

# Riverina Water County Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2012

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



# Riverina Water County Council

## General Purpose Financial Statements for the financial year ended 30 June 2012

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### Overview

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

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

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

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

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

## General Purpose Financial Statements for the financial year ended 30 June 2012

### Understanding Council's Financial Statements

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#### Introduction

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

#### What you will find in the Statements

The Financial Statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2012.

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The Financial Statements incorporate 5 "primary" financial statements:

##### 1. An Income Statement

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

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

##### 2. A Statement of Comprehensive Income

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

##### 3. A Balance Sheet

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

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

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

##### 5. A Statement of Cash Flows

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

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

#### Who uses the Financial Statements ?

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

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

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

## Riverina Water County Council

### General Purpose Financial Statements for the financial year ended 30 June 2012

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

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

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

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

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

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

**Signed in accordance with a resolution of Council made on 22/08/12.**

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Clr R Kendall  
**CHAIRPERSON**

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Clr J McInerney  
**COUNCILLOR**

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Mr G Haley  
**GENERAL MANAGER**

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Ms M Curran  
**RESPONSIBLE ACCOUNTING OFFICER**

# Riverina Water County Council

## Income Statement

for the financial year ended 30 June 2012

Budget <sup>(1)</sup>			Actual	Actual
2012	\$ '000	Notes	2012	2011
<b>Income from Continuing Operations</b>				
<i>Revenue:</i>				
3,097	Rates & Annual Charges	3a	3,229	2,281
15,348	User Charges & Fees	3b	11,975	9,994
100	Interest & Investment Revenue	3c	187	274
422	Other Revenues	3d	271	277
200	Grants & Contributions provided for Operating Purposes	3e,f	213	207
700	Grants & Contributions provided for Capital Purposes	3e,f	1,747	1,453
<i>Other Income:</i>				
36	Net gains from the disposal of assets	5	-	4
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
<b>19,903</b>	<b>Total Income from Continuing Operations</b>		<b>17,622</b>	<b>14,490</b>
<b>Expenses from Continuing Operations</b>				
8,376	Employee Benefits & On-Costs	4a	7,460	7,243
161	Borrowing Costs	4b	69	-
1,235	Materials & Contracts	4c	1,552	1,388
4,600	Depreciation & Amortisation	4d	4,932	4,481
-	Impairment	4d	200	808
2,298	Other Expenses	4e	2,751	2,738
-	Net Losses from the Disposal of Assets	5	22	-
<b>16,670</b>	<b>Total Expenses from Continuing Operations</b>		<b>16,986</b>	<b>16,658</b>
<b>3,233</b>	<b>Operating Result from Continuing Operations</b>		<b>636</b>	<b>(2,168)</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>3,233</b>	<b>Net Operating Result for the Year</b>		<b>636</b>	<b>(2,168)</b>
3,233	Net Operating Result attributable to Council		636	(2,168)
-	Net Operating Result attributable to Minority Interests		-	-
<b>2,533</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>(1,111)</b>	<b>(3,621)</b>

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

## Riverina Water County Council

### Statement of Comprehensive Income for the financial year ended 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
Net Operating Result for the year (as per Income statement)		<b>636</b>	<b>(2,168)</b>
<b>Other Comprehensive Income</b>			
Gain (loss) on revaluation of I,PP&E	20b (ii)	(2,833)	32,440
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-
Other Movements in Reserves ( <a href="#">enter details here</a> )	20b (ii)	-	-
<b>Total Other Comprehensive Income for the year</b>		<b>(2,833)</b>	<b>32,440</b>
<b>Total Comprehensive Income for the Year</b>		<b>(2,197)</b>	<b>30,272</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>(2,197)</b>	<b>30,272</b>
<b>Total Comprehensive Income attributable to Minority Interests</b>		<b>-</b>	<b>-</b>

# Riverina Water County Council

## Balance Sheet

as at 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	6,191	1,561
Investments	6b	-	-
Receivables	7	1,991	2,531
Inventories	8	3,567	3,475
Other	8	48	44
Non-current assets classified as "held for sale"	22	-	-
<b>Total Current Assets</b>		<b>11,797</b>	<b>7,611</b>
<b>Non-Current Assets</b>			
Investments	6b	-	-
Receivables	7	-	-
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	187,787	189,712
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	1,500	1,700
<b>Total Non-Current Assets</b>		<b>189,287</b>	<b>191,412</b>
<b>TOTAL ASSETS</b>		<b>201,084</b>	<b>199,023</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	973	417
Borrowings	10	110	-
Provisions	10	2,875	2,342
<b>Total Current Liabilities</b>		<b>3,958</b>	<b>2,759</b>
<b>Non-Current Liabilities</b>			
Payables	10	-	-
Borrowings	10	3,059	-
Provisions	10	-	-
<b>Total Non-Current Liabilities</b>		<b>3,059</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>7,017</b>	<b>2,759</b>
<b>Net Assets</b>		<b>194,067</b>	<b>196,264</b>
<b>EQUITY</b>			
Retained Earnings	20	62,350	61,714
Revaluation Reserves	20	131,717	134,550
Council Equity Interest		194,067	196,264
Minority Equity Interest		-	-
<b>Total Equity</b>		<b>194,067</b>	<b>196,264</b>

## Riverina Water County Council

### Statement of Changes in Equity for the financial year ended 30 June 2012

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
<b>2012</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		61,714	134,550	<b>196,264</b>	-	<b>196,264</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/11)		<b>61,714</b>	<b>134,550</b>	<b>196,264</b>	-	<b>196,264</b>
<b>c. Net Operating Result for the Year</b>		<b>636</b>	-	<b>636</b>	-	<b>636</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	(2,833)	<b>(2,833)</b>	-	<b>(2,833)</b>
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements (enter details here)	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		-	<b>(2,833)</b>	<b>(2,833)</b>	-	<b>(2,833)</b>
<b>Total Comprehensive Income</b> (c&d)		<b>636</b>	<b>(2,833)</b>	<b>(2,197)</b>	-	<b>(2,197)</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>62,350</b>	<b>131,717</b>	<b>194,067</b>	-	<b>194,067</b>

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



# Riverina Water County Council

## Statement of Cash Flows

for the financial year ended 30 June 2012

Budget 2012	\$ '000	Notes	Actual 2012	Actual 2011
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
2,991	Rates & Annual Charges		3,131	2,254
14,824	User Charges & Fees		11,777	10,142
100	Investment & Interest Revenue Received		162	310
900	Grants & Contributions		1,954	1,660
-	Bonds, Deposits & Retention amounts received		5	16
2,258	Other		2,104	1,366
<b>Payments:</b>				
(8,229)	Employee Benefits & On-Costs		(6,908)	(7,465)
(1,225)	Materials & Contracts		(1,783)	(2,927)
(161)	Borrowing Costs		(69)	(4,018)
(2,279)	Other		(3,050)	-
<u>9,179</u>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<u>7,323</u>	<u>1,338</u>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
411	Sale of Infrastructure, Property, Plant & Equipment		293	614
<b>Payments:</b>				
(9,459)	Purchase of Infrastructure, Property, Plant & Equipment		(6,155)	(8,584)
<u>(9,048)</u>	<b>Net Cash provided (or used in) Investing Activities</b>		<u>(5,862)</u>	<u>(7,970)</u>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
3,247	Proceeds from Borrowings & Advances		3,200	-
<b>Payments:</b>				
(48)	Repayment of Borrowings & Advances		(31)	-
<u>3,199</u>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<u>3,169</u>	<u>-</u>
<u>3,330</u>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<u>4,630</u>	<u>(6,632)</u>
4,358	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	1,561	8,193
<u>7,688</u>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<u>6,191</u>	<u>1,561</u>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	-	-
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		<u>6,191</u>	<u>1,561</u>

Please refer to Note 11 for information on the following:

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

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

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n/a - not applicable

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

### Note 1. Summary of Significant Accounting Policies

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

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

#### (a) Basis of preparation

##### (i) Background

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

- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act (1993) & Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

For the purpose of preparing these financial statements.

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

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

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

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

Under the Local Government Act (LGA), Regulations and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with Australian Accounting Standards.

##### (iii) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

##### (iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates..

##### (v) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** except for:

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

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

##### (vi) Changes in Accounting Policies

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

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

##### (vii) Critical Accounting Estimates

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

Accordingly this requires management to exercise its judgement in the process of applying the Council's accounting policies.

##### (b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured.

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

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

Revenue is measured on major income categories as follows:

##### Annual Charges, Grants and Contributions

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

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

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

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

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, **(i)** it is probable that the economic benefits comprising the contribution will

flow to the Council and **(ii)** the amount of the contribution can be measured reliably.

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

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

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

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

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

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

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

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

##### Interest and Rents

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

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

##### (c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any Entities (or operations) that it **controls** (as at 30/6/12) and **(ii)** all the related operating results (for the financial year ended the 30th June 2012).

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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

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

##### (i) The Consolidated Fund

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

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

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

##### (ii) The Trust Fund

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

Council did not hold any funds in trust at 30 June 2012.

##### (iii) Joint Ventures

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

##### (iv) Associated Entities

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

Such entities are usually termed Associates.

##### (v) County Councils

Council is not a member of any County Councils.

##### (vi) Additional Information

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

##### (d) Leases

Council does not have any Finance Leases or Operating Leases.

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

Cash and cash equivalents includes;

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

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

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

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

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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

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

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

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

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

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

##### **(ii) Loans and receivables**

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

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

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

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

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

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

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less

than 12 months from the reporting date, which are classified as current assets.

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

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

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

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

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

##### **Financial Assets – Reclassification**

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

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

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

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

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the



## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

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

##### (i) Initial Recognition

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

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

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

##### (ii) Subsequent Measurement

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

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

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

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

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

#### Impairment

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

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

##### (iii) Types of Investments

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

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

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

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

##### (g) Fair value estimation

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

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

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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

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

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

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

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

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

#### (h) Receivables

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

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

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

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

The amount of the provision is the difference between the asset's carrying amount and the

present value of estimated future cash flows, discounted at the effective interest rate.

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

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

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

#### (i) Inventories

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

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

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

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

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

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

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

Council does not hold any land held for resale.



## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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

###### Acquisition of assets

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

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

- **Water and Sewerage Networks**  
(External/Internal Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**  
(External Valuation)
- **Plant and Equipment**  
(as approximated by depreciated historical cost)
- **Other Structures**  
(as approximated by depreciated historical cost)
- **Other Assets**  
(as approximated by depreciated historical cost)

###### Initial Recognition

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

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

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

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

###### Subsequent costs

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

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

###### Asset Revaluations (including Indexation)

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

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

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

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

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

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

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

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

#### Capitalisation Thresholds

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

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

#### Depreciation

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

Land is not depreciated.

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

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

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

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

#### Disposal and De-recognition

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

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

#### (k) Land

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

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

#### (l) Land under roads

Council does not hold any land under roads.

#### (m) Intangible Assets

##### Water Licence Rights

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

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

##### (n) Crown Reserves

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

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

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

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

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

Council does not hold any Rural Fire Service Assets.

##### (p) Investment property

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

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

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

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

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

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

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

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

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

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

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

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

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

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

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

##### (s) Impairment of assets

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

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

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

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

For non-cash generating assets of Council such as roads, drains, public buildings etc - value in use is represented by the "deprival value" of the asset which is approximated as its written down replacement cost.

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

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

##### (t) Payables

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

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

##### (u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income

Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

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

##### (v) Borrowing costs

Borrowing costs are expensed.

##### (w) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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

#### (x) Employee benefits

##### (i) Short Term Obligations

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

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

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

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

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

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

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

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

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

Expected future payments are then discounted using market yields at the reporting date based on national

government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 5 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

##### (iii) Retirement benefit obligations

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

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

#### Defined Benefit Plans

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

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

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

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B". This Scheme has been deemed to be a "multi employer fund" for



## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2012 was \$331,962. The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 16 February 2010 and covers the period ended 30 June 2009. However the position is monitored annually and the Actuary has estimated that as at 30 June 2012 a deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit. The amount of additional contributions included in the total employer contribution advised above is \$162,864.

Council's share of any 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 these financial statements.

Council has, however, disclosed a contingent liability in note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

#### Defined Contribution Plans

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

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

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

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/12.

#### (y) Self insurance

Council does not self insure.

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

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

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

#### Exceptions

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

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

#### (aa) Taxes

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

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

#### Goods & Services Tax (GST)

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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

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

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

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

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

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

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

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2012.

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

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

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

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

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

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

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

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed

***AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, revised AASB 127 - Separate Financial Statements and AASB 128 - Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)***

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation.

However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

#### ***AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)***

AASB 13 was released in September 2011.

It explains how to measure fair value and aims to enhance fair value disclosures. Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

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

None

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

#### ***Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)***



## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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In September 2011, the AASB released a revised standard on accounting for employee benefits.

It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.

This replaces the expected return on plan assets that is currently included in profit or loss.

The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits.

The amendments will have to be implemented retrospectively.

Council does not recognise defined benefit assets and liabilities for the reasons set out in note 1 (s)(iii) and so these changes will not have an impact on its reported results.

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

None

***There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.***

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

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

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

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

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

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2012	Actual 2012	Actual 2011	Original Budget 2012	Actual 2012	Actual 2011	Original Budget 2012	Actual 2012	Actual 2011	Actual 2012	Actual 2011	Actual 2012	Actual 2011
Water Supplies	19,903	17,622	14,490	16,670	16,986	16,658	3,233	636	(2,168)	339	268	201,084	199,023
<b>Operating Result from Continuing Operations</b>	<b>19,903</b>	<b>17,622</b>	<b>14,490</b>	<b>16,670</b>	<b>16,986</b>	<b>16,658</b>	<b>3,233</b>	<b>636</b>	<b>(2,168)</b>	<b>340</b>	<b>268</b>	<b>201,084</b>	<b>199,023</b>

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

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

##### **WATER SUPPLIES**

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

# Riverina Water County Council

## Notes to the Financial Statements for the financial year ended 30 June 2012

### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
<b>(a). Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Nil			
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Water Supply Services		3,229	2,281
<b>Total Annual Charges</b>		<b>3,229</b>	<b>2,281</b>
<b><u>TOTAL RATES &amp; ANNUAL CHARGES</u></b>		<b><u>3,229</u></b>	<b><u>2,281</u></b>
<b>(b). User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		11,328	9,555
<b>Total User Charges</b>		<b>11,328</b>	<b>9,555</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Private Works		19	(29)
Section 603 Certificates		87	-
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>106</b>	<b>(29)</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Leaseback Fees - Council Vehicles		17	-
Water Connection Fees		524	468
<b>Total Fees &amp; Charges - Other</b>		<b>541</b>	<b>468</b>
<b><u>TOTAL USER CHARGES &amp; FEES</u></b>		<b><u>11,975</u></b>	<b><u>9,994</u></b>

# Riverina Water County Council

## Notes to the Financial Statements for the financial year ended 30 June 2012

### Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
<b>(c). Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges		58	-
- Interest earned on Investments (interest & coupon payment income)		129	274
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>187</u></b>	<b><u>274</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		58	-
General Council Cash & Investments		(58)	-
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
Water Fund Operations		187	274
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<b><u>187</u></b>	<b><u>274</u></b>
<b>(d). Other Revenues</b>			
Sales - General		266	268
Lease Rental		5	9
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>271</u></b>	<b><u>277</u></b>

## Riverina Water County Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

## Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
<b>(e). Grants</b>				
<b>General Purpose (Untied)</b>				
Nil				
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	202	191	-	-
Water Supplies	-	-	127	61
Diesel and Alternative Fuels	11	16	-	-
<b>Total Specific Purpose</b>	<b>213</b>	<b>207</b>	<b>127</b>	<b>61</b>
<b>Total Grants</b>	<b>213</b>	<b>207</b>	<b>127</b>	<b>61</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding		-		-
- State Funding	11	16	127	61
- Other Funding	202	191	-	-
	<b>213</b>	<b>207</b>	<b>127</b>	<b>61</b>
<b>(f). Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the NSW LG Act):</b>				
S 64 - Water Supply Contributions	-	-	1,620	1,392
<b>Total Developer Contributions</b>	<b>17</b>	<b>-</b>	<b>1,620</b>	<b>1,392</b>
<b>Other Contributions:</b>				
Nil				
<b>Total Contributions</b>	<b>-</b>	<b>-</b>	<b>1,620</b>	<b>1,392</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>213</b>	<b>207</b>	<b>1,747</b>	<b>1,453</b>

# Riverina Water County Council

## Notes to the Financial Statements for the financial year ended 30 June 2012

### Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		5,254	4,853
Travelling		59	43
Employee Leave Entitlements (ELE)		1,368	1,392
Superannuation		929	925
Workers' Compensation Insurance		422	239
Fringe Benefit Tax (FBT)		32	5
Payroll Tax		357	388
Training Costs (other than Salaries & Wages)		208	224
Uniforms		41	70
<b>Total Employee Costs</b>		<b>8,670</b>	<b>8,139</b>
less: Capitalised Costs		(1,210)	(896)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>7,460</b>	<b>7,243</b>
Number of "Equivalent Full Time" Employees at year end		<b>88</b>	<b>90</b>
 <b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		69	-
<b>Total Interest Bearing Liability Costs</b>		<b>69</b>	<b>-</b>
less: Capitalised Costs		-	-
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>69</b>	<b>-</b>
 <b>(ii) Other Borrowing Costs</b>			
Nil			
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>69</b>	<b>-</b>

# Riverina Water County Council

## Notes to the Financial Statements for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
<b>(c) Materials &amp; Contracts</b>			
Contractor & Consultancy Costs		1,437	1,271
Auditors Remuneration <sup>(1)</sup>		23	67
Legal Expenses:			
- Legal Expenses: Other		92	40
Prior Year Expense re Asset Revaluation		-	10
<b>Total Materials &amp; Contracts</b>		<b>1,552</b>	<b>1,388</b>
less: Capitalised Costs		-	-
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>1,552</b>	<b>1,388</b>

#### 1. Auditor Remuneration

During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):

##### (i) Audit and Other Assurance Services

- Audit & review of financial statements: Council's Auditor		16	26
- Other audit & assurance services <a href="#">(provide details)</a>		7	41
<b>Remuneration for audit and other assurance services</b>		<b>23</b>	<b>67</b>
<b>Total Auditor Remuneration</b>		<b>23</b>	<b>67</b>

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2012	Actual 2011	Actual 2012	Actual 2011
Plant and Equipment		-	-	668	461
Office Equipment		-	-	1,021	346
Buildings - Non Specialised		-	-	41	45
Buildings - Specialised		-	-	55	61
Infrastructure:					
- Water Supply Network		-	-	3,147	3,568
<b>Total Depreciation &amp; Impairment Costs</b>		<b>200</b>	<b>808</b>	<b>4,932</b>	<b>4,481</b>
less: Capitalised Costs		-	-	-	-
less: Impairments (to)/from ARR [Equity]	9a	-	-	-	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>200</b>	<b>808</b>	<b>4,932</b>	<b>4,481</b>

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Advertising		35	131
Bank Charges		80	16
Computer Software Charges		202	130
Members Expenses - Chairperson's Fee		8	8
Members Expenses - Members Fee		48	43
Members Expenses (incl. Chairperson's) - Other (excluding fees above)		11	15
Donations, Contributions & Assistance to other organisations (Section 356)		29	22
Electricity & Heating		1,890	1,693
Insurance		122	106
Office Expenses (including computer expenses)		75	231
Postage		74	67
Printing & Stationery		34	84
Subscriptions & Publications		33	42
Telephone & Communications		101	82
Valuation Fees		9	68
<b>Total Other Expenses</b>		<b>2,751</b>	<b>2,738</b>
less: Capitalised Costs		-	-
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>2,751</u></b>	<b><u>2,738</u></b>

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

\$ '000	Notes	Actual 2012	Actual 2011
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		293	614
less: Carrying Amount of P&E Assets Sold / Written Off		(315)	(610)
<b>Net Gain/(Loss) on Disposal</b>		<b>(22)</b>	<b>4</b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>(22)</u></b>	<b><u>4</u></b>



# Riverina Water County Council

## Notes to the Financial Statements for the financial year ended 30 June 2012

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

\$ '000	Notes	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		245	-	60	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		1	-	1	-
- Short Term Deposits		5,945	-	1,500	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>6,191</b>	<b>-</b>	<b>1,561</b>	<b>-</b>
<b>Investment Securities (Note 6b)</b>					
Nil					
<b><u>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</u></b>		<b><u>6,191</u></b>	<b><u>-</u></b>	<b><u>1,561</u></b>	<b><u>-</u></b>

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

**Cash, Cash Equivalents & Investments were  
classified at year end in accordance with  
AASB 139 as follows:**

#### **Cash & Cash Equivalents**

a. "At Fair Value through the Profit & Loss"

<b>6,191</b>	<b>-</b>	<b>1,561</b>	<b>-</b>
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#### **Investments**

Nil

## Riverina Water County Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 6c. Restricted Cash, Cash Equivalents & Investments - Details

\$ '000	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
<b>Total Cash, Cash Equivalents and Investment Securities</b>	<b>6,191</b>	<b>-</b>	<b>1,561</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	-	(23)	-	-
Internal Restrictions (refer below)	4,320	23	1,202	-
Unrestricted	1,871	-	359	-
	<b>6,191</b>	<b>-</b>	<b>1,561</b>	<b>-</b>

2012 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

#### Details of Restrictions

##### External Restrictions - Included in Liabilities

Nil

##### External Restrictions - Other

Developer Contributions - General (D)	-	1,620	(1,620)	-
Specific Purpose Unexpended Grants (F) - Water Fund	-	-	(23)	(23)
<b>External Restrictions - Other</b>	<b>-</b>	<b>1,620</b>	<b>(1,643)</b>	<b>(23)</b>
<b>Total External Restrictions</b>	<b>-</b>	<b>1,620</b>	<b>(1,643)</b>	<b>(23)</b>

##### Internal Restrictions

Employees Leave Entitlement (B)	702	161	-	863
Asset Replacement (C)	500	668	(499)	669
Sales Fluctuation (D)	-	600	-	600
Unexpended Loans	-	2,211	-	2,211
<b>Total Internal Restrictions</b>	<b>1,202</b>	<b>3,640</b>	<b>(499)</b>	<b>4,343</b>
<b>TOTAL RESTRICTIONS</b>	<b>1,202</b>	<b>5,260</b>	<b>(2,142)</b>	<b>4,320</b>

**B** A provision of 30% of Employee Leave Entitlement has been made.

**C** Asset Replacement - provision is made to create a fund for asset replacement replacements.

**D** Sales Fluctuation Reserve - Income from sales of water is largely dependent on seasonal weather conditions. Wet weather in recent years resulted in this reserve being reduced to nil in 2010/11, with the intention to build back up for future provision requirements.

# Riverina Water County Council

## Notes to the Financial Statements for the financial year ended 30 June 2012

### Note 7. Receivables

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		554	-	456	-
User Charges & Fees		995	-	797	-
Accrued Revenues					
- Interest on Investments		29	-	4	-
Government Grants & Subsidies		151	-	145	-
Sundry Debtors		262	-	1,129	-
<b>Total</b>		<b>1,991</b>	<b>-</b>	<b>2,531</b>	<b>-</b>
<b>less: Provision for Impairment</b>					
Nil					
<b>TOTAL NET RECEIVABLES</b>		<b>1,991</b>	<b>-</b>	<b>2,531</b>	<b>-</b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Specific Purpose Grants		151	-	-	-
- Rates & Availability Charges		554	-	-	-
- Other		1,286	-	-	-
<b>Total External Restrictions</b>		<b>1,991</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>-</b>	<b>-</b>	<b>2,531</b>	<b>-</b>
<b>TOTAL NET RECEIVABLES</b>		<b>1,991</b>	<b>-</b>	<b>2,531</b>	<b>-</b>

#### Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 11.00% (2011 9.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Riverina Water County Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 8. Inventories & Other Assets

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Stores & Materials		3,567	-	3,475	-
<b>Total Inventories</b>		<b>3,567</b>	<b>-</b>	<b>3,475</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		48	-	44	-
<b>Total Other Assets</b>		<b>48</b>	<b>-</b>	<b>44</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>3,615</b>	<b>-</b>	<b>3,519</b>	<b>-</b>

#### Externally Restricted Assets

There are no restrictions applicable to the above assets.

Riverina Water County Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2011					Asset Movements during the Reporting Period					as at 30/6/2012				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciatio n Expense	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment									Dep'n	Impairment	
Plant & Equipment	-	6,713	3,384	-	3,329	499	(250)	(668)	-	-	-	5,138	2,228	-	2,910
Office Equipment	-	5,969	4,319	-	1,650	562	(65)	(1,021)	-	-	-	1,444	318	-	1,126
<b>Land:</b>															
- Operational Land	-	2,765	-	-	2,765	196	-	-	(3)	-	-	2,958	-	-	2,958
Buildings - Non Specialised	-	3,704	441	-	3,263	16	-	(41)	-	149	-	3,841	454	-	3,387
Buildings - Specialised	-	5,153	726	-	4,427	546	-	(55)	(335)	-	-	5,333	750	-	4,583
<b>Infrastructure:</b>															
- Water Supply Network	-	304,947	130,669	-	174,278	4,336	-	(3,147)	(2,644)	-	-	307,938	135,115	-	172,823
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	-	<b>329,251</b>	<b>139,539</b>	-	<b>189,712</b>	<b>6,155</b>	<b>(315)</b>	<b>(4,932)</b>	<b>(2,982)</b>	<b>149</b>	-	<b>326,652</b>	<b>138,865</b>	-	<b>187,787</b>

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$XXXXX) and New Assets (\$YYYYY). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

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

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

\$ '000	Notes	Actual 2012	Actual 2011
<b>(i) Impairment Losses recognised in the Income Statement include:</b>			
Water Rights Licence - decrease in value of water due to wet weather		(200)	(808)
<b>Total Impairment Losses</b>		<b>(200)</b>	<b>(808)</b>
<b>IMPAIRMENT of ASSETS - GAINS/(LOSSES) in P/L</b>	4(d)	<b>(200)</b>	<b>(808)</b>

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

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		32	-	21	-
Accrued Expenses:					
- Salaries & Wages		98	-	76	-
- Other Expenditure Accruals		822	-	304	-
Security Bonds, Deposits & Retentions		21	-	16	-
<b>Total Payables</b>		<b>973</b>	<b>-</b>	<b>417</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		110	3,059	-	-
<b>Total Borrowings</b>		<b>110</b>	<b>3,059</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		700	-	596	-
Sick Leave		5	-	4	-
Long Service Leave		2,170	-	1,742	-
<b>Sub Total - Aggregate Employee Benefits</b>		<b>2,875</b>	<b>-</b>	<b>2,342</b>	<b>-</b>
<b>Total Provisions</b>		<b>2,875</b>	<b>-</b>	<b>2,342</b>	<b>-</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>3,958</b>	<b>3,059</b>	<b>2,759</b>	<b>-</b>

(i) Liabilities relating to Restricted Assets

None

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	2012	2011
<b>(ii) Current Liabilities not anticipated to be settled within the next 12 months</b>		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	426	381
Payables - Security Bonds, Deposits & Retentions	21	16
	<b>447</b>	<b>397</b>

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

Class of Provision	2011		2012			Closing Balance as at 30/6/12
	Opening Balance as at 1/7/11	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	596	446	(363)	21	-	700
Sick Leave	4	-	-	1	-	5
Long Service Leave	1,742	361	(59)	126	-	2,170
<b>TOTAL</b>	<b>2,342</b>	<b>807</b>	<b>(422)</b>	<b>148</b>	<b>-</b>	<b>2,875</b>

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

# Riverina Water County Council

## Notes to the Financial Statements for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	6,191	1,561
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>6,191</b>	<b>1,561</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>636</b>	<b>(2,168)</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		4,932	4,481
Net Losses/(Gains) on Disposal of Assets		22	(4)
Impairment Losses Recognition - I,PP&E		200	808
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		540	(95)
Increase/(Decrease) in Provision for Doubtful Debts		-	-
Decrease/(Increase) in Inventories		(92)	(1,549)
Decrease/(Increase) in Other Assets		(4)	208
Increase/(Decrease) in Payables		11	84
Increase/(Decrease) in accrued Interest Payable		-	-
Increase/(Decrease) in other accrued Expenses Payable		540	(147)
Increase/(Decrease) in Other Liabilities		5	16
Increase/(Decrease) in Employee Leave Entitlements		533	(296)
Increase/(Decrease) in Other Provisions		-	-
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>7,323</b>	<b>1,338</b>



## Riverina Water County Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 11. Statement of Cash Flows - Additional Information (continued)

\$ '000	Notes	Actual 2012	Actual 2011
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Nil			
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		250	-
Credit Cards / Purchase Cards		45	-
<b>Total Financing Arrangements</b>		<b>295</b>	<b>-</b>
<b>Amounts utilised as at Balance Date:</b>			
- Bank Overdraft Facilities			-
- Credit Cards / Purchase Cards		12	-
<b>Total Financing Arrangements Utilised</b>		<b>12</b>	<b>-</b>

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.  
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

#### **(ii) Secured Loan Liabilities**

Loans are secured by a mortgage over future years Rate Revenue only.

#### Note 12. Commitments for Expenditure

##### **(a) Capital Commitments (exclusive of GST)**

Nil

##### **(b) Finance Lease Commitments**

Nil

##### **(c) Operating Lease Commitments (Non Cancellable)**

Nil

# Riverina Water County Council

## Notes to the Financial Statements for the financial year ended 30 June 2012

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

\$ '000	Amounts 2012	Indicator 2012	Prior Periods 2011      2010	
<b>Local Government Industry Indicators</b>				
<b>1. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(1)</sup>	<u>11,797</u>	<b>3.36 : 1</b>	3.22	4.13
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	<u>3,511</u>			
<b>2. Debt Service Ratio</b>				
Debt Service Cost	<u>69</u>	<b>0.44%</b>	0.00%	0.00%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>15,662</u>			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>				
Rates & Annual Charges	<u>3,229</u>	<b>18.32%</b>	15.75%	13.71%
Income from Continuing Operations	<u>17,622</u>			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual & Extra Charges Outstanding	<u>554</u>	<b>14.80%</b>	16.83%	14.60%
Rates, Annual & Extra Charges Collectible	<u>3,743</u>			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>				
Asset Renewals <sup>(4)</sup>	<u>2,958</u>	<b>91.21%</b>	136.23%	68.00%
Depreciation, Amortisation & Impairment	<u>3,243</u>			

#### Notes

(1) Refer Notes 6-8 inclusive.

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

(2) Refer to Note 10(a).

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

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

# Riverina Water County Council

## Notes to the Financial Statements for the financial year ended 30 June 2012

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

<p><b>1. Unrestricted Current Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>4.5</td> </tr> <tr> <td>2010</td> <td>4.13</td> </tr> <tr> <td>2011</td> <td>3.22</td> </tr> <tr> <td>2012</td> <td>3.36</td> </tr> </tbody> </table>	Year	Ratio : 1	2009	4.5	2010	4.13	2011	3.22	2012	3.36	<p><b>Purpose of Unrestricted Current Ratio</b></p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p><b>Commentary on 2011/12 Result</b></p> <p><b>2011/12 Ratio 3.36 : 1</b></p> <p>This ratio has remained relatively constant compared to last year. Eventhough cash has increased, so has borrowings.</p>
Year	Ratio : 1											
2009	4.5											
2010	4.13											
2011	3.22											
2012	3.36											
<p><b>2. Debt Service Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>0.00%</td> </tr> <tr> <td>2010</td> <td>0.00%</td> </tr> <tr> <td>2011</td> <td>0.00%</td> </tr> <tr> <td>2012</td> <td>0.44%</td> </tr> </tbody> </table>	Year	Ratio %	2009	0.00%	2010	0.00%	2011	0.00%	2012	0.44%	<p><b>Purpose of Debt Service Ratio</b></p> <p>To assess the impact of loan principal &amp; interest repayments on the discretionary revenue of council.</p>	<p><b>Commentary on 2011/12 Result</b></p> <p><b>2011/12 Ratio 0.44%</b></p> <p>\$3.2m borrowings drawn down during the year have resulted in an increase in the debt service ratio, which has been nil in the last few years.</p>
Year	Ratio %											
2009	0.00%											
2010	0.00%											
2011	0.00%											
2012	0.44%											
<p><b>3. Rates &amp; Annual Charges Coverage Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>14.00%</td> </tr> <tr> <td>2010</td> <td>13.71%</td> </tr> <tr> <td>2011</td> <td>15.75%</td> </tr> <tr> <td>2012</td> <td>18.32%</td> </tr> </tbody> </table>	Year	Ratio %	2009	14.00%	2010	13.71%	2011	15.75%	2012	18.32%	<p><b>Purpose of Rates &amp; Annual Charges Coverage Ratio</b></p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p><b>Commentary on 2011/12 Result</b></p> <p><b>2011/12 Ratio 18.32%</b></p> <p>An increase in the availability charge during the 2011/12 year has increased this ratio.</p>
Year	Ratio %											
2009	14.00%											
2010	13.71%											
2011	15.75%											
2012	18.32%											
<p><b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>12.33%</td> </tr> <tr> <td>2010</td> <td>14.60%</td> </tr> <tr> <td>2011</td> <td>16.83%</td> </tr> <tr> <td>2012</td> <td>14.80%</td> </tr> </tbody> </table>	Year	Ratio %	2009	12.33%	2010	14.60%	2011	16.83%	2012	14.80%	<p><b>Purpose of Rates &amp; Annual Charges Outstanding Ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>Commentary on 2011/12 Result</b></p> <p><b>2011/12 Ratio 14.80%</b></p> <p>A slight reduction in this ratio during the year, most likely attributed to the introduction of interest charges and an external debt recovery agent.</p>
Year	Ratio %											
2009	12.33%											
2010	14.60%											
2011	16.83%											
2012	14.80%											
<p><b>5. Building &amp; Infrastructure Renewals Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>91.00%</td> </tr> <tr> <td>2010</td> <td>68.00%</td> </tr> <tr> <td>2011</td> <td>136.23%</td> </tr> <tr> <td>2012</td> <td>91.21%</td> </tr> </tbody> </table>	Year	Ratio %	2009	91.00%	2010	68.00%	2011	136.23%	2012	91.21%	<p><b>Purpose of Asset Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on Result</b></p> <p><b>2011/12 Ratio 91.21%</b></p> <p>50% of capital expenditure during the year was spent renewing existing assets, the remaining 50% spent on new assets. The increased proportion of spending on new assets has seen a reduction in this ratio from 2010/11.</p>
Year	Ratio %											
2009	91.00%											
2010	68.00%											
2011	136.23%											
2012	91.21%											

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 14. Investment Properties

\$ '000

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

#### Note 15. Financial Risk Management

##### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2012	2011	2012	2011
<b>Financial Assets</b>				
Cash and Cash Equivalents	6,191	1,561	6,191	1,561
Receivables	1,991	2,531	1,991	2,531
<b>Total Financial Assets</b>	<b>8,182</b>	<b>4,092</b>	<b>8,182</b>	<b>4,092</b>
<b>Financial Liabilities</b>				
Payables	973	417	973	417
Loans / Advances	3,169	-	3,169	-
<b>Total Financial Liabilities</b>	<b>4,142</b>	<b>417</b>	<b>4,142</b>	<b>417</b>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) **"at fair value through profit & loss"** or (ii) **Available for Sale** - are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000

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

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

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

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2012</b>				
Possible impact of a 10% movement in Market Values				
Possible impact of a 1% movement in Interest Rates	37	37	(37)	(37)
<b>2011</b>				
Possible impact of a 10% movement in Market Values				
Possible impact of a 1% movement in Interest Rates	45	45	(45)	(45)

## Riverina Water County Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

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

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\$ '000

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##### (b) Receivables

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

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

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

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

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

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

	2012	2012	2011	2011
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	349	1,079	385	1,741
Past due by up to 30 days	205	358	71	334
	<u>554</u>	<u>1,437</u>	<u>456</u>	<u>2,075</u>

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000

##### (c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2012</b>									
Trade/Other Payables	21	952						973	973
Loans & Advances		110	98	102	108	114	2,637	3,169	3,169
<b>Total Financial Liabilities</b>	<b>21</b>	<b>1,062</b>	<b>98</b>	<b>102</b>	<b>108</b>	<b>114</b>	<b>2,637</b>	<b>4,142</b>	<b>4,142</b>
<b>2011</b>									
Trade/Other Payables	16	401	-	-	-	-	-	417	417
<b>Total Financial Liabilities</b>	<b>16</b>	<b>401</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>417</b>	<b>417</b>

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

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

	2012		2011	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	973	0.0%	417	0.0%
Loans & Advances - Fixed Interest Rate	3,169	6.4%	-	
	<b>4,142</b>		<b>417</b>	

# Riverina Water County Council

## Notes to the Financial Statements for the financial year ended 30 June 2012

### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 11/12 was adopted by the Council on 15 June 2011.

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

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

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

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

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

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	<b>3,097</b>	<b>3,229</b>	<b>132</b>	4%	<b>F</b>
<b>User Charges &amp; Fees</b>	<b>15,348</b>	<b>11,975</b>	<b>(3,373)</b>	(22%)	<b>U</b>
Due to above average rainfall, resulting water sales were lower than budgeted.					
<b>Interest &amp; Investment Revenue</b>	<b>100</b>	<b>187</b>	<b>87</b>	87%	<b>F</b>
Cash and investments were higher than budgeted due to borrowings not being fully expended on capital works. Cash was therefore invested to earn higher than budgeted interest income.					
<b>Other Revenues</b>	<b>422</b>	<b>271</b>	<b>(151)</b>	(36%)	<b>U</b>
Connection fees were included in other revenues for budget figures. In actual figures, connection fees have been included in user charges and fees.					
<b>Operating Grants &amp; Contributions</b>	<b>200</b>	<b>213</b>	<b>13</b>	7%	<b>F</b>
<b>Capital Grants &amp; Contributions</b>	<b>700</b>	<b>1,747</b>	<b>1,047</b>	150%	<b>F</b>
Developer contributions were significantly higher than anticipated.					
<b>Net Gains from Disposal of Assets</b>	<b>36</b>	<b>-</b>	<b>(36)</b>	(100%)	<b>U</b>
Loss on sale of assets due lower than anticipated sale value of plant in addition to disposal of old office					



## Riverina Water County Council

Notes to the Financial Statements  
for the financial year ended 30 June 2012

## Note 16. Material Budget Variations (continued)

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----		
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	<b>8,376</b>	<b>7,460</b>	<b>916</b>	11%	<b>F</b>
Larger portion of wages used on capital projects than anticipated, therefore reducing operational wage costs. Overall distribution of costs varies slightly to budget - materials and contracts and other expenses were higher due to this distribution of costs.					
<b>Borrowing Costs</b>	<b>161</b>	<b>69</b>	<b>92</b>	57%	<b>F</b>
Loan costs incurred later than anticipated, therefore borrowing costs lower than budgeted.					
<b>Materials &amp; Contracts</b>	<b>1,235</b>	<b>1,552</b>	<b>(317)</b>	(26%)	<b>U</b>
Overall distribution of costs varied to budget - corresponding reduction in costs associated with employee					
<b>Depreciation &amp; Amortisation</b>	<b>4,600</b>	<b>4,932</b>	<b>(332)</b>	(7%)	<b>U</b>
<b>Impairment Expenses</b>	<b>-</b>	<b>200</b>	<b>(200)</b>	0%	<b>U</b>
<b>Other Expenses</b>	<b>2,298</b>	<b>2,751</b>	<b>(453)</b>	(20%)	<b>U</b>
Overall distribution of costs varied to budget - corresponding reduction in costs associated with employee					
<b>Net Losses from Disposal of Assets</b>	<b>-</b>	<b>22</b>	<b>(22)</b>	0%	<b>U</b>
Loss on sale of assets due lower than anticipated sale value of plant in addition to disposal of old office					

# Riverina Water County Council

## Notes to the Financial Statements

for the financial year ended 30 June 2012

### Note 17. Statement of Developer Contributions

\$ '000

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

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

#### SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
S64 Contributions	-	1,620	-	-	(1,620)	-	-	1,300	(1,300)	-	-
<b>Total Contributions</b>	-	<b>1,620</b>	-	-	<b>(1,620)</b>	-	-	-	-	-	-

## Riverina Water County Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

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

\$ '000

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

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

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

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

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

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions in future years.

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

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

##### (ii) Statewide Limited

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

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

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

##### (iii) StateCover Limited

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

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

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

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

##### (iv) Other Guarantees

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

## Riverina Water County Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

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

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\$ '000

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

##### **2. Other Liabilities**

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

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

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

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

At balance date there is a contingent liability for staff who are entitled to a sick leave to be paid out if they were to retire due to medical grounds. This totals \$137,000.

##### **ASSETS NOT RECOGNISED:**

##### **(i) Recovery of Assets**

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

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

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

# Riverina Water County Council

## Notes to the Financial Statements for the financial year ended 30 June 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
<b>a. Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		61,714	63,858
a. Correction of Prior Period Errors	20 (c)	-	-
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		-	24
d. Net Operating Result for the Year		636	(2,168)
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
g. Other Changes (disclosure required)		-	-
<b>Balance at End of the Reporting Period</b>		<b>62,350</b>	<b>61,714</b>

### b. Reserves

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

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	131,717	134,550
<b>Total</b>	<b>131,717</b>	<b>134,550</b>

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

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

- Opening Balance	134,550	102,134
- Revaluations for the year	(2,833)	32,440
- Transfer to Reserves	-	(24)
<b>- Balance at End of Year</b>	<b>131,717</b>	<b>134,550</b>

##### TOTAL VALUE OF RESERVES

<b>131,717</b>	<b>134,550</b>
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#### (iii). Nature & Purpose of Reserves

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

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

### c. Correction of Error/s relating to a Previous Reporting Period

Council made no correction of errors during the current reporting period.

### d. Voluntary Changes in Accounting Policies

Council made no voluntary changes in any accounting policies during the year.

## Riverina Water County Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

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

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\$ '000

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Council utilises only a Water Fund for its operations.

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

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

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

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Events that occur after the reporting date of 30 June 2012, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is dd/mm/yy.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2012.

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

These financial statements (& figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2012 and which are only indicative of conditions that arose after 30 June 2012.

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

## Riverina Water County Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 24. Discontinued Operations

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\$ '000

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

#### Note 25. Intangible Assets

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

	Actual 2012 Carrying Amount	Actual 2011 Carrying Amount
<b>Intangible Assets are as follows;</b>		
<b>Opening Values:</b>		
Gross Book Value (1/7/11)	3,608	3,608
Accumulated Amortisation (1/7/11)	-	-
Accumulated Impairment (1/7/11)	(1,908)	(1,100)
<b>Net Book Value - Opening Balance</b>	<b>1,700</b>	<b>2,508</b>
<b>Movements for the year</b>		
- Impairment charges	(200)	(808)
<b>Closing Values:</b>		
Gross Book Value (30/6/12)	3,608	3,608
Accumulated Amortisation (30/6/12)	-	-
Accumulated Impairment (30/6/12)	(2,108)	(1,908)
<b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u></b> <sup>1</sup>	<b><u>1,500</u></b>	<b><u>1,700</u></b>
<b><sup>1</sup> The Net Book Value of Intangible Assets represent:</b>		
- Water Licences	<u>1,500</u>	<u>1,700</u>
	<b>1,500</b>	<b>1,700</b>

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

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

## Riverina Water County Council

### Notes to the Financial Statements

for the financial year ended 30 June 2012

#### Note 27. Financial Commentary & Review (continued)

\$ '000

#### Key Financial Figures of Council over the past 5 years (consolidated)

<b>Financial Performance Figures</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Inflows:</b>					
Rates & Annual Charges Revenue	<b>3,229</b>	2,281	2,251	2,573	2,520
User Charges Revenue	<b>11,975</b>	9,994	13,753	12,557	10,392
Interest & Investment Revenue (Losses)	<b>187</b>	274	308	547	720
Grants Income - Operating & Capital	<b>340</b>	268	207	197	190
Total Income from Continuing Operations	<b>17,622</b>	14,490	18,879	18,257	17,391
Sale Proceeds from I,PP&E	<b>293</b>	614	437	365	625
New Loan Borrowings & Advances	<b>3,200</b>	-	-	-	-
<b>Outflows:</b>					
Employee Benefits & On-cost Expenses	<b>7,460</b>	7,243	5,743	5,405	4,992
Borrowing Costs	<b>69</b>	-	-	-	-
Materials & Contracts Expenses	<b>1,552</b>	1,388	2,156	2,386	1,683
Total Expenses from Continuing Operations	<b>16,986</b>	16,658	16,215	14,294	12,805
Total Cash purchases of I,PP&E	<b>6,155</b>	8,584	6,660		
Total Loan Repayments (incl. Finance Leases)	<b>31</b>	-	-	-	-
Operating Surplus/(Deficit) (excl. Capital Income)	<b>(1,111)</b>	(3,621)	692	2,654	1,838
<b>Financial Position Figures</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Current Assets	<b>11,797</b>	7,611	12,807	11,142	13,986
Current Liabilities	<b>3,958</b>	2,759	3,102	3,369	1,844
Net Current Assets	<b>7,839</b>	4,852	9,705	7,773	12,142
Available Working Capital (Unrestricted Net Current Assets)	<b>4,856</b>	5,992	10,520	8,664	12,142
Cash & Investments - Unrestricted	<b>1,871</b>	359	4,901	4,501	7,742
Cash & Investments - Internal Restrictions	<b>4,343</b>	1,202	3,292	3,170	3,090
Cash & Investments - Total	<b>6,191</b>	1,561	8,193	7,671	10,832
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	<b>3,169</b>	-	-	-	-
Total Value of I,PP&E (excl. Land & Earthworks)	<b>323,694</b>	326,486	179,868	171,461	159,324
Total Accumulated Depreciation	<b>138,865</b>	139,539	29,891	25,624	21,623
Indicative Remaining Useful Life (as a % of GBV)	<b>57%</b>	57%	83%	85%	86%

**Source:** Published audited financial statements of Council (current year & prior year)



## Riverina Water County Council

### Notes to the Financial Statements for the financial year ended 30 June 2012

#### Note 28. Council Information & Contact Details

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##### Principal Place of Business:

91 Hammond Avenue  
Wagga Wagga NSW 2650

##### Contact Details

##### Mailing Address:

PO Box 456  
Wagga Wagga NSW 2650

##### Opening Hours:

Monday - Friday 8:30am - 4pm

**Telephone:** 02 6922 0608

**Facsimile:** 02 6921 2241

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

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

##### Officers

##### GENERAL MANAGER

Mr G Haley

##### RESPONSIBLE ACCOUNTING OFFICER

Ms M Curran

##### PUBLIC OFFICER

Mr G Haley

##### AUDITORS

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

##### Elected Members

##### CHAIRPERSON

Clr R Kendall (City of Wagga Wagga)

##### DEPUTY CHAIRPERSON

Clr. J. McInerney (Greater Hume Shire)

##### COUNCILLORS

Clr. P. Yates (Lockhart Shire Council)

Clr. I. Kruetzberger (Urana Shire Council)

Clr. J. Ross (Greater Hume Shire)

Clr. L. Vidler (City of Wagga Wagga)

Clr. A. Brown (City of Wagga Wagga)

Clr. W. Geale (City of Wagga Wagga)

Clr. G. Hiscock (City of Wagga Wagga)

##### Other Information

**ABN:** 52 084 883 210

# Riverina Water County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2012

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



# Riverina Water County Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2012

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

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### Background

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

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

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

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

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

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

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## Riverina Water County Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2012

### Statement by Councillors and Management

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

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

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

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

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

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

**Signed in accordance with a resolution of Council made on 22/08/12.**

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Clr R Kendall  
CHAIRPERSON

---

Clr J McInerney  
COUNCILLOR

---

Mr G Haley  
GENERAL MANAGER

---

Ms M Curran  
RESPONSIBLE ACCOUNTING OFFICER

## Riverina Water County Council

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

for the financial year ended 30 June 2012

\$ '000	Actual 2012	Actual 2011	Actual 2010
<b>Income from continuing operations</b>			
Access charges	3,229	2,281	2,588
User charges	11,975	9,993	12,983
Fees	-	-	-
Interest	187	274	308
Grants and contributions provided for non capital purposes	213	207	196
Profit from the sale of assets	-	4	-
Other income	271	275	832
<b>Total income from continuing operations</b>	<b>15,875</b>	<b>13,034</b>	<b>16,907</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	7,460	7,243	5,743
Borrowing costs	69	-	-
Materials and contracts	1,552	1,407	2,627
Depreciation and impairment	4,932	5,289	5,480
Water purchase charges	51	54	101
Loss on sale of assets	22	-	11
Calculated taxation equivalents	36	26	23
Debt guarantee fee (if applicable)	-	-	-
Other expenses	2,900	2,662	2,253
<b>Total expenses from continuing operations</b>	<b>17,022</b>	<b>16,681</b>	<b>16,238</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(1,147)</b>	<b>(3,647)</b>	<b>669</b>
Grants and contributions provided for capital purposes	1,747	1,453	1,972
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>600</b>	<b>(2,194)</b>	<b>2,641</b>
Surplus (deficit) from discontinued operations	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>600</b>	<b>(2,194)</b>	<b>2,641</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	(792)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>600</b>	<b>(2,194)</b>	<b>1,849</b>
plus Opening Retained Profits	48,600	50,770	48,921
plus/less: Transfers from Reserves	-	24	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	-	-	-
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	-
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
<b>Closing Retained Profits</b>	<b>49,200</b>	<b>48,600</b>	<b>50,770</b>
<b>Return on Capital %</b>	<b>-0.6%</b>	<b>-1.9%</b>	<b>0.4%</b>
<b>Subsidy from Council</b>	<b>6,768</b>	<b>13,531</b>	<b>-</b>
<b>Calculation of dividend payable:</b>			
Surplus (deficit) after tax	600	(2,194)	1,849
less: Capital grants and contributions (excluding developer contributions)	(128)	-	-
<b>Surplus for dividend calculation purposes</b>	<b>472</b>	<b>-</b>	<b>1,849</b>
<b>Potential Dividend calculated from surplus</b>	<b>236</b>	<b>-</b>	<b>925</b>

## Riverina Water County Council

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

as at 30 June 2012

\$ '000	Actual 2012	Actual 2011
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	6,190	1,561
Investments	-	-
Receivables	1,991	2,531
Inventories	3,567	3,475
Other	48	44
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>11,796</b>	<b>7,611</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	187,787	189,712
Investments accounted for using equity method	-	-
Investment property	-	-
Intangibles	1,500	1,700
<b>Total non-Current Assets</b>	<b>189,287</b>	<b>191,412</b>
<b>TOTAL ASSETS</b>	<b>201,083</b>	<b>199,023</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	973	417
Interest bearing liabilities	110	-
Provisions	15,989	15,456
<b>Total Current Liabilities</b>	<b>17,072</b>	<b>15,873</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	3,059	-
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>3,059</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>20,131</b>	<b>15,873</b>
<b>NET ASSETS</b>	<b>180,952</b>	<b>183,150</b>
<b>EQUITY</b>		
Retained earnings	49,235	48,600
Revaluation reserves	131,717	134,550
Council equity interest	180,952	183,150
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<b>180,952</b>	<b>183,150</b>

# Riverina Water County Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2012

### Contents of the Notes accompanying the Financial Statements

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

## Riverina Water County Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

#### Note 1. Significant Accounting Policies

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

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

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

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

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

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

#### National Competition Policy

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

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

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

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

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

#### Declared Business Activities

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

##### Category 1

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

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

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

##### Category 2

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

**Nil**

#### Monetary Amounts

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

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

#### (i) Taxation Equivalent Charges

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

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



## Riverina Water County Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

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

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

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

##### Notional Rate Applied %

###### Corporate Income Tax Rate – 30%

Land Tax – The first **\$396,000** of combined land values attracts **0%**. From \$396,001 to \$2,421,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,421,000, a premium marginal rate of **2.0%** applies.

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

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

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

##### Income Tax

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

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

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

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

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

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

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

##### Local Government Rates & Charges

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

##### Loan & Debt Guarantee Fees

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

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

##### (ii) Subsidies

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

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

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

## Riverina Water County Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

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

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

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

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

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

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

The Rate of Return on Capital is calculated as follows:

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

**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 3.03% at 30/6/12.

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

#### (iv) Dividends

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

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

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either **(i)** 50% of this surplus in any one year, or **(ii)** the number of water supply assessments at 30 June 2012 multiplied by

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

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

## Riverina Water County Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2012

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

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

2012

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

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

(i)	Calculated Tax Equivalents	36,000
(ii)	No of assessments multiplied by \$3/assessment	95,235
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	36,000
(iv)	Amounts actually paid for Tax Equivalents	-

##### 2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	236,000												
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	916,350												
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2012, less the cumulative dividends paid for the 2 years to 30 June 2011 & 30 June 2010	127,000												
<table border="1"> <tr> <td>2012 Surplus</td> <td>472,000</td> <td>2011 Surplus</td> <td>(2,194,000)</td> <td>2010 Surplus</td> <td>1,849,000</td> </tr> <tr> <td></td> <td></td> <td>2011 Dividend</td> <td>-</td> <td>2010 Dividend</td> <td>-</td> </tr> </table>			2012 Surplus	472,000	2011 Surplus	(2,194,000)	2010 Surplus	1,849,000			2011 Dividend	-	2010 Dividend	-
2012 Surplus	472,000	2011 Surplus	(2,194,000)	2010 Surplus	1,849,000									
		2011 Dividend	-	2010 Dividend	-									
(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	127,000												
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-												

##### 3. Required outcomes for 6 Criteria

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

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	
(iii)	Sound Water Conservation and Demand Management implemented	YES
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form (by 15 September each year)	YES
(vi)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

## Riverina Water County Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2012

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

Dollars Amounts shown below are in **WHOLE DOLLARS** (unless otherwise indicated) **2012**

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

<b>NWI F1</b>	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)	\$'000	17,366
<b>NWI F4</b>	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	71.65%
<b>NWI F9</b>	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	183,751
<b>NWI F11</b>	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	9,271
<b>NWI F14</b>	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	6,155
<b>NWI F17</b>	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	1.58%
<b>NWI F26</b>	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	127

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

# Riverina Water County Council

SPECIAL SCHEDULES

for the year ended 30 June 2012

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



# Riverina Water County Council

## Special Schedules

for the financial year ended 30 June 2012

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

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- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
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<sup>1</sup> Special Purpose Schedules are not audited.

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#### Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
  - the Australian Bureau of Statistics (ABS),
  - the NSW Office of Water,
  - the Department of Environment, Climate Change and Water, and
  - the Division of Local Government (DLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
  - the incorporation of Local Government financial figures in national statistics,
  - the monitoring of loan approvals,
  - the allocation of borrowing rights, and
  - the monitoring of the financial activities of specific services.

## Riverina Water County Council

## Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	-	-	-	-
<b>Administration</b>	-	-	-	-
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	-	-	-	-
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	-	-	-	-
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	-	-	-	-
<b>Health</b>	-	-	-	-
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	-	-	-	-
Other Environmental Protection	-	-	-	-
Solid Waste Management	-	-	-	-
Street Cleaning	-	-	-	-
Drainage	-	-	-	-
Stormwater Management	-	-	-	-
<b>Total Environment</b>	-	-	-	-
<b>Community Services and Education</b>				
Administration & Education	-	-	-	-
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	-	-	-	-
Children's Services	-	-	-	-
<b>Total Community Services &amp; Education</b>	-	-	-	-
<b>Housing and Community Amenities</b>				
Public Cemeteries	-	-	-	-
Public Conveniences	-	-	-	-
Street Lighting	-	-	-	-
Town Planning	-	-	-	-
Other Community Amenities	-	-	-	-
<b>Total Housing and Community Amenities</b>	-	-	-	-
<b>Water Supplies</b>	<b>16,986</b>	<b>15,875</b>	<b>1,747</b>	<b>636</b>
<b>Sewerage Services</b>	-	-	-	-

## Riverina Water County Council

## Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	-	-	-	-
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	-	-	-	-
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	-	-	-	-
Swimming Pools	-	-	-	-
Parks & Gardens (Lakes)	-	-	-	-
Other Sport and Recreation	-	-	-	-
<b>Total Recreation and Culture</b>	-	-	-	-
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	-	-	-	-
Other Mining, Manufacturing & Construction	-	-	-	-
<b>Total Mining, Manufacturing and Const.</b>	-	-	-	-
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	-	-	-	-
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	-	-	-	-
Sealed Rural Roads (SRR) - Regional	-	-	-	-
Unsealed Rural Roads (URR) - Local	-	-	-	-
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	-	-	-	-
Footpaths	-	-	-	-
Aerodromes	-	-	-	-
Other Transport & Communication	-	-	-	-
<b>Total Transport and Communication</b>	-	-	-	-
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	-	-	-	-
<b>Total Economic Affairs</b>	-	-	-	-
<b>Totals – Functions</b>	<b>16,986</b>	<b>15,875</b>	<b>1,747</b>	<b>636</b>
<b>General Purpose Revenues<sup>(2)</sup></b>		-		-
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	-		-
<b>NET OPERATING RESULT<sup>(1)</sup></b>	<b>16,986</b>	<b>15,875</b>	<b>1,747</b>	<b>636</b>

(1) As reported in the Income Statement | (2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants & Interest on Investments (excl. Ext. Restricted Assets)



# Riverina Water County Council

## Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2012

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-							-	-
Treasury Corporation	-	-	-							-	-
Other State Government	-	-	-							-	-
Public Subscription	-	-	-							-	-
Financial Institutions	-	-	-	3,200	31	-	-	69	110	3,059	3,169
Other	-	-	-							-	-
<b>Total Loans</b>	-	-	-	<b>3,200</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>69</b>	<b>110</b>	<b>3,059</b>	<b>3,169</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-							-	-
Government Advances	-	-	-							-	-
Finance Leases	-	-	-							-	-
Deferred Payments	-	-	-							-	-
<b>Total Long Term Debt</b>	-	-	-	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	-	-	-	<b>3,200</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>69</b>	<b>110</b>	<b>3,059</b>	<b>3,169</b>

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

## Riverina Water County Council

## Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
<b>A Expenses and Income Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	2,036	993
b. Engineering and Supervision	993	867
<b>2. Operation and Maintenance expenses</b>		
- <b>Dams &amp; Weirs</b>		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- <b>Mains</b>		
c. Operation expenses	830	165
d. Maintenance expenses	890	1,060
- <b>Reservoirs</b>		
e. Operation expenses	35	165
f. Maintenance expenses	303	193
- <b>Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	32	658
h. Energy costs	1,890	1,693
i. Maintenance expenses	353	739
- <b>Treatment</b>		
j. Operation expenses (excluding chemical costs)	57	659
k. Chemical costs	312	641
l. Maintenance expenses	673	145
- <b>Other</b>		
m. Operation expenses	258	884
n. Maintenance expenses	558	829
o. Purchase of water	51	54
<b>3. Depreciation expenses</b>		
a. System assets	3,243	3,675
b. Plant and equipment	1,689	806
c. Impairment	200	808
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	68	-
b. Revaluation Decrements	-	-
c. Other expenses	2,493	1,621
d. Tax Equivalent Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>16,964</b>	<b>16,655</b>

## Riverina Water County Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	2,866	1,719
b. Usage charges	7,243	6,653
<b>7. Non-residential charges</b>		
a. Access (including rates)	362	561
b. Usage charges	3,738	2,094
c. Other	347	808
<b>8. Extra charges</b>	58	-
<b>9. Interest income</b>	129	274
<b>10. Other income</b>	919	714
<b>11. Grants</b>		
a. Grants for acquisition of assets	127	61
b. Grants for pensioner rebates	202	191
c. Other grants	11	16
<b>12. Contributions</b>		
a. Developer charges	1,620	1,392
b. Developer provided assets	-	-
c. Other contributions	-	-
<b>13. Total income</b>	<u>17,622</u>	<u>14,483</u>
<b>14. Gain (or loss) on disposal of assets</b>	(22)	4
<b>15. Operating Result</b>	<u>636</u>	<u>(2,168)</u>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	509	(2,229)

## Riverina Water County Council

## Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2012

\$'000	Actuals 2012	Actuals 2011
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	3,197	3,579
c. Renewals	1,898	3,472
d. Plant and equipment	1,060	1,533
<b>17. Repayment of debt</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>6,155</b>	<b>8,584</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	293	614
<b>21. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	<b>293</b>	<b>614</b>
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	27,889	27,818
b. Residential (unoccupied, ie. vacant lot)	1,241	1,475
c. Non-residential (occupied)	2,615	2,548
d. Non-residential (unoccupied, ie. vacant lot)	-	-
<b>25. Number of ETs for which developer charges were received</b>	308 ET	175 ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 327,703	\$ 337,706

## Riverina Water County Council

## Special Schedule No. 3 - Water Supply Cross Subsidies

for the financial year ended 30 June 2012

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>27. Annual charges</b>			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy <b>from</b> residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
<b>28. Developer charges</b>			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2011/12 (page 47 of Guidelines)			<input type="text" value="1,220"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>29. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b +27c + 27d + 28b)</b>			<input type="text" value="1,220"/>
* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.			
However, disclosure of cross-subsidies is <b>not</b> required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.			

## Riverina Water County Council

## Special Schedule No. 4 - Water Supply Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2012

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	(23)	-	(23)
c. Accrued leave	863	-	863
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	5,350	-	5,350
<b>31. Receivables</b>			
a. Specific purpose grants	151	-	151
b. Rates and Availability Charges	554	-	554
c. Other (including User Charges)	1,286	-	1,286
<b>32. Inventories</b>	3,567	-	3,567
<b>33. Property, plant and equipment</b>			
a. System assets	-	183,751	183,751
b. Plant and equipment	-	4,036	4,036
<b>34. Other assets</b>	48	1,500	1,548
<b>35. Total assets</b>	<u>11,796</u>	<u>189,287</u>	<u>201,083</u>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	952	-	952
<b>38. Borrowings</b>			
a. Loans	110	3,059	3,169
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	2,896	-	2,896
<b>40. Total liabilities</b>	<u>3,958</u>	<u>3,059</u>	<u>7,017</u>
<b>41. NET ASSETS COMMITTED</b>	<u>7,838</u>	<u>186,228</u>	<u>194,066</u>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			62,348
<b>43. Asset revaluation reserve</b>			131,718
<b>44. TOTAL EQUITY</b>			<u>194,066</u>
<b>Note to system assets:</b>			
<b>45. Current replacement cost</b> of system assets			320,070
<b>46. Accumulated current cost</b> depreciation of system assets			(136,319)
<b>47. Written down current cost</b> of system assets			<u>183,751</u>

## Riverina Water County Council

### Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2012

---

#### Administration <sup>(1)</sup>

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

#### Engineering and supervision <sup>(1)</sup>

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Other technical and supervision staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.

**Operational expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

**Maintenance expenses** (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

**Other expenses** (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

**Revaluation decrements** (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

**Residential charges** <sup>(2)</sup> (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

**Non-residential charges** <sup>(2)</sup> (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

**Trade waste charges** (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

**Other income** (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

**Other contributions** (items 12c and 13c of Special Schedules 3 and 5 respectively) incl. capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

#### Notes:

<sup>(1)</sup> Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

<sup>(2)</sup> To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.





## Riverina Water County Council

## Special Schedule No. 8 - Financial Projections

as at 30 June 2012

\$'000	Actual <sup>(1)</sup> 11/12	Forecast 12/13	Forecast 13/14	Forecast <sup>(3)</sup> 14/15	Forecast <sup>(3)</sup> 15/16
<b>(i) OPERATING BUDGET</b>					
Income from continuing operations	17,622	21,074	22,482	23,996	25,623
Expenses from continuing operations	16,986	17,986	19,799	21,285	22,061
<b>Operating Result from Continuing Operations</b>	<b><u>636</u></b>	<b><u>3,088</u></b>	<b><u>2,683</u></b>	<b><u>2,711</u></b>	<b><u>3,562</u></b>
<b>(ii) CAPITAL BUDGET</b>					
New Capital Works <sup>(2)</sup>	-	-	-	-	-
Replacement/Refurbishment of Existing Assets	10,790	14,745	23,076	18,901	7,024
<b>Total Capital Budget</b>	<b><u>10,790</u></b>	<b><u>14,745</u></b>	<b><u>23,076</u></b>	<b><u>18,901</u></b>	<b><u>7,024</u></b>
<b>Funded by:</b>					
- Loans	3,200	6,000	16,000	1,100	-
- Asset sales	-	-	-	-	-
- Reserves	-	-	-	-	-
- Grants/Contributions	700	1,300	1,300	1,300	1,300
- Recurrent revenue	6,890	7,445	5,776	16,501	5,724
- Other	-	-	-	-	-
	<b><u>10,790</u></b>	<b><u>14,745</u></b>	<b><u>23,076</u></b>	<b><u>18,901</u></b>	<b><u>7,024</u></b>

**Notes:**

(1) From 11/12 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) If Council has only adopted 3 years of projections then only show 3 years.

(4) Financial Projections should be in accordance with Council's Integrated Planning &amp; Reporting framework.