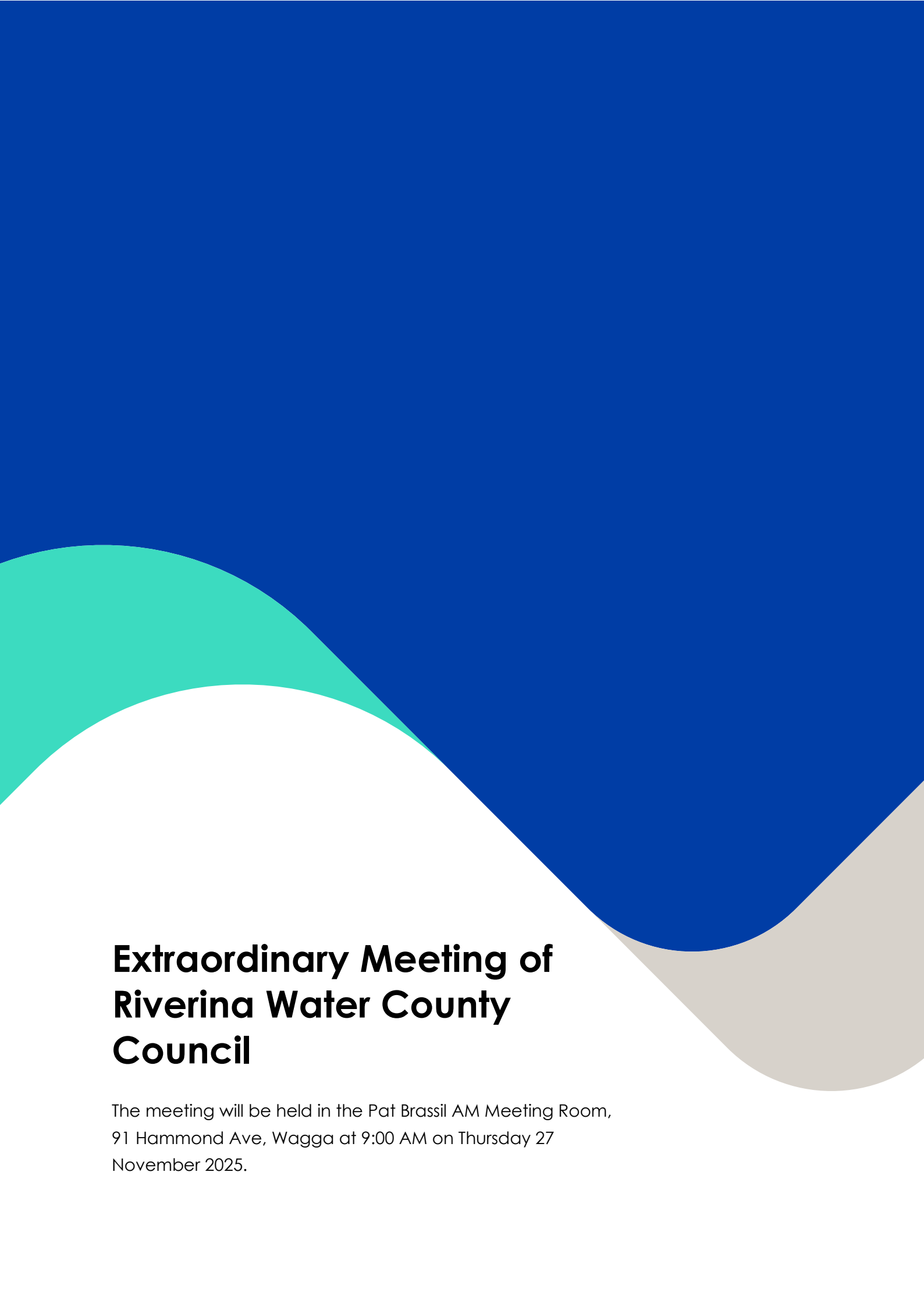




Extraordinary Meeting of Riverina Water County Council

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 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

R1	2024/25 Financial Statements - Independent Audit Reports	3
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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.

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 (CONF) [↓](#) 
- › R1.5 Management Letter for the Final Phase of the Audit (CONF) [↓](#) 
- › 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 low 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. 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. 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

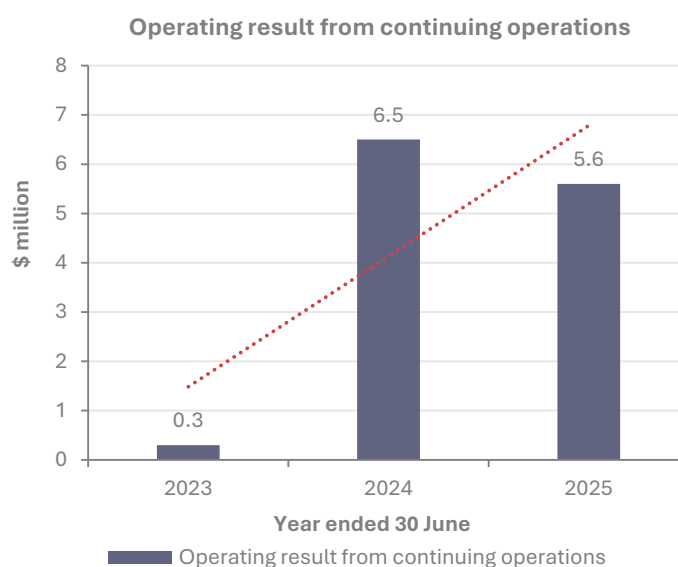
This graph shows the operating result from continuing operations for the current and prior two financial years.

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.



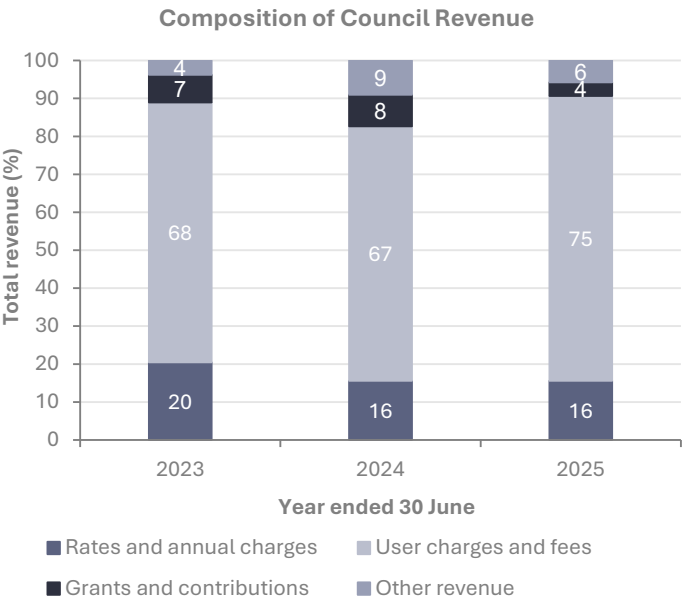
Income

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.

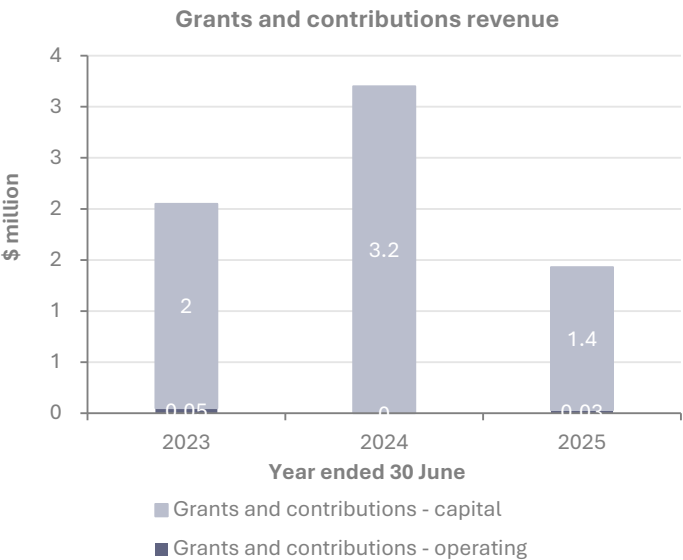


Grants and contributions revenue

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

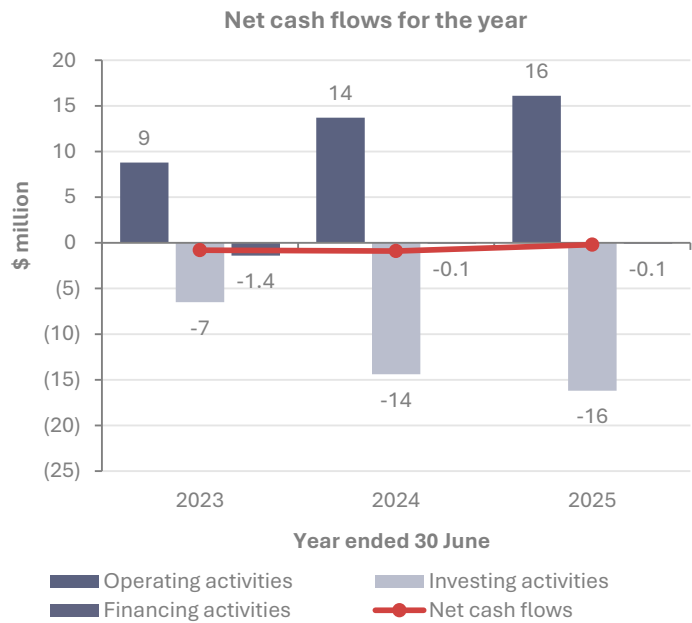
The Statement of Cash Flows details the Council’s inflows and outflows of cash over a specific period. It helps in assessing the Council's ability to generate cash to fund its operations, pay off debts, and support future projects. It also aids in identifying any pressures or issues in the Council operating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

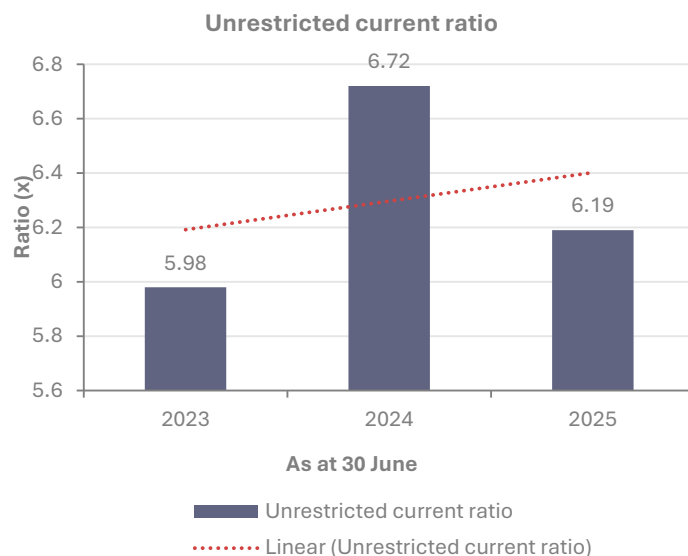
Cash, cash equivalents and investments	2025	2024	Percentage of total cash and investments 2025	Commentary
	\$m	\$m	%	
Total cash, cash equivalents and investments	37.2	32.4		The Council does not have any external restrictions. Internal allocations are determined by council policies or decisions, which 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.

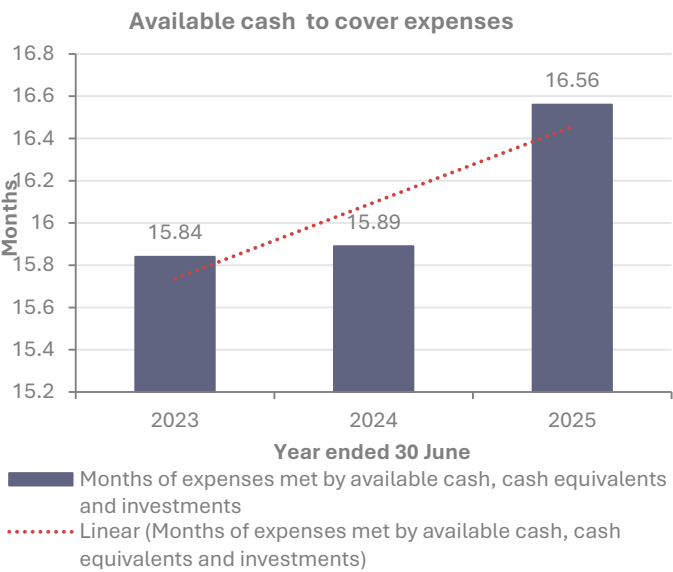
In 2023-24, the average unrestricted current ratio was an average of 5.6x for regional councils.



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.

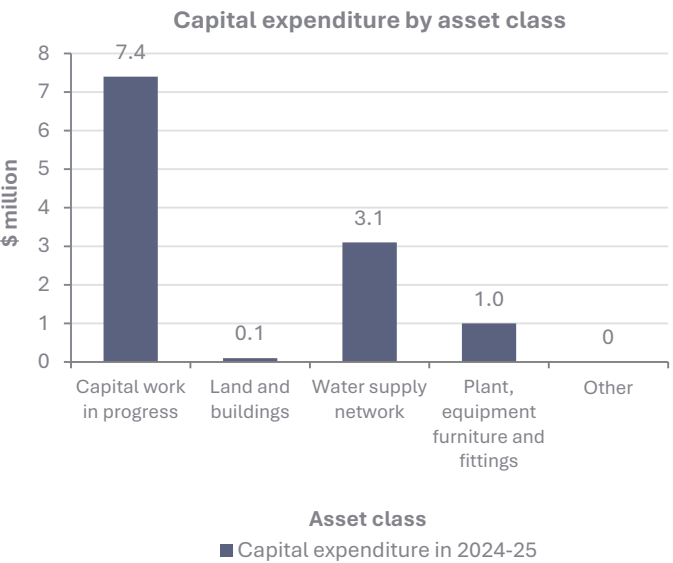
In 2023-24, the available cash to cover expenses was an average of 8 months for regional councils.



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

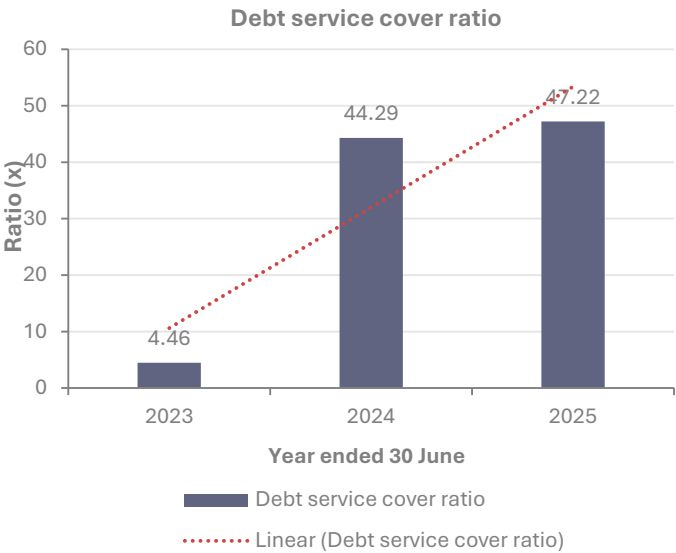
The table below provides an overview of the Council’s loans and committed borrowing facilities. Committed borrowing facilities are an element of liquidity management and include bank overdrafts, and credit cards.

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

Confidential attachment

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Riverina Water County Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2025

**"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

Contents	Page
Statement by Councillors and Management	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	49
On the Financial Statements (Sect 417 [3])	52

Overview

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

91 Hammond Avenue
Wagga Wagga NSW 2650

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

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

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

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

Riverina Water County Council

General Purpose Financial Statements

for the year ended 30 June 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.



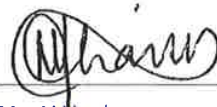
Clr T Koschel
Chairperson
11 September 2025



Clr G Driscoll
Deputy Chairperson
11 September 2025



Mr A Crakanthorp
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
	Income from continuing operations			
5,961	Rates and annual charges	B2-1	6,147	6,061
24,767	User charges and fees	B2-2	29,512	26,013
345	Other revenues	B2-3	451	2,270
15	Grants and contributions provided for operating purposes	B2-4	31	–
2,025	Grants and contributions provided for capital purposes	B2-4	1,389	3,230
1,330	Interest and investment income	B2-5	1,649	1,215
–	Net gain from the disposal of assets	B4-1	162	12
34,443	Total income from continuing operations		39,341	38,801
	Expenses from continuing operations			
12,623	Employee benefits and on-costs	B3-1	14,556	12,274
11,572	Materials and services	B3-2	10,166	10,605
99	Borrowing costs	B3-3	117	127
266	Other expenses	B3-5	224	190
24,560	Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		25,063	23,196
9,883	Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		14,278	15,605
9,470	Depreciation, amortisation and impairment of non-financial assets	B3-4	8,682	9,098
413	Operating result from continuing operations		5,596	6,507
413	Net operating result for the year attributable to Council		5,596	6,507
(1,612)	Net operating result for the year before grants and contributions provided for capital purposes		4,207	3,277

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
Net operating result for the year – from Income Statement		5,596	6,507
Other comprehensive income:			
Amounts which will not be reclassified subsequent to operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	63,013	17,094
Gain (loss) on revaluation of intangible assets	C1-7	(99)	(445)
Total items which will not be reclassified subsequent to operating result		62,914	16,649
Total other comprehensive income for the year		62,914	16,649
Total comprehensive income for the year attributable to Council		68,510	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
ASSETS			
Current assets			
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
Total current assets		32,257	35,477
Non-current assets			
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
Total non-current assets		469,929	397,865
Total assets		502,186	433,342
LIABILITIES			
Current liabilities			
Payables	C2-1	3,610	3,863
Borrowings	C2-2	155	155
Employee benefit provisions	C2-3	4,754	4,279
Total current liabilities		8,519	8,297
Non-current liabilities			
Borrowings	C2-2	1,550	1,705
Employee benefit provisions	C2-3	267	–
Total non-current liabilities		1,817	1,705
Total liabilities		10,336	10,002
Net assets		491,850	423,340
EQUITY			
Accumulated surplus		169,979	164,383
IPPE revaluation surplus	C3-1	321,871	258,957
Council equity interest		491,850	423,340
Total equity		491,850	423,340

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

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

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
Cash flows from operating activities				
Receipts:				
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
Payments:				
(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)
12,486	Net cash flows from operating activities	F1-1	16,118	13,714
Cash flows from investing activities				
Receipts:				
3,589	Redemption of term deposits		—	—
—	Proceeds from sale of IPPE		482	246
Payments:				
—	Acquisition of term deposits		(5,000)	(4,000)
(15,920)	Payments for IPPE		(11,652)	(10,659)
(12,331)	Net cash flows from/(used in) investing activities		(16,170)	(14,413)
Cash flows from financing activities				
Payments:				
(155)	Repayment of borrowings		(155)	(155)
(155)	Net cash flows from/(used in) financing activities		(155)	(155)
—	Net change in cash and cash equivalents		(207)	(854)
1,000	Cash and cash equivalents at beginning of year		2,450	3,304
1,000	Cash and cash equivalents at end of year	C1-1	2,243	2,450
12,331	plus: Investments on hand at end of year	C1-2	35,000	30,000
13,331	Total cash, cash equivalents and investments		37,243	32,450

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

Riverina Water County Council

Contents for the notes to the Financial Statements for the year ended 30 June 2025

A About Council and these financial statements	11
A1-1 Basis of preparation	11
B Financial Performance	13
B1 Functions or activities	13
B1-1 Functions or activities – income, expenses and assets	13
B1-2 Components of functions or activities	14
B2 Sources of income	15
B2-1 Rates and annual charges	15
B2-2 User charges and fees	15
B2-3 Other revenues	16
B2-4 Grants and contributions	16
B2-5 Interest and investment income	17
B3 Costs of providing services	18
B3-1 Employee benefits and on-costs	18
B3-2 Materials and services	19
B3-3 Borrowing costs	19
B3-4 Depreciation, amortisation and impairment of non-financial assets	20
B3-5 Other expenses	20
B4 Gains or losses	21
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	21
B5 Performance against budget	21
B5-1 Material budget variations	21
C Financial position	23
C1 Assets we manage	23
C1-1 Cash and cash equivalents	23
C1-2 Financial investments	23
C1-3 Restricted and allocated cash, cash equivalents and investments	24
C1-4 Receivables	25
C1-5 Inventories	26
C1-6 Infrastructure, property, plant and equipment	27
C1-7 Intangible assets	29
C2 Liabilities of Council	30
C2-1 Payables	30
C2-2 Borrowings	31
C2-3 Employee benefit provisions	32

Riverina Water County Council

Contents for the notes to the Financial Statements for the year ended 30 June 2025

C3 Reserves	32
C3-1 Nature and purpose of reserves	32
D Risks and accounting uncertainties	33
D1-1 Risks relating to financial instruments held	33
D2-1 Fair value measurement	36
D3-1 Contingencies	39
E People and relationships	42
E1 Related party disclosures	42
E1-1 Key management personnel (KMP)	42
E1-2 Councillor and Mayoral fees and associated expenses	43
E2 Other relationships	43
E2-1 Audit fees	43
F Other matters	44
F1-1 Statement of Cash Flows information	44
F2-1 Commitments	45
F3 Statement of developer contributions	46
F3-1 Summary of developer contributions	46
G1 Statement of performance measures	48
G1-1 Statement of performance measures – consolidated results	48

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)

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
Functions or activities										
Water supply	39,341	38,801	33,745	32,294	5,596	6,507	1,420	3,230	502,186	433,342
Total functions and activities	39,341	38,801	33,745	32,294	5,596	6,507	1,420	3,230	502,186	433,342

B1-2 Components of functions or activities

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

Water supply

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

B2 Sources of income

B2-1 Rates and annual charges

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

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

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
Total other revenue	451	2,270

Timing of revenue recognition for other revenue

Other revenue recognised at a point in time	451	2,270
Total other revenue	451	2,270

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
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Water supplies	31	–	–	–
Water supplies (excl. section 64 contributions)	–	–	330	1,477
Total special purpose grants and non-developer contributions – cash	31	–	330	1,477
Total special purpose grants and non-developer contributions (tied)	31	–	330	1,477
Total grants and non-developer contributions	31	–	330	1,477
Comprising:				
– Other funding	31	–	330	1,477
	31	–	330	1,477

continued on next page

Page 16

B2-4 Grants and contributions (continued)

Developer contributions

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

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
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges	81	54
– Cash and investments	1,568	1,161
Total interest and investment income	1,649	1,215

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
Total employee costs	16,994	15,264
Less: capitalised costs	(2,438)	(2,990)
Total employee costs expensed	14,556	12,274
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
Legal expenses:			
– Legal expenses: other		55	7
Expenses from leases of low value assets		–	2
Total materials and services		10,166	10,605
Total materials and services		10,166	10,605

B3-3 Borrowing costs

(i) Interest bearing liability costs

Interest on loans	117	127
Total borrowing costs expensed	117	127

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

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

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
Other		
Donations, contributions and assistance to other organisations (Section 356)	224	190
Total other expenses	224	190

B4 Gains or losses

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

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

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

continued on next page

Page 21

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

Employee benefits and on-costs	12,623	14,556	(1,933)	(15)%	U
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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.

Materials and services	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.

Borrowing costs	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.

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

Statement of cash flows

Cash flows from operating activities	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.

Cash flows from investing activities	(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
Cash assets		
Cash on hand and at bank	1,060	1,022
Cash equivalent assets		
– Short-term deposits	1,183	1,428
Total cash and cash equivalents	2,243	2,450

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	2,243	2,450
Balance as per the Statement of Cash Flows	2,243	2,450

C1-2 Financial investments

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

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		
Total cash, cash equivalents and investments	37,243	32,450
Cash, cash equivalents and investments not subject to external restrictions	37,243	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	28,528	24,746

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
Total internal allocations	8,715	7,704

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		
Unrestricted and unallocated cash, cash equivalents and investments	28,528	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	—	—	—
Total	5,323	—	6,877	—
Total net receivables	5,323	—	6,877	—

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 Current	2025 Non-current	2024 Current	2024 Non-current
(i) Inventories at cost				
Stores and materials	2,691	–	2,650	–
Total inventories at cost	2,691	–	2,650	–
Total inventories	2,691	–	2,650	–

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

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

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period							At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)		Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	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
Land:													
– 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
Infrastructure:													
– 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
Total infrastructure, property, plant and equipment	607,185	(243,159)	364,026	4,020	6,639	(234)	(9,098)	–	17,094	–	634,351	(251,904)	382,447

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

continued on next page

Page 27

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

Material accounting policy information

Useful lives of IPPE

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

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

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

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive revaluation was 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
High Security Water Licences		
Opening values at 1 July		
Gross book value	8,918	9,363
Net book value – opening balance	8,918	9,363
Movements for the year		
Fair Value (decrement to Equity - Asset Revaluation Reserve)	(99)	(445)
Closing values at 30 June		
Gross book value	8,819	8,918
Total High Security Water Licences – net book value	8,819	8,918
Total intangible assets – net book value	8,819	8,918

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 Current	2025 Non-current	2024 Current	2024 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	–
Total payables	3,610	–	3,863	–

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
Total payables	190	143

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 Current	2025 Non-current	2024 Current	2024 Non-current
Loans – secured ¹	155	1,550	155	1,705
Total borrowings	155	1,550	155	1,705

(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
Total liabilities from financing activities	1,860	(155)	–	–	–	–	1,705

\$ '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
Total liabilities from financing activities	2,015	(155)	–	–	–	–	1,860

(b) Financing arrangements

\$ '000	2025	2024
---------	------	------

Total facilities

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

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

Drawn facilities

Financing facilities drawn down at the reporting date are:

– Credit cards/purchase cards	25	29
Total drawn financing arrangements	25	29

Undrawn facilities

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
Total undrawn financing arrangements	825	821

(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	2025	2024	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	–
Total employee benefit provisions	4,754	267	4,279	–

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
	3,120	2,798

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
The impact on the result for the year and equity of a reasonably possible movement in the interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date. This risk only relates to future reinvestment.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	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	
2025				
Gross carrying amount	345	310	–	655
2024				
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	Not yet overdue	0 - 30 days	Overdue debts			Total
			31 - 60 days	61 - 90 days	> 91 days	
2025						
Gross carrying amount	3,307	708	217	106	330	4,668
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2024						
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	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
2025							
Payables	0.00%	190	3,420	–	–	3,610	3,610
Borrowings	6.05%	–	265	957	1,605	2,827	1,705
Total financial liabilities		190	3,685	957	1,605	6,437	5,315
2024							
Payables	0.00%	143	3,720	–	–	3,863	3,863
Borrowings	6.66%	–	276	998	1,829	3,103	1,860
Total financial liabilities		143	3,996	998	1,829	6,966	5,723

D2-1 Fair value measurement

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

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

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

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

D2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2025	2024	2025	2024	2025	2024
Recurring fair value measurements							
Intangible assets	C1-7						
High Security Water Licence		8,819	8,918	—	—	8,819	8,918
Total intangible assets		8,819	8,918	—	—	8,819	8,918
Infrastructure, property, plant and equipment							
	C1-6						
Water Supply Networks		—	—	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
Total infrastructure, property, plant and equipment		16,717	15,912	413,504	350,129	430,221	366,041

continued on next page

Page 37

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:

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

(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
Compensation:		
Short-term benefits	853	759
Post-employment benefits	84	68
Other long-term benefits	37	31
Total	974	858

Other transactions with KMP and their related parties

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

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

Nature of the transaction	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000					
2025					
Payment for goods/ services received	2	—	30 day creditor payment terms	—	—
2024					
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
Total	147	139

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		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	63	52
Remuneration for audit and other assurance services	63	52
Total Auditor-General remuneration	63	52
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Other audit and assurance services: Council's Internal Auditor	66	55
Remuneration for audit and other assurance services	66	55
Total remuneration of non NSW Auditor-General audit firms	66	55
Total audit fees	129	107

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of Operating Result

\$ '000	2025	2024
Net operating result from Income Statement	5,596	6,507
Add / (less) non-cash items:		
Depreciation and amortisation	8,682	9,098
(Gain) / loss on disposal of assets	(162)	(12)
Movements in operating assets and liabilities and other cash items:		
(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
Net cash flows from operating activities	16,118	13,714

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:		
Property, plant and equipment		
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
Total commitments	2,094	2,046
These expenditures are payable as follows:		
Within the next year	2,094	2,046
Total payable	2,094	2,046
Sources for funding of capital commitments:		
Unrestricted funds	2,094	2,046
Total sources of funding	2,094	2,046

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)	–	–	–
Total contributions	–	1,059	–	–	–	(1,059)	–	–	–

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

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

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



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. 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

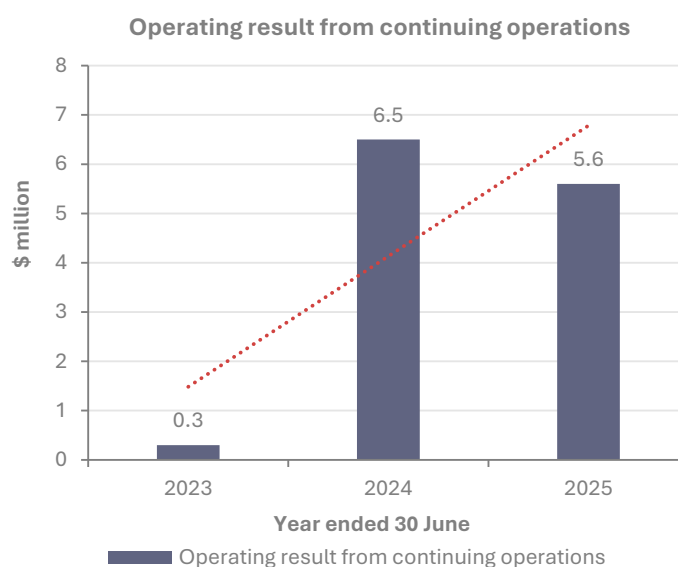
This graph shows the operating result from continuing operations for the current and prior two financial years.

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.



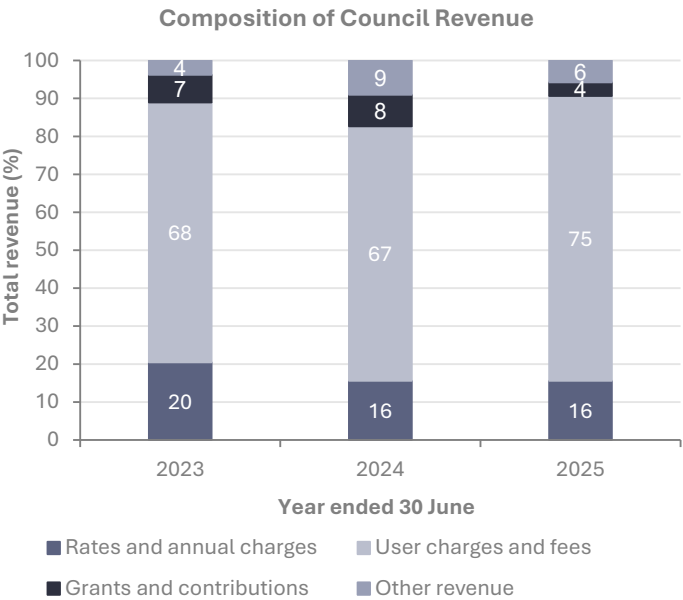
Income

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.

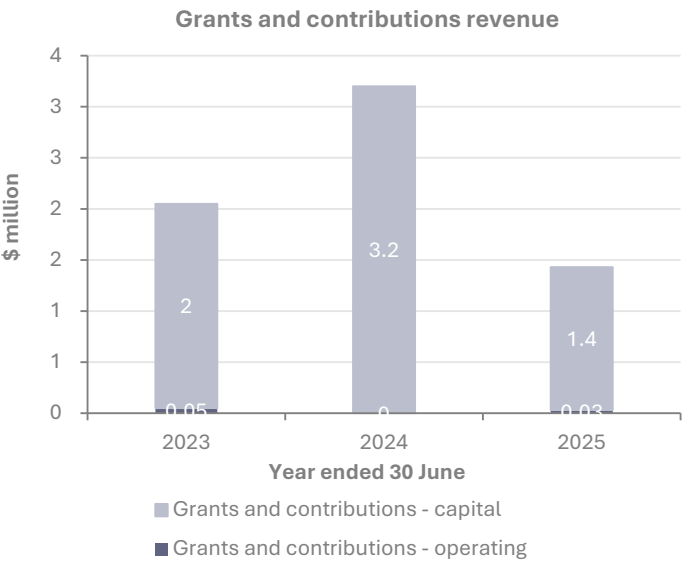


Grants and contributions revenue

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

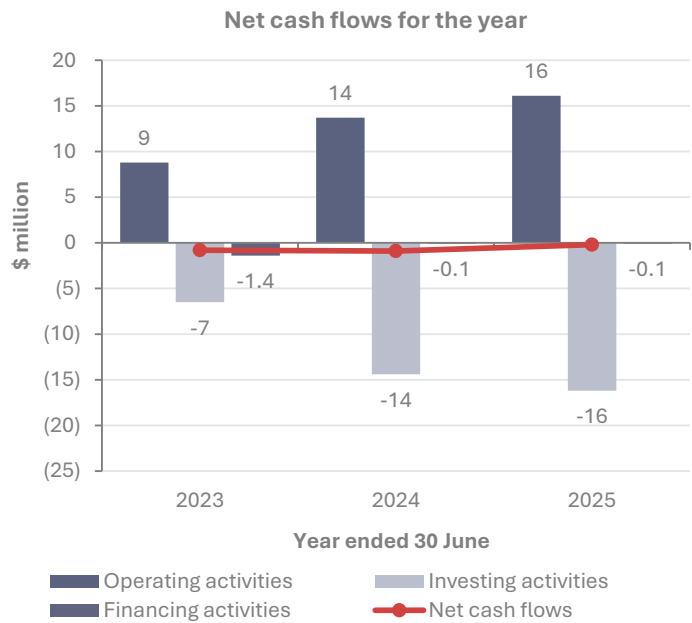
The Statement of Cash Flows details the Council’s inflows and outflows of cash over a specific period. It helps in assessing the Council's ability to generate cash to fund its operations, pay off debts, and support future projects. It also aids in identifying any pressures or issues in the Council operating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

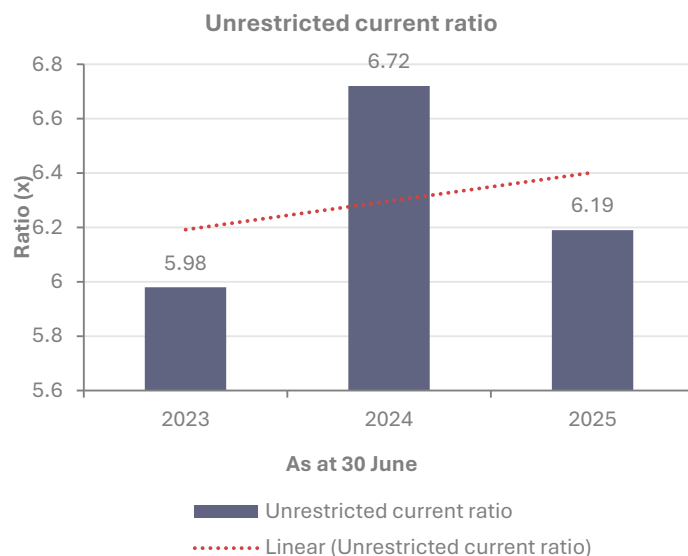
Cash, cash equivalents and investments	2025	2024	Percentage of total cash and investments 2025	Commentary
	\$m	\$m	%	
Total cash, cash equivalents and investments	37.2	32.4		The Council does not have any external restrictions. Internal allocations are determined by council policies or decisions, which 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.

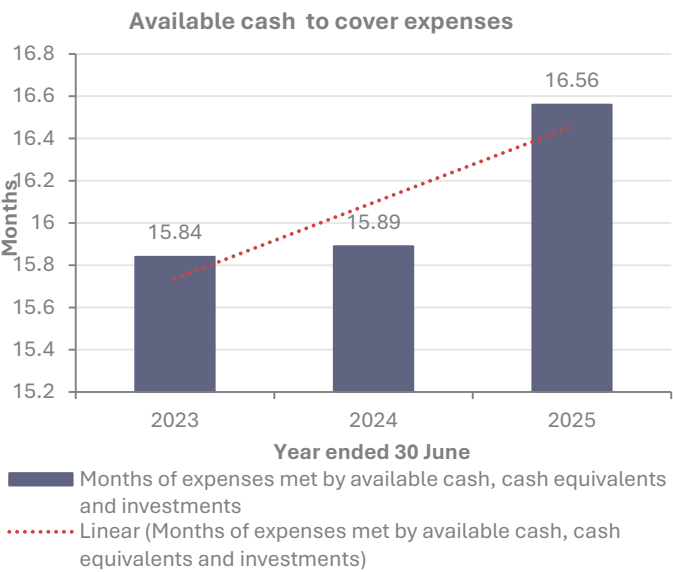
In 2023-24, the average unrestricted current ratio was an average of 5.6x for regional councils.



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.

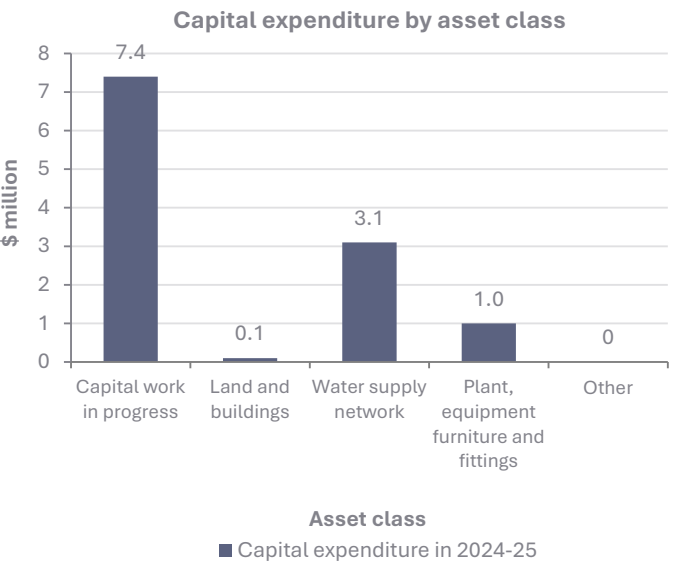
In 2023-24, the available cash to cover expenses was an average of 8 months for regional councils.



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

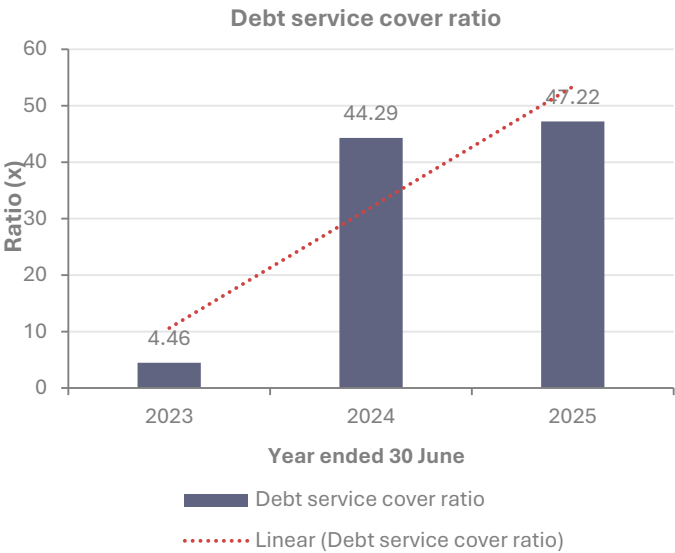
The table below provides an overview of the Council’s loans and committed borrowing facilities. Committed borrowing facilities are an element of liquidity management and include bank overdrafts, and credit cards.

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

**"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

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of water supply business activity	4
Statement of Financial Position of water supply business activity	5
Note – Material accounting policy information	6
Auditor's Report on Special Purpose Financial Statements	8

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
Income from continuing operations		
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
Total income from continuing operations	37,952	35,571
Expenses from continuing operations		
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
Total expenses from continuing operations	33,745	32,401
Surplus (deficit) from continuing operations before capital amounts	4,207	3,170
Grants and contributions provided for capital purposes	1,389	3,230
Surplus (deficit) from continuing operations after capital amounts	5,596	6,400
Surplus (deficit) from all operations before tax	5,596	6,400
Less: corporate taxation equivalent (25%) (2022:25%) [based on result before capital]	(1,052)	(793)
Surplus (deficit) after tax	4,544	5,607
Plus accumulated surplus	164,383	157,876
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	–	107
– Corporate taxation equivalent	1,052	793
Closing accumulated surplus	169,979	164,383
Return on capital %	1.0%	0.9%
Subsidy from Council	14,317	13,148
Calculation of dividend payable:		
Surplus (deficit) after tax	4,544	5,607
Less: capital grants and contributions (excluding developer contributions)	(1,389)	(1,477)
Surplus for dividend calculation purposes	3,155	4,130
Potential dividend calculated from surplus	1,578	2,065

Riverina Water County Council

Statement of Financial Position of water supply business activity

as at 30 June 2025

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

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. 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

**"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

Contents	Page
Special Schedules:	
Report on infrastructure assets as at 30 June 2025	3

Riverina Water County Council

Report on infrastructure assets as at 30 June 2025

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2024/25 Required maintenance ^a	2024/25 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings – 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%
	Sub-total	–	–	128	128	21,096	30,434	39.5%	28.7%	20.2%	11.6%	0.0%
Water supply network	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%
	Sub-total	20,838	20,838	2,820	2,820	392,408	620,938	37.2%	22.8%	22.2%	9.1%	8.7%
Total – all assets		20,838	20,838	2,948	2,948	413,504	651,372	37.3%	23.0%	22.1%	9.2%	8.4%

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

Infrastructure asset condition assessment 'key'

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

Riverina Water County Council

Report on infrastructure assets as at 30 June 2025

Infrastructure asset performance indicators (consolidated) *

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

(*) 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.