

# **Extraordinary Meeting of Riverina Water County Council**

The meeting will be held in the Pat Brassil AM Meeting Room,  
91 Hammond Ave, Wagga at 9:00 AM on Thursday 27  
November 2025.

# Meeting Agenda

## Live Streaming of Council Meetings

Riverina Water advises that Council meetings are live streamed on Council's website [www.riverinawater.nsw.gov.au](http://www.riverinawater.nsw.gov.au) Visitors in the public gallery are advised that their voice and/or image may form part of the webcast. By remaining in the public gallery it is assumed your consent is given in the event your image or voice is broadcast.

## Statement of Ethical Reminders

Board members are reminded of the Oath or Affirmation of Office that they made under Section 233A of the Local Government Act 1993. Board members and staff are also reminded of their obligations under Council's Code of Conduct to disclose and appropriately manage conflicts of interest.

## Acknowledgement of Country

## Apologies

## Declaration of pecuniary and non-pecuniary interests

## Open Reports

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# R1 2024/25 Financial Statements - Independent Audit Reports

## Organisational Area **Corporate Services**

**Author** Natasha Harris, Manager Finance & Sourcing

**Summary** The NSW Audit Office Independent Auditor's reports for the 2024/25 financial year have been received and are attached for the Board's information.

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**RECOMMENDATION** that Council receives and notes the 2024/25 Independent Auditor's reports, being:

- a) Independent Auditor's Report on the General Purpose Financial Statements;
- b) Independent Auditor's Report on the Special Purpose Financial Statements;
- c) Report on the Conduct of the Audit;
- d) Engagement Closing Report;
- e) Management Letter for the Final Phase of the Audit; and
- f) 2024/25 Financial Statements – 3 in 1 Report.

## Report

The NSW Audit Office Independent Auditor's Reports have been received and are attached for the Board's information.

The Engagement Closing Report outlines that there were no detected reportable disclosure deficiencies or monetary misstatements that remain uncorrected. Minor corrected disclosure deficiencies are noted, being various minor amendments and corrections made to accounting policy notes.

The Management letter on the Final Phase of the Audit for the Year Ended 30 June 2025 has been received and is also attached for the Board's information. No additional items are raised since the interim management letter. Two outstanding matters from prior years were cleared during the recent audit. The auditors will follow up outstanding matters and implement corrective actions as part of the 2025/26 year-end audit.

A complete set of the 2024/25 financial statements were placed on public exhibition and are attached for the Board's information. No submissions from the public were received.

Mr Jason Gilbert, Crowe Associate Partner, and Mr Min Cui, Audit Office of NSW Associate Director, will join the meeting via Teams link to talk to the audited statements and answer questions from the Board.

- › R1.1 [Independent Auditor's Report on the General Purpose Financial Statements](#) 
- › R1.2 [Independent Auditor's Report on the Special Purpose Financial Statements](#) 
- › R1.3 [Report on the Conduct of the Audit](#) 
- › R1.4 [Engagement Closing Report](#) 
- › R1.5 [Management Letter for the Final Phase of the Audit](#) 
- › R1.6 [2024/25 Financial Statements - 3 in 1 Report](#) 

### Strategic Alignment

Our Sustainability

Strategically manage our assets and finances

### Financial Implications

Not applicable.

### Workforce Implications

Not applicable.

### Risk Considerations

Corporate Governance and Compliance	
Low	Riverina Water has <b>low</b> appetite for risk of failure to comply with legislation, regulations, policy/procedures and transparent, ethical decision making. Minor breaches are expected from time to time but it will be reported and responded to.

### Risk Alignment

The presentation of the financial statements and performance audit outcomes to the Board supports effective oversight of financial performance of Riverina Water and demonstrates transparency and accountability to the community.



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Riverina Water County Council

To the Councillors of Riverina Water County Council

#### Opinion

I have audited the accompanying financial statements of Riverina Water County Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2025, the Statement of Financial Position as at 30 June 2025, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been prepared, in all material respects, in accordance with the requirements of the Division
  - are, in all material respects, consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2025, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

#### Basis for Opinion

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

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

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

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

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

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

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

### **Other Information**

The Council's annual report for the year ended 30 June 2025 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements.

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

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

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

I have nothing to report in this regard.

### **The Councillors' Responsibilities for the Financial Statements**

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

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

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

My objectives are to:

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

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](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. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- 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.



Min Cui  
Delegate of the Auditor-General for New South Wales

24 October 2025  
SYDNEY



## INDEPENDENT AUDITOR'S REPORT

### Report on the special purpose financial statements

#### Riverina Water County Council

To the Councillors of Riverina Water County Council

#### Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Riverina Water County Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2025, the Statement of Financial Position of each Declared Business Activity as at 30 June 2025 and the Material accounting policy information note.

The Declared Business Activities of the Council is water supply.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2025, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Material accounting policy information note and the Local Government Code of Accounting Practice and Financial Reporting 2024–25 (LG Code).

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

#### Basis for Opinion

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

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

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

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

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

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

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

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

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

## **Other Information**

The Council's annual report for the year ended 30 June 2025 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements.

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

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

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

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Statements**

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

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

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

My objectives are to:

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

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](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.



Min Cui  
Delegate of the Auditor-General for New South Wales

24 October 2025  
SYDNEY



Tim Koschel  
Chairperson  
Riverina Water County Council  
91 Hammond Ave  
Wagga Wagga NSW 2650

Contact: Min Cui  
Phone no: 02 9275 7419  
Our ref: R008-1981756498-6466

24 October 2025

Dear Mr Koschel

**Report on the Conduct of the Audit  
for the year ended 30 June 2025  
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 2025 as required by section 415 of the *Local Government Act 1993* (the Act).

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

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

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2025 is issued in accordance with section 417 of the Act. The Report:

- must address the specific matters outlined in the Local Government Code of Accounting Practice and Financial Reporting 2024-25
- may include statements, comments and recommendations that I consider to be appropriate based on the conduct of the audit of the GPFS.

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

## INCOME STATEMENT

### Financial performance

	2025	2024	Variance
	\$m	\$m	%
Rates and annual charges revenue	6.1	6.1	0.0
User charges and fees	29.5	26.0	13.5
Grants and contributions provided for capital purposes revenue	1.4	3.2	56.3
Operating result from continuing operations	5.6	6.5	13.8
Net Operating result for the year before grants and contributions provided for capital purposes	4.2	3.2	31.3

### Operating result from continuing operations

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

Council's operating result from continuing operations for the year was \$0.9 million lower than the 2023-24 result.

In 2024-25:

- Employee benefits and on-costs (\$14.5 million) increased by \$2.3 million (18.6%) due to the increase in number of 'full-time equivalent' (FTE) employees by 10, wage increase of 3.5% and increase in employee leave entitlement.

The net operating result for the year before grants and contributions provided for capital purposes was \$4.2 million. Refer to 'Grants and contributions revenue' below for details.



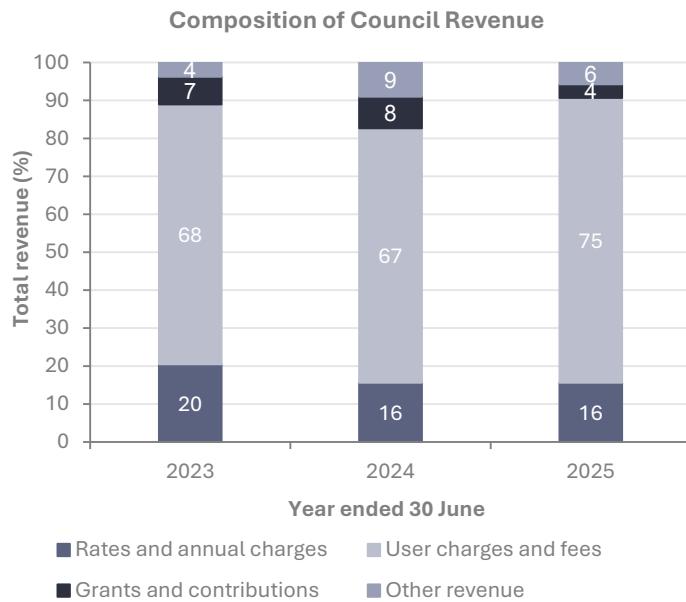
## Income

### Council revenue excluding grants and contributions

This graph shows the percentage of Council's revenue recognised from sources other than grants and contributions for the current and prior two financial years.

Council revenue excluding grants and contributions (\$37.9 million) increased by \$2.3 million (6.5 per cent) in 2024–25 due to:

- user charges and fees revenue (\$29.5 million) which increased by \$3.5 million (13.5 per cent) due to increased water sales and income from water connection fees.

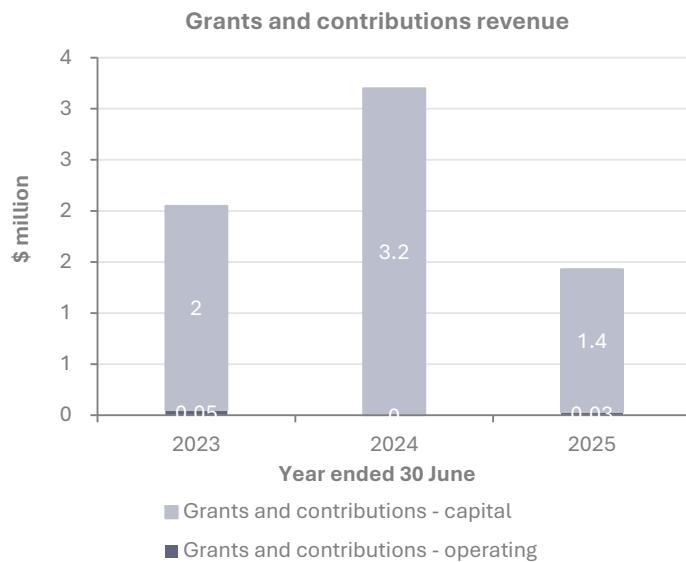


### Grants and contributions revenue

This graph shows the amount of grants and contributions revenue recognised for the current and prior two financial years.

Grants and contributions revenue (\$1.4 million) decreased by \$1.8 million (56 per cent) in 2024–25 due to:

- decrease of \$1.1 million of grants and non-developer contributions recognised during the year
- decrease of \$0.7 million of developer contributions recognised during the year



## CASH FLOWS

### Statement of cash flows

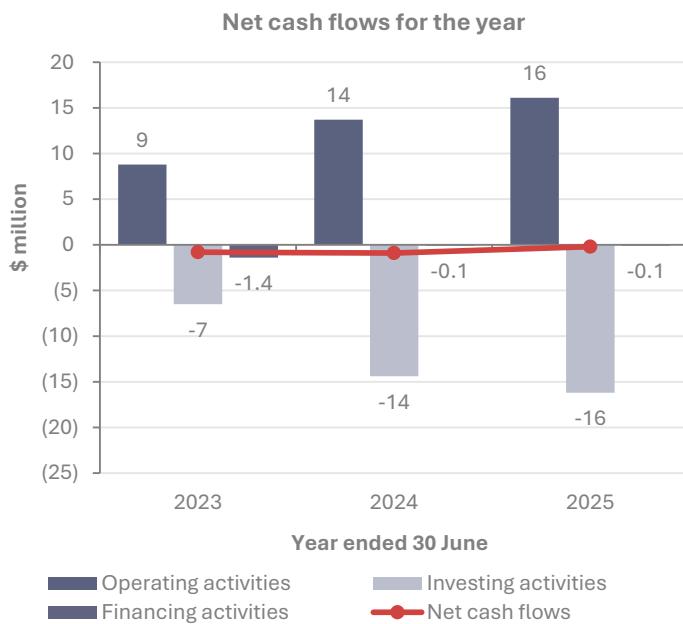
The Statement of Cash Flows details the Council's inflows and outflows of cash over a specific period. It helps in assessing the Council's ability to generate cash to fund its operations, pay off debts, and support future projects. It also aids in identifying any pressures or issues in the Council operating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

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

The net cash flows for the year were negative \$0.2 million (negative \$0.9 million in 2023-24).

In 2024-25 the net cashflows:

- from operating activities increased by \$2.4 million, mainly due to the increase in user charges and fees
- used in investing activities increased by \$1.8 million, mainly due to increase in acquisition of term deposits and payments for IPP&E
- used in financing activities remains consistent with prior year



## FINANCIAL POSITION

### Cash, cash equivalents and investments

This section of the Report provides details of the amount of cash, cash equivalents and investments recorded by the Council at 30 June 2025.

Externally restricted funds are the cash, cash equivalents and investments that can only be used for specific purposes due to legal or contractual restrictions.

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

Cash, cash equivalents and investments	2025	2024	Percentage of total cash and investments	Commentary
	\$m	\$m	2025	%
<b>Total cash, cash equivalents and investments</b>	<b>37.2</b>	<b>32.4</b>		The Council does not have any external restrictions. Internal allocations are determined by council policies or decisions, which are subject to change.
Restricted and allocated cash, cash equivalents and investments:				
• External restrictions	-	-	-	
• Internal allocations	8.7	7.7	23.3	

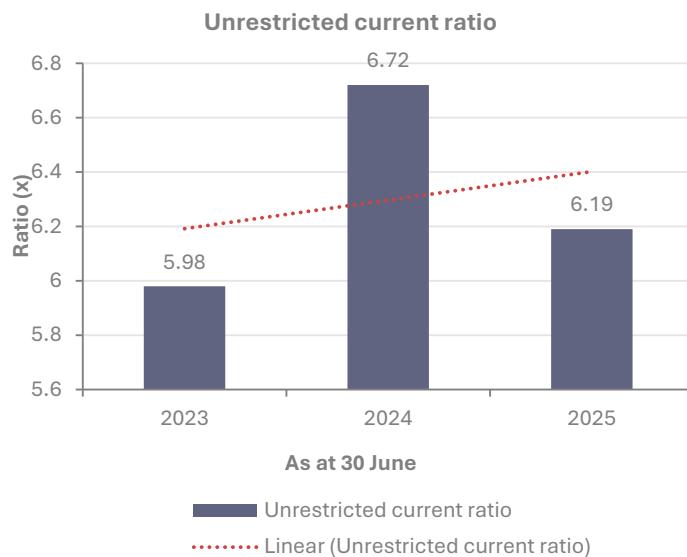
### Council liquidity

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

The unrestricted current ratio is specific to local government and represents council's ability to meet its short-term obligations as they fall due.

The ratio measures the ratio of unrestricted current assets to specific purpose liabilities.

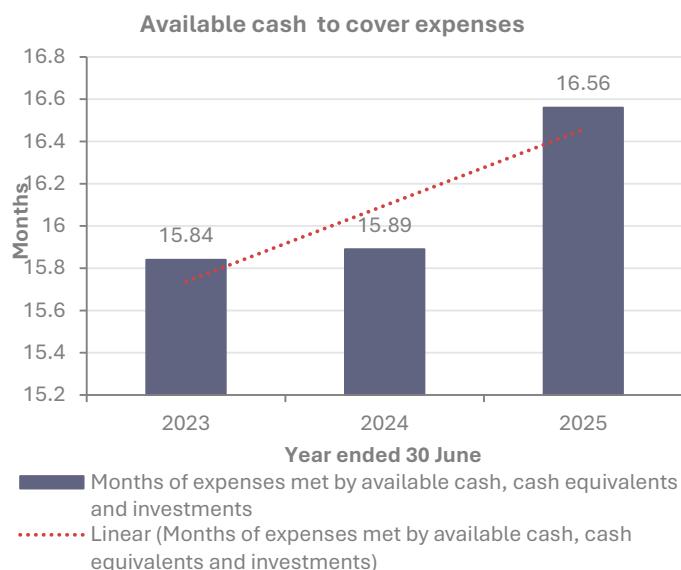
In 2023-24, the average unrestricted current ratio was an average of 5.6x for regional councils.



This graph shows the number of months of general fund expenses (excluding depreciation and borrowing costs), Council can fund from its available cash, cash equivalents and investments (not subject to external restrictions).

Further details on cash, cash equivalents and investments including the sources of external restrictions are included in the section above.

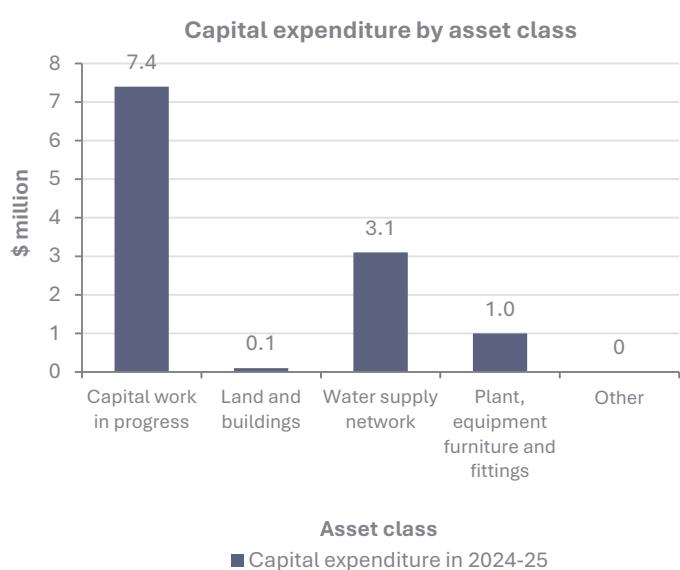
In 2023-24, the available cash to cover expenses was an average of 8 months for regional councils.



## Infrastructure, property, plant and equipment

This graph shows how much the Council spent on renewing and purchasing assets in 2024-25.

Council renewed \$7.4 million of infrastructure, property, plant and equipment during the 2024-25 financial year. This was mainly spent on capital work in progress and water supply network. A further \$4.2 million was spent on new assets including capital work in progress and plant and equipment.



## Debt

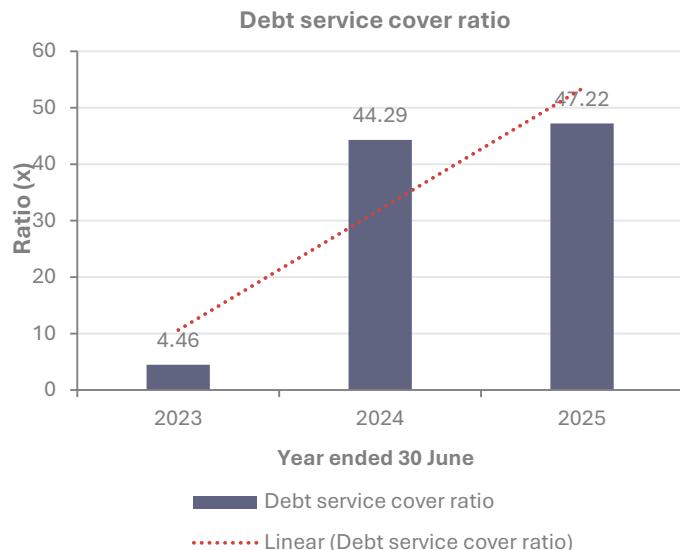
The table below provides an overview of the Council's loans and committed borrowing facilities. Committed borrowing facilities are an element of liquidity management and include bank overdrafts, and credit cards.

Debt	2025	2024	Commentary
	\$m	\$m	
Loans	1.7	1.9	The decrease of \$0.2 million is due to payment of borrowings during the year.
Approved overdraft facility	0.3	0.3	Council did not utilise the bank overdraft facilities during the year.
Amount drawn down	-	-	
Credit card facility	0.1	0.1	The amount of drawn credit card facility is minimal and consistent with prior year.
Amount used	0.03	0.03	

## Debt service cover

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

The debt service cover ratio measures the operating cash to service debt including interest, principal and lease payments.



Min Cui  
Associate Director, Financial Audit  
Delegate of the Auditor-General

OFFICIAL



Andrew Crakanthorp  
 Chief Executive Officer  
 Riverina Water County Council  
 91 Hammond Avenue  
 Wagga Wagga, NSW 2650.

Contact: Min Cui  
 Phone no: 02 9275 7419  
 Our ref: R008-1981756498-6377

23 October 2025

Dear Mr Crakanthorp,

**Engagement Closing Report**  
**for the year ended 30 June 2025**  
**Riverina Water County Council**

We have audited the Riverina Water County Council's (the Council):

- general purpose financial statements (GPFS)
- special purpose financial statements (SPFS) for the:
  - Council's Declared Business Activities

Attached is the Engagement Closing Report, which details findings relevant to you in your role as one of those charged with governance. This report gives the Chief Executive Officer, the Chairperson and the Audit, Risk and Improvement Committee the opportunity to assess the audit findings, before the representation letter and the Statements by Council / Members of the Board and Management, required for the GPFS and SPFS under section 413(2)(c) of the *Local Government Act 1993* (the LG Act), are signed.

The information in this letter and any attachments are confidential and intended for management and those charged with governance only. This document may not be shared with other parties without the consent of the Audit Office.

If you need more information about the audit, please contact me on 02 9275 7419 or Jason Gilbert on 02 6021 1111.

Yours sincerely

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

Min Cui  
 Associate Director, Financial Audit

cc: Cr Tim Koschel, Chairperson  
 David Kortum, Chair of the Audit, Risk and Improvement Committee

OFFICIAL



# Engagement Closing Report

for the year ended 30 June 2025

Riverina Water County Council

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FROM INSIGHTS TO IMPACT

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## 1. INTRODUCTION

We have audited the Riverina Water County Council's (the Council):

- general purpose financial statements (GPFS)
- special purpose financial statements (SPFS) for the:
  - Council's Declared Business Activities

This report informs the Chief Executive Officer, Chairperson and the Audit, Risk and Improvement Committee of audit findings relevant to their responsibilities and oversight of the Council's financial statements. We will inform you if significant new matters are found while finalising the audit.

An audit is designed to obtain reasonable assurance the financial statements are free from material misstatement. It is not designed to identify all matters of governance interest, nor is it conducted to express an opinion on the effectiveness of internal control. Matters of governance interest identified during the audit are included in this report.

## 2. AUDIT OVERVIEW

The table below provides an overview of findings identified during the audit of the Council.

Impact assessment			
	<b>High</b>	Matters identified which had a high impact on the financial statements and/or audit.	
	<b>Moderate</b>	Matters identified which had a moderate impact on the financial statements and/or audit.	
	<b>Low</b>	Matters identified which had a low impact on the financial statements and/or audit.	
	<b>None</b>	No matters identified with an impact on the financial statements and/or audit.	

Section	Outcome	Impact	Reference
<b>Audit outcome:</b>			
GPFS	Unqualified opinion		None <a href="#">3.1</a>
SPFS for Council's Declared Business Activities	Unqualified opinion		None <a href="#">3.1</a>
Response to key issues and audit risks	Matters partially addressed		Low <a href="#">4.1</a>
Misstatements	Misstatements noted		Low <a href="#">4.2</a>
Compliance with legislative requirements	No matters noted		None <a href="#">4.3</a>

## 3. AUDIT OUTCOME AND REPORTS

### 3.1 Audit outcome

We are likely to express an unmodified opinion on the GPFS and the SPFS for Declared Business Activities.

The Independent Auditor's Report for the SPFS for Declared Business Activities and Schedule will advise users these engagements have been prepared in accordance with a special purpose framework to fulfil the Council's financial reporting responsibilities under the Local Government Code of Accounting Practice and Financial Reporting 2024–25 (LG Code). As a result, the SPFS engagements and Schedule may not be suitable for another purpose.

The Independent Auditor's Reports will be signed after the outstanding matters listed below are completed and the signed financial statements and management representation letters are received.

The following matters are outstanding at the date of this report:

- reviewing and accepting final amendments to the financial statements
- finalisation of Audit Office quality review procedures
- completion of our subsequent event procedures up to the date of signing the audit reports
- receipt of the signed letter of representation (to be signed and dated the same day as the GPFS and SPFS).

Promptly resolving these matters will avoid delays in issuing the Independent Auditor's Reports.

#### **'Other Information' section**

The Council's annual report will include information in addition to the financial statements and Independent Auditor's Report. For the purposes of our audit this is considered 'other information'. Auditing Standards require us to consider whether the other information is materially consistent with the financial statements and the knowledge we obtained during the audit. Where matters are identified, we are required to disclose them in the Independent Auditor's Report.

### **3.2 Report on the Conduct of the Audit**

We will issue the Report on the Conduct of the Audit required by section 417(3) of the *Local Government Act 1993* at the same time as the Independent Auditor's Reports. The Report on the Conduct of the Audit will incorporate comments we consider appropriate, based on the audit of the Council's financial statements.

### **3.3 Auditor-General's Report to Parliament**

The 2025 Auditor-General's Report to Parliament will incorporate the results of the audit.

### **3.4 Management Letter**

We issue Management Letters detailing matters of governance interest identified during the audit. Our current audit identified:

- one prior year matter not resolved by management but with a due date that had not passed.
- two matters raised in prior years have been addressed.

We issued an interim Management Letter in July 2025 which included observations from interim phase of the audit.

A Management Letter from the final phase of my audit will be sent to you during October 2025.

## **4. AUDIT FINDINGS**

### **4.1 Response to key issues and audit risks**

The Annual Engagement Plan sent on 13 March 2025, identified key issues affecting the Council and how the audit team planned to respond to them. The results of the audit work are detailed below.

Issue or risk	Audit outcome
<b>Revaluation of Infrastructure, Property, Plant and Equipment (IPPE)</b>	
The following IPPE classes will be comprehensively revalued this year: <ul style="list-style-type: none"> <li>• land</li> <li>• land improvements</li> <li>• buildings</li> <li>• water infrastructure</li> </ul>	Management engaged an independent valuer to perform the comprehensive revaluation of land, land improvements, buildings and water supply network. The revaluations resulted in: <ul style="list-style-type: none"> <li>• \$1.3 million increment in land</li> <li>• \$0.3 million decrement in land improvements</li> <li>• \$0.07 million increment in buildings</li> <li>• \$61.9 million increment in water supply network</li> </ul> As part of our audit procedures, we have assessed: <ul style="list-style-type: none"> <li>• Council's instructions to valuers, where applicable</li> <li>• the methodology's compliance with AASB 13 'Fair Value Measurement'</li> <li>• the qualifications and experience of experts used, where applicable</li> <li>• the completeness and accuracy of data provided to valuers, such as spreadsheets</li> <li>• the effectiveness of management's process in assessing the valuation outcomes</li> <li>• the process used to assess the assets' condition</li> <li>• whether key asset management systems are regularly reconciled to the general ledger</li> <li>• the reasonableness of expected useful lives, an assessment of the assets condition and depreciation rates</li> <li>• accuracy of adjustments made to the fixed asset register and general ledger</li> <li>• adequacy of financial statements disclosures.</li> </ul> Overall, our testing procedures did not identify any reportable matters.
<b>Assessing the fair value of Council's infrastructure, property, plant and equipment (IPPE)</b>	
Australian Accounting Standards require the Council to annually assess: <ul style="list-style-type: none"> <li>• whether the carrying value of IPPE materially reflects fair value</li> <li>• useful lives remain reasonable</li> <li>• whether any assets are impaired, including the impact of natural disaster events.</li> </ul> In the years between comprehensive revaluations of assets, management should provide documentation supporting their annual assessment and significant judgements and assumptions.	We have: <ul style="list-style-type: none"> <li>• reviewed management's annual assessment for reasonableness, including the evidence provided to support the assessment</li> <li>• considered recent events and relevant externally available information (such as indices) when assessing whether assets' carrying amounts materially reflect fair value</li> <li>• ensured the financial statements include the required disclosures in accordance with Australian Accounting Standards.</li> </ul> Our testing procedures did not identify any misstatement.
<b>Amendments to AASB 13 'Fair Value Measurement'</b>	
AASB 2022-10 'Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of	The application of the additional guidance and examples did not have a material impact on the valuation of Council's non-

Issue or risk	Audit outcome
<p>Not-for-Profit Public Sector Entities' amended AASB 13, including adding authoritative implementation guidance and providing related illustrative examples, for fair value measurements of non-financial assets of not-for-profit (NFP) public sector entities.</p>	<p>financial assets recognised in the 30 June 2025 financial statements.</p>
<p>The amendments to AASB 13 apply to the non-financial assets of Council not held primarily for their ability to generate net cash inflows prospectively for the 2024–25 financial year.</p>	<p>We reviewed:</p> <ul style="list-style-type: none"> <li>management's assessment of the impacts of the amendments to AASB 13 on their fair value measurements including the evidence provided to support the assessment</li> </ul>
<p>This required an impact assessment by management to assess whether Council's current valuation assumptions and processes are consistent with the guidance. The assessment should be supported by accounting position papers documenting the possible impacts on the fair value measurements of relevant assets, quantifying the impact and highlighting any changes to significant management assumptions.</p>	<ul style="list-style-type: none"> <li>key estimates and judgements used in the fair value measurement and whether these comply with the requirements of AASB 13 including: <ul style="list-style-type: none"> <li>the appropriateness of including certain costs in the gross replacement cost, such as hypothetical costs of removing unwanted structures, disruption costs and replacing disturbed third-party assets</li> <li>the appropriateness of Council's own assumptions used in the valuation</li> <li>other assumptions, such as consideration of obsolescence factors (functional or economic) and expected pattern of consumption of future economic benefits.</li> </ul> </li> </ul>
<p>Our work concluded that:</p> <ul style="list-style-type: none"> <li>management have appropriately considered the impact of the amendments and authoritative implementation guidance on the fair value measurements of Council's non-financial assets at 30 June 2025</li> <li>the key estimates and judgements used in the fair value measurement of Council's non-financial assets materially comply with the requirements of AASB 13.</li> </ul>	
<p>We are satisfied that the methodology used in the valuation complies with the requirements of AASB 13.</p>	
Quality and timeliness of financial reporting	
<p>Quality and timeliness of financial reporting is key for sound financial management, public accountability and effective decision making. Absence of an effective project plan for year-end financial reporting can result in delays, errors, poor quality and increased audit costs.</p>	<p>We reviewed the quality, timeliness and effectiveness of Council's financial reporting process. No reportable issues were noted.</p>
<p>Quality and timeliness can improve by:</p> <ul style="list-style-type: none"> <li>preparing proforma financial statements before 30 June 2025</li> <li>assessing the impact of material, complex and one-off significant transactions</li> <li>documenting significant judgements and assumptions used to prepare financial statements</li> <li>assessing the impact of new and revised accounting standards effective in the current and future years</li> </ul>	

Issue or risk	Audit outcome
<ul style="list-style-type: none"> <li>completing valuations, fair value assessments and other IPPE requirements before 30 June 2025</li> <li>regularly reconciling key accounts and clearing reconciling items</li> <li>involving the Audit, Risk and Improvement Committee early in the financial reporting process, to review the project plan and the financial statements.</li> </ul>	
<p><b>Cyber security</b></p> <p>The Council relies on digital technology to deliver services, organise and store information, manage business processes, and control critical infrastructure. The increasing global interconnectivity between computer networks has dramatically increased the risk of cyber security incidents. Such incidents can harm the Council's service delivery and may include the theft of information, denial of access to critical technology, or even the hijacking of systems for profit or malicious intent.</p> <p>Cyber security risks may represent a risk of material misstatement to the Council's financial statements. Our work is performed in this context and is not designed to provide assurance to the Council about the overall sufficiency or effectiveness of their system of cyber security controls.</p>	<p>To meet our obligations under Australian Auditing Standard ASA 315 'Identifying and Assessing the Risks of Material Misstatement', we assessed whether cyber security risks represent a risk of material misstatement to the Council's financial statements. As part of our audit procedures, we have:</p> <ul style="list-style-type: none"> <li>assessed whether the risk assessment process considers cyber security risks</li> <li>determined how the roles and responsibilities for cyber security are established</li> <li>obtained an understanding of the process for: <ul style="list-style-type: none"> <li>safeguarding of assets that may be exposed to security breaches</li> <li>monitoring and detecting security breaches and incidents</li> <li>disclosing cyber security risks and incidents</li> <li>performed additional procedures as required based on our risk assessment.</li> </ul> </li> </ul> <p>The systems within the scope of the review included Infor FSM, Infor IPS and Aurion.</p> <p>We previously raised an issue in our management letter related to IT Policies and Business Continuity Plan. This issue will remain open and will be reviewed by audit once the due date in December 2025 has passed. We have closed in the management letter an issue raised in relation to Information Technology - User Access reviews where management have implemented our recommendation during the year.</p>
<p><b>Capital Expenditure</b></p> <p>The Council has a significant capital works program (\$17.5 million) for 2024-25 with 50% expended up to January 2025. There is an expectation from a broad range of stakeholders that the Council will deliver its capital works program in a timely manner and within budget.</p>	<p>We reviewed the key controls Council has implemented to manage their capital works program.</p> <p>For a sample of projects, we have:</p> <ul style="list-style-type: none"> <li>reviewed how costs are classified between expenses and assets</li> <li>reviewed the Council's componentisation of project costs into separate assets</li> <li>reviewed the capitalisation of overhead costs</li> <li>examined the timeliness of asset additions to the asset register</li> <li>ensured replaced assets are removed from the asset register</li> </ul>

Issue or risk	Audit outcome
	<ul style="list-style-type: none"> <li>ensured financial statements include all relevant disclosures.</li> </ul> <p>No exceptions were noted from audit procedures performed.</p>
<b>Developer contributions</b> <p>Each year, the Council receives significant developer contributions both in the form of cash and physical assets.</p> <p>During 2023–24, the Council received \$1.7 million of developer contributions.</p>	<p>We reviewed the key and processes used by Council to manage developer contributions, including contributed assets. We noted developer contributions decreased during the year due to the decrease in Section 64 water supply contribution. The Council reported \$1.1 million of developer contributions as at 30 June 2025 (2024: \$1.7 million).</p> <p>Our substantive testing performed found no errors in the recognition of developer contributions revenue.</p> <p>We have assessed the reasonableness of financial statement disclosures and did not identify any misstatement.</p>
<b>Transition to new system</b> <p>The Council implemented a new system, Infor FSM, Infor IPS (Asset management) and Aurion (Payroll) on 1 July 2024. Data migration occurred on 1 July 2024.</p>	<p>We have assessed:</p> <ul style="list-style-type: none"> <li>the implementation of key controls within the new system that are relevant for the audit</li> <li>key controls in place for the transfer of data between Civica Authority to Infor</li> <li>the accuracy and completeness of the data migration between Civica Authority to Infor</li> <li>appropriateness of the accounting treatment of the system implementation.</li> </ul> <p>Overall, our testing procedures did not identify any reportable matters.</p>

## 4.2 Misstatements

Auditing Standards require matters of governance interest and significant misstatements identified during the audit to be communicated to those charged with governance.

Misstatements (both monetary and disclosure deficiencies) are differences between what has been reported in the financial statements and what is required in accordance with the Council's financial reporting framework. Misstatements can arise from error or fraud. Misstatements that resulted from failures in internal controls and / or systemic deficiencies will be reported in the Management Letter.

### General Purpose Financial Statements (GPFS)

Appendix One lists and explains the nature and impact of the misstatements contained in the GPFS.

Based on our evaluation, none of the misstatements reported are due to fraud.

### Special Purpose Financial Statements (SPFS)

#### Declared Business Activities

The SPFS for Declared Business Activities did not contain misstatements.

#### Application for Pensioner Concession Subsidy

The SPFS for the Application for Pensioner Concession Subsidy did not contain misstatements.

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Our insights inform and challenge government to improve outcomes for citizens



#### 4.3 Compliance with legislative requirements

The Annual Engagement Plan and Terms of Engagement explain that audit procedures are targeted specifically towards forming an opinion on the Council's financial statements. This includes testing whether the Council has complied with legislative requirements that may materially impact the financial statements.

Our audit procedures did not identify reportable findings on compliance with legislative requirements.

### 5. THE AUDIT PROCESS

#### 5.1 Management co-operation

We appreciated the co-operation and help received from the Council's staff, in particular the finance team.

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## APPENDIX ONE – GENERAL PURPOSE FINANCIAL STATEMENTS

### Table one: Uncorrected monetary misstatements and disclosure deficiencies

#### Uncorrected monetary misstatements

We did not detect any reportable disclosure deficiencies that remain uncorrected in the GPFS.

### Table two: Corrected monetary misstatements and disclosure deficiencies

#### Corrected disclosure deficiencies

Management corrected the following disclosure deficiencies in the current year's GPFS. We agree with management's determination and confirm this treatment complies with Australian Accounting Standards.

AASB reference	Disclosure title	Description of disclosure deficiency
AASB 101 Presentation of Financial Statements	Various	Various minor amendments and corrections were made to the financial statement disclosures.
AASB 116 Property, Plant and Equipment	C1-6 Infrastructure, property, plant and equipment	Updated the asset useful lives to use the expected capitalisation useful life rather than the remaining useful life.

## Our vision

Our insights inform and challenge government to improve outcomes for citizens.

## Our purpose

To help Parliament hold government accountable for its use of public resources.



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Andrew Crakanthorp  
 Chief Executive Officer  
 Riverina Water County Council  
 91 Hammond Ave  
 East Wagga Wagga NSW 2650

Contact: Min Cui  
 Phone no: 02 9275 7419  
 Our ref: R008-1981756498-6481

24 October 2025

Dear Mr Crakanthorp

**Management letter on the Final Phase of the Audit  
 for the Year Ended 30 June 2025**

The final phase of our audit for the year ended 30 June 2025 is complete. This letter outlines:

- matters of governance interest we identified during the current audit
- unresolved matters identified during previous audits
- matters we are required to communicate under Australian Auditing Standards.

We planned and carried out our audit to obtain reasonable assurance the financial statements are free from material misstatement. Because our audit is not designed to identify all matters that may be of governance interest to you, there may be other matters that did not come to our attention.

We have kept management informed of the issues included in this letter as they have arisen. A formal draft of this letter was provided on 15 October 2025. This letter includes management's formal responses, the person responsible for addressing the matter and the date by which this should be actioned.

The information in this letter and any attachment is confidential and intended for management and those charged with governance only. This document may not be shared with other parties without the consent of the Audit Office. It may not be distributed to persons other than management and those you determine to be charged with governance of the Council.

The Auditor-General may include items listed in this letter in the Report to Parliament. We will send you a draft of this report and ask for your comments before it is tabled in Parliament.

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If you would like to discuss any of the matters raised in this letter, please contact me on 9275 7419 or Jason Gilbert on 02 6021 1111.

Yours sincerely



Min Cui  
Associate Director, Financial Audit

cc: Tim Koschel, Chairperson

Emily Tonacia, Director Corporate Services

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# Final management letter

for the year ended 30 June 2025

Riverina Water County Council

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FROM INSIGHTS TO IMPACT

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We have rated the risk of each issue as 'Extreme', 'High', 'Moderate' or 'Low' based on the likelihood of the risk occurring and the consequences if the risk does occur using the risk assessment matrix below.

LIKELIHOOD	CONSEQUENCE			
	Low	Medium	High	Very high
Almost certain	M	M	H	E
Likely	L	M	H	H
Possible	L	M	M	H
Rare	L	L	M	M

The risk level is a combination of the consequences and likelihood. The position within the matrix corresponds to the risk levels below.

RISK LEVELS	MATRIX REFERENCE
✖ Extreme:	E
❗ High:	H
▬ Moderate:	M
↙ Low:	L

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For each issue identified, the principles within the consequence and likelihood tables have been used to guide our assessment.

#### Consequence levels and descriptors

When assessing the consequence of each issue, we have regard to the length of time the issue remains unresolved. The lack of timeliness in resolving issues may indicate systemic issues and/or poor governance practices, which warrant an increase in the consequence level. As such, unresolved or unaddressed issues from prior periods are re-assessed annually.

Consequence level	Consequence level description
Very high	<ul style="list-style-type: none"> <li>• Affects the ability of the entire entity to achieve its objectives and may require third party intervention;</li> <li>• Arises from a fundamental systemic failure of governance practices and/or internal controls across the entity or across a critical/significant part of the entity; or</li> <li>• May result in an inability for the auditor to issue an audit opinion or issue an unqualified audit opinion, and/or significant management work arounds and substantive tests of details was required in order to issue an unqualified opinion.</li> </ul>
High	<ul style="list-style-type: none"> <li>• Requires coordinated management effort at the executive level;</li> <li>• Arises from a widespread failure of governance practices and/or internal controls affecting most parts of the entity or across a significant/important part of the entity (eg. as demonstrated through a lack of timely resolution of unresolved/repeat issues); or</li> <li>• May result in an inability for the auditor to issue an unqualified audit opinion, and/or significant management workarounds and substantive tests of details was required in order to issue an unqualified opinion.</li> </ul>
Medium	<ul style="list-style-type: none"> <li>• Requires management effort from areas outside the business unit; or</li> <li>• Arises from ineffective governance practices and/or internal controls affecting several parts or a key part of the entity (eg. as demonstrated through a lack of timely resolution of unresolved/repeat issues).</li> </ul>
Low	<ul style="list-style-type: none"> <li>• Can be managed within normal management practices; or</li> <li>• Arises from isolated ineffective governance practices and/or internal controls affecting a small part of the entity that are largely administrative in nature.</li> </ul>

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### Likelihood levels and descriptors

When assessing the likelihood of each issue, we have regard to the length of time the issue remains unresolved because the longer the risk remains unresolved the greater the chance the weakness could be exploited, or an adverse event or events could occur. As such, unresolved or unaddressed issues from prior periods are re-assessed annually.

Likelihood level	Frequency	Probability
Almost certain	The event is expected to occur in most circumstances, and frequently during the year	More than 99%
Likely	The event will probably occur once during the year	More than 20% and up to 99%
Possible	The event might occur at some time in the next five years	More than 1% and up to 20%
Rare	The event could occur in exceptional circumstances	Less than 1%

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## Summary of issues

Issue	Detail	Likelihood	Consequence	Risk assessment
	No reportable matters from final audit.			
<b>Appendix</b>				
<u>Review of matters raised in prior year management letters that are not yet due</u>				
<u>Review of matters raised in prior year management letters that have been addressed</u>				

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## Appendix

### Review of matters raised in prior year management letters that are not yet due

The issues in this appendix were raised in previous management letters with a due date that had not passed.

Prior issues raised	Risk assessment	Assessment of action taken	Recommendation
<b>Interim management letter for the year ended 30 June 2025</b>			
IT Policies and Business Continuity Plan	 Moderate	Due date: December 2025	We will follow up this issue as part of the 2025-26 interim audit.

### Review of matters raised in prior year management letters that have been addressed

The issues in this appendix were raised in previous management letters. For each of these issues, we have determined how management has addressed the issue in the current year.

Prior issues raised	Risk assessment	Assessment of action taken	Recommendation
Information Technology – User access review	 Moderate	User access reviews are now completed quarterly (reviews complete to 20 June 2025). Review is undertaken by the IT Service Coordinator and approved by the Manager Technology & Information.	Matter has been addressed by management.
Review of Changes in Revenue Masterfile	 Moderate	Council have completed development of an auditing dashboard between IPS and Microsoft Power BI that allows them to interrogate IPS auditing data to assist in identifying any abnormalities.	Matter has been addressed by management.



# Riverina Water County Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2025

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



**Riverina Water County Council**  
**General Purpose Financial Statements**  
 for the year ended 30 June 2025

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**Overview**

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

91 Hammond Avenue  
 Wagga Wagga NSW 2650

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

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

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

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

## Riverina Water County Council

### General Purpose Financial Statements for the year ended 30 June 2025

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

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

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

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

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

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

**Signed in accordance with a resolution of Council made on 11 September 2025.**



Clr T Koschel  
Chairperson  
11 September 2025



Clr G Driscoll  
Deputy Chairperson  
11 September 2025



Mr A Crakanthorpe  
Chief Executive Officer  
11 September 2025



Mrs N Harris  
Responsible Accounting Officer  
11 September 2025

# Riverina Water County Council

## Income Statement

for the year ended 30 June 2025

Original unaudited budget 2025	\$ '000	Notes	Actual 2025	Actual 2024
<b>Income from continuing operations</b>				
5,961		B2-1	<b>6,147</b>	6,061
24,767		B2-2	<b>29,512</b>	26,013
345		B2-3	<b>451</b>	2,270
15		B2-4	<b>31</b>	—
2,025		B2-4	<b>1,389</b>	3,230
1,330		B2-5	<b>1,649</b>	1,215
—		B4-1	<b>162</b>	12
<b>34,443</b>			<b>39,341</b>	<b>38,801</b>
<b>Expenses from continuing operations</b>				
12,623		B3-1	<b>14,556</b>	12,274
11,572		B3-2	<b>10,166</b>	10,605
99		B3-3	<b>117</b>	127
266		B3-5	<b>224</b>	190
<b>24,560</b>			<b>25,063</b>	<b>23,196</b>
<b>Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets</b>				
<b>9,883</b>			<b>14,278</b>	<b>15,605</b>
9,470		B3-4	<b>8,682</b>	9,098
<b>413</b>			<b>5,596</b>	<b>6,507</b>
<b>413</b>			<b>5,596</b>	<b>6,507</b>
<b>Net operating result for the year attributable to Council</b>				
<b>(1,612)</b>			<b>4,207</b>	<b>3,277</b>

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 2025

\$ '000	Notes	2025	2024
<b>Net operating result for the year – from Income Statement</b>		<b>5,596</b>	6,507
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequent to operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<b>63,013</b>	17,094
Gain (loss) on revaluation of intangible assets	C1-7	<b>(99)</b>	(445)
<b>Total items which will not be reclassified subsequent to operating result</b>		<b>62,914</b>	16,649
<b>Total other comprehensive income for the year</b>		<b>62,914</b>	16,649
<b>Total comprehensive income for the year attributable to Council</b>		<b>68,510</b>	23,156

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 2025

\$ '000	Notes	2025	2024
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	2,243	2,450
Investments	C1-2	22,000	23,500
Receivables	C1-4	5,323	6,877
Inventories	C1-5	2,691	2,650
<b>Total current assets</b>		<b>32,257</b>	<b>35,477</b>
<b>Non-current assets</b>			
Investments	C1-2	13,000	6,500
Infrastructure, property, plant and equipment (IPPE)	C1-6	448,110	382,447
Intangible assets	C1-7	8,819	8,918
<b>Total non-current assets</b>		<b>469,929</b>	<b>397,865</b>
<b>Total assets</b>		<b>502,186</b>	<b>433,342</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C2-1	3,610	3,863
Borrowings	C2-2	155	155
Employee benefit provisions	C2-3	4,754	4,279
<b>Total current liabilities</b>		<b>8,519</b>	<b>8,297</b>
<b>Non-current liabilities</b>			
Borrowings	C2-2	1,550	1,705
Employee benefit provisions	C2-3	267	—
<b>Total non-current liabilities</b>		<b>1,817</b>	<b>1,705</b>
<b>Total liabilities</b>		<b>10,336</b>	<b>10,002</b>
<b>Net assets</b>		<b>491,850</b>	<b>423,340</b>
<b>EQUITY</b>			
Accumulated surplus		169,979	164,383
IPPE revaluation surplus	C3-1	321,871	258,957
<b>Council equity interest</b>		<b>491,850</b>	<b>423,340</b>
<b>Total equity</b>		<b>491,850</b>	<b>423,340</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 2025

\$ '000	Notes	2025			2024		
		Accumulated surplus	IPPE revaluation surplus	Total equity	Accumulated surplus	IPPE revaluation surplus	Total equity
<b>Opening balance at 1 July</b>		<b>164,383</b>	<b>258,957</b>	<b>423,340</b>	<b>157,876</b>	<b>242,308</b>	<b>400,184</b>
<b>Restated opening balance</b>		<b>164,383</b>	<b>258,957</b>	<b>423,340</b>	<b>157,876</b>	<b>242,308</b>	<b>400,184</b>
 <b>Net operating result for the year</b>		 <b>5,596</b>	 –	 <b>5,596</b>	 6,507	 –	 6,507
<b>Restated net operating result for the period</b>		<b>5,596</b>	<b>–</b>	<b>5,596</b>	<b>6,507</b>	<b>–</b>	<b>6,507</b>
 <b>Other comprehensive income</b>		   <b>Gain (loss) on revaluation of infrastructure, property, plant and equipment</b>	   C1-6	   <b>63,013</b>	   <b>63,013</b>	   –	   <b>17,094</b>
			C1-7				
				 <b>(99)</b>	 <b>(99)</b>	 –	 <b>(445)</b>
				 <b>62,914</b>	 <b>62,914</b>	 –	 <b>16,649</b>
 <b>Total comprehensive income</b>		   <b>5,596</b>	   <b>62,914</b>	   <b>68,510</b>	   6,507	   <b>16,649</b>	   <b>23,156</b>
 <b>Closing balance at 30 June</b>		   <b>169,979</b>	   <b>321,871</b>	   <b>491,850</b>	   164,383	   <b>258,957</b>	   <b>423,340</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 2025

Original unaudited budget 2025	\$ '000	Notes	Actual 2025	Actual 2024
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
5,964	Rates and annual charges		6,144	6,368
24,849	User charges and fees		29,272	25,243
1,431	Interest received		1,511	960
2,078	Grants and contributions		1,415	3,240
–	Bonds, deposits and retentions received		47	1
2,643	Other		4,556	2,255
<i>Payments:</i>				
(12,593)	Payments to employees		(13,634)	(11,823)
(11,555)	Payments for materials and services		(10,555)	(12,265)
(99)	Borrowing costs		(117)	(127)
(232)	Other		(2,521)	(138)
<b>12,486</b>	<b>Net cash flows from operating activities</b>	F1-1	<b>16,118</b>	<b>13,714</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
3,589	Redemption of term deposits		–	–
–	Proceeds from sale of IPPE		482	246
<i>Payments:</i>				
–	Acquisition of term deposits		(5,000)	(4,000)
(15,920)	Payments for IPPE		(11,652)	(10,659)
<b>(12,331)</b>	<b>Net cash flows from/(used in) investing activities</b>		<b>(16,170)</b>	<b>(14,413)</b>
<b>Cash flows from financing activities</b>				
<i>Payments:</i>				
(155)	Repayment of borrowings		(155)	(155)
<b>(155)</b>	<b>Net cash flows from/(used in) financing activities</b>		<b>(155)</b>	<b>(155)</b>
<b>–</b>	<b>Net change in cash and cash equivalents</b>		<b>(207)</b>	<b>(854)</b>
1,000	Cash and cash equivalents at beginning of year		2,450	3,304
<b>1,000</b>	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>2,243</b>	<b>2,450</b>
12,331	plus: Investments on hand at end of year	C1-2	<b>35,000</b>	30,000
<b>13,331</b>	<b>Total cash, cash equivalents and investments</b>		<b>37,243</b>	<b>32,450</b>

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

# Riverina Water County Council

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## Riverina Water County Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 11 September 2025. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

#### **Basis of preparation**

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

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

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

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

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

and are clearly marked.

#### **Historical cost convention**

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

#### **Significant accounting estimates and judgements**

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

#### **Critical accounting estimates and assumptions**

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

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

## A1-1 Basis of preparation (continued)

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

#### **(i) Impairment of receivables**

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

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

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2025 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates in the annual reporting period beginning 1 July 2024.

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

### **New accounting standards adopted during the year**

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time as at 30 June 2025.

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

## B Financial Performance

### B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
<b>Functions or activities</b>										
Water supply	39,341	38,801	33,745	32,294	5,596	6,507	1,420	3,230	502,186	433,342
<b>Total functions and activities</b>	<b>39,341</b>	<b>38,801</b>	<b>33,745</b>	<b>32,294</b>	<b>5,596</b>	<b>6,507</b>	<b>1,420</b>	<b>3,230</b>	<b>502,186</b>	<b>433,342</b>

## B1-2 Components of functions or activities

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

### **Water supply**

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

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2025	2024
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Water supply services – commercial	525	522
Water supply services – residential	5,424	5,346
<b>Annual charges levied</b>	<b>5,949</b>	<b>5,868</b>
Pensioner annual charges subsidies received:		
– Water	198	193
<b>Total annual charges</b>	<b>6,147</b>	<b>6,061</b>
<b>Total rates and annual charges</b>	<b>6,147</b>	<b>6,061</b>
<b>Timing of revenue recognition for rates and annual charges</b>		
Rates and annual charges recognised at a point in time	6,147	6,061
<b>Total rates and annual charges</b>	<b>6,147</b>	<b>6,061</b>

#### Material accounting policy information

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

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

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

### B2-2 User charges and fees

\$ '000	2025	2024
<b>Specific user charges (per s502 - specific 'actual use' charges)</b>		
Water supply services – commercial	6,957	6,710
Water supply services – residential	20,204	17,637
<b>Total specific user charges</b>	<b>27,161</b>	<b>24,347</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>		
Private works – section 67	33	–
Section 603 certificates	208	165
Plumbing permits/fees	53	46
<b>Total fees and charges – statutory/regulatory</b>	<b>294</b>	<b>211</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>		
Leaseback fees – Council vehicles	95	38
Water connection fees	1,513	1,096
Standpipe fees	449	321
<b>Total fees and charges – other</b>	<b>2,057</b>	<b>1,455</b>
<b>Total other user charges and fees</b>	<b>2,351</b>	<b>1,666</b>
<b>Total user charges and fees</b>	<b>29,512</b>	<b>26,013</b>
<b>Timing of revenue recognition for user charges and fees</b>		
User charges and fees recognised at a point in time	29,512	26,013
<b>Total user charges and fees</b>	<b>29,512</b>	<b>26,013</b>

## B2-2 User charges and fees (continued)

### Material accounting policy information

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

## B2-3 Other revenues

\$ '000	2025	2024
Diesel rebate	1	11
Lease rental	88	65
Sales – scrap material	2	34
Sundry Income	71	2,035
Temporary water allocation	247	–
Employment & Training Subsidies	–	84
Insurance incentive	42	41
<b>Total other revenue</b>	<b>451</b>	<b>2,270</b>
 <b>Timing of revenue recognition for other revenue</b>		
Other revenue recognised at a point in time	451	2,270
<b>Total other revenue</b>	<b>451</b>	<b>2,270</b>

### Material accounting policy information for other revenue

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

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

In 2024, Council resolved a contract dispute resulting in the receipt of a settlement sum recognised in Sundry Income.

## B2-4 Grants and contributions

\$ '000	Operating 2025	Operating 2024	Capital 2025	Capital 2024
<b>Special purpose grants and non-developer contributions (tied)</b>				
<b>Cash contributions</b>				
Water supplies	31	–	–	–
Water supplies (excl. section 64 contributions)	–	–	330	1,477
<b>Total special purpose grants and non-developer contributions – cash</b>	<b>31</b>	<b>–</b>	<b>330</b>	<b>1,477</b>
 <b>Total special purpose grants and non-developer contributions (tied)</b>	 <b>31</b>	 <b>–</b>	 <b>330</b>	 <b>1,477</b>
 <b>Total grants and non-developer contributions</b>	 <b>31</b>	 <b>–</b>	 <b>330</b>	 <b>1,477</b>
 <b>Comprising:</b>				
– Other funding	31	–	330	1,477
	<b>31</b>	<b>–</b>	<b>330</b>	<b>1,477</b>

## B2-4 Grants and contributions (continued)

### Developer contributions

\$ '000	Notes	Operating 2025	Operating 2024	Capital 2025	Capital 2024
<b>Developer contributions:</b>					
<b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>	F3				
S 64 – water supply contributions		–	–	1,059	1,753
<b>Total developer contributions – cash</b>		–	–	<b>1,059</b>	<b>1,753</b>
<b>Total developer contributions</b>		–	–	<b>1,059</b>	<b>1,753</b>
<b>Total contributions</b>		–	–	<b>1,059</b>	<b>1,753</b>
<b>Total grants and contributions</b>		<b>31</b>	–	<b>1,389</b>	<b>3,230</b>
<b>Timing of revenue recognition</b>					
Grants and contributions recognised at a point in time		31	–	1,389	3,230
<b>Total grants and contributions</b>		<b>31</b>	–	<b>1,389</b>	<b>3,230</b>

### Material accounting policy information

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

## B2-5 Interest and investment income

\$ '000	2025	2024
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges	81	54
– Cash and investments	1,568	1,161
<b>Total interest and investment income</b>	<b>1,649</b>	<b>1,215</b>

## B3 Costs of providing services

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

\$ '000	2025	2024
Salaries and wages	10,699	9,848
Employee leave entitlements (ELE)	3,016	2,464
Superannuation	2,127	1,850
Workers' compensation insurance	224	230
Fringe benefit tax (FBT)	53	27
Payroll tax	802	727
Sick leave bonus	73	118
<b>Total employee costs</b>	<b>16,994</b>	<b>15,264</b>
Less: capitalised costs	(2,438)	(2,990)
<b>Total employee costs expensed</b>	<b>14,556</b>	<b>12,274</b>
Number of 'full-time equivalent' employees (FTE) at year end	126	116

### Material accounting policy information

#### *Superannuation plans*

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

### B3-2 Materials and services

\$ '000	Notes	2025	2024
Consultancy costs		281	—
Raw materials and consumables		2,106	2,920
Contractor costs		876	440
Audit Fee	E2-1	129	107
Strategic Documents		—	61
Councillor and Mayoral fees and associated expenses	E1-2	147	139
Advertising		54	10
Bank charges		38	34
Computer software charges		370	904
Electricity and heating		3,070	2,747
IT expenses		1,409	1,883
Insurance		485	459
Office expenses		—	8
Postage		168	128
Printing and stationery		100	42
Subscriptions and publications		125	60
Telephone and communications		148	102
Valuation fees		—	6
Travel expenses		21	22
Rates and user charges		186	191
Community Engagement		—	19
Training costs (other than salaries and wages)		293	225
Memberships		48	21
Uniforms		57	68
<b>Legal expenses:</b>			
– Legal expenses: other		55	7
Expenses from leases of low value assets		—	2
<b>Total materials and services</b>		<b>10,166</b>	<b>10,605</b>
<b>Total materials and services</b>		<b>10,166</b>	<b>10,605</b>

### B3-3 Borrowing costs

#### (i) Interest bearing liability costs

Interest on loans	117	127
<b>Total borrowing costs expensed</b>	<b>117</b>	<b>127</b>

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

\$ '000	Notes	2025	2024
<b>Depreciation and amortisation</b>			
Plant and equipment		707	599
Office equipment		166	142
Land improvements (depreciable)		17	16
<b>Infrastructure:</b>	C1-6		
– Buildings – non-specialised		4	7
– Buildings – specialised		298	223
– Water supply network		7,490	8,111
<b>Total gross depreciation and amortisation costs</b>		<b>8,682</b>	<b>9,098</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>8,682</b>	<b>9,098</b>

#### Material accounting policy information

##### Depreciation and amortisation

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

##### Impairment of non-financial assets

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

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

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

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

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

### B3-5 Other expenses

\$ '000	2025	2024
<b>Other</b>		
Donations, contributions and assistance to other organisations (Section 356)	224	190
<b>Total other expenses</b>	<b>224</b>	<b>190</b>

## B4 Gains or losses

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

\$ '000	Notes	2025	2024
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property		10	–
Less: carrying amount of property assets sold/written off		(1)	–
<b>Gain (or loss) on disposal</b>		<b>9</b>	<b>–</b>
<b>Gain (or loss) on disposal of plant and equipment</b>			
Proceeds from disposal – plant and equipment		472	246
Less: carrying amount of plant and equipment assets sold/written off	C1-6	(305)	(234)
<b>Gain (or loss) on disposal</b>		<b>167</b>	<b>12</b>
<b>Gain (or loss) on disposal of infrastructure</b>			
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(14)	–
<b>Gain (or loss) on disposal</b>		<b>(14)</b>	<b>–</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>162</b>	<b>12</b>

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 27 June 2024 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	2025 Budget	2025 Actual	2025 Variance	
<b>Revenues</b>				
<b>User charges and fees</b>	<b>24,767</b>	<b>29,512</b>	<b>4,745</b>	<b>19% F</b>
User charges were higher due to increased water sales and income from water connection fees.				
<b>Other revenues</b>	<b>345</b>	<b>451</b>	<b>106</b>	<b>31% F</b>
Temporary sales of water licence allocations increased other revenues.				
<b>Operating grants and contributions</b>	<b>15</b>	<b>31</b>	<b>16</b>	<b>107% F</b>
New grant received for strategic planning project 2024/25.				
<b>Capital grants and contributions</b>	<b>2,025</b>	<b>1,389</b>	<b>(636)</b>	<b>(31)% U</b>
Income from developer contributions was less than budget and down on 2023/24 figures.				
<b>Interest and investment revenue</b>	<b>1,330</b>	<b>1,649</b>	<b>319</b>	<b>24% F</b>

## B5-1 Material budget variations (continued)

\$ '000	2025 Budget	2025 Actual	2025 Variance
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Interest on investments was higher than original budget due to more favourable interest rates.

### Expenses

<b>Employee benefits and on-costs</b>	12,623	14,556	(1,933)	(15)%	U
---------------------------------------	--------	--------	---------	-------	---

Employee benefits and on-costs were higher than budget due to remeasurement of employee leave entitlements, capitalised wages being lower than anticipated, and budget realignment resulting from change in chart of account structure.

<b>Materials and services</b>	11,572	10,166	1,406	12%	F
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Materials and services were lower than budget due to budget realignment resulting from change in chart of account structure.

<b>Borrowing costs</b>	99	117	(18)	(18)%	U
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Borrowing costs were higher than budget due to higher than anticipated interest rates, affecting variable loan interest.

<b>Other expenses</b>	266	224	42	16%	F
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Other expenses were lower than budget due to less donations made.

### Statement of cash flows

<b>Cash flows from operating activities</b>	12,486	16,118	3,632	29%	F
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Cash flows from operating activities was higher due to user fee income mainly from increased water sales.

<b>Cash flows from investing activities</b>	(12,331)	(16,170)	(3,839)	31%	U
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Cash flows from investing activities was due to purchase of additional investment. There was also less capital expenditure due to delay in completion of some projects.

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2025	2024
<b>Cash assets</b>		
Cash on hand and at bank	1,060	1,022
Cash equivalent assets		
– Short-term deposits	1,183	1,428
<b>Total cash and cash equivalents</b>	<b>2,243</b>	<b>2,450</b>
 <b>Reconciliation of cash and cash equivalents</b>		
Total cash and cash equivalents per Statement of Financial Position	2,243	2,450
<b>Balance as per the Statement of Cash Flows</b>	<b>2,243</b>	<b>2,450</b>

#### C1-2 Financial investments

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
<b>Debt securities at amortised cost</b>				
Long term deposits	22,000	13,000	23,500	6,500
<b>Total</b>	<b>22,000</b>	<b>13,000</b>	<b>23,500</b>	<b>6,500</b>
<b>Total financial investments</b>	<b>22,000</b>	<b>13,000</b>	<b>23,500</b>	<b>6,500</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>24,243</b>	<b>13,000</b>	<b>25,950</b>	<b>6,500</b>

#### Material accounting policy information

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

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

#### Financial assets

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

#### Amortised cost

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

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

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

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

	\$ '000	2025	2024
(a) Externally restricted cash, cash equivalents and investments			
<b>Total cash, cash equivalents and investments</b>	<b>37,243</b>	32,450	
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>37,243</b>	32,450	

	\$ '000	2025	2024
(b) Internal allocations			
Less: Internally restricted cash, cash equivalents and investments	(8,715)	(7,704)	

#### **Unrestricted and unallocated cash, cash equivalents and investments**

##### **Internal allocations**

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

Employees leave entitlement	2,377	2,140
Plant replacement	2,422	1,667
Sales fluctuation	3,000	3,000
Water Treatment Plant	–	228
Revenue from Water Licences	916	669
<b>Total internal allocations</b>	<b>8,715</b>	<b>7,704</b>

##### **Accounting Policy**

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

	\$ '000	2025	2024
(c) Unrestricted and unallocated			
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>28,528</b>	24,746	

## C1-4 Receivables

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Rates and annual charges	655	—	638	—
User charges and fees	2,929	—	2,676	—
Accrued revenues				
Accrued interest on investments	899	—	761	—
Other income accruals	32	—	2,238	—
Government grants and subsidies	198	—	193	—
Net GST receivable	86	—	—	—
Prepaid expenditure	435	—	371	—
Other debtors	89	—	—	—
<b>Total</b>	<b>5,323</b>	<b>—</b>	<b>6,877</b>	<b>—</b>
<b>Total net receivables</b>	<b>5,323</b>	<b>—</b>	<b>6,877</b>	<b>—</b>

### Material accounting policy information

Receivables are generally due for settlement within 30 days.

### Impairment/Measurement of ECL

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

#### Impairment

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

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

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

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

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

Council's provision for impairment of receivables at 30 June 2025 is \$nil (2024: \$nil).

## C1-5 Inventories

\$ '000	2025		2024	
	Current	Non-current	Current	Non-current
<b>(i) Inventories at cost</b>				
Stores and materials			2,650	—
<b>Total inventories at cost</b>	<b>2,691</b>	<b>—</b>	<b>2,650</b>	<b>—</b>
Total inventories	<b>2,691</b>	<b>—</b>	<b>2,650</b>	<b>—</b>

### Material accounting policy information

#### Raw materials and stores, work in progress and finished goods

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

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

By aggregated asset class	At 1 July 2024			Asset movements during the reporting period								At 30 June 2025		
	\$ '000	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	Transfers from/(to) IPPE Asset classes	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	16,406	–	16,406	4,134	3,286	–	–	(5,937)	–	–	–	17,889	–	17,889
Plant and equipment	8,997	(4,421)	4,576	–	883	(274)	(707)	36	1	–	–	8,944	(4,429)	4,515
Office equipment	1,581	(1,279)	302	–	–	(31)	(166)	–	34	–	–	387	(248)	139
<b>Land:</b>														
– Operational land	8,607	–	8,607	–	–	(1)	–	–	–	–	1,316	9,922	–	9,922
Land improvements – depreciable	2,498	(71)	2,427	–	–	–	(17)	–	2	(271)	2,278	(137)	2,141	
<b>Infrastructure:</b>														
– Buildings – non-specialised	724	(232)	492	–	–	–	(4)	–	(198)	(48)	377	(135)	242	
– Buildings – specialised	22,573	(7,760)	14,813	97	–	–	(298)	2,424	3,695	123	30,057	(9,203)	20,854	
– Water supply network	572,965	(238,141)	334,824	3,140	–	(14)	(7,490)	3,477	(3,422)	61,893	620,938	(228,530)	392,408	
<b>Total infrastructure, property, plant and equipment</b>	<b>634,351</b>	<b>(251,904)</b>	<b>382,447</b>	<b>7,371</b>	<b>4,169</b>	<b>(320)</b>	<b>(8,682)</b>	<b>–</b>	<b>112</b>	<b>63,013</b>	<b>690,792</b>	<b>(242,682)</b>	<b>448,110</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 2023			Asset movements during the reporting period								At 30 June 2024		
	\$ '000	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	
Capital work in progress	14,049	–	14,049	2,636	2,631	–	–	(2,910)	–	–	16,406	–	16,406	
Plant and equipment	7,343	(4,038)	3,305	–	2,103	(233)	(599)	–	–	–	8,997	(4,421)	4,576	
Office equipment	1,525	(1,272)	253	–	192	(1)	(142)	–	–	–	1,581	(1,279)	302	
<b>Land:</b>														
– Operational land	8,292	–	8,292	–	10	–	–	–	–	305	8,607	–	8,607	
Land improvements – depreciable	2,367	(55)	2,312	–	–	–	–	(16)	–	131	2,498	(71)	2,427	
<b>Infrastructure:</b>														
– Buildings – non-specialised	671	(225)	446	27	–	–	(7)	–	–	26	724	(232)	492	
– Buildings – specialised	21,801	(7,537)	14,264	–	–	–	(223)	–	–	772	22,573	(7,760)	14,813	
– Water supply network	551,137	(230,032)	321,105	1,357	1,703	–	(8,111)	2,910	15,860	–	572,965	(238,141)	334,824	
<b>Total infrastructure, property, plant and equipment</b>	<b>607,185</b>	<b>(243,159)</b>	<b>364,026</b>	<b>4,020</b>	<b>6,639</b>	<b>(234)</b>	<b>(9,098)</b>	<b>–</b>	<b>17,094</b>	<b>17,889</b>	<b>634,351</b>	<b>(251,904)</b>	<b>382,447</b>	

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

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

### Material accounting policy information

#### Useful lives of IPPE

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

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

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

#### Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive revaluation was undertaken by Marsh Valuation Services for all water infrastructure, land, land improvement, and buildings assets for the year ended 30 June 2025. In the years outside of comprehensive revaluations water and sewerage assets are indexed in accordance with the Reference Rates Manual issued by the Department of Climate Change, Energy, Environment and Water.

Comprehensive revaluation was undertaken by Marsh Valuation Services for all water infrastructure, land, land improvement, and building assets for the year ended 30 June 2025.

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

## C1-7 Intangible assets

Intangible assets are as follows:

### Other

\$ '000	2025	2024
<b>High Security Water Licences</b>		
<b>Opening values at 1 July</b>		
Gross book value	8,918	9,363
<b>Net book value – opening balance</b>	<b>8,918</b>	<b>9,363</b>
<b>Movements for the year</b>		
Fair Value (decrement to Equity - Asset Revaluation Reserve)	(99)	(445)
<b>Closing values at 30 June</b>		
Gross book value	8,819	8,918
<b>Total High Security Water Licences – net book value</b>	<b>8,819</b>	<b>8,918</b>
Total intangible assets – net book value	<b>8,819</b>	<b>8,918</b>

### Material accounting policy information

#### High Security Water Licences

Licences are valued each year and any associated impairment or fair revaluation increment are included.

## C2 Liabilities of Council

### C2-1 Payables

\$ '000	2025	2025	2024	2024
	Current	Non-current	Current	Non-current
Goods and services – operating expenditure	1,116	–	447	–
Accrued expenses:				
– Salaries and wages	850	–	648	–
– Other expenditure accruals	441	–	1,532	–
Security bonds, deposits and retentions	190	–	143	–
ATO – net GST payable	–	–	94	–
Prepaid rates	1,013	–	999	–
<b>Total payables</b>	<b>3,610</b>	<b>–</b>	<b>3,863</b>	<b>–</b>

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

\$ '000	2025	2024
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	190	143
<b>Total payables</b>	<b>190</b>	<b>143</b>

#### Material accounting policy information

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

## C2-2 Borrowings

\$ '000	2025	2025	2024	2024
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	155	1,550	155	1,705
<b>Total borrowings</b>	<b>155</b>	<b>1,550</b>	<b>155</b>	<b>1,705</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 D1.1

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

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

\$ '000	2023		Non-cash movements			2024	
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	2,015	(155)	–	–	–	–	1,860
<b>Total liabilities from financing activities</b>	<b>2,015</b>	<b>(155)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,860</b>

### (b) Financing arrangements

\$ '000	2025	2024
<b>Total facilities</b>		
Total financing facilities available to Council at the reporting date are:		
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>		
Financing facilities drawn down at the reporting date are:		
– Credit cards/purchase cards	25	29
<b>Total drawn financing arrangements</b>	<b>25</b>	<b>29</b>
<b>Undrawn facilities</b>		
Undrawn financing facilities available to Council at the reporting date are:		
– Bank overdraft facilities	250	250
– Credit cards/purchase cards	75	71
– Market Rate Facility	500	500
<b>Total undrawn financing arrangements</b>	<b>825</b>	<b>821</b>

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

## C2-3 Employee benefit provisions

\$ '000	2025		2024	
	Current	Non-current	Current	Non-current
Annual leave	1,193	—	1,077	—
Sick leave	8	—	7	—
Long service leave	3,553	267	3,195	—
<b>Total employee benefit provisions</b>	<b>4,754</b>	<b>267</b>	<b>4,279</b>	<b>—</b>

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

\$ '000	2025	2024
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	3,120	2,798
	<b>3,120</b>	<b>2,798</b>

### Material accounting policy information

#### Other long-term employee benefit obligations

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

## C3 Reserves

### C3-1 Nature and purpose of reserves

#### IPPE Revaluation Surplus

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

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

## D Risks and accounting uncertainties

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

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

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

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

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

The risks associated with the financial instruments held are:

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

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

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

\$ '000	2025	2024
Impact of a 1% movement in interest rates – Equity / Income Statement	362	324

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

### (b) Credit risk

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

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

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

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

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

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

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

#### Credit risk profile

##### Receivables – annual charges

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

\$ '000	Not yet overdue			overdue rates and annual charges		Total
	< 5 years	≥ 5 years				
<b>2025</b>						
<b>Gross carrying amount</b>	<b>345</b>	<b>310</b>			<b>–</b>	<b>655</b>
<b>2024</b>						
Gross carrying amount	339	299			–	638

##### 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	Overdue debts					Total
	Not yet overdue	0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
<b>2025</b>						
<b>Gross carrying amount</b>	<b>3,307</b>	<b>708</b>	<b>217</b>	<b>106</b>	<b>330</b>	<b>4,668</b>
<b>Expected loss rate (%)</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>2024</b>						
Gross carrying amount	4,899	785	138	90	327	6,239
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	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
<b>2025</b>							
Payables	0.00%	190	3,420	–	–	3,610	3,610
Borrowings	6.05%	–	265	957	1,605	2,827	1,705
<b>Total financial liabilities</b>		<b>190</b>	<b>3,685</b>	<b>957</b>	<b>1,605</b>	<b>6,437</b>	<b>5,315</b>
 <b>2024</b>							
Payables	0.00%	143	3,720	–	–	3,863	3,863
Borrowings	6.66%	–	276	998	1,829	3,103	1,860
<b>Total financial liabilities</b>		<b>143</b>	<b>3,996</b>	<b>998</b>	<b>1,829</b>	<b>6,966</b>	<b>5,723</b>

## D2-1 Fair value measurement

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

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

### **Fair value hierarchy**

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

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

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

**Level 3:** Unobservable inputs for the asset or liability

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

## D2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy								
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total 2025	2024			
		2025	2024	2025	2024					
<b>Recurring fair value measurements</b>										
<b>Intangible assets</b>										
High Security Water Licence	C1-7	8,819	8,918	—	—	8,819	8,918			
<b>Total intangible assets</b>		<b>8,819</b>	<b>8,918</b>	<b>—</b>	<b>—</b>	<b>8,819</b>	<b>8,918</b>			
<b>Infrastructure, property, plant and equipment</b>										
Water Supply Networks	C1-6	—	—	392,408	334,824	392,408	334,824			
Buildings		—	—	21,096	15,305	21,096	15,305			
Land		12,063	11,034	—	—	12,063	11,034			
Plant & Equipment		4,515	4,576	—	—	4,515	4,576			
Office Equipment		139	302	—	—	139	302			
<b>Total infrastructure, property, plant and equipment</b>		<b>16,717</b>	<b>15,912</b>	<b>413,504</b>	<b>350,129</b>	<b>430,221</b>	<b>366,041</b>			

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## D2-1 Fair value measurement (continued)

### Valuation techniques

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

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

#### Intangible assets

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

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

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

Techniques used to derive fair values:

**Land:** where an active market exists, a market approach has been adopted. 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 by class of assets is provided below:**

	Total IPP&E 2025	2024
\$ '000		
<b>Opening balance</b>	<b>350,129</b>	335,815
<b>Total gains or losses for the period</b>	<b>61,968</b>	16,658
Recognised in other comprehensive income – revaluation surplus		
<b>Other movements</b>		
Purchases (GBV)	<b>9,213</b>	5,997
Disposals (WDV)	<b>(14)</b>	–
Depreciation and impairment	<b>(7,792)</b>	(8,341)
<b>Closing balance</b>	<b>413,504</b>	350,129

### Highest and best use

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

## D3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

##### (i) Defined benefit superannuation contribution plans

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

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

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

*Description of the funding arrangements.*

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

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

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

\* For 180 Point Members, Employers are required to contribute 9.0% of salaries for the year ending 30 June 2025 (increasing to 9.5% 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 \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June. Given the funding position of the Fund as at 30 June 2024, it was recommended to cease these past service contributions effective 1 January 2025.

The adequacy of contributions is assessed at each actuarial investigation which will be conducted annually, the next of which is due effective 30 June 2025.

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

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

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

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

## D3-1 Contingencies (continued)

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

The amount of Council employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2025 was \$122,153.

Council's expected contribution to the plan for the next annual reporting period is \$58,463.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2025 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,197.6	
Past Service Liabilities	2,092.0	105.0%
Vested Benefits	2,130.4	103.2%

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

In respect of the share of funding surplus or deficit, Mercer has advised that 0.26% can be attributed to Riverina Water. This is based on the last formal valuation of the Fund which was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2024.

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

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

\* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed by December 2025.

### (ii) Statewide Limited

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

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

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

### (iii) StateCover Limited

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

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

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

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

## D3-1 Contingencies (continued)

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### (iv) Other guarantees

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

### 2. Other liabilities

#### (i) Third party claims

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

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

## E People and relationships

### E1 Related party disclosures

#### E1-1 Key management personnel (KMP)

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

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

\$ '000	2025	2024
<b>Compensation:</b>		
Short-term benefits	853	759
Post-employment benefits	84	68
Other long-term benefits	37	31
<b>Total</b>	<b>974</b>	<b>858</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.

Nature of the transaction	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
<b>2025</b>					
Payment for goods/ services received	2		– 30 day creditor payment terms	–	–
<b>2024</b>					
Payment for goods/ services received	14		– 30 day creditor payment terms	–	–

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

\$ '000	2025	2024
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	15	18
Members expenses – members fees	95	98
Superannuation	9	9
Members expenses (incl. chairperson) – other (excluding fees above)	28	14
<b>Total</b>	<b>147</b>	<b>139</b>

## E2 Other relationships

### E2-1 Audit fees

\$ '000	2025	2024
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
<b>Auditors of the Council - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	63	52
<b>Remuneration for audit and other assurance services</b>	<b>63</b>	<b>52</b>
<b>Total Auditor-General remuneration</b>	<b>63</b>	<b>52</b>
<b>Non NSW Auditor-General audit firms</b>		
<b>(i) Audit and other assurance services</b>		
Other audit and assurance services: Council's Internal Auditor	66	55
<b>Remuneration for audit and other assurance services</b>	<b>66</b>	<b>55</b>
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>66</b>	<b>55</b>
<b>Total audit fees</b>	<b>129</b>	<b>107</b>

## F Other matters

### F1-1 Statement of Cash Flows information

#### Reconciliation of Operating Result

\$ '000	2025	2024
<b>Net operating result from Income Statement</b>	<b>5,596</b>	6,507
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	8,682	9,098
(Gain) / loss on disposal of assets	(162)	(12)
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	1,554	(2,569)
(Increase) / decrease of inventories	(41)	(199)
Increase / (decrease) in payables	669	(225)
Increase / (decrease) in other accrued expenses payable	(889)	688
Increase / (decrease) in other liabilities	(33)	89
Increase / (decrease) in employee benefit provision	742	337
<b>Net cash flows from operating activities</b>	<b>16,118</b>	<b>13,714</b>

## F2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2025	2024
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Water infrastructure - other	550	186
Boree to Morundah pipeline project	147	451
Plant and equipment	729	464
Water Treatment Plant	129	300
Other- including security cameras	-	102
Solar Pilot Plant	539	539
Refurbishment of Operations Office	-	4
<b>Total commitments</b>	<b>2,094</b>	<b>2,046</b>

### These expenditures are payable as follows:

Within the next year	2,094	2,046
<b>Total payable</b>	<b>2,094</b>	<b>2,046</b>

### Sources for funding of capital commitments:

Unrestricted funds	2,094	2,046
<b>Total sources of funding</b>	<b>2,094</b>	<b>2,046</b>

### Details of capital commitments

#### 2025

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

#### 2024

Office refurbishment to be completed 2024/25 financial year.  
 Solar Pilot Plant works to continue in 2024/25 financial year.  
 Water treatment plant refurbishment and other asset renewals.  
 Plant & Equipment replacement.  
 Boree to Morundah pipeline project to continue in 2024/25 financial year.

## F3 Statement of developer contributions

### F3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2024	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2025	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
S64 contributions	—	1,059	—	—	—	(1,059)	—	—	—
<b>Total contributions</b>	<b>—</b>	<b>1,059</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1,059)</b>	<b>—</b>	<b>—</b>	<b>—</b>

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

**End of the audited financial statements**

## G1 Statement of performance measures

### G1-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2025	Indicator 2025	Indicators 2024	Indicators 2023	Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>4,045</b>	<b>10.70%</b>	9.18%	(6.60)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>37,790</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>37,759</b>	<b>96.38%</b>	91.67%	92.70%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>39,179</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>32,257</b>	<b>6.19x</b>	6.72x	5.98x	> 1.50x
Current liabilities less specific purpose liabilities	<b>5,209</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>12,844</b>	<b>47.22x</b>	44.29x	4.46x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>272</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>655</b>	<b>9.54%</b>	9.03%	14.32%	< 10.00%
Rates and annual charges collectable	<b>6,866</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>37,243</b>	<b>16.56</b>	15.89	15.84	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>2,248</b>	<b>months</b>	months	months	months

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

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



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Riverina Water County Council

To the Councillors of Riverina Water County Council

#### Opinion

I have audited the accompanying financial statements of Riverina Water County Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2025, the Statement of Financial Position as at 30 June 2025, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been prepared, in all material respects, in accordance with the requirements of the Division
  - are, in all material respects, consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2025, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

#### Basis for Opinion

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

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

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

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

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

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

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

### **Other Information**

The Council's annual report for the year ended 30 June 2025 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements.

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

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

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

I have nothing to report in this regard.

### **The Councillors' Responsibilities for the Financial Statements**

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

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

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

My objectives are to:

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

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](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. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- 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.



Min Cui  
Delegate of the Auditor-General for New South Wales

24 October 2025  
SYDNEY



Tim Koschel  
 Chairperson  
 Riverina Water County Council  
 91 Hammond Ave  
 Wagga Wagga NSW 2650

Contact: Min Cui  
 Phone no: 02 9275 7419  
 Our ref: R008-1981756498-6466

24 October 2025

Dear Mr Koschel

**Report on the Conduct of the Audit  
 for the year ended 30 June 2025  
 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 2025 as required by section 415 of the *Local Government Act 1993* (the Act).

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

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

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2025 is issued in accordance with section 417 of the Act. The Report:

- must address the specific matters outlined in the Local Government Code of Accounting Practice and Financial Reporting 2024-25
- may include statements, comments and recommendations that I consider to be appropriate based on the conduct of the audit of the GPFS.

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

## INCOME STATEMENT

### Financial performance

	2025	2024	Variance
	\$m	\$m	%
Rates and annual charges revenue	6.1	6.1	0.0
User charges and fees	29.5	26.0	13.5
Grants and contributions provided for capital purposes revenue	1.4	3.2	56.3
Operating result from continuing operations	5.6	6.5	13.8
Net Operating result for the year before grants and contributions provided for capital purposes	4.2	3.2	31.3

### Operating result from continuing operations

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

Council's operating result from continuing operations for the year was \$0.9 million lower than the 2023-24 result.

In 2024-25:

- Employee benefits and on-costs (\$14.5 million) increased by \$2.3 million (18.6%) due to the increase in number of 'full-time equivalent' (FTE) employees by 10, wage increase of 3.5% and increase in employee leave entitlement.

The net operating result for the year before grants and contributions provided for capital purposes was \$4.2 million. Refer to 'Grants and contributions revenue' below for details.



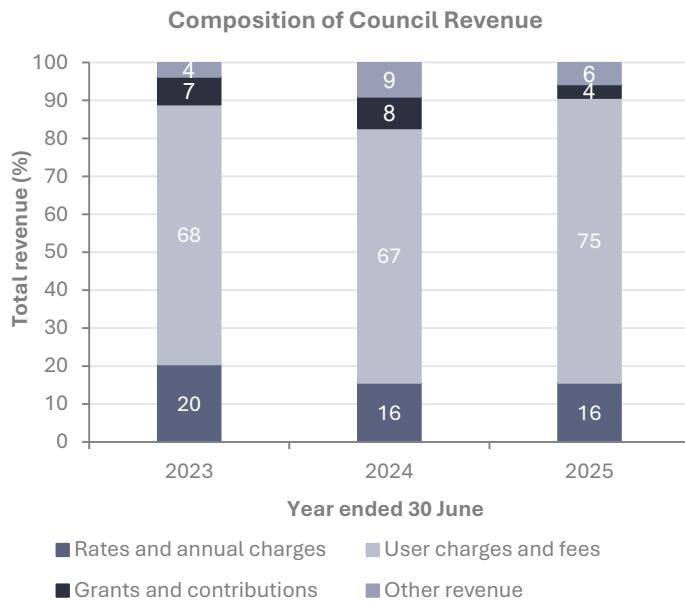
## Income

### Council revenue excluding grants and contributions

This graph shows the percentage of Council's revenue recognised from sources other than grants and contributions for the current and prior two financial years.

Council revenue excluding grants and contributions (\$37.9 million) increased by \$2.3 million (6.5 per cent) in 2024–25 due to:

- user charges and fees revenue (\$29.5 million) which increased by \$3.5 million (13.5 per cent) due to increased water sales and income from water connection fees.

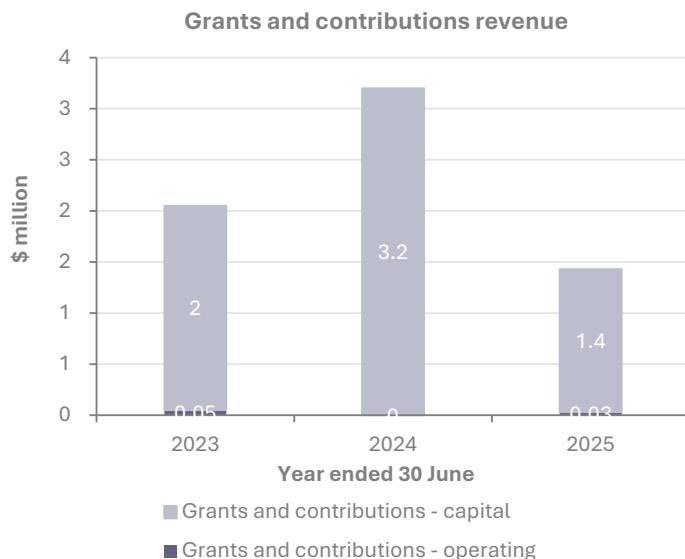


### Grants and contributions revenue

This graph shows the amount of grants and contributions revenue recognised for the current and prior two financial years.

Grants and contributions revenue (\$1.4 million) decreased by \$1.8 million (56 per cent) in 2024–25 due to:

- decrease of \$1.1 million of grants and non-developer contributions recognised during the year
- decrease of \$0.7 million of developer contributions recognised during the year



## CASH FLOWS

### Statement of cash flows

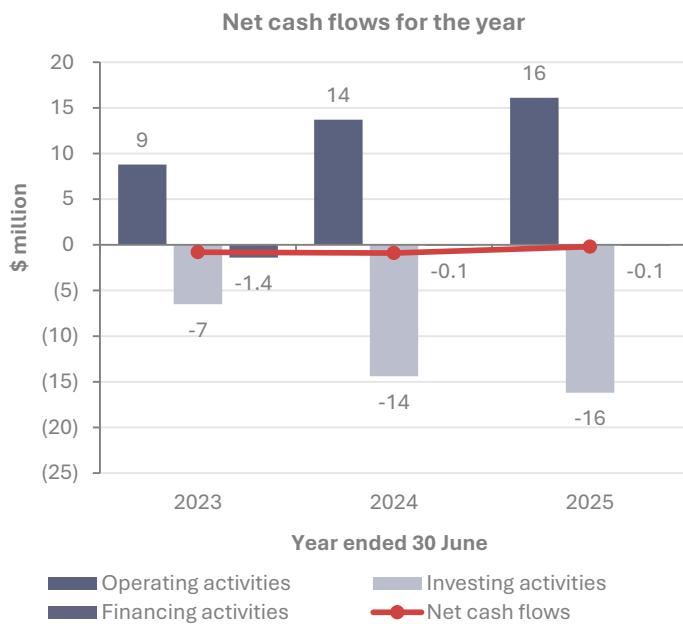
The Statement of Cash Flows details the Council's inflows and outflows of cash over a specific period. It helps in assessing the Council's ability to generate cash to fund its operations, pay off debts, and support future projects. It also aids in identifying any pressures or issues in the Council operating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

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

The net cash flows for the year were negative \$0.2 million (negative \$0.9 million in 2023-24).

In 2024-25 the net cashflows:

- from operating activities increased by \$2.4 million, mainly due to the increase in user charges and fees
- used in investing activities increased by \$1.8 million, mainly due to increase in acquisition of term deposits and payments for IPP&E
- used in financing activities remains consistent with prior year



## FINANCIAL POSITION

### Cash, cash equivalents and investments

This section of the Report provides details of the amount of cash, cash equivalents and investments recorded by the Council at 30 June 2025.

Externally restricted funds are the cash, cash equivalents and investments that can only be used for specific purposes due to legal or contractual restrictions.

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

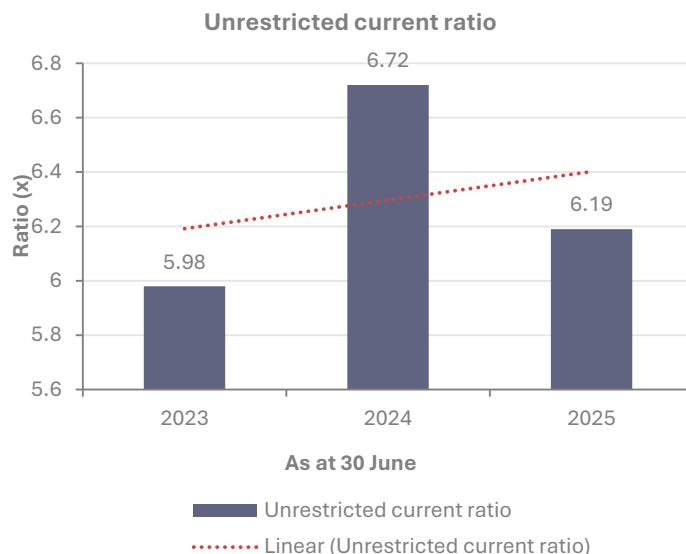
Cash, cash equivalents and investments	2025	2024	Percentage of total cash and investments	Commentary
	\$m	\$m	2025	%
<b>Total cash, cash equivalents and investments</b>	<b>37.2</b>	<b>32.4</b>		The Council does not have any external restrictions. Internal allocations are determined by council policies or decisions, which are subject to change.
Restricted and allocated cash, cash equivalents and investments:				
• External restrictions	-	-	-	
• Internal allocations	8.7	7.7	23.3	

### Council liquidity

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

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

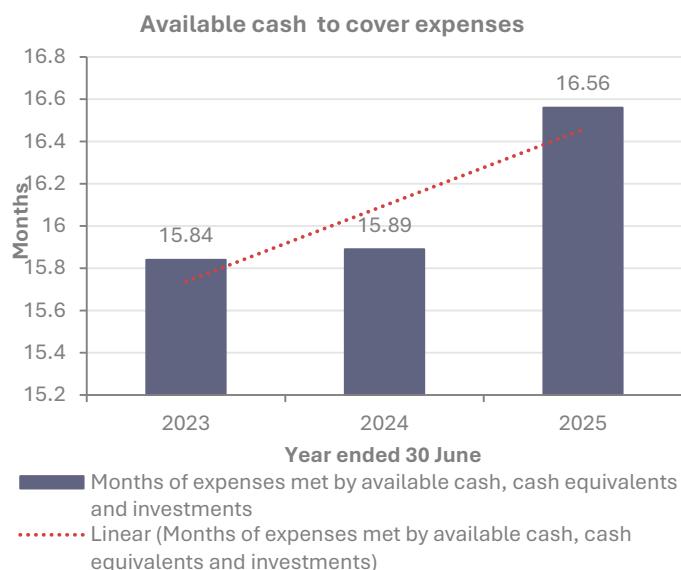
In 2023-24, the average unrestricted current ratio was an average of 5.6x for regional councils.



This graph shows the number of months of general fund expenses (excluding depreciation and borrowing costs), Council can fund from its available cash, cash equivalents and investments (not subject to external restrictions).

Further details on cash, cash equivalents and investments including the sources of external restrictions are included in the section above.

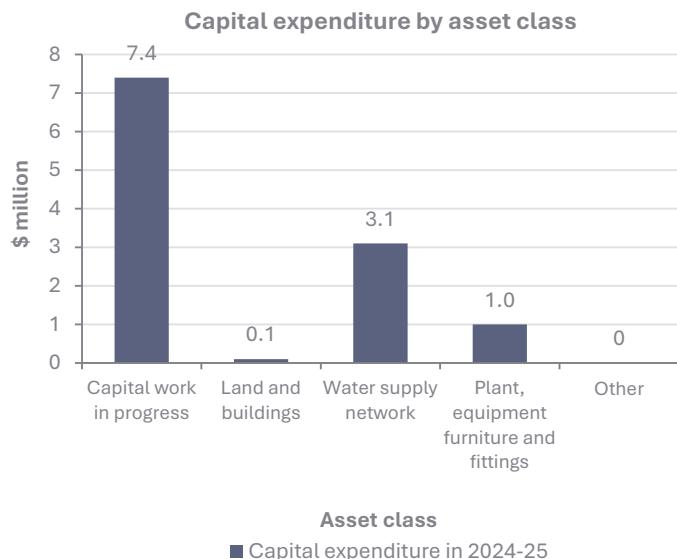
In 2023-24, the available cash to cover expenses was an average of 8 months for regional councils.



## Infrastructure, property, plant and equipment

This graph shows how much the Council spent on renewing and purchasing assets in 2024-25.

Council renewed \$7.4 million of infrastructure, property, plant and equipment during the 2024-25 financial year. This was mainly spent on capital work in progress and water supply network. A further \$4.2 million was spent on new assets including capital work in progress and plant and equipment.



## Debt

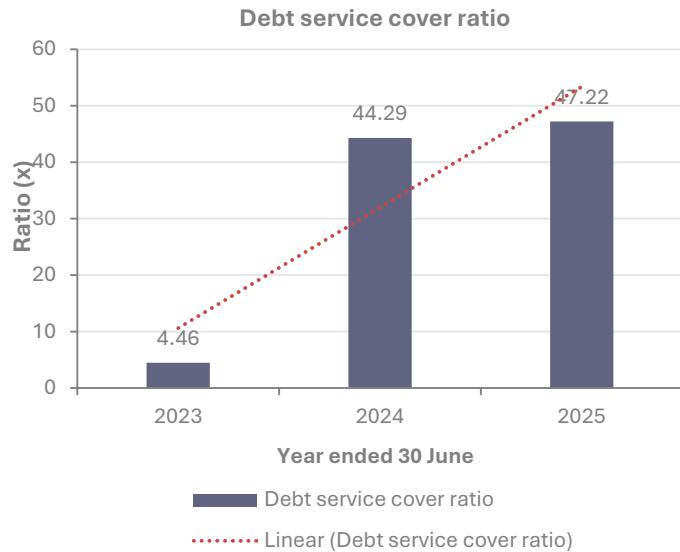
The table below provides an overview of the Council's loans and committed borrowing facilities. Committed borrowing facilities are an element of liquidity management and include bank overdrafts, and credit cards.

Debt	2025	2024	Commentary
	\$m	\$m	
Loans	1.7	1.9	The decrease of \$0.2 million is due to payment of borrowings during the year.
Approved overdraft facility	0.3	0.3	Council did not utilise the bank overdraft facilities during the year.
Amount drawn down	-	-	
Credit card facility	0.1	0.1	The amount of drawn credit card facility is minimal and consistent with prior year.
Amount used	0.03	0.03	

## Debt service cover

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

The debt service cover ratio measures the operating cash to service debt including interest, principal and lease payments.



Min Cui  
Associate Director, Financial Audit  
Delegate of the Auditor-General

# Riverina Water County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2025

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"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 2025

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## Riverina Water County Council

### Special Purpose Financial Statements for the year ended 30 June 2025

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 11 September 2025.



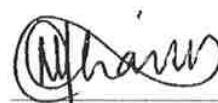
Clr T Koschel  
Chairperson  
11 September 2025



Clr G Driscoll  
Deputy Chairperson  
11 September 2025



Mr A Crakanthorp  
Chief Executive Officer  
11 September 2025



Mrs N Harris  
Responsible Accounting Officer  
11 September 2025

## Riverina Water County Council

### Income Statement of water supply business activity for the year ended 30 June 2025

\$ '000	2025	2024
<b>Income from continuing operations</b>		
Access charges	6,147	6,061
User charges	29,512	26,013
Interest and investment income	1,649	1,215
Grants and contributions provided for operating purposes	31	–
Net gain from the disposal of assets	162	12
Other income	451	2,270
<b>Total income from continuing operations</b>	<b>37,952</b>	<b>35,571</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	14,556	12,274
Borrowing costs	117	127
Materials and services	9,800	10,392
Depreciation, amortisation and impairment	8,682	9,098
Water purchase charges	366	213
Calculated taxation equivalents	–	107
Other expenses	224	190
<b>Total expenses from continuing operations</b>	<b>33,745</b>	<b>32,401</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>4,207</b>	<b>3,170</b>
Grants and contributions provided for capital purposes	1,389	3,230
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>5,596</b>	<b>6,400</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>5,596</b>	<b>6,400</b>
Less: corporate taxation equivalent (25%) (2022:25%) [based on result before capital]	(1,052)	(793)
<b>Surplus (deficit) after tax</b>	<b>4,544</b>	<b>5,607</b>
<b>Plus accumulated surplus</b>	<b>164,383</b>	<b>157,876</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	–	107
– Corporate taxation equivalent	1,052	793
<b>Closing accumulated surplus</b>	<b>169,979</b>	<b>164,383</b>
<b>Return on capital %</b>	<b>1.0%</b>	<b>0.9%</b>
<b>Subsidy from Council</b>	<b>14,317</b>	<b>13,148</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	4,544	5,607
Less: capital grants and contributions (excluding developer contributions)	(1,389)	(1,477)
<b>Surplus for dividend calculation purposes</b>	<b>3,155</b>	<b>4,130</b>
<b>Potential dividend calculated from surplus</b>	<b>1,578</b>	<b>2,065</b>

## Riverina Water County Council

### Statement of Financial Position of water supply business activity as at 30 June 2025

\$ '000	2025	2024
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,243	2,450
Investments	22,000	23,500
Receivables	5,323	6,877
Inventories	2,691	2,650
<b>Total current assets</b>	<b>32,257</b>	<b>35,477</b>
<b>Non-current assets</b>		
Investments	13,000	6,500
Infrastructure, property, plant and equipment	448,110	382,447
Intangible assets	8,819	8,918
<b>Total non-current assets</b>	<b>469,929</b>	<b>397,865</b>
<b>Total assets</b>	<b>502,186</b>	<b>433,342</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	2,597	2,864
Income received in advance	1,013	999
Borrowings	155	155
Employee benefit provisions	4,754	4,279
<b>Total current liabilities</b>	<b>8,519</b>	<b>8,297</b>
<b>Non-current liabilities</b>		
Borrowings	1,550	1,705
Employee benefit provisions	267	–
<b>Total non-current liabilities</b>	<b>1,817</b>	<b>1,705</b>
<b>Total liabilities</b>	<b>10,336</b>	<b>10,002</b>
<b>Net assets</b>	<b>491,850</b>	<b>423,340</b>
<b>EQUITY</b>		
Accumulated surplus	169,979	164,383
IPPE revaluation surplus	321,871	258,957
<b>Total equity</b>	<b>491,850</b>	<b>423,340</b>

## Note – Material accounting policy information

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

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

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

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

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

### National Competition Policy

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

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

### Declared business activities

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

#### Category 1

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

##### Riverina Water County Council

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

#### Category 2

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

Nil

### Taxation equivalent charges

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

#### Notional rate applied (%)

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

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

## Note – Material accounting policy information (continued)

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

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

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

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

### Income tax

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

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

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

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

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

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

The rate of return is calculated as follows:

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

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.16% at 30/6/25.

#### (iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with DCCEEW's regulatory and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2025 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



## INDEPENDENT AUDITOR'S REPORT

### Report on the special purpose financial statements

#### Riverina Water County Council

To the Councillors of Riverina Water County Council

#### Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Riverina Water County Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2025, the Statement of Financial Position of each Declared Business Activity as at 30 June 2025 and the Material accounting policy information note.

The Declared Business Activities of the Council is water supply.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2025, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Material accounting policy information note and the Local Government Code of Accounting Practice and Financial Reporting 2024–25 (LG Code).

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

#### Basis for Opinion

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

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

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

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

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

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

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

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

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

## **Other Information**

The Council's annual report for the year ended 30 June 2025 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements.

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

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

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

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Statements**

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

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

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

My objectives are to:

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

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](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.



Min Cui  
Delegate of the Auditor-General for New South Wales

24 October 2025  
SYDNEY

# Riverina Water County Council

**SPECIAL SCHEDULES**  
for the year ended 30 June 2025

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



# Riverina Water County Council

## Special Schedules

for the year ended 30 June 2025

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## Riverina Water County Council

### Report on infrastructure assets as at 30 June 2025

Asset Class	Asset Category	Estimated cost to bring to the agreed level of to satisfactory		2024/25 Required maintenance <sup>a</sup>	2024/25 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost standard	to bring assets to satisfactory \$'000					1	2	3	4	5
<b>Buildings</b>	Buildings – non-specialised	–	–	–	–	242	377	0.0%	11.5%	88.5%	0.0%	0.0%
	Buildings – specialised	–	–	128	128	20,854	30,057	40.0%	28.9%	19.4%	11.7%	0.1%
	<b>Sub-total</b>	–	–	<b>128</b>	<b>128</b>	<b>21,096</b>	<b>30,434</b>	<b>39.5%</b>	<b>28.7%</b>	<b>20.2%</b>	<b>11.6%</b>	<b>0.0%</b>
<b>Water supply network</b>	Treatment Plants	3,740	3,740	1,587	1,587	61,317	88,166	59.3%	12.3%	8.6%	13.4%	6.4%
	Bores	546	546	77	77	3,568	6,894	14.1%	32.2%	29.8%	16.0%	8.0%
	Reservoirs	2,192	2,192	120	120	5,587	13,849	43.3%	24.3%	23.1%	4.6%	4.7%
	Pumping Stations	2,434	2,434	109	109	36,338	55,737	17.2%	8.5%	20.9%	32.2%	21.2%
	Pipeline	11,926	11,926	927	927	285,598	456,292	35.5%	26.3%	24.8%	5.5%	7.8%
	<b>Sub-total</b>	<b>20,838</b>	<b>20,838</b>	<b>2,820</b>	<b>2,820</b>	<b>392,408</b>	<b>620,938</b>	<b>37.2%</b>	<b>22.8%</b>	<b>22.2%</b>	<b>9.1%</b>	<b>8.7%</b>
<b>Total – all assets</b>		<b>20,838</b>	<b>20,838</b>	<b>2,948</b>	<b>2,948</b>	<b>413,504</b>	<b>651,372</b>	<b>37.3%</b>	<b>23.0%</b>	<b>22.1%</b>	<b>9.2%</b>	<b>8.4%</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	<b>Excellent/very good</b>	No work required (normal maintenance)
2	<b>Good</b>	Only minor maintenance work required
3	<b>Satisfactory</b>	Maintenance work required
4	<b>Poor</b>	Renewal required
5	<b>Very poor</b>	Urgent renewal/upgrading required

Riverina Water County Council  
Report on infrastructure assets as at 30 June 2025

Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2025	Indicator 2025	Indicators		Benchmark
			2024	2023	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>7,371</b>	<b>94.60%</b>	48.20%	66.72%	> 100.00%
Depreciation, amortisation and impairment	<b>7,792</b>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>20,838</b>	<b>4.83%</b>	7.96%	7.39%	< 2.00%
Net carrying amount of infrastructure assets	<b>431,393</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>2,948</b>	<b>100.00%</b>	118.32%	128.19%	> 100.00%
Required asset maintenance	<b>2,948</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>20,838</b>	<b>3.20%</b>	4.89%	4.51%	
Gross replacement cost	<b>651,372</b>				

(\*) 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.