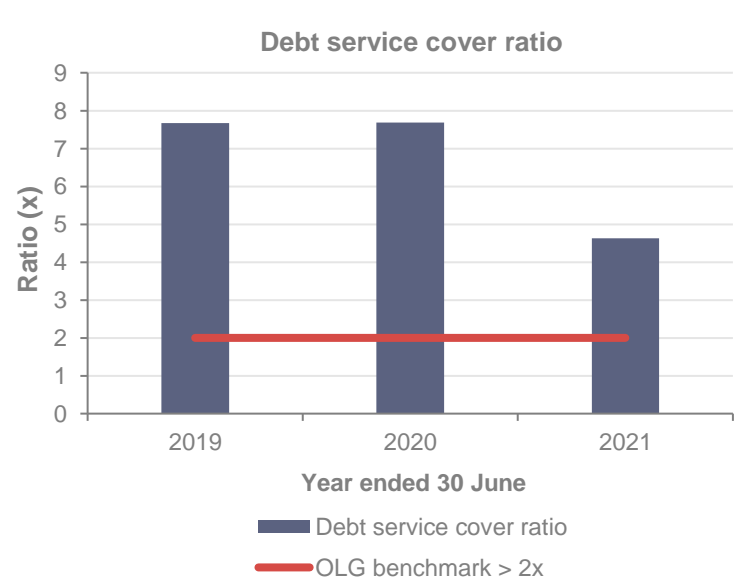
### Unrestricted current ratio

- The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times benchmark for the current reporting period.
- The Council's unrestricted current ratio of 10.33 times is greater than the industry benchmark minimum of greater than 1.5 times. This indicates that the Council has sufficient liquidity to meet its current liabilities as and when they fall due.



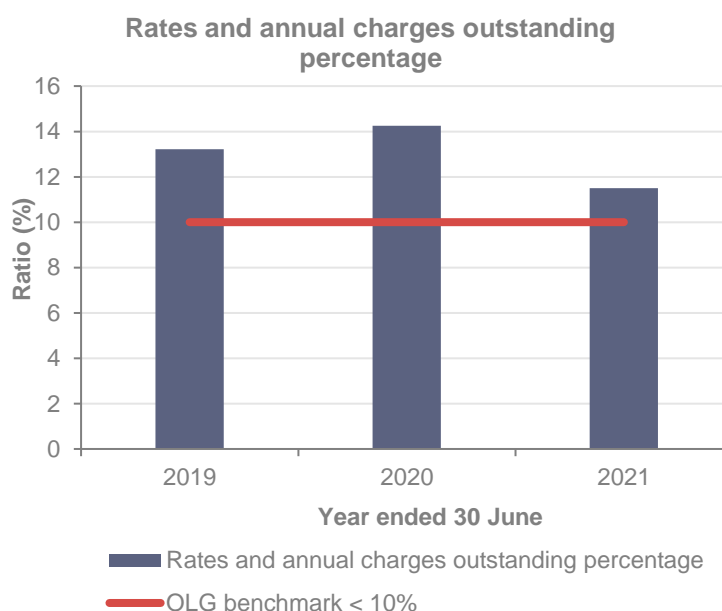
### Debt service cover ratio

- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.
- The Council exceeded the OLG benchmark for the current reporting period with a debt service coverage ratio of 4.63 times.
- The decrease in the debt service cover ratio from prior years can be explained by a decrease in Councils operating result before capital grants and contributions from \$9.76 million in the prior year to \$2.52 million in the current year.



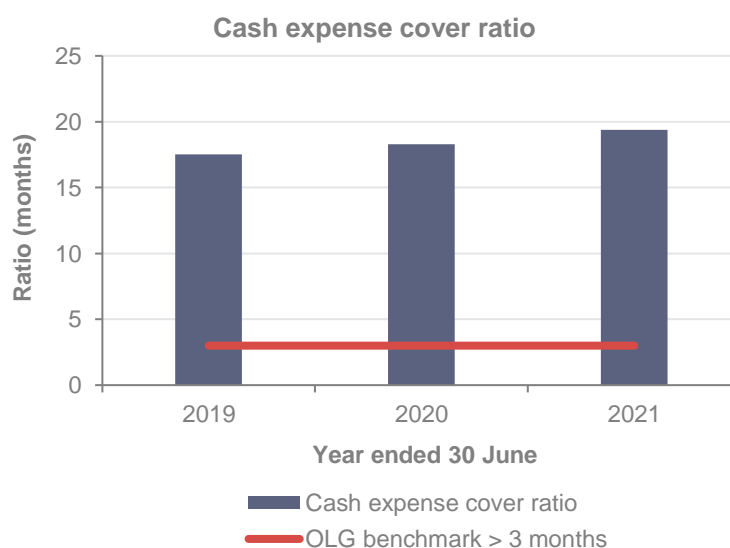
## Rates and annual charges outstanding percentage

- The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.
- The Council's rates and annual charges outstanding percentage of 11.5 per cent is outside the industry benchmark of less than 10 per cent for rural councils.
- Council continues to exceed this benchmark due to the rolling quarterly billing arrangements. The billing cycle of water county councils need to be considered when assessing this performance against other general councils.



## Cash expense cover ratio

- This 'cash expense cover ratio' indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.
- The Council's cash expense cover ratio was 19.39 months, which is above the industry benchmark of greater than 3 months. This indicates that Council has the capacity to cover 19.39 months of cash expenditure without additional cash inflows at 30 June 2021.



## Infrastructure, property, plant and equipment renewals

The Council has renewed \$7.63 million of assets in the 2020-21 financial year, compared to \$12.22 million of assets in the 2019-20 financial year. Council have a large capital works program which is contributing to the high amount of renewals.

## OTHER MATTERS

### Legislative compliance

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

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



Michael Kharzoo  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr Andrew Crakanthorp, General Manager  
Mr David Maxwell, Chair of Audit and Risk Committee  
Jim Betts, Secretary of the Department of Planning, Industry and Environment

# Riverina Water County Council

## SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2021

---

"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 2021

---

Contents	Page
<b>Statement by Councillors and Management</b>	<b>3</b>
<b>Special Purpose Financial Statements:</b>	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	n/a
Statement of Financial Position of water supply business activity	5
Statement of Financial Position of sewerage business activity	n/a
<b>Note – Significant Accounting Policies</b>	<b>6</b>

---

### Background

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

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

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

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

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

# Riverina Water County Council

## Special Purpose Financial Statements

for the year ended 30 June 2021

---

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

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

- the NSW Government Policy Statement '*Application of National Competition Policy to Local Government*',
- the Division of Local Government Guidelines '*Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

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, and accord with Council's accounting and other records.
- 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 24 August 2021.



Clr G Verdon  
Chairperson



Clr T Koschel  
Deputy Chairperson



Mr A Crakanthorp  
Chief Executive Officer



Ms E Tonacia  
Responsible Accounting Officer

## Riverina Water County Council

### Income Statement of water supply business activity

for the year ended 30 June 2021

\$ '000	2021	2020
<b>Income from continuing operations</b>		
Access charges	5,655	5,592
User charges	19,735	25,587
Interest	467	664
Grants and contributions provided for non-capital purposes	207	270
Other income	519	2,057
<b>Total income from continuing operations</b>	<b>26,583</b>	<b>34,170</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	9,066	9,627
Borrowing costs	367	466
Materials and services	6,763	7,073
Depreciation, amortisation and impairment	7,570	6,845
Water purchase charges	321	292
Calculated taxation equivalents	95	66
Other expenses	95	110
<b>Total expenses from continuing operations</b>	<b>24,277</b>	<b>24,479</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>2,306</b>	<b>9,691</b>
Grants and contributions provided for capital purposes	2,750	2,443
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>5,056</b>	<b>12,134</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>5,056</b>	<b>12,134</b>
Less: corporate taxation equivalent [based on result before capital]	(600)	(2,665)
<b>Surplus (deficit) after tax</b>	<b>4,456</b>	<b>9,469</b>
<b>Plus accumulated surplus</b>	<b>147,578</b>	<b>135,378</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	95	66
– Corporate taxation equivalent	600	2,665
<b>Closing accumulated surplus</b>	<b>152,729</b>	<b>147,578</b>
<b>Return on capital %</b>	<b>0.8%</b>	<b>2.7%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>–</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	4,456	9,469
Less: capital grants and contributions (excluding developer contributions)	(2,750)	(2,443)
<b>Surplus for dividend calculation purposes</b>	<b>1,706</b>	<b>7,026</b>
<b>Potential dividend calculated from surplus</b>	<b>853</b>	<b>3,513</b>

# Riverina Water County Council

## Statement of Financial Position of water supply business activity

as at 30 June 2021

\$ '000	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	14,392	13,218
Investments	17,000	18,000
Receivables	3,589	4,366
Inventories	2,310	2,476
<b>Total current assets</b>	<b>37,291</b>	<b>38,060</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	327,948	371,482
Intangible assets	9,776	10,884
<b>Total non-current assets</b>	<b>337,724</b>	<b>382,366</b>
<b>Total assets</b>	<b>375,015</b>	<b>420,426</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	2,001	1,325
Income received in advance	842	561
Borrowings	1,587	1,866
Employee benefit provisions	4,852	5,307
<b>Total current liabilities</b>	<b>9,282</b>	<b>9,059</b>
<b>Non-current liabilities</b>		
Borrowings	3,811	5,400
<b>Total non-current liabilities</b>	<b>3,811</b>	<b>5,400</b>
<b>Total liabilities</b>	<b>13,093</b>	<b>14,459</b>
<b>Net assets</b>	<b>361,922</b>	<b>405,967</b>
<b>EQUITY</b>		
Accumulated surplus	152,845	147,578
Revaluation reserves	209,077	258,389
<b>Total equity</b>	<b>361,922</b>	<b>405,967</b>

## Note – Significant Accounting Policies

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

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

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

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

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

### National Competition Policy

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

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

### Declared business activities

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

#### Category 1

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

##### Riverina Water County Council

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

#### Category 2

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

Nil

### Taxation equivalent charges

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

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

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

#### Notional rate applied (%)

Corporate income tax rate – **26%** (19/20 27.5%)

## Note – Significant Accounting Policies (continued)

**Land tax** – the first \$755,000 of combined land values attracts **0%**. For the combined land values in excess of \$755,000 up to \$4,616,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,616,000 a premium marginal rate of **2.0%** applies.

**Payroll tax** – **4.85%** on the value of taxable salaries and wages in excess of \$850,000.

In accordance with the Department of Industry (DoI) – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the DoI – Water guidelines as a ‘dividend for taxation equivalent’, may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the DoI – Water guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

### Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 26% (19/20 27.5%).

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

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

The rate applied of 26% is the equivalent company tax rate prevalent at reporting date.

### (ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

**Operating result before capital income + interest expense**

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 1.49% at 30/6/21.

### (iii) Dividends

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

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2021 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

## Note – Significant Accounting Policies (continued)

---

In accordance with the Department of Industry – Water guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Industry – Water.



## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the special purpose financial statements**

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

To the Councillors of the Riverina Water County Council

### **Opinion**

I have audited the accompanying special purpose financial statements (the financial statements) of Riverina Water County Council's (the Council) declared business activity, Water Supply, which comprise the Statement by Councillors and Management, the Income Statement of the declared business activity for the year ended 30 June 2021, the Statement of Financial Position of the Declared Business Activity as at 30 June 2021 and the Significant accounting policies note.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared business activity as at 30 June 2021, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2020–21 (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).

I have fulfilled my other ethical responsibilities in accordance with 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 believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Emphasis of Matter - Basis of Accounting**

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



## Other Information

The Council's annual report for the year ended 30 June 2021 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 and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Financial Statements

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://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 'M. Kharzoo', with a stylized flourish at the end.

Michael Kharzoo  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

13 September 2021  
SYDNEY

# Riverina Water County Council

SPECIAL SCHEDULES  
for the year ended 30 June 2021

---

"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 2021

---

Contents	Page
<b>Special Schedules:</b>	
Report on infrastructure assets as at 30 June 2021	3

## Riverina Water County Council

## Report on infrastructure assets as at 30 June 2021

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	2020/21 Required maintenance <sup>a</sup>	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
<b>Buildings</b>	Buildings	—	—	480	483	13,505	26,437	39.5%	25.5%	19.7%	15.3%	0.0%
	<b>Sub-total</b>	<b>—</b>	<b>—</b>	<b>480</b>	<b>483</b>	<b>13,505</b>	<b>26,437</b>	<b>39.5%</b>	<b>25.5%</b>	<b>19.7%</b>	<b>15.3%</b>	<b>0.0%</b>
<b>Water supply network</b>	Treatment Plants	1,704	1,704	725	966	62,737	100,554	48.8%	7.3%	21.8%	16.0%	6.0%
	Bores	296	296	185	146	3,386	6,363	10.3%	30.9%	58.7%	0.0%	0.1%
	Reservoirs	502	502	225	250	32,847	55,258	26.6%	25.9%	35.1%	6.3%	6.1%
	Pumping Stations	24	24	200	169	8,170	18,215	15.2%	8.1%	49.4%	17.1%	10.2%
	Pipeline	17,467	17,467	1,200	891	184,316	325,891	20.3%	46.0%	26.3%	7.4%	0.0%
	<b>Sub-total</b>	<b>19,993</b>	<b>19,993</b>	<b>2,535</b>	<b>2,422</b>	<b>291,456</b>	<b>506,281</b>	<b>26.4%</b>	<b>34.5%</b>	<b>27.6%</b>	<b>9.3%</b>	<b>2.2%</b>
<b>Total – all assets</b>		<b>19,993</b>	<b>19,993</b>	<b>3,015</b>	<b>2,905</b>	<b>304,961</b>	<b>532,718</b>	<b>27.0%</b>	<b>34.1%</b>	<b>27.2%</b>	<b>9.6%</b>	<b>2.1%</b>

(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 2021

### Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2021	Indicator 2021	Prior periods		Benchmark
			2020	2019	
Buildings and infrastructure renewals ratio					
Asset renewals <sup>1</sup>	4,653	67.75%	89.78%	60.62%	>=100.00%
Depreciation, amortisation and impairment	6,868				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	19,993	6.33%	7.47%	7.94%	<2.00%
Net carrying amount of infrastructure assets	315,799				
Asset maintenance ratio					
Actual asset maintenance	2,905	96.35%	96.04%	106.96%	>100.00%
Required asset maintenance	3,015				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	19,993	3.75%	5.27%	5.30%	
Gross replacement cost	532,718				

(\*) 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.