

# Wagga Wagga City Council

GENERAL PURPOSE FINANCIAL REPORT  
for the year ended 30 June 2009

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*“A Centre of Regional Excellence...”*



# Wagga Wagga City Council

## General Purpose Financial Report for the financial year ended 30 June 2009

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### Overview

- (i) This Financial Report covers the consolidated operations for Wagga Wagga City Council.
- (ii) Wagga Wagga City Council is a body corporate 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 Section 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 this Financial Report represent Australian Currency.
- (iv) This Financial Report was authorised for issue by the Council on 29/09/2009. Council has the power to amend and reissue the financial report.
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# Wagga Wagga City Council

## General Purpose Financial Report for the financial year ended 30 June 2009

### 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 Report has 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, this Report:

- presents 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 this Report false or misleading in any way.

Signed in accordance with a resolution of Council made on 21 September 2009.



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Cr Kerry Pascoe  
MAYOR



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Cr Lindsay Vidler  
COUNCILLOR



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Ms Lyn Russell, PSM, FAIM, FLGMA  
GENERAL MANAGER



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Mr Craig Richardson, CPA  
RESPONSIBLE ACCOUNTING OFFICER

## Wagga Wagga City Council

## Income Statement

for the financial year ended 30 June 2009

Budget <sup>(1)</sup>				Actual	Actual
2009	\$ '000		Notes	2009	2008
<b>Income from Continuing Operations</b>					
<b>Revenue:</b>					
40,143	Rates & Annual Charges		3a	39,874	36,229
13,552	User Charges & Fees		3b	14,314	13,942
3,193	Interest & Investment Revenue		3c	1,469	1,934
516	Other Revenues		3d	2,039	4,055
13,709	Grants & Contributions provided for Operating Purposes		3e,f	16,888	15,295
5,032	Grants & Contributions provided for Capital Purposes		3e,f	13,502	15,357
<b>Other Income:</b>					
-	Net gains from the disposal of assets		5	1,211	2,003
-	Net Share of interests in Joint Ventures & Associated Entities using the Equity Method		19	29	78
<b>76,145</b>	<b>Total Income from Continuing Operations</b>			<b>89,326</b>	<b>88,893</b>
<b>Expenses from Continuing Operations</b>					
29,941	Employee Benefits & On-Costs		4a	29,120	25,895
279	Borrowing Costs		4b	872	514
27,088	Materials & Contracts		4c	24,084	29,056
15,455	Depreciation & Amortisation		4d	17,722	14,140
-	Impairment		4d	-	-
6,067	Other Expenses		4e	57,243	6,178
<b>78,830</b>	<b>Total Expenses from Continuing Operations</b>			<b>129,041</b>	<b>75,783</b>
<b>(2,685)</b>	<b>Operating Result from Continuing Operations</b>			<b>(39,715)</b>	<b>13,110</b>
<b>Discontinued Operations</b>					
-	Net Profit/(Loss) from Discontinued Operations		24	-	-
<b>(2,685)</b>	<b>Net Operating Result for the Year</b>			<b>(39,715)</b>	<b>13,110</b>
(2,685)	Net Operating Result attributable to Council			(39,715)	13,110
-	Net Operating Result attributable to Minority Interests			-	-
<b>(7,717)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>			<b>(53,217)</b>	<b>(2,247)</b>

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

## Wagga Wagga City Council

## Balance Sheet

as at 30 June 2009

\$ '000	Notes	Actual 2009	Actual 2008
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	29,929	21,172
Investments	6b	18,193	42,217
Receivables	7	6,822	10,291
Inventories	8	2,428	2,615
Other	8	237	256
Non-current assets classified as "held for sale"	22	-	-
<b>Total Current Assets</b>		<b>57,609</b>	<b>76,551</b>
<b>Non-Current Assets</b>			
Investments	6b	29,815	-
Receivables	7	1,212	310
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	1,067,158	770,580
Investments accounted for using the equity method	19	1,243	1,207
Investment Property	14	5,500	6,430
Intangible Assets	25	-	-
Other	8	-	-
<b>Total Non-Current Assets</b>		<b>1,104,928</b>	<b>778,527</b>
<b>TOTAL ASSETS</b>		<b>1,162,537</b>	<b>855,078</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	11,335	13,144
Borrowings	10	401	23
Provisions	10	8,554	7,400
<b>Total Current Liabilities</b>		<b>20,290</b>	<b>20,567</b>
<b>Non-Current Liabilities</b>			
Payables	10	-	-
Borrowings	10	31,721	155
Provisions	10	11,908	5,631
<b>Total Non-Current Liabilities</b>		<b>43,629</b>	<b>5,786</b>
<b>TOTAL LIABILITIES</b>		<b>63,919</b>	<b>26,353</b>
<b>Net Assets</b>		<b>1,098,618</b>	<b>828,725</b>
<b>EQUITY</b>			
Retained Earnings	20	664,890	473,314
Revaluation Reserves	20	433,728	355,411
Council Equity Interest		1,098,618	828,725
Minority Equity Interest		-	-
<b>Total Equity</b>		<b>1,098,618</b>	<b>828,725</b>

## Wagga Wagga City Council

Statement of Changes in Equity  
for the financial year ended 30 June 2009

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2009</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		470,793	354,280	<b>825,073</b>	-	<b>825,073</b>
a. Correction of Prior Period Errors	20 (c)	2,521	1,131	<b>3,652</b>	-	<b>3,652</b>
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/08)</b>		<b>473,314</b>	<b>355,411</b>	<b>828,725</b>	-	<b>828,725</b>
c. Current Year Income & Expenses Recognised direct to Equity						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)	-	78,317	<b>78,317</b>	-	<b>78,317</b>
- Transfers to/(from) Other Reserves	20b (ii)	-	-	-	-	-
- Other Income/Expenses recognised	20b (ii)	7	-	<b>7</b>	-	<b>7</b>
- Adjustments to Accumulated Depreciation	20b (ii)	231,284	-	<b>231,284</b>	-	<b>231,284</b>
<b>Net Income Recognised Directly in Equity</b>		<b>231,291</b>	<b>78,317</b>	<b>309,608</b>	-	<b>309,608</b>
d. Net Operating Result for the Year		<b>(39,715)</b>	-	<b>(39,715)</b>	-	<b>(39,715)</b>
<b>Total Recognised Income &amp; Expenses (c&amp;d)</b>		<b>191,576</b>	<b>78,317</b>	<b>269,893</b>	-	<b>269,893</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>664,890</b>	<b>433,728</b>	<b>1,098,618</b>	-	<b>1,098,618</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2008</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		453,418	102,687	<b>556,105</b>	-	<b>556,105</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/07)</b>		<b>453,418</b>	<b>102,687</b>	<b>556,105</b>	-	<b>556,105</b>
c. Current Year Income & Expenses Recognised direct to Equity						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)	-	252,724	<b>252,724</b>	-	<b>252,724</b>
- Transfers to/(from) Other Reserves	20b (ii)	-	-	-	-	-
- Other Income/Expenses recognised	20b (ii)	-	-	-	-	-
- Adjustments to Accumulated Depreciation	20b (ii)	6,786	-	<b>6,786</b>	-	<b>6,786</b>
<b>Net Income Recognised Directly in Equity</b>		<b>6,786</b>	<b>252,724</b>	<b>259,510</b>	-	<b>259,510</b>
d. Net Operating Result for the Year		13,110	-	<b>13,110</b>	-	<b>13,110</b>
<b>Total Recognised Income &amp; Expenses (c&amp;d)</b>		<b>19,896</b>	<b>252,724</b>	<b>272,620</b>	-	<b>272,620</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>473,314</b>	<b>355,411</b>	<b>828,725</b>	-	<b>828,725</b>

## Wagga Wagga City Council

## Cash Flow Statement

for the financial year ended 30 June 2009

Budget 2009	\$ '000	Notes	Actual 2009	Actual 2008
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
39,952	Rates & Annual Charges		39,826	35,921
13,747	User Charges & Fees		15,299	15,071
3,193	Interest & Investment Revenue Received		966	4,272
13,641	Grants & Contributions		28,519	22,021
577	Other		7,531	3,414
<b>Payments:</b>				
(29,941)	Employee Benefits & On-Costs		(28,336)	(25,459)
(31,031)	Materials & Contracts		(26,380)	(32,083)
(1,698)	Borrowing Costs		(15)	(20)
(7,177)	Other		(11,209)	(5,959)
<b>1,263</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>26,202</b>	<b>17,177</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		30,637	54,688
-	Sale of Real Estate Assets		1,300	-
1,230	Sale of Infrastructure, Property, Plant & Equipment		2,637	2,289
-	Deferred Debtors Receipts		-	47
<b>Payments:</b>				
-	Purchase of Investment Securities		(36,428)	(38,862)
(55,038)	Purchase of Infrastructure, Property, Plant & Equipment		(47,500)	(20,340)
-	Purchase of Real Estate Assets		4	-
-	Deferred Debtors & Advances Made		(39)	(5)
<b>(53,808)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(49,389)</b>	<b>(2,183)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
32,000	Proceeds from Borrowings & Advances		32,000	-
<b>Payments:</b>				
-	Repayment of Borrowings & Advances		(56)	(21)
<b>32,000</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>31,944</b>	<b>(21)</b>
<b>(20,545)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>8,757</b>	<b>14,973</b>
52,607	plus: Cash & Cash Equivalents - beginning of year	11a	21,172	6,199
<b>32,062</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>29,929</b>	<b>21,172</b>

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

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

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n/a - not applicable



## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 1. Summary of Significant Accounting Policies

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

Under Australian Equivalents to International Financial Reporting Standards (AIFRS), 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 reports.

##### (a) Basis of preparation

###### (i) Background

This financial report is a general purpose financial report which has been prepared in accordance with;

- applicable Australian equivalents to International Financial Reporting Standards (AIFRSs),
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Urgent Issues Group Interpretations,
- the Local Government Act (1993) and Regulations and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

Australian Accounting Standards (AASB's) include Australian equivalents to International Financial Reporting Standards (IFRS's).

Because AASB's are sector neutral, some standards either (i) 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 (ii) specifically exclude application by Not for Profit entities.

Examples include;

- excluding Local Government from applying AASB 120 (IAS 20) for Grant Accounting and AASB 118 (IAS 18) for Segment Reporting, &

- different requirements on (a) Impairment of Assets relating to Not-For-Profit AASB 136 (IAS 36) and (b) AASB 116 (IAS 16) regarding accounting for the Revaluation of Assets.

**Accordingly in preparing this Financial Report and Accompanying Notes, Council has been unable to comply fully with International Accounting Standards, but it has complied fully with Australian Accounting Standards.**

Under the Local Government Act, 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) Application of AAS 27

AAS 27 – Financial Reporting by Local Government was withdrawn from use from 1 July 2008.

All key elements however of the former Standard have been incorporated into other current Standards including AASB 1051, 1052 and 1004.

###### (iv) Basis of Accounting

These financial statements have been prepared on a fair value **basis**.

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

###### (v) Changes in Accounting Policies

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

Unless otherwise stated, there have also been no other changes in accounting policies when compared with previous financial reports.

###### (vi) Critical Accounting Estimates

The preparation of this financial report (and financial statements) requires the use of certain critical accounting estimates (in conformity with AIFRS).

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

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

It also requires Council management to exercise their judgement in the process of applying Council's accounting policies.

##### (b) Revenue recognition

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

Revenue is measured on major income categories as follows:

##### Rates, Annual Charges, Grants and Contributions

Rates, 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 rates and 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.

Income from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, and **(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.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

Whilst Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon their physical receipt by Council, due to the possibility that individual Development Consents may not be acted upon by the applicant and accordingly would not be payable to Council.

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 (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

##### 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 when the payment is received.

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

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

##### (c) Principles of Consolidation

These financial reports incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30/6/09) and **(ii)** all the related operating results (for the financial year ended the 30th June 2009).

The Financial Reports 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.

The following entities have been included as part of the Consolidated Fund:

- General Purpose Operations
- Sewerage service

Due to their immaterial value and nature, the Management Committees for various Rural Reserves and Halls have been excluded from Consolidation.

The **(i)** total income and expenditure from continuing operations and **(ii)** the net assets held by these excluded Committees & Operations is as follows:

<b>Total income from continuing operations</b>	\$20,000
<b>Total expenditure from continuing operations</b>	\$20,000
<b>Total net assets held (ie Equity)</b>	\$10,000

##### Note:

Where actual figures are not known, best estimates have been applied.

##### (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.

Trust monies and property subject to Council's control have been included in these reports.

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these reports.

A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

##### (iii) Joint Venture Entities

###### Riverina Regional Library Service

Council participates in cooperative arrangements with eight other Councils for the provision of services and facilities through the Riverina Regional Library Service. No one Council exercises "control" nor can any one Council unilaterally dominate decision making.

The carrying amount of Council's interest in the joint venture is shown as a non-current asset "Investments accounted for using Equity Method" in the Balance Sheet. The details of the Council's interest in the joint venture are shown in Note 19 Joint Ventures.

##### (iv) County Councils

Council is a member of the following County Councils (which are bodies corporate under the Local Government Act);

- **Riverina Water County Council**

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

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

For the construction, operation and maintenance of works of water supply within the Shires of Greater Hume, Lockhart and Urana and the City of Wagga Wagga.

The governing body of each County Council is responsible for managing its own affairs.

Council is of the opinion that it neither controls nor significantly influences the above County Councils and accordingly these entities have not been consolidated or otherwise included within these Financial Reports.

#### (d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either Finance or Operating Leases.

Council has entered into a number of leases for the provision of office and computer equipment. Council has classified all of these leases as Operating Leases.

#### Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

#### (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**.

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.

Derivatives are classified as held for trading unless they are designated as hedges.

Assets in this category are 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.

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

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

##### (ii) 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.

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.

##### 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.

**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.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

##### (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) Regulations 2005.

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the 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 has adopted an amended Investment Policy and Strategy during the current reporting year following revisions to the Investment Order arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed (eg. managed funds, and equity linked

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

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

notes), however they have been retained under grandfathering provisions of the Order.

These will be disposed of when most financially advantageous to Council.

#### **(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.

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

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 doubtful debts 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.

#### **(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**

Land held for resale is stated at the lower of cost and net realisable value.

Cost is assigned by specific identification and includes the cost of acquisition and development.

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### 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 are being progressively revalued to fair value in accordance with a staged implementation as advised by the Department of Local Government.

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

- **Investment Properties** – refer Note 1(n),
- **Sewerage Networks** which are carried at Fair Value (generally based upon Depreciated Replacement Cost).
- **Operational and Community Land** (External Valuation)
- **Buildings – Specialised/Non Specialised** (External Valuation)
- **Roads, Bridges, Footpaths and Stormwater Drainage** (External Valuation)
- **Other Structures and Other Assets** (External Valuation)
- **Plant and Equipment** (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 report 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 class, with all other decreases charged to the Income statement.

Sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the DWE 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.

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

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

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.

#### Capitalisation Thresholds

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

##### Land

- Council land	100% Capitalised
- Open Space	100% Capitalised
- Land under roads (purchases after 30/6/08)	100% Capitalised

##### Plant & Equipment

Office Furniture	> \$2,000
Office Equipment	> \$2,000
Other Plant & Equipment	> \$2,000

##### Buildings & Land Improvements

Park Furniture & Equipment	> \$2,000
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##### Building

- Construction/extensions	100% Capitalised
- Renovations	> \$10,000

Other Structures	> \$2,000
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##### Sewer Assets

Reticulation extensions	> \$5,000
Other	> \$5,000

##### Stormwater Assets

Drains & Culverts	> \$5,000
Other	> \$5,000

##### Transport Assets

Road construction & reconstruction	> \$10,000
Reseal/Re-sheet & major repairs:	> \$10,000

Bridge construction & reconstruction	> \$10,000
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#### Depreciation

Depreciation on Councils infrastructure, property, plant and equipment assets is calculated using a consumption based depreciation method, referred to as the "Advanced Straight Line Asset Management" approach.

The depreciation methodology has been developed fully in accordance with the requirements of AASB 116 "Property Plant and Equipment".

Land is not depreciated.

All asset residual values are reviewed, and adjusted if appropriate, at each balance sheet date.

#### 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 in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) is classified on purchase as either Operational or Community.

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

#### (l) Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.



## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

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

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

##### **(m) Crown Reserves**

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

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.

A working party of interested representatives from both State and Local Government is being formed to consider the accounting issues related to the Crown Reserves, with the intention of developing a consistent approach to their recognition and future accounting treatment across both tiers of government.

##### **(n) Investment property**

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both and 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".

The last full revaluation for Council's Investment Properties was dated 30/06/09.

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

Close down, Restoration and Remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas.

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance.

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down, Restoration and Remediation costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations.

Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period.

This amortisation of the discount is shown as a borrowing cost.

Other movements in the provisions for Close down, Restoration and Remediation costs including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment.

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

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

These costs are then depreciated over the lives of the assets to which they relate.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the income statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date.

These costs are charged to the income statement.

Movements in the environmental clean up provisions are presented as an operating cost, except for the unwind of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations.

The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates.

As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

Specific Information relating to Councils provisions relating to Close Down, Restoration and Remediation costs can be found at Note 26.

#### **(p) Impairment of assets**

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 it's 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.

#### **(q) 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.

#### **(r) 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 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.

#### **(s) Borrowing costs**

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

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

asset for its intended use or sale. Other borrowing costs are expensed.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Council's outstanding borrowings during the year.

##### (t) Provisions

Provisions for legal claims and service warranties 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.

##### (u) Employee benefits

###### (i) Wages & salaries, annual leave and sick leave

Liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave are recognised in the provision for employee benefits in respect of employees' services up to the reporting date.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

Calculations therefore incorporate (where the leave is expected to be paid more than 12 months after the reporting date) the use of discounted cash flows.

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) Long service leave

The liability for long service leave is recognised in the provision for employee benefits in respect of services provided by employees up to the reporting date.

Long Service Leave is 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 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.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 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.

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

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

##### 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 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.

Accordingly, Council's contributions to the scheme for the current reporting year have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities amounting to around \$290 million at 30 June 2009.

As a result, they have asked for significant increases in contributions from 2009/2010 onwards to recover that deficiency.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in Council's accounts.

Council has, 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.

##### Define 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 30/6/09.

##### (v) 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.

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

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

#### 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.

#### (w) 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).

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 taxation authority.

#### (x) 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 2009.

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

#### (y) Rounding of amounts

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

#### (z) 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 this Financial Report and/or the Notes.

#### (aa) Disclaimer

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

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

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

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 2009	Actual 2009	Actual 2008	Original Budget 2009	Actual 2009	Actual 2008	Original Budget 2009	Actual 2009	Actual 2008	Actual 2009	Actual 2008	Actual 2009	Actual 2008
Governance	-	2	3	1,619	852	981	(1,619)	(850)	(978)	-	(354)	211	477
Administration	1,263	2,395	1,976	25,124	19,619	17,320	(23,861)	(17,224)	(15,344)	1,022	37	57,017	67,460
Public Order & Safety	866	1,176	928	1,475	1,526	1,393	(609)	(350)	(465)	36	211	2,239	1,187
Health	169	680	323	922	985	995	(753)	(305)	(672)	598	259	422	402
Community Services & Education	2,269	2,600	3,198	3,296	3,495	3,542	(1,027)	(895)	(344)	2,306	2,886	2,026	3,083
Housing & Community Amenities	3,663	11,795	10,047	12,365	21,246	13,480	(8,702)	(9,451)	(3,433)	490	1,621	232,673	130,268
Water Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Services	2,609	13,609	12,706	10,079	11,910	10,669	(7,470)	1,699	2,037	154	154	238,402	201,754
Recreation & Culture	3,139	4,660	2,922	11,058	12,712	11,751	(7,919)	(8,052)	(8,829)	1,780	482	192,848	197,895
Fuel & Energy	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining, Manufacturing & Construction	1,040	969	1,036	812	926	764	228	43	272	-	-	10,790	414
Transport & Communication	7,169	8,019	13,571	8,046	51,263	13,106	(877)	(43,244)	465	1,033	2,348	371,818	201,235
Economic Affairs	2,698	4,974	5,567	4,033	4,507	3,423	(1,335)	467	2,144	60	503	52,848	49,696
<b>Total Functions &amp; Activities</b>	<b>24,885</b>	<b>50,879</b>	<b>52,277</b>	<b>78,829</b>	<b>129,041</b>	<b>77,424</b>	<b>(53,944)</b>	<b>(78,162)</b>	<b>(25,147)</b>	<b>7,479</b>	<b>8,147</b>	<b>1,161,294</b>	<b>853,871</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	29	78	-	-	-	-	29	78	-	-	1,243	1,207
General Purpose Income <sup>1</sup>	51,260	38,418	36,537	-	-	-	51,260	38,418	36,537	10,965	8,093	-	-
<b>Operating Result from Continuing Operations</b>	<b>76,145</b>	<b>89,326</b>	<b>88,892</b>	<b>78,829</b>	<b>129,041</b>	<b>77,424</b>	<b>(2,684)</b>	<b>(39,715)</b>	<b>11,468</b>	<b>18,444</b>	<b>16,240</b>	<b>1,162,537</b>	<b>855,078</b>

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Untied General Purpose Grants & Unrestricted Interest & Investment Income.

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 2(b). Components of Functions / Activities

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

##### **GOVERNANCE**

Costs relating to the Council's role as a component of democratic government, including elections, members fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance, together with related administration costs.

##### **ADMINISTRATION**

Costs not otherwise attributed to other functions / activities.

##### **PUBLIC ORDER & SAFETY**

Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

##### **HEALTH**

Administration and inspection, immunisations, food control, insect/vermin control, noxious plants, health centres, other.

##### **COMMUNITY SERVICES & EDUCATION**

Administration, family day care, child care, youth services, other family and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

##### **HOUSING & COMMUNITY AMENITIES**

Housing, town planning, domestic waste management services, other waste management services, street cleaning, other sanitation and garbage, urban stormwater drainage, environmental protection, public cemeteries, public conveniences, other community amenities.

##### **WATER SUPPLIES**

##### **SEWERAGE SERVICES**

##### **RECREATION & CULTURE**

Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

##### **FUEL & ENERGY - Gas Supplies**

##### **MINING, MANUFACTURING & CONSTRUCTION**

Building control, abattoirs, quarries and pits, other.

##### **TRANSPORT & COMMUNICATION**

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RTA works, street lighting, other.

##### **ECONOMIC AFFAIRS**

Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards & markets, real estate development, commercial nurseries, other business undertakings.

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2009

### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2009	Actual 2008
<b>(a). Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		15,669	14,110
Farmland		3,625	3,312
Business		7,087	6,267
<b>Total Ordinary Rates</b>		<b>26,381</b>	<b>23,689</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496 & s.501)			
Domestic Waste Management Services		4,231	4,009
Sewerage Services		8,930	8,219
Waste Management Services (non-domestic)		332	312
<b>Total Annual Charges</b>		<b>13,493</b>	<b>12,540</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>39,874</b>	<b>36,229</b>

Council has used 2006 year valuations provided by the NSW Valuer General in calculating its rates.



## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000	Notes	Actual 2009	Actual 2008
<b>(b). User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		1,508	1,270
Sewerage Services		1,526	1,188
Waste Management Services (non-domestic)		448	340
<b>Total User Charges</b>		<b>3,482</b>	<b>2,798</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s608, 610A & 611)			
Private Works - Section 67		115	161
Regulatory/ Statutory Fees		424	397
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>539</b>	<b>558</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.610C)			
Aerodrome		1,712	1,526
Cemeteries		868	755
Corporate Services		173	157
Development Services		1,639	1,819
Family Day Care		250	264
Leaseback Fees - Council Vehicles		160	121
Livestock Marketing Centre		2,531	2,585
Oasis Swimming Complex		1,263	1,131
Parks & Sportsgrounds		202	232
Regional Civic Theatre		494	384
RTA Charges (State Roads not controlled by Council)		581	632
Tarcutta Truck Changeover		-	606
Tourist Information Centre		101	116
Other		319	258
<b>Total Fees &amp; Charges - Other</b>		<b>10,293</b>	<b>10,586</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>14,314</b>	<b>13,942</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000	Notes	Actual 2009	Actual 2008
<b>(c). Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges		250	201
- Interest earned on Investments (interest & coupon payment income)		1,219	1,733
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>1,469</u></b>	<b><u>1,934</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges		250	201
General Council Cash & Investments		979	818
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		29	68
Sewerage Fund Operations		137	476
Other Externally Restricted Assets		14	115
<b>Restricted Investments/Funds - Internal:</b>			
Internally Restricted Assets		60	256
<b>Total Interest &amp; Investment Revenue Recognised</b>		<b><u>1,469</u></b>	<b><u>1,934</u></b>
<b>(d). Other Revenues</b>			
Fair Value Adjustments - Investment Properties	14	-	1,520
Rental Income - Investment Properties	14	405	388
Rental Income - Other Council Properties		477	481
Ex Gratia Rates		33	31
Fines		595	523
Insurance Claim Recoveries		165	760
Insurance Rebates		-	21
Sales - Miscellaneous		133	201
Sales - Oasis Swimming Complex		147	116
Other		84	14
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>2,039</u></b>	<b><u>4,055</u></b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000	2009 Operating	2008 Operating	2009 Capital	2008 Capital
<b>(e). Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance	10,615	7,746	-	-
Pensioners' Rates Subsidies - General Component	350	347	-	-
<b>Total General Purpose</b>	<b>10,965</b>	<b>8,093</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Sewerage	153	154	-	-
- Domestic Waste Management	102	106	-	-
Bushfire & Emergency Services	9	-	13	247
Community Care	108	157	-	-
Community Centres	-	-	-	500
Environmental Protection	824	1,540	63	-
Family Day Care	1,853	2,055	-	-
Family & Childrens Services - Other	335	172	-	-
Heritage & Cultural	366	333	-	-
Noxious Weeds	80	79	-	-
Street Lighting	-	-	-	69
Traffic Route Subsidy	37	36	-	-
Transport (Other Roads & Bridges Funding)	65	614	1,956	1,373
Other	149	202	1,366	510
<b>Total Specific Purpose</b>	<b>4,081</b>	<b>5,448</b>	<b>3,398</b>	<b>2,699</b>
<b>Total Grants</b>	<b>15,046</b>	<b>13,541</b>	<b>3,398</b>	<b>2,699</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	12,636	10,567	2,063	1,580
- State Funding	2,410	2,974	1,335	920
- Other Funding	-	-	-	199
	<b>15,046</b>	<b>13,541</b>	<b>3,398</b>	<b>2,699</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000	2009 Operating	2008 Operating	2009 Capital	2008 Capital
<b>(f). Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the NSW LG Act):</b>				
S 94 - Contributions towards amenities/services	-	-	2,462	1,534
S 94A - Fixed Development Consent Levies	-	-	514	387
S 64 - Sewerage Service Contributions	-	-	1,169	859
S 64 - Stormwater Contributions	-	-	618	200
Other Developer Contributions	-	1	-	-
<b>Total Developer Contributions</b>	<b>-</b>	<b>1</b>	<b>4,763</b>	<b>2,980</b>
	17			
<b>Other Contributions:</b>				
Artworks Donated	-	-	19	23
Bushfire Services	118	35	-	-
Dedications (other than by S94)	-	-	3,946	9,050
Drainage	-	-	20	-
Recreation & Culture	94	85	174	-
Roads & Bridges	-	-	196	-
RTA Contributions (Regional/Local, Block Grant)	1,315	1,279	23	423
Sewerage (excl. Section 64 contributions)	-	-	823	182
History Books Donated	3	-	-	-
Other	312	354	140	-
<b>Total Other Contributions</b>	<b>1,842</b>	<b>1,753</b>	<b>5,341</b>	<b>9,678</b>
<b>Total Contributions</b>	<b>1,842</b>	<b>1,754</b>	<b>10,104</b>	<b>12,658</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>16,888</b>	<b>15,295</b>	<b>13,502</b>	<b>15,357</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000	Actual 2009	Actual 2008
<b>(g). Restrictions relating to Grants and Contributions</b>		
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the Close of the Previous Reporting Period	7,189	5,216
<b>add:</b> Grants and contributions recognised in the current period which have not been spent:	6,680	4,030
<b>less:</b> Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(2,259)	(2,057)
<b>Net Increase (Decrease) in Restricted Assets during the Current Reporting Period</b>	<b>4,421</b>	<b>1,973</b>
<b>Unexpended at the Close of this Reporting Period and held as Restricted Assets</b>	<b>11,610</b>	<b>7,189</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	4,164	3,102
- Developer Contributions	6,290	3,731
- Other Contributions	1,156	356
	<b>11,610</b>	<b>7,189</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2009	Actual 2008
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		22,373	20,436
Travelling		454	413
Employee Leave Entitlements (ELE)		3,629	2,765
Superannuation		2,352	1,801
Workers' Compensation Insurance		1,196	1,036
Fringe Benefit Tax (FBT)		70	72
Payroll Tax		45	78
Training Costs (other than Salaries & Wages)		381	383
Other		569	476
<b>Total Employee Costs</b>		<b>31,069</b>	<b>27,460</b>
less: Capitalised Costs		(1,949)	(1,565)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>29,120</b>	<b>25,895</b>
Number of "Equivalent Full Time" Employees at year end		<b>449</b>	<b>436</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		1,922	9
Interest on Advances		3	4
Charges relating to Finance Leases		-	7
<b>Total Interest Bearing Liability Costs</b>		<b>1,925</b>	<b>20</b>
less: Capitalised Costs		(1,914)	-
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>11</b>	<b>20</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	465	248
- Other Liabilities		396	246
<b>Total Other Borrowing Costs</b>		<b>861</b>	<b>494</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>872</b>	<b>514</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000	Notes	Actual 2009	Actual 2008
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		16,107	19,126
Contractor & Consultancy Costs		6,913	8,769
Auditors Remuneration			
i. Audit Services - Council's Auditor		59	61
Legal Expenses:			
- Legal Expenses - Planning & Development		152	105
- Legal Expenses - Other		134	276
Operating Leases:			
Operating Lease Rentals - Minimum Lease Payments <sup>(1)</sup>		719	719
<b>Total Materials &amp; Contracts</b>		<b>24,084</b>	<b>29,056</b>
less: Capitalised Costs		-	-
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>24,084</u></b>	<b><u>29,056</u></b>
<b>1. Operating Lease Payments are attributable to:</b>			
- Computers		719	719
		<b>719</b>	<b>719</b>

\$ '000	Depreciation/Amortisation		Impairment Costs	
	Actual 2009	Actual 2008	Actual 2009	Actual 2008
<b>(d) Depreciation, Amortisation &amp; Impairment</b>				
Plant and Equipment	2,085	1,751	-	-
Office Equipment	119	99	-	-
Furniture & Fittings	196	185	-	-
Buildings - Non Specialised	440	588	-	-
Buildings - Specialised	371	502	-	-
Other Structures	204	29	-	-
Infrastructure:				
- Roads, Bridges & Footpaths	7,020	4,123	-	-
- Stormwater Drainage	1,496	1,374	-	-
- Sewerage Network	4,772	4,529	-	-
Other Assets				
- Heritage Collections	-	13	-	-
- Other	1,023	949	-	-
Asset Reinstatement Costs <span style="float: right;">9 &amp; 26</span>	421	204	-	-
<b>Total Depreciation &amp; Impairment Costs</b>	<b>18,147</b>	<b>14,346</b>	<b>-</b>	<b>-</b>
less: Capitalised Costs	(425)	(206)	-	-
<b><u>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</u></b>	<b><u>17,722</u></b>	<b><u>14,140</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000	Notes	Actual 2009	Actual 2008
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Bad & Doubtful Debts		-	(6)
Contributions to Other Levels of Government			
- NSW Rural Fire Service Levy		643	625
- Riverina Regional Library		867	808
- REROC		39	45
Councillor Expenses - Mayoral Fee		33	34
Councillor Expenses - Councillors' Fees		170	202
Donations, Contributions & Assistance to other organisations (Section 356)		164	88
Election Expenses		257	4
Electricity & Heating		1,425	1,627
Insurance		1,141	1,009
Provision for Settlement - Land Resumption		-	4
Provision for Land Remediation		7,277	-
Revaluation Decrements (applicable to Fair Valuation of I,PP&E Assets)	9(a)	42,425	-
Revaluation Decrements (applicable to Fair Valuation of Investment Properties)	14	930	-
Street Lighting		784	834
Subscriptions & Publications		40	37
Telephone & Communications		547	439
Water		501	428
<b>Total Other Expenses</b>		<b>57,243</b>	<b>6,178</b>
less: Capitalised Costs		-	-
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>57,243</u></b>	<b><u>6,178</u></b>



## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 5. Gains or Losses on Disposal of Assets

\$ '000	Notes	Actual 2009	Actual 2008
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal		1,186	1,096
less: Carrying Amount of Property Assets Sold		(300)	(491)
<b>Net Gain/(Loss) on Disposal</b>		<b>886</b>	<b>605</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal		1,028	1,613
less: Carrying Amount of P&E Assets Sold		(703)	(1,333)
<b>Net Gain/(Loss) on Disposal</b>		<b>325</b>	<b>280</b>
<b>Real Estate Assets Held For Sale</b>			
Proceeds from Disposal		-	1,256
less: Carrying Amount of Real Estate Assets Sold		-	(138)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>1,118</b>
<b>Financial Assets*</b>			
Proceeds from Disposal		30,637	53,688
less: Carrying Amount of Financial Assets Sold		(30,637)	(53,688)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>1,211</b>	<b>2,003</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000	2009	2009	2008	2008
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>				
Cash on Hand and at Bank	486	-	158	-
Cash-Equivalent Assets <sup>1</sup>				
- Deposits at Call	5,804	-	3,097	-
- Managed Funds	4,367	-	12,711	-
- Short Term Deposits	19,272	-	5,206	-
<b>Total Cash &amp; Cash Equivalents</b>	<b>29,929</b>	<b>-</b>	<b>21,172</b>	<b>-</b>
<b>Investment Securities (Note 6b)</b>				
- Managed Funds	10,139	-	40,093	-
- Long Term Deposits	8,054	1,000	-	-
- Capital Protected Asset Linked Note	-	1,441	501	-
- Equity Linked Notes	-	-	1,623	-
- Floating Rate Notes	-	27,374	-	-
<b>Total Investment Securities</b>	<b>18,193</b>	<b>29,815</b>	<b>42,217</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>	<b>48,122</b>	<b>29,815</b>	<b>63,389</b>	<b>-</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>29,929</b>	<b>-</b>	<b>21,172</b>	<b>-</b>
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**Investments**

a. "At Fair Value through the Profit & Loss"				
- "Held for Trading"	6(b-i)	-	-	-
- "Designated At Fair Value on Initial Recognition"	6(b-i)	10,139	28,815	42,217
b. "Held to Maturity"	6(b-ii)	8,054	1,000	-
c. "Loans & Receivables"	6(b-iii)	-	-	-
d. "Available for Sale"	6(b-iv)	-	-	-
<b>Investments</b>		<b>18,193</b>	<b>29,815</b>	<b>42,217</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 6b. Investments (continued)

\$ '000	2009 Actual Current	2009 Actual Non Current	2008 Actual Current	2008 Actual Non Current
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments classified as "At Fair Value through the Profit &amp; Loss"</b>				
Balance at the Beginning of the Year	42,217	-	59,392	-
Revaluations (through the Income Statement)	-	-	(2,349)	-
Additions	-	27,374	38,862	-
Disposals (sales & redemptions)	(30,637)	-	(53,688)	-
Transfers between Current/Non Current	(1,441)	1,441	-	-
<b>Balance at End of Year</b>	<b>10,139</b>	<b>28,815</b>	<b>42,217</b>	<b>-</b>
<b>Comprising:</b>				
- Managed Funds	10,139	-	40,093	-
- Capital Protected Asset Linked Note	-	-	501	-
- Equity Linked Notes	-	1,441	1,623	-
- NCD's, FRN's (with Maturities > 3 months)	-	27,374	-	-
<b>Total</b>	<b>10,139</b>	<b>28,815</b>	<b>42,217</b>	<b>-</b>
<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Balance at the Beginning of the Year	-	-	1,000	-
Additions	8,054	1,000	-	-
Disposals (sales & redemptions)	-	-	(1,000)	-
<b>Balance at End of Year</b>	<b>8,054</b>	<b>1,000</b>	<b>-</b>	<b>-</b>
<b>Comprising:</b>				
- Long Term Deposits	8,054	1,000	-	-
<b>Total</b>	<b>8,054</b>	<b>1,000</b>	<b>-</b>	<b>-</b>
<b>Note 6(b-iii)</b>				
<b>Reconciliation of Investments classified as "Loans &amp; Receivables"</b>				
Nil				
<b>Note 6(b-iv)</b>				
<b>Reconciliation of Investments classified as "Available for Sale"</b>				
Nil				

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 6c. Restricted Cash, Cash Equivalents &amp; Investments

\$ '000	2009	2009	2008	2008
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investment Securities</b>	<b>48,122</b>	<b>29,815</b>	<b>63,389</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	7,643	29,815	25,569	-
Internal Restrictions (refer below)	34,819	-	31,481	-
Unrestricted	5,660	-	6,339	-
	<b>48,122</b>	<b>29,815</b>	<b>63,389</b>	<b>-</b>

2009 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

## Details of Restrictions

**External Restrictions - Included in Liabilities**

Employee Leave - Sewer & Waste	189	169	-	358
<b>External Restrictions - Included in Liabilities</b>	<b>189</b>	<b>169</b>	<b>-</b>	<b>358</b>

**External Restrictions - Other**

Developer Contributions - General (A)	3,731	4,792	(2,233)	6,290
Specific Purpose Unexpended Grants (B)	2,086	1,711	-	3,797
Other Unexpended Contributions - Sewer Fund (B)	67	653	-	720
Other Unexpended Contributions - other (B)	289	128	-	417
Sewerage Services (C)	17,399	6,610	-	24,009
Domestic Waste Management (C)	1,808	637	(578)	1,867
<b>External Restrictions - Other</b>	<b>25,380</b>	<b>14,531</b>	<b>(2,811)</b>	<b>37,100</b>
<b>Total External Restrictions</b>	<b>25,569</b>	<b>14,700</b>	<b>(2,811)</b>	<b>37,458</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 6c. Restricted Cash, Cash Equivalents &amp; Investments (continued)

2009 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	3,484	1,686	(2,229)	2,941
Employees Leave Entitlement	1,712	1,131	(586)	2,257
Gurwood St Property (Salmat Pty Ltd)	388	-	-	388
Robertson Oval	3,087	-	(5)	3,082
Estella Community Centre	179	-	-	179
Other Building Improvements	153	80	(105)	128
Commercial Land Development	590	-	(200)	390
Land Remediation	939	-	(6)	933
Industrial Land Development	2,158	2,687	(75)	4,770
Urban Salinity	165	-	(60)	105
Gravel Pit Restoration	222	-	-	222
Silverlite Reserve	93	-	(8)	85
LEP Preparation	90	-	-	90
Lake Albert Improvements	90	-	(40)	50
Infrastructure Improvements / Replacement	7,627	60	(4,580)	3,107
Internal Loans	395	734	(1,083)	46
Stormwater Drainage	37	-	(37)	-
Storm Damage	240	-	(80)	160
Kerb & Gutter	67	-	(54)	13
Design & Planning	109	-	(59)	50
Information Services E / Business	360	9	(139)	230
Other Plant & Equipment	114	3	(11)	106
Oasis Swimming Complex	369	80	-	449
Crematorium	162	40	-	202
Airport	3,169	330	(229)	3,270
Livestock Marketing Centre	2,222	872	(245)	2,849
Family Day Care	411	-	(151)	260
Organisation Development	248	5	(171)	82
Section 430 Recommendations	153	-	(91)	62
Project Revotes	1,548	2,251	(1,548)	2,251
Other Operational	289	-	(229)	60
Council Election	300	100	(256)	144
Civic Theatre Infrastructure	100	100	-	200
Vietnam War Memorial	11	-	-	11
Master Planning	200	-	-	200
Public Art Reserve	-	101	-	101
Grants Commission Reserve	-	2,141	-	2,141
Tarcutta Street Gasworks Remediation Reserve	-	3,205	-	3,205
<b>Total Internal Restrictions</b>	<b>31,481</b>	<b>15,615</b>	<b>(12,277)</b>	<b>34,819</b>
<b>TOTAL RESTRICTIONS</b>	<b>57,050</b>	<b>30,315</b>	<b>(15,088)</b>	<b>72,277</b>

**A** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

**B** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)

**C** Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 7. Receivables

\$ '000	2009		2008	
	Current	Non Current	Current	Non Current
<b>Purpose</b>				
Rates & Annual Charges	2,384	-	2,260	-
Interest & Extra Charges	267	-	218	-
User Charges & Fees	1,352	-	1,458	-
Capital Debtors (being sale of assets)				
- Sale of Other Land	-	-	434	-
- Sale of Real Estate Land	-	-	2,479	-
Accrued Revenues				
- Interest on Investments	473	-	-	-
- Other Income Accruals	333	-	231	-
Government Grants & Subsidies	780	-	2,169	-
Deferred Debtors	136	1,212	49	310
Net GST Receivable	820	-	695	-
Other Debtors	287	-	314	-
<b>Total</b>	<b>6,832</b>	<b>1,212</b>	<b>10,307</b>	<b>310</b>
<b>less: Provision for Impairment</b>				
User Charges & Fees	(10)	-	(16)	-
<b>Total Provision for Impairment - Receivables</b>	<b>(10)</b>	<b>-</b>	<b>(16)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>	<b><u>6,822</u></b>	<b><u>1,212</u></b>	<b><u>10,291</u></b>	<b><u>310</u></b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 7. Receivables (continued)

\$ '000	2009		2008	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Receivables</b>				
<b>Sewerage Services</b>				
- Rates & Availability Charges	501	-	502	-
- Other	697	-	545	-
<b>Domestic Waste Management</b>	375	-	283	-
<b>Other</b>				
- Unexpended Grants	403	-	1,016	-
- Unexpended Contributions	20	-	-	-
<b>Total External Restrictions</b>	<b>1,996</b>	<b>-</b>	<b>2,346</b>	<b>-</b>
<b>Internally Restricted Receivables</b>				
Livestock Marketing Centre	4	-	36	-
Airport	112	-	178	-
Industrial Land Sales	-	-	2,777	-
Glenfield Medical Centre	-	950	-	-
<b>Internally Restricted Receivables</b>	<b>116</b>	<b>950</b>	<b>2,991</b>	<b>-</b>
<b>Unrestricted Receivables</b>	<b>4,710</b>	<b>262</b>	<b>4,954</b>	<b>310</b>
<b>TOTAL NET RECEIVABLES</b>	<b>6,822</b>	<b>1,212</b>	<b>10,291</b>	<b>310</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 is charged on overdue rates & charges at 10.00% (2008 10.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 8. Inventories &amp; Other Assets

\$ '000	2009		2008	
	Current	Non Current	Current	Non Current
<b>Inventories</b>				
Real Estate for resale (refer below)	417	-	421	-
Stores & Materials	1,927	-	2,110	-
Trading Stock	84	-	84	-
<b>Total Inventories</b>	<b>2,428</b>	<b>-</b>	<b>2,615</b>	<b>-</b>
<b>Other Assets</b>				
Prepayments	237	-	256	-
<b>Total Other Assets</b>	<b>237</b>	<b>-</b>	<b>256</b>	<b>-</b>
<b><u>TOTAL INVENTORIES &amp; OTHER ASSETS</u></b>	<b><u>2,665</u></b>	<b><u>-</u></b>	<b><u>2,871</u></b>	<b><u>-</u></b>
<b>Details for Real Estate Development</b>				
Residential	23	-	22	-
Industrial/Commercial	394	-	399	-
<b>Total Real Estate for Resale</b>	<b>417</b>	<b>-</b>	<b>421</b>	<b>-</b>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Acquisition Costs	136	-	136	-
Development Costs	15	-	11	-
Other Holding Costs	266	-	274	-
<b>Total Costs</b>	<b>417</b>	<b>-</b>	<b>421</b>	<b>-</b>
less: Provision for Under Recovery	-	-	-	-
<b>Total Real Estate for Resale</b>	<b>417</b>	<b>-</b>	<b>421</b>	<b>-</b>
<b>Movements:</b>				
Real Estate assets at beginning of the year	421	-	558	-
- Purchases and other costs	(4)	-	1	-
- WDV of Sales (recognised as exp's)	-	-	(138)	-
<b>Total Real Estate for Resale</b>	<b>417</b>	<b>-</b>	<b>421</b>	<b>-</b>



## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 8. Inventories &amp; Other Assets (continued)

\$ '000	2009		2008	
	Current	Non Current	Current	Non Current
<b>(i) Externally Restricted Assets</b>				
<b>Water</b>				
Nil				
<b>Sewerage</b>				
Stores & Materials	801	-	893	-
<b>Total Sewerage</b>	<b>801</b>	<b>-</b>	<b>893</b>	<b>-</b>
<b>Domestic Waste Management</b>				
Nil				
<b>Other</b>				
Nil				
<b>Total Externally Restricted Assets</b>	<b>801</b>	<b>-</b>	<b>893</b>	<b>-</b>
<b>Total Internally Restricted Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Unrestricted Assets</b>	<b>1,864</b>	<b>-</b>	<b>1,978</b>	<b>-</b>
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>	<b>2,665</b>	<b>-</b>	<b>2,871</b>	<b>-</b>

**(ii) Other Disclosures**

The following Inventories & Other Assets, even though classified as current are not expected to be recovered in the next 12 months;

	2009	2008
Real Estate for Resale	417	421
	<b>417</b>	<b>421</b>

Notes to the Financial Statements  
for the financial year ended 30 June 2009

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2008				Asset Movements during the Reporting Period						as at 30/6/2009			
	At	At	Accumul'd	Carrying	Asset Additions	WDV-Asset Disposals	Depreciation Expense	Adjustments & Transfers	Revaluation Decrements to P&L	Revaluation Increments to Equity (ARR)	At	At	Accumul'd	Carrying
	Cost	Fair Value	Deprec.	Value							Cost	Fair Value	Dep'n	Value
Plant & Equipment	-	20,233	9,547	10,686	3,410	(703)	(2,085)	(1)	-	-	-	21,433	10,126	11,307
Office Equipment	-	2,051	1,676	375	134	-	(119)	-	-	-	-	2,185	1,795	390
Furniture & Fittings	-	2,272	1,646	626	143	-	(196)	-	-	-	-	2,414	1,841	573
<b>Land:</b>														
- Operational Land	-	97,713	-	97,713	380	(300)	-	-	-	-	-	97,793	-	97,793
- Community Land	-	116,622	-	116,622	-	-	-	-	-	-	-	116,622	-	116,622
Buildings - Non Specialised	-	48,257	5,728	42,529	111	-	(440)	(1)	-	-	-	48,368	6,169	42,199
Buildings - Specialised	-	41,517	4,095	37,422	494	-	(371)	2	-	-	-	42,012	4,465	37,547
Other Structures	-	9,522	1,347	8,175	2,162	-	(204)	-	-	-	-	11,685	1,552	10,133
<b>Infrastructure:</b>														
- Roads, Bridges, Footpaths	432,309	-	270,254	162,055	9,835	-	(7,020)	204,693	(42,425)	-	-	392,133	64,995	327,138
- Stormwater Drainage	139,321	-	35,706	103,615	1,287	-	(1,496)	26,480	-	69,076	-	214,583	15,621	198,962
- Sewerage Network	-	266,133	96,126	170,007	30,835	-	(4,772)	-	-	4,868	-	304,608	103,670	200,938
<b>Other Assets:</b>														
- Artworks	1,047	-	108	939	48	-	-	108	-	4,373	-	5,468	-	5,468
- Other	-	18,495	3,972	14,523	1,326	-	(1,023)	(1)	-	-	-	19,820	4,995	14,825
<b>Reinstatement, Rehabilitation &amp; Restoration Assets</b> (refer Note 26:														
- Tip Remediation Asset	-	1,202	194	1,008	-	-	(40)	(385)	-	-	-	817	234	583
- Quarry Remediation Asset	-	218	31	187	-	-	(9)	(36)	-	-	-	182	40	142
- Sewer Remediation Asset	-	4,514	416	4,098	-	-	(372)	(1,188)	-	-	-	3,326	788	2,538
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>572,677</b>	<b>628,749</b>	<b>430,846</b>	<b>770,580</b>	<b>50,165</b>	<b>(1,003)</b>	<b>(18,147)</b>	<b>229,671</b>	<b>(42,425)</b>	<b>78,317</b>	<b>-</b>	<b>1,283,449</b>	<b>216,291</b>	<b>1,067,158</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000 Class of Asset	Actual 2009				Actual 2008			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Sewerage Services</b>								
Plant & Equipment	-	177	144	<b>33</b>	-	177	134	<b>43</b>
Office Equipment	-	9	9	-	-	9	9	-
Furniture & Fittings	-	11	11	-	-	11	10	<b>1</b>
Infrastructure	-	307,934	104,458	<b>203,476</b>	-	270,646	96,542	<b>174,104</b>
<b>Total Sewerage Services</b>	-	<b>308,131</b>	<b>104,622</b>	<b>203,509</b>	-	<b>270,843</b>	<b>96,695</b>	<b>174,148</b>
<b>Domestic Waste Management</b>								
Plant & Equipment	-	298	266	<b>32</b>	-	298	262	<b>36</b>
Office Equipment	-	82	34	<b>48</b>	-	82	26	<b>56</b>
Furniture & Fittings	-	3	3	-	-	3	3	-
Land								
- Operational Land	-	1,630	-	<b>1,630</b>	-	1,250	-	<b>1,250</b>
Other Assets	-	2,727	766	<b>1,961</b>	-	2,919	515	<b>2,404</b>
<b>Total DWM</b>	-	<b>4,740</b>	<b>1,069</b>	<b>3,671</b>	-	<b>4,552</b>	<b>806</b>	<b>3,746</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	<b>312,871</b>	<b>105,691</b>	<b>207,180</b>	-	<b>275,395</b>	<b>97,501</b>	<b>177,894</b>

Note 9c. Infrastructure, Property, Plant & Equipment  
Gains/(Losses) arising from the Impairment of Assets

Council has not recognised any impairment losses during the reporting period nor reversed any prior period losses.

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000	Notes	2009		2008	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		4,942	-	5,598	-
Goods & Services - capital expenditure		2,807	-	4,537	-
Payments Received In Advance		557	-	558	-
Accrued Expenses;					
- Borrowings		-	-	4	-
- Other Expenditure Accruals		624	-	359	-
Security Bonds, Deposits & Retentions		2,315	-	2,043	-
Other		90	-	45	-
<b>Total Payables</b>		<b>11,335</b>	<b>-</b>	<b>13,144</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		401	31,721	19	123
Government Advances		-	-	4	32
<b>Total Borrowings</b>		<b>401</b>	<b>31,721</b>	<b>23</b>	<b>155</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		2,721	-	2,176	-
Long Service Leave		4,454	177	3,795	116
Other Leave		171	-	136	-
<b>Sub Total - Aggregate Employee Benefits</b>		<b>7,346</b>	<b>177</b>	<b>6,107</b>	<b>116</b>
Asset Remediation/Restoration (Future Works) <sup>26</sup>		1,208	4,454	1,293	5,515
Provision for Land Remediation		-	7,277	-	-
<b>Total Provisions</b>		<b>8,554</b>	<b>11,908</b>	<b>7,400</b>	<b>5,631</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>20,290</b>	<b>43,629</b>	<b>20,567</b>	<b>5,786</b>

## (i) Liabilities relating to Restricted Assets

	2009		2008	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Domestic Waste Management	674	1,199	747	1,309
Sewer	4,971	34,867	5,441	4,213
<b>Liabilities relating to externally restricted assets</b>	<b>5,645</b>	<b>36,066</b>	<b>6,188</b>	<b>5,522</b>
<b>Internally Restricted Assets</b>				
Nil				
<b>Total Liabilities relating to restricted assets</b>	<b>5,645</b>	<b>36,066</b>	<b>6,188</b>	<b>5,522</b>

<sup>1.</sup> Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000	2009	2008
<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	4,611	3,924
	<u>4,611</u>	<u>3,924</u>

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

Class of Provision	2008			2009		Closing Balance as at 30/6/09
	Opening Balance as at 1/7/08	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	2,176	1,948	(1,372)	(31)	-	2,721
Long Service Leave	3,911	640	(129)	209	-	4,631
Other Leave	136	509	(474)	-	-	171
Asset Remediation	6,808	7,276	(1,610)	465	-	12,939
<b>TOTAL</b>	<b>13,031</b>	<b>10,373</b>	<b>(3,585)</b>	<b>643</b>	<b>-</b>	<b>20,462</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.

b. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 11. Cash Flow Statement - Additional Information

\$ '000	Notes	Actual 2009	Actual 2008
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	29,929	21,172
Less Bank Overdraft	10	-	-
<b>BALANCES as per the CASH FLOW STATEMENT</b>		<b>29,929</b>	<b>21,172</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>(39,715)</b>	<b>13,110</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		17,722	12,498
Net Losses/(Gains) on Disposal of Assets		(1,211)	(2,003)
Non Cash Capital Grants and Contributions		(3,968)	(9,073)
<b>Losses/(Gains) recognised on Fair Value Re-measurements through the P&amp;L:</b>			
- Investments classified as "@ Fair Value" or "Held for Trading"		-	2,349
- Investment Properties		930	(1,520)
- Write Offs relating to the Fair Valuation of I,PP&E		42,425	1,642
Share of Net (Profits) or Losses of Associates/Joint Ventures		(29)	(75)
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		889	(1,098)
Increase/(Decrease) in Provision for Doubtful Debts		(6)	(11)
Decrease/(Increase) in Inventories		183	(57)
Decrease/(Increase) in Other Current Assets		19	535
Increase/(Decrease) in Payables		(656)	524
Increase/(Decrease) in accrued Interest Payable		(4)	4
Increase/(Decrease) in other accrued Expenses Payable		265	181
Increase/(Decrease) in Other Current Liabilities		316	340
Increase/(Decrease) in Employee Leave Entitlements		1,300	174
Increase/(Decrease) in Other Provisions		7,742	(343)
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from CASH FLOW STATEMENT</b>		<b>26,202</b>	<b>17,177</b>

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000	Notes	Actual 2009	Actual 2008
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Art Gallery works donated		19	23
Developer Contributions received in kind		3,946	9,050
History Books Donated		3	-
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>3,968</b>	<b>9,073</b>
<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>		500	500
Credit Cards / Purchase Cards		400	400
Undrawn Loan Facilities		4,000	-
<b>Total Financing Arrangements</b>		<b>4,900</b>	<b>900</b>
<b>Amounts utilised as at Balance Date:</b>			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		7	7
- Other		-	-
<b>Total Financing Arrangements Utilised</b>		<b>7</b>	<b>7</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.

#### **(e) Net Cash Flows Attributable to Discontinued Operations**

Please refer to Note 24 for details of Cash Flows that relate to Discontinued Operations

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2009	Actual 2008
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Buildings		917	110
Plant & Equipment		104	713
Parks & Sportsgrounds		790	75
Roads, Bridges & Footpaths		-	49
Sewerage Infrastructure		11,521	29,485
Other		241	307
<b>Total Commitments</b>		<b>13,573</b>	<b>30,739</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		13,573	28,645
Later than one year and not later than 5 years		-	2,094
Later than 5 years		-	-
<b>Total Payable</b>		<b>13,573</b>	<b>30,739</b>
<b>Sources for Funding of Capital Commitments:</b>			
Externally Restricted Reserves		12,476	29,485
Internally Restricted Reserves		1,097	1,254
<b>Total Sources of Funding</b>		<b>13,573</b>	<b>30,739</b>
<b>(b) Other Expenditure Commitments (exclusive of GST)</b>			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
DWM & Recycling Services		19,942	2,906
Cleaning Services		533	436
Audit Services		277	355
Buildings		14	67
Sewerage Services		45,171	46,519
Other		664	629
<b>Total Commitments</b>		<b>66,601</b>	<b>50,912</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		7,655	6,047
Later than one year and not later than 5 years		32,513	17,714
Later than 5 years		26,433	27,151
<b>Total Payable</b>		<b>66,601</b>	<b>50,912</b>



## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2009	Actual 2008
<b>(c) Finance Lease Commitments</b>			
Nil			
<b>(d) Operating Lease Commitments (Non Cancellable)</b>			
<b>a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:</b>			
Within the next year		616	534
Later than one year and not later than 5 years		1,301	590
Later than 5 years		-	-
<b>Total Non Cancellable Operating Lease Commitments</b>		<b>1,917</b>	<b>1,124</b>

**b. Non Cancellable Operating Leases include the following assets:**

Office - Computer Equipment Leases

Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

**Conditions relating to Operating Leases:**

- All Operating Lease Agreement are secured only against the Leased Asset.
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

#### **(e) Investment Property Commitments**

Nil

#### **(f) Remuneration Commitments**

Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:

Within the next year		1,147	440
Later than one year and not later than 5 years		4,065	1,813
Later than 5 years		8	-
<b>Total Payable</b>		<b>5,220</b>	<b>2,253</b>

#### **(g) Investment in Associates / Joint Ventures - Commitments**

For Capital Commitments and Other Commitments relating to Investments in Associates & Joint Ventures, refer to Note 19 (b)

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

### Note 13. Statement of Performance Measurement - Indicators

\$ '000	Amounts 2009	Indicator 2009	Prior Periods 2008      2007	
<b>1. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(1)</sup>	<b>46,752</b>	<b>4.49 : 1</b>	<b>4.37</b>	<b>4.99</b>
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	<b>10,420</b>			
<b>2. Debt Service Ratio</b>				
Debt Service Cost	<b>1,981</b>	<b>2.83%</b>	<b>0.05%</b>	<b>0.05%</b>
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<b>69,901</b>			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>				
Rates & Annual Charges	<b>39,874</b>	<b>44.64%</b>	<b>40.76%</b>	<b>40.14%</b>
Revenue from Continuing Operations	<b>89,326</b>			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual & Extra Charges Outstanding	<b>2,651</b>	<b>6.22%</b>	<b>6.45%</b>	<b>5.45%</b>
Rates, Annual & Extra Charges Collectible	<b>42,602</b>			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>				
Asset Renewals <sup>(4)</sup> [Buildings & Infrastructure]	<b>36,367</b>	<b>257.94%</b>	<b>132.15%</b>	<b>n/a</b>
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	<b>14,099</b>			

#### Notes

<sup>(1)</sup> Refer Notes 6-8 inclusive.

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

<sup>(2)</sup> Refer to Note 10(a).

<sup>(3)</sup> Refer to Note 10(c) - excludes all ELE not expected to be paid in the next 12 months.

<sup>(4)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2009

### Note 13a. Statement of Performance Measurement - Graphs

\$ '000

<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>2006</td> <td>4.56</td> </tr> <tr> <td>2007</td> <td>4.99</td> </tr> <tr> <td>2008</td> <td>4.37</td> </tr> <tr> <td>2009</td> <td>4.49</td> </tr> </tbody> </table>	Year	Ratio : 1	2006	4.56	2007	4.99	2008	4.37	2009	4.49	<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 2008/09 Result</b></p> <p><b>2008/09 Ratio 4.49 : 1</b></p> <p>The ratio shows Unrestricted Current Assets of \$46.8M at 4.49 times Unrestricted Current Liabilities of \$10.4M (2008 4.37 times). This ratio reflects Council's relatively strong liquidity position.</p> <p>A ratio of 2:1 or better is generally viewed by the Local Government industry as good.</p>
Year	Ratio : 1											
2006	4.56											
2007	4.99											
2008	4.37											
2009	4.49											
<p><b>2. Debt Service Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>2006</td> <td>0.06%</td> </tr> <tr> <td>2007</td> <td>0.05%</td> </tr> <tr> <td>2008</td> <td>0.05%</td> </tr> <tr> <td>2009</td> <td>2.83%</td> </tr> </tbody> </table>	Year	Ratio	2006	0.06%	2007	0.05%	2008	0.05%	2009	2.83%	<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 2008/09 Result</b></p> <p><b>2008/09 Ratio 2.83%</b></p> <p>The ratio shows Debt Service Costs of \$2M with Revenue from Continuing Operations of \$69.9M - 2.83%. With the introduction in 2008/09 of the \$40M Sewer 2010 Capital Project which is externally funded, 2.83% is still a satisfactory percentage. The Department's accepted benchmark for the ratio is &lt;10%.</p>
Year	Ratio											
2006	0.06%											
2007	0.05%											
2008	0.05%											
2009	2.83%											
<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>2006</td> <td>40.43%</td> </tr> <tr> <td>2007</td> <td>40.14%</td> </tr> <tr> <td>2008</td> <td>40.76%</td> </tr> <tr> <td>2009</td> <td>44.64%</td> </tr> </tbody> </table>	Year	Ratio	2006	40.43%	2007	40.14%	2008	40.76%	2009	44.64%	<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 2008/09 Result</b></p> <p><b>2008/09 Ratio 44.64%</b></p> <p>The ratio shows of Council's total revenue, 44.64% is attributable to the collection of Rates and Annual Charges. This has increased from 40.76% in 2008, which reflects the increased dependence upon revenue from the collection of rates and annual charges, which is a secured income source.</p>
Year	Ratio											
2006	40.43%											
2007	40.14%											
2008	40.76%											
2009	44.64%											
<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>2006</td> <td>5.65%</td> </tr> <tr> <td>2007</td> <td>5.45%</td> </tr> <tr> <td>2008</td> <td>6.45%</td> </tr> <tr> <td>2009</td> <td>6.22%</td> </tr> </tbody> </table>	Year	Ratio	2006	5.65%	2007	5.45%	2008	6.45%	2009	6.22%	<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 2008/09 Result</b></p> <p><b>2008/09 Ratio 6.22%</b></p> <p>Outstanding rates, annual charges and extra charges were \$2.6M (2008 \$2.5M) representing 6.22% of collectable rates and annual charges of \$42.6M (2008 \$38.4M). The decrease in this ratio from 2008 reflects the successful recovery action of outstanding debts in 2009.</p>
Year	Ratio											
2006	5.65%											
2007	5.45%											
2008	6.45%											
2009	6.22%											

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 14. Investment Properties

\$ '000	Actual 2009	Actual 2008
<b>(a) Investment Properties at Fair value</b>		
<b>Investment Properties on Hand</b>	<b>5,500</b>	<b>6,430</b>
<b>Reconciliation of Annual Movement:</b>		
Opening Balance	6,430	4,910
- Net Gain/(Loss) from Fair Value Adjustments	(930)	1,520
<b>CLOSING BALANCE - INVESTMENT PROPERTIES</b>	<b>5,500</b>	<b>6,430</b>

#### (b) Valuation Basis

The basis of Valuation of Investment Properties is Fair Value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 2009 revaluations were based on Independent Assessments made by:  
Bolton Connolly Property Advisory Services

#### (c) Contractual Obligations at Reporting Date

Refer to Note 12 for disclosures relating to any Capital and Service obligations that have been contracted.

#### (d) Leasing Arrangements

Details of leased Investment Properties are as follows;

Future Minimum Lease Payments receivable under non-cancellable Investment Property Operating Leases not recognised in the Financial Statements are due:

Within 1 year	-	10
Later than 1 year but less than 5 years	-	-
Later than 5 years	-	-
<b>Total Minimum Lease Payments Receivable</b>	<b>-</b>	<b>10</b>

#### (e) Investment Property Income & Expenditure - summary

##### Rental Income from Investment Properties:

- Minimum Lease Payments	396	369
- Other Income	9	19

##### Direct Operating Expenses on Investment Properties:

- that generated rental income	(40)	(32)
--------------------------------	------	------

<b>Net Revenue Contribution from Investment Properties</b>	<b>365</b>	<b>356</b>
------------------------------------------------------------	------------	------------

plus:

<b>Fair Value Movement for year</b>	<b>(930)</b>	<b>1,520</b>
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<b>Total Income attributable to Investment Properties</b>	<b>(565)</b>	<b>1,876</b>
-----------------------------------------------------------	--------------	--------------

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 15. Financial Risk Management

\$ '000

##### Risk Management

Council's activities expose it to a variety of financial risks including **(i)** price risk, **(ii)** credit risk, **(iii)** liquidity risk and **(iv)** 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	
	2009	2008	2009	2008
<b>Financial Assets</b>				
Cash and Cash Equivalents	29,929	21,172	29,929	21,172
Investments				
- "Designated At Fair Value on Initial Recognition"	38,954	42,217	38,954	42,217
- "Held to Maturity"	9,054	-	9,054	-
Receivables	8,034	10,370	8,034	10,370
<b>Total Financial Assets</b>	<b>85,971</b>	<b>73,759</b>	<b>85,971</b>	<b>73,759</b>
<b>Financial Liabilities</b>				
Payables	10,778	12,224	10,778	12,224
Loans / Advances	32,122	178	32,122	178
<b>Total Financial Liabilities</b>	<b>42,900</b>	<b>12,402</b>	<b>42,900</b>	<b>12,402</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 at the reporting date or independent valuation.

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### 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's Financial Section manages its Cash & Investments portfolio with the assistance of independent advisors.

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 the 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 counterparty (to an investment) 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 operating within the Council adopted Investment Policy and Strategy and through obtaining professional advice from an independent advisor.

Council also seeks advice from independent advisers before placing any funds in Cash Equivalents & Investments.

The following represents a summary of the sensitivity of Council's Income Statement and Accumulated Surplus (during 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>2009</b>				
Possible impact of a 10% movement in Market Values	4,801	4,801	(4,801)	(4,801)
Possible impact of a 1% movement in Interest Rates	299	299	(299)	(299)
<b>2008</b>				
Possible impact of a 10% movement in Market Values	4,222	4,222	(4,222)	(4,222)
Possible impact of a 1% movement in Interest Rates	212	212	(212)	(212)

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000

##### (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.

The level of outstanding receivables is reported to Council quarterly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required.

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:

	2009	2009	2008	2008
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	-	2,942	-	-
Past due by up to 30 days	715	2,347	678	5,876
Past due between 31 and 180 days	953	317	904	656
Past due between 181 and 365 days	346	33	328	1,260
Past due by more than 1 year	370	21	350	565
	<u>2,384</u>	<u>5,660</u>	<u>2,260</u>	<u>8,357</u>

##### (ii) Movement in Provision for Impairment of Receivables

	2009	2008
Balance at the beginning of the year	16	27
+ new provisions recognised during the year	1	(5)
- amounts already provided for & written off this year	(7)	(6)
<b>Balance at the end of the year</b>	<u>10</u>	<u>16</u>

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### 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.

As well, payment terms can (in extenuating circumstances) be extended & overdraft facilities can be drawn down.

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

\$ '000	Subject		payable in:					Total Cash Outflows	Actual Carrying Values
	to no maturity	≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2009</b>									
Trade/Other Payables	2,315	8,463	-	-	-	-	-	10,778	10,778
Loans & Advances	-	401	431	463	497	525	29,805	32,122	32,122
<b>Total Financial Liabilities</b>	<b>2,315</b>	<b>8,864</b>	<b>431</b>	<b>463</b>	<b>497</b>	<b>525</b>	<b>29,805</b>	<b>42,900</b>	<b>42,900</b>
<b>2008</b>									
Trade/Other Payables	2,043	10,181	-	-	-	-	-	12,224	12,224
Loans & Advances	-	24	25	26	28	30	45	178	178
<b>Total Financial Liabilities</b>	<b>2,043</b>	<b>10,205</b>	<b>25</b>	<b>26</b>	<b>28</b>	<b>30</b>	<b>45</b>	<b>12,402</b>	<b>12,402</b>

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

	2009		2008	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	10,778	0.0%	12,224	0.0%
Loans & Advances - Fixed Interest Rate	32,122	7.9%	178	7.0%
	<u>42,900</u>		<u>12,402</u>	



## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 2008/09 was incorporated as part of its Management Plan and was adopted by the Council on 30 June 2008.

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 Budget Review.

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

**Note that for Variations: F** = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2009 Budget	2009 Actual	----- 2009 Variance* -----		
<b>REVENUES</b>					
Rates & Annual Charges	40,143	39,874	(269)	(1%)	<b>U</b>

<b>User Charges &amp; Fees</b>	<b>13,552</b>	<b>14,314</b>	<b>762</b>	<b>6%</b>	<b>F</b>
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Due to the allocation of original budgets from Other Revenue to User Fees and Charges, the variation between the original budget and actual income was \$2,494 or 21%. Factors that contributed to the User Fees and Charges variance are identified below:

Domestic Waste and Other Waste User Charges and Fees Management - \$555K Favourable

Income was higher than budget due to a conservative original budget and increase in waste disposal volumes

Sewerage Services - \$222K Favourable

Sewerage Services was \$222K favourable due to a conservative original budget and an increase in waste disposal volumes

RTA Claims State Roads - \$581K Favourable

Requests for works on RTA roads were higher than anticipated.

Fees Saleyards - \$498K Favourable

Livestock Marketing Centre experienced sheep and cattle sales volumes at near record levels during 2008/09.

Fees Aerodrome - \$124K Favourable

Additional income was also received as passenger numbers were at record levels during 2008/09.

Lease Fees and Charges - \$787K Unfavourable

The budgeted income for the Lease Fees and Charges was allocated to User Fees and Charges whilst the actual received was income received was classified as Other Revenue. Total income \$883K, which was higher than anticipated due to increases in some lease rentals during the year.

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 16. Material Budget Variations (continued)

\$ '000	2009 Budget	2009 Actual	2009 Variance*	
<b>REVENUES</b> (continued)				
<b>Interest &amp; Investment Revenue</b>	<b>3,193</b>	<b>1,469</b>	<b>(1,724)</b>	(54%) <b>U</b>
Investment income was significantly lower than the original estimate reflecting the difficult investment conditions experienced worldwide.				
<b>Other Revenues</b>	<b>516</b>	<b>2,039</b>	<b>1,523</b>	295% <b>F</b>
Other revenue was \$1,523K favourable due to a number of factors including:				
<u>Council Property Lease Fees and Charges - \$883K Favourable</u>				
The original budget (\$787K) for Lease Fees and Charges was allocated to the user fees and charges type. Income was higher than original estimates due to increases in some lease rentals during the year.				
<u>Insurance Claims - \$165K Favourable</u>				
Council received \$165K from insurance claims in 2008/09.				
<u>Other Revenue – \$84K Favourable</u>				
Council received income from other Councils for Long Service Leave for new employees.				
<b>Operating Grants &amp; Contributions</b>	<b>13,709</b>	<b>16,888</b>	<b>3,179</b>	23% <b>F</b>
Operating Grants and Contributions received in 2008/09 was 23% higher than the original adopted budget. In many instances, the actual amount of grant funds received depends on decisions made by State and Federal Governments after the original budget is adopted. In particular, major variations occurred in grants received for the following purposes:				
<u>Financial Assistance Grants - \$2,536K Favourable</u>				
Council received \$2,141K in advance for the first quarter of 2009/10.				
<u>Family and Children's Services Grants - \$259K Favourable</u>				
Council received \$200K during 2008/09 for an Aboriginal Family Worker Program and an Aboriginal Home and Community Care Program.				
<u>Environmental Program Grants - \$674K Favourable</u>				
Council received grants during the year in relation to Environmental Programs including Wetlands and Riparian Restoration Project and the Tarcutta Street Gasworks Site Remediation Program.				

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

## Note 16. Material Budget Variations (continued)

\$ '000	2009 Budget	2009 Actual	2009 Variance*	-----	-----
<b>REVENUES</b> (continued)					
<b>Capital Grants &amp; Contributions</b>	5,032	13,502	8,470	168%	F
Capital Grants and Contributions received in 2008/09 were 168% higher than the original budget. This was predominantly due to non-cash dedication of roads, stormwater drainage and sewerage assets provided in new subdivisions by developers.					
<u>Roads and Transport Grants - \$1,159K Favourable</u>					
Road and Transport grants received include the Federal Roads to Recovery Grant, State Government Blackspot Program and the Country Passenger Transport Infrastructure Grants Scheme.					
<u>Capital Grants – Other - \$1,276K Favourable</u>					
Council received a grant of \$1,278K for the Regional and Local Community Infrastructure Program for the development of community facilities as part of the Federal Government's Economic Stimulus Package.					
<u>Subdivider Dedications and Contributions - \$5,471K Favourable</u>					
Recognition of dedications and developer contributions to roads and traffic, stormwater drainage and sewerage assets as part of subdivision development.					
<b>Net Gains from Disposal of Assets</b>	-	1,211	1,211	0%	F
Net gain from the disposal of land and plant and equipment in the 2008/09 financial year was \$1,211K.					
<b>Share of Net Profits - Joint Ventures &amp; Associates</b>	-	29	29	0%	F
Net gains from the Riverina Regional Library operations.					
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	29,941	29,120	821	3%	F
<b>Borrowing Costs</b>	279	872	(593)	(213%)	U
The unwinding of present value discounts and premiums resulted in an unfavourable variation of \$593K.					
<b>Materials &amp; Contracts</b>	27,088	24,084	3,004	11%	F
Materials and Contracts expenses were 11% lower than original adopted budget due to a decrease in the use of consultants, contractors and associated materials and allocation of budget from Other Expenses.					
<b>Depreciation &amp; Amortisation</b>	15,455	17,722	(2,267)	(15%)	U
Depreciation and Amortisation expenses were over budget 15% following the revaluation of roads, bridges, footpaths and stormwater drainage assets. The original 2008/09 budget was based on prior year depreciation levels.					

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 16. Material Budget Variations (continued)

\$ '000	2009 Budget	2009 Actual	2009 Variance*	
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#### EXPENSES (continued)

<b>Other Expenses</b>	<b>6,067</b>	<b>57,243</b>	<b>(51,176)</b>	(844%)	<b>U</b>
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This over expenditure is primarily due to one off revaluation decrements (\$42.425M) and allocation of budget to Materials & Contracts. Other variances include:

#### Telephone and Communications - \$55K Unfavourable

Expenses have exceeded the original budget namely due to the setup of the Councillors Home Office Networks and the implementation of the 1300 2 WAGGA phone number.

#### Electricity and Gas - \$258K Unfavourable

Pricing increases and an under estimate of expenditure resulted in this unfavourable variation.

#### Water - \$413K Unfavourable

Pricing increases and an under estimate of usage resulted in this unfavourable variation.

#### Provision for Land Settlement - \$7,277K Unfavourable

Provision for excavation and treatment of soil at the former Tarcutta St. gasworks site.

#### Budget Variations relating to Council's Cash Flow Statement include:

<b>Cash Flows from Operating Activities</b>	<b>1,263</b>	<b>26,202</b>	<b>24,939</b>	1974.6%	<b>F</b>
---------------------------------------------	--------------	---------------	---------------	---------	----------

The total cash flows from Operating Activities saw a 1974.6% increase from the original budgeted cash flow.

This can generally attributed to the following:

- Advanced payment of Financial Assistance Grant
- Increase in amounts received from the Federal Roads to Recovery Grant, State Government Blackspot Program and the Country Passenger Transport Infrastructure Grants Scheme
- Grant received from the Federal Government's Economic Stimulus Package.
- Recognition of dedications and developer contributions to roads and traffic, stormwater drainage and sewerage assets as part of subdivision development

<b>Cash Flows from Investing Activities</b>	<b>(53,808)</b>	<b>(49,389)</b>	<b>4,419</b>	(8.2%)	<b>F</b>
---------------------------------------------	-----------------	-----------------	--------------	--------	----------

<b>Cash Flows from Financing Activities</b>	<b>32,000</b>	<b>31,944</b>	<b>(56)</b>	(0.2%)	<b>U</b>
---------------------------------------------	---------------	---------------	-------------	--------	----------

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

### 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	
Drainage	904	33	-	7	(3)	-	941	3	(1,095)	(151)	-
Roads & Traffic Facilities	329	1,030	-	4	(292)	-	1,071	10,121	(10,855)	337	-
Cycleways & Footpaths	224	11	-	1	(76)	-	160	1	(123)	38	-
Parking	247	6	-	1	(81)	-	173	1	(330)	(156)	-
Open Space - Local	489	816	-	5	(192)	-	1,118	11,025	(12,768)	(625)	-
Open Space - City Wide	545	20	-	6	(41)	-	530	2	(519)	13	-
Community Facilities	568	433	-	4	(2)	-	1,003	4,168	(5,621)	(450)	-
Other	13	113	-	1	(159)	-	(32)	1,181	(1,259)	(110)	-
<b>S94 Contributions - under a Plan</b>	<b>3,319</b>	<b>2,462</b>	<b>-</b>	<b>29</b>	<b>(846)</b>	<b>-</b>	<b>4,964</b>	<b>26,502</b>	<b>(32,570)</b>	<b>(1,104)</b>	<b>-</b>
<b>S94A Levies - under a Plan</b>	<b>412</b>	<b>514</b>	<b>-</b>	<b>-</b>	<b>(129)</b>	<b>-</b>	<b>797</b>				<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>3,731</b>	<b>2,976</b>	<b>-</b>	<b>29</b>	<b>(975)</b>	<b>-</b>	<b>5,761</b>				<b>-</b>
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	-	-	-	-	-	-	-				-
S64 Contributions	-	1,787	-	-	(1,258)	-	529	19,711	(19,711)	529	-
<b>Total Contributions</b>	<b>3,731</b>	<b>4,763</b>	<b>-</b>	<b>29</b>	<b>(2,233)</b>	<b>-</b>	<b>6,290</b>	<b>26,502</b>	<b>(32,570)</b>	<b>(1,104)</b>	<b>-</b>

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

### Note 17. Statement of Developer Contributions (continued)

\$ '000

#### S94 CONTRIBUTIONS - UNDER A PLAN

##### CONTRIBUTION PLAN - 1993 to 2004

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	
Drainage	904	33	-	7	(3)	-	941	3	(1,095)	(151)	-
Roads & Traffic Facilities	325	52	-	3	-	-	380	5	(49)	336	-
Cycleways & Footpaths	224	11	-	1	(76)	-	160	1	(123)	38	-
Parking	247	6	-	1	(81)	-	173	1	(330)	(156)	-
Open Space - Local	416	9	-	4	(79)	-	350	1	(977)	(626)	-
Open Space - City Wide	545	20	-	6	(41)	-	530	2	(519)	13	-
Community Facilities	550	11	-	4	(2)	-	563	1	(1,014)	(450)	-
Other	3	11	-	1	(61)	-	(46)	1	(64)	(109)	-
<b>Total</b>	<b>3,214</b>	<b>153</b>	<b>-</b>	<b>27</b>	<b>(343)</b>	<b>-</b>	<b>3,051</b>	<b>15</b>	<b>(4,171)</b>	<b>(1,105)</b>	<b>-</b>

##### CONTRIBUTION PLAN - 2006

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	
Roads & Traffic Facilities	4	978	-	1	(292)	-	691	10,116	(10,806)	1	-
Open Space - Local	73	807	-	1	(113)	-	768	11,024	(11,791)	1	-
Community Facilities	18	422	-	-	-	-	440	4,167	(4,607)	-	-
Other	10	102	-	-	(98)	-	14	1,180	(1,195)	(1)	-
<b>Total</b>	<b>105</b>	<b>2,309</b>	<b>-</b>	<b>2</b>	<b>(503)</b>	<b>-</b>	<b>1,913</b>	<b>26,487</b>	<b>(28,399)</b>	<b>1</b>	<b>-</b>

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

### Note 17. Statement of Developer Contributions (continued)

\$ '000

#### S94A LEVIES - UNDER A PLAN

##### CONTRIBUTION PLAN - 2006

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	
Section 94A Levy	412	514	-	-	(129)	-	797	9,257	(10,054)	-	-
<b>Total</b>	<b>412</b>	<b>514</b>	<b>-</b>	<b>-</b>	<b>(129)</b>	<b>-</b>	<b>797</b>	<b>9,257</b>	<b>(10,054)</b>	<b>-</b>	<b>-</b>

#### S64 LEVIES - UNDER A PLAN

##### CONTRIBUTION PLAN - Sewer 1993 to 2004

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	
Other	-	98	-	-	(98)	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>98</b>	<b>-</b>	<b>-</b>	<b>(98)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 17. Statement of Developer Contributions (continued)

\$ '000

**S64 LEVIES - UNDER A PLAN**

CONTRIBUTION PLAN - Sewer 2007

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	
Other	-	1,071	-	-	(1,071)	-	-	13,877	(13,349)	528	-
<b>Total</b>	-	<b>1,071</b>	-	-	<b>(1,071)</b>	-	-	<b>13,877</b>	<b>(13,349)</b>	<b>528</b>	-

CONTRIBUTION PLAN - Stormwater 2007

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	
Other	-	618	-	-	(89)	-	529	5,834	(6,362)	1	-
<b>Total</b>	-	<b>618</b>	-	-	<b>(89)</b>	-	<b>529</b>	<b>5,834</b>	<b>(6,362)</b>	<b>1</b>	-



## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### 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 and that member Councils will need to make significantly higher contributions from 2009/10 & beyond. The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$2.4M as at 30/06/2009.

As the estimate provided by the Local Government Superannuation Scheme is not sufficient information for the purposes of AASB 119, Council has not recorded any net liability.

Effective from 1 July 2009, employers are required to contribute twice the "notional" or long term cost for a period of up to ten years in order to rectify this deficit.

##### (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 of 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.

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2009

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

\$ '000

#### **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) S94 Plans**

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Council's intention to spend funds in the manner and timing set out in those Plans.

##### **(iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council**

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (& subsequent land asset) from such potential acquisitions has not been possible.

##### **(iv) Loans to sporting & community organisations**

Council has provided loans to a number of sporting groups and community associations. These loans are mostly provided to enable the enhancement of community and sporting facilities situated on land which is either owned or controlled by Council.

The total principal amount owing as at 30 June 2009 is \$311,422 (\$356,000 in 2008).

Council does not expect to incur any loss arising from these loans.

##### **(v) Remediation of Tarcutta Street - Former Gasworks Site**

Council has undertaken an investigation into the extent of contamination of the Tarcutta Street site. Consultants engaged by WWCC have prepared a Remediation Action Plan, which outlines the future remediation action required at the site.

Council has endorsed the Remediation Action Plan and has resolved to submit the plan to the Department of Environment and Climate Change (DECC) for approval. Council has recognised a provision

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000

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

##### 2. Other Liabilities (continued)

##### (v) Remediation of Tarcutta Street - Former Gasworks Site (continued)

(non current liability) of \$7.28 million within these financial statements representing the estimated costs associated with excavation, treatment and storage of contaminated materials including the associated technical and professional costs.

Council is also undertaking further investigations on the extent of groundwater contamination and other related contamination issues. Council will make a further provision for these costs once these investigations are completed and the estimate of costs can be measured.

##### (vi) Upgrade of Sewerage Treatment Plants

Council entered into a contract with Tenix Alliance in 2007/08 for the upgrade of two Sewerage Treatment Plants at an estimated cost of \$40M. The main rationale for the project is to replace substantial sections of the aging treatment plants and become compliant with the Environmental Planning Authority (EPA) licensing requirements.

The Upgrade of the Sewerage Treatment Plants are expected to be completed by September 2009.

##### ASSETS NOT RECOGNISED:

##### (i) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/09.

##### (ii) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but updated Infringement Notices.

Due to the limited information available on the status, value and duration of outstanding Notices, Council is unable to determine the value of outstanding income.

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000

Council's objectives can and in some cases are best met through the use of separate entities & operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, Bodies and other Outside Organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of Councils (i) interest and (ii) control and the type (form) of entity/operation, as follows;

##### Subsidiaries

Note 19(a)

Operational Arrangements where Councils Control (but not necessarily Interest) exceeds 50%

##### Associated Entities & Joint Venture Entities

Note 19(b)(i)&(ii)

Arrangements in the form of a Separate Entity that deploys the resources of the operation itself. Under Associated Entities, Council significantly influences the operations (but does not control them, whilst for JV Entities, Council Jointly Controls the Operations with other parties.

##### Joint Venture Operations

Note 19(c)

Arrangements that do not comprise an actual individual entity which can deploy the resources of the individual participants. Under JV Operations, Council Jointly Controls the operations with the Other Parties involved.

##### Subsidiaries, Associated Entities and Joint Ventures Not Recognised

Note 19(d)

#### Accounting Recognition:

(i) Subsidiaries disclosed under Note 19(a), and Joint Venture Operations disclosed at Note 19(c), are accounted for on a Line by Line Consolidation basis within the Income Statement and Balance Sheet.

(ii) Associated Entities and Joint Venture Entities as per Notes 19(b)(i) & (ii) are accounted for using the Equity Accounting Method - and are disclosed as a 1 line entry in the Income Statement and Balance Sheet.

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2009	Actual 2008	Actual 2009	Actual 2008
Associated Entities	-	-	-	-
Joint Venture Entities	29	78	1,243	1,207
<b>Total</b>	<b>29</b>	<b>78</b>	<b>1,243</b>	<b>1,207</b>

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000

#### 19(a) Subsidiaries (ie. Entities & Operations controlled by Council)

Council has no interest in any Subsidiaries.

#### 19(b) Associated Entities & Joint Venture Entities

##### (i) ASSOCIATED ENTITIES

Council has no interest in any Associated Entities.

##### (ii) JOINT VENTURE ENTITIES

###### (a) Carrying Amounts

Name of Entity	Principal Activity	2009	2008
Riverina Regional Library Service	Public Library Service	1,243	1,207
<b>Total Carrying Amounts - Joint Venture Entities</b>		<b>1,243</b>	<b>1,207</b>

###### (b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2009	2008	2009	2008	2009	2008
Riverina Regional Library Service			56%	55%	24%	24%

###### (c) Movement in Carrying Amounts

	Riverina Regional Library Service	
	2009	2008
Opening Balance	1,207	1,132
Share in Operating Result	29	78
Adjustments to Equity	7	(3)
<b>Councils Equity Share in the Joint Venture Entity</b>	<b>1,243</b>	<b>1,207</b>

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000

##### 19(b) Associated Entities & Joint Venture Entities (continued)

##### (d) Share of Joint Ventures Assets & Liabilities

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
<b>2009</b>					
Riverina Regional Library Service	654	808	217	2	1,243
<b>Totals</b>	<b>654</b>	<b>808</b>	<b>217</b>	<b>2</b>	<b>1,243</b>
<b>2008</b>					
Riverina Regional Library Service	581	794	167	1	1,207
<b>Totals</b>	<b>581</b>	<b>794</b>	<b>167</b>	<b>1</b>	<b>1,207</b>

##### (e) Share of Joint Ventures Revenues, Expenses & Results

	2009			2008		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Riverina Regional Library Service	989	960	29	878	800	78
<b>Totals</b>	<b>989</b>	<b>960</b>	<b>29</b>	<b>878</b>	<b>800</b>	<b>78</b>

##### (f) Share of Joint Venture Entities Expenditure Commitments

	2009	2008
Capital Commitments	-	-
Other Expenditure Commitments	-	-
Lease Commitments	-	-

##### (g) Contingent Liabilities of Joint Venture Entities

	2009	2008
Share of Contingent Liabilities incurred jointly with other Participants	-	-
Share of Contingent Liabilities for which Council is severally liable	-	-

##### 19(c) Joint Venture Operations

Council has no interest in any Joint Venture Operations.

##### 19(d) Subsidiaries, Associated Entities & Joint Venture Operations Not Recognised

All Subsidiaries, Associated Entities & Joint Ventures have been recognised in this Financial Report as required.

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000	Notes	Actual 2009	Actual 2008
<b>a. Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		470,793	453,418
a. Correction of Prior Period Errors	20 (c)	2,521	-
b. Changes in Accounting Policies (Prior Period Effects)	20 (d)	-	-
c. Current Year Income & Expenses Recognised direct to Equity excluding direct to Reserves transactions		7	-
d. Net Operating Result for the Year		(39,715)	13,110
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
g. Adjustment to Accumulated Depreciation prior to Revaluation		231,284	5,907
<b>Balance at End of the Reporting Period</b>		<b>664,890</b>	<b>472,435</b>

### b. Reserves

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

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	433,728	355,411
<b>Total</b>	<b>433,728</b>	<b>355,411</b>

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

<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		355,411	102,687
- Revaluations for the year	9(a)	78,317	251,593
- Correction of Prior Period Errors		-	1,131
<b>- Balance at End of Year</b>		<b>433,728</b>	<b>355,411</b>
<b>TOTAL VALUE OF RESERVES</b>		<b>433,728</b>	<b>355,411</b>

#### (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.

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

\$ '000	Notes	Actual 2009	Actual 2008
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#### c. Correction of Error/s relating to a Previous Reporting Period

The Fair Value Certificate for Other assets was incorrectly transcribed resulting in an understatement of Asset Values

The financial statement lines affected are:

- Other Assets - Note 9	3,652
- Other Expenses - Revaluation Decrements - Note 4	(1,642)
- Retained Earnings - Note 20	(879)
- Revaluation Reserve - Note 20	(1,131)

Council revalued the following asset classes for the 07/08 Year End:

- Buildings
- Other Structures
- Other Assets

This reassessment resulted in a material difference as to where some assets actually sat in with respect to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.

Council did not have sufficient and reliable information that would allow the restatement of information prior to 30/6/08 (the closing date for the comparative figures in last year's report).

As a result, Council adjusted the accumulated depreciation for the Asset Classes below as at 30/6/08 to reflect the correct value of accumulated depreciation;

- Buildings - Non Specialised (increase)/decrease to accumulated depreciation	2,014
- Buildings - Specialised (increase)/decrease to accumulated depreciation	1,787
- Other Structures (increase)/decrease to accumulated depreciation	384
- Other Assets (increase)/decrease to accumulated depreciation	1,722

This adjustment resulted in a net increase / (decrease) in Council's Accumulated Surplus as at 30/6/08.



## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

\$ '000	Notes	Actual 2009	Actual 2008
<b>c. Correction of Error/s relating to a Previous Reporting Period (continued)</b>			
<p>As part of Council's transition to measuring all its I,PP&amp;E at Fair Values, Council this year reviewed and brought to account Fair Values for the following Asset Classes:</p> <ul style="list-style-type: none"> <li>- Roads</li> <li>- Stormwater Drains</li> <li>- Art Gallery</li> </ul> <p>As part of that evaluation &amp; measurement process, the remaining useful life of each asset has been reassessed to actual.</p> <p>This reassessment has resulted in a material difference as to where some assets actually sit in relation to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.</p> <p>Council does not have sufficient and reliable information that will allow the restatement of information prior to 30/6/08 (the closing date for the comparative figures in this report).</p> <p>As a result, Council has adjusted the accumulated depreciation for Buildings as at 30/6/09 to reflect the correct value of accumulated depreciation;</p>			
Roads (increase)/decrease to accumulated depreciation		204,696	
Stormwater Drains (increase)/decrease to accumulated depreciation		26,480	
Art Gallery (increase)/decrease to accumulated depreciation		108	
<p>This adjustment resulted in net increase / (decrease) in Council's Accumulated Surplus as at 30/6/09.</p>			
<p><b>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.</b></p>			
<b>These amounted to the following Equity Adjustments:</b>			
- Adjustments to Opening Equity - 1/7/07 (relating to adjustments for the 30/6/07 reporting year end and prior periods)		-	-
- Adjustments to Closing Equity - 30/6/08 (relating to adjustments for the 30/6/08 year end)		3,652	-
<b>Total Prior Period Adjustments - Prior Period Errors</b>		<b>3,652</b>	<b>-</b>

#### d. Voluntary Changes in Accounting Policies

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

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2009

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

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\$ '000

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The completion of Note 21 is voluntary for this reporting period and Council has opted not to include this Note.

#### Note 22. Non Current Assets/Liabilities classified as "Held for Sale"

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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 2009, up to and including the date when the financial report is "authorised for issue" have been taken into account in preparing this financial report.

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

Accordingly, the "authorised for issue" date is 29/09/2009.

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 reports (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2009.

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

These financial reports (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2009 and which are only indicative of conditions that arose after 30 June 2009.

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

#### Note 24. Discontinued Operations

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2009

#### Note 25. Intangible Assets

\$ '000

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

Council is unaware of any control over Intangible Assets that warrant their recognition in the Financial Reports, including either internally generated and developed assets or purchased assets.

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

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations;

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2009	2008
Quarries	2029	245	263
Sewerage Treatment Works	2019	4,191	5,030
Solid Waste Management Centres	2021	1,226	1,515
<b>Balance at End of the Reporting Period</b>	10	<b>5,662</b>	<b>6,808</b>

Under AASB 116 - Property, Plant & Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 - Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

#### Reconciliation of movement in Provision for year:

Balance at beginning of year	6,808	3,911
Effect of a change in other calculation estimates used	(1,611)	2,649
Amortisation of discount (expensed to borrowing costs)	465	248
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>5,662</b>	<b>6,808</b>

#### Amount of Expected Reimbursements

Of the above Provisions for Reinstatement, Rehabilitation and Restoration works, those applicable to Garbage Services & Waste Management are able to be funded through future charges incorporated within Council's Annual Domestic Waste Management Charge.

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2009

### Note 27. Additional Council Disclosures - Council Information

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**Principal Place of Business:**

Corner Baylis & Morrow Street  
Wagga Wagga NSW 2650

**Contact Details****Mailing Address:**

PO Box 20  
Wagga Wagga NSW 2650

**Telephone:** 1300 292 442

**Facsimile:** (02) 6926 9159

**Opening Hours**

8.30am - 5pm Monday to Friday

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

**Email:** [council@wagga.nsw.gov.au](mailto:council@wagga.nsw.gov.au)

**Officers****GENERAL MANAGER**

Ms Lyn Russell, PSM, FAIM, FLGMA

**RESPONSIBLE ACCOUNTING OFFICER**

Mr Craig Richardson, CPA

**AUDITORS**

Adams Kenneally White & Co

**Elected Members****MAYOR**

Cr Kerry Pascoe

**COUNCILLORS**

Councillor Donna Argus

Councillor Yvonne Braid

Councillor Alan Brown

Councillor Wayne Geale

Councillor Ray Goodlass

Councillor Garry Hiscock

Councillor Rod Kendall

Councillor Lindsay Vidler

Councillor Kevin Wales

Councillor Clint Uden

**Other Information**

**ABN:** 56 044 159 537

# adamskenneallywhite & co

chartered accountants

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85 johnston street griffith 02 6961 8600  
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wagga wagga nsw 2650 henty 02 6929 3204  
batlow 02 6949 1163

partners  
m j m'cormack f.c.a  
j w mason c.a  
m j wakening c.a  
g m obst c.a  
m k potts c.a  
j a harris c.a

email: [acctng@akw.com.au](mailto:acctng@akw.com.au)  
web: <http://www.akw.com.au>

## INDEPENDENT AUDIT REPORT

### COUNCIL OF THE CITY OF WAGGA WAGGA

#### REPORT ON THE FINANCIAL REPORT

We have audited the accompanying **general purpose financial report** of **Wagga Wagga City Council**, which comprises the balance sheet as at 30 June 2009, income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the statement by Councillors and Management. The financial report includes the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

#### *Responsibility of Council for the Financial Report*

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and relevant statutory and other requirements including the Local Government Act 1993. This includes responsibility for establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility does not extend to the original budget figures disclosed in the Income Statement, the Cash Flow Statement and in Note 2(a), or the detailed variations from the adopted budget disclosed in Note 16 nor the projected future contributions and costs disclosed in Note 17 and therefore we express no opinion on those disclosures.



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Accountants

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

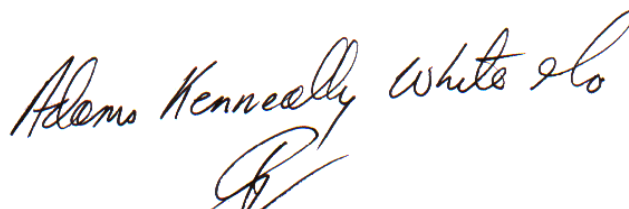
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Auditor's Opinion***

In our opinion:

- a. The Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 part 3 Division 2;
- b. The general purpose financial report:
  - (i) has been prepared in accordance with the requirements of Division 2 of Part 3 of Chapter 13 of the Local Government Act 1993.
  - (ii) is consistent with the Council's accounting records;
  - (iii) presents fairly, in all material respects, the Council's financial position, the results of its operations and its cash flows; and
  - (iv) is in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- c. We obtained all the information which we required, relevant to the conduct of the audit;
- d. There were no material deficiencies in the accounting records or the financial reports which came to our attention during the course of the audit.

Dated: 29th September 2009  
Wagga Wagga

  
**ADAMS KENNEALLY WHITE & CO.**  
Chartered Accountants

# adamskenneallywhite & co

chartered accountants

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gundagai 02 6944 1522  
griffith 02 6961 8600  
lake cargelligo 02 6898 1102  
henty 02 6929 3204  
batlow 02 6949 1163

adams kenneally white

partners  
m j m<sup>c</sup>comack f.c.a  
j w mason c.a  
m j wakeling c.a  
g m obst c.a  
m k potts c.a  
j a harris c.a

## COUNCIL OF THE CITY OF WAGGA WAGGA REPORT ON THE CONDUCT OF THE AUDIT

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We have completed the audit of Council's financial reports and accounting records for the year ended 30 June 2009, and now submit this report on the conduct of the audit, in accordance with Sections 417(1)&(3) of the Local Government Act 1993. This report is subject to and should be read in conjunction with of our accompanying report on the General Purpose Financial Report, of same date.

### FINANCIAL PERFORMANCE FOR THE YEAR

The operating result for the year was a **deficit from all activities of \$39.7m** compared with a \$13.1m surplus in the previous year. Non recurrent items were the major contributors to this downturn including revaluation decrements of \$43.4m and a provision of \$7.3m for the remediation of contaminated land.

The result includes grants and contributions for capital works of \$13.5m, for which the matching expenditure is shown in the Balance Sheet and not the Income Statement. The result before including these grants was a deficit of \$53.2m.

Total operating revenues for the year increased by \$0.4m to \$89.3m.

Total operating expenses were \$129m, an increase of \$53.2m over 2008. This increase included the revaluation decrement and provision for remediation referred to above. After allowing for these items, underlying operating expenses increased by \$2.6m to \$78.4m including a depreciation expense increase of \$3.6m.

The increase in Depreciation was due to the overall higher base value of depreciable assets following their revaluation to fair value.

The following table sets out the results in comparison to the prior year together with the extent to which each category of revenue and expense contributed to the total.



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	2009		2008		Increase/ (Decrease)	
	\$'000	% of Total	\$'000	% of Total	\$'000	% Change
<b>Revenues</b>						
Rates & Annual Charges	39,874	45%	36,229	41%	3,645	10.1%
User Charges & Fees	14,314	16%	13,942	16%	372	2.7%
Interest on Investments	1,469	2%	1,934	2%	(465)	(24.0%)
Grants & Contributions - Operating	16,888	19%	15,295	17%	1,593	10.4%
Capital grants & Contributions	13,502	15%	15,357	17%	(1,855)	(12.1%)
Other Revenues	2,039	2%	4,055	5%	(2,016)	(49.7%)
Profit from Sale of Assets	1,211	1%	2,003	2%	(792)	(39.5%)
Profit from Joint Ventures	29	<1%	78	<1%	(49)	(62.8%)
<b>Total</b>	<b>89,326</b>	<b>100%</b>	<b>88,893</b>	<b>100%</b>	<b>433</b>	<b>0.5%</b>
<b>Expenditure</b>						
Employee Costs	29,120	23%	25,895	34%	3,225	12.5%
Materials and Contracts	24,084	19%	29,056	38%	(4,972)	(17.1%)
Borrowings	872	<1%	514	<1%	358	69.6%
Depreciation	17,722	14%	14,140	19%	3,582	25.3%
Other	57,243	44%	6,178	8%	51,065	826.6%
<b>Total</b>	<b>129,041</b>	<b>100%</b>	<b>75,783</b>	<b>100%</b>	<b>53,258</b>	<b>70.3%</b>
<b>Net Surplus/(Deficit) for the year</b>	<b>(39,715)</b>		<b>13,110</b>		<b>(52,825)</b>	<b>(402.9%)</b>

### Rates and Annual Charges

Ordinary rates levied increased by the permissible notional rate increase of 9.25% (Including a special rate variation). An increase in property numbers and valuation adjustments resulted in an actual increase of 11.4% in ordinary rate income for the year.

Total rates and annual charges levied increased by 10% to \$39.9m, representing 45.3% of Council's ordinary revenue<sup>1</sup>. A similar ratio (expressing the rate revenue as a percentage of total revenue) is shown in Note 13 to the financial report.

### Grants and Contributions

Grants and contributions, including those for capital works, totalled \$30.4m as compared to \$30.7m in 2008. Subdivision infrastructure dedications for 2009 were \$3.9m, compared to \$9.1m in 2008 and a \$2.1m advance instalment of the 2010 Financial Assistance Grant was received and recognised as revenue in the 2009 year.

### User Charges & Fees

User Charges and Fees increased by \$0.4m to \$14.3m.

### Sale of Real Estate

There was a **net profit** this year of \$0.9m on the sale of Council properties (2008 \$1.7m).

<sup>1</sup> Ordinary Revenue excludes gains on sale of assets and joint venture profits



## Interest & Investment Revenues

The net investment returns for 2009 of \$1.5m (compared to a budget of \$3.2m) were \$0.4m less than for 2008 (net returns 2008: \$1.9m) due to lower market rates and further decline in value of Council's market linked investments.

The 2009/10 budget predicts net investment revenue of \$2.9m. Based on the recovery in market values since 30 June 2009, it is likely that this result will be achieved.

## Employee Costs

While employee costs of \$29.1m were less than budget (\$29.9m), they were \$3.2m (12.5%) more than 2008. General award and salary progression increases of 3.3%, the filling of positions within the revised organisational structure, including the addition of two new directorships, contributed to the increase. Also, changes from contracted work to employed positions in economic development and the swimming pool has resulted in an increase in salaries and a reduction in materials and contracts expense.

## Actual Result /Budgeted Result

### Income Statement Basis

The operating deficit of \$39.5m compares to the originally budgeted deficit of \$2.7m.

The unbudgeted revaluation decrement and provision for remediation referred to above contributed unfavourable variances totalling \$50.7m. Grants and Contributions exceeded budget by \$11.6m including subdivision dedications of \$3.9m and a \$2.1m instalment of the Financial Assistance Grant received in advance.

A summary of variations to budget and reasons therefore is provided in Note 16 to the Financial Report.

### Funding Basis

While the Income Statement includes a comparison of actual to original budget, its basis of preparation is such that it can only give part of the comparison with the underlying funding budget. The Income Statement is not required to and does not include all funding revenue and capital expenditure.

- **General Purposes**

The underlying funding budget for 2009 was for a deficit of \$300,000. **The actual result was a deficit of \$312,000.** This deficit would have been greater save for unbudgeted funding transfers from reserves totalling \$270,000.

The reserve for carry over of unspent project budgets was \$2.3m compared to \$1.55m at the end of the previous year.

Council has budgeted for a balanced funding result for 2010.

- **Sewerage Fund**

Total available Sewerage funds increased by \$7.6m to \$21.9m (Represented by cash of \$24m and other net current liabilities of \$2.1m).

## FINANCIAL POSITION

Council has revalued its roads, stormwater assets and artworks, this year. The revaluation resulted in a net increase \$265.6m in the carrying value of assets. All Council's Property, Plant and Equipment is now shown in the financial reports at fair value.

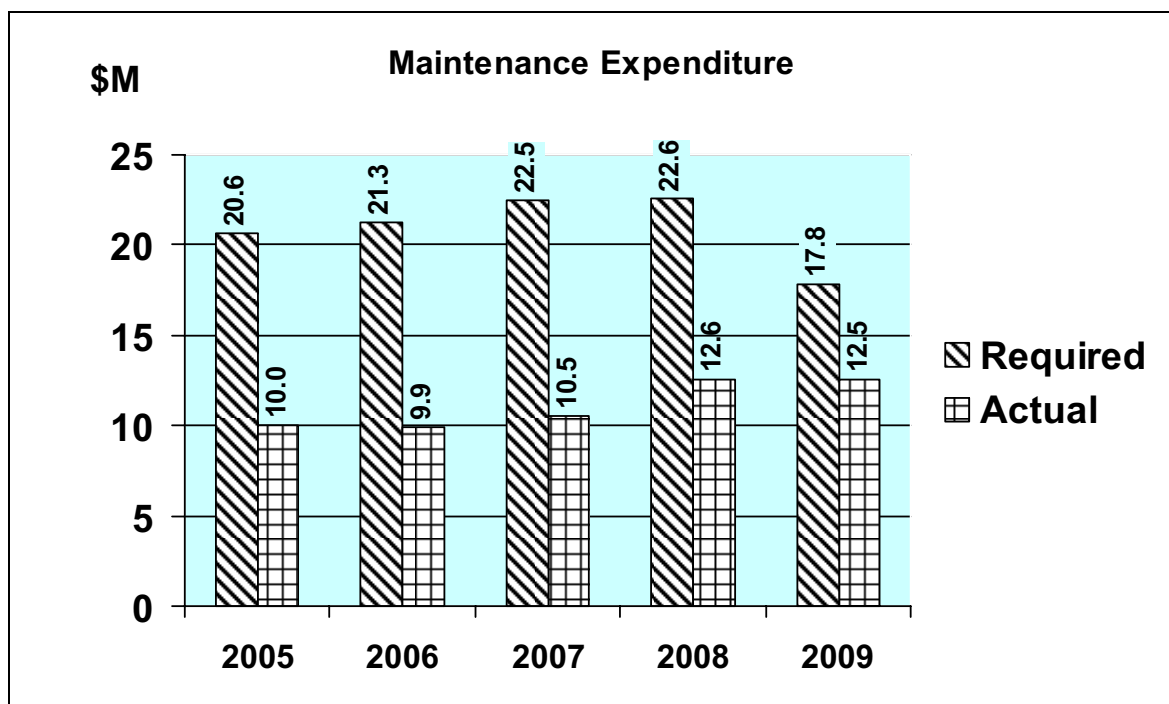
Council's net assets at 30th June 2009 were \$1,099m compared with \$829m at the beginning of the year.

### Condition of Civil Infrastructure

The annual maintenance requirement on Council's infrastructure (excluding sewerage) has been assessed by Council staff to be \$17.8m (2008 \$22.6m). The current allocations are \$12.5m (2008 \$12.6m). There has been a narrowing of the maintenance gap this year in respect of urban and unsealed roads.

The estimated capital cost to bring Council's public works, other than sewerage infrastructure, up to a "satisfactory standard" has been assessed at \$62m (2008 \$58.3m; 2007 \$56.1m; 2006 \$54.8m;).

These figures are not audited<sup>2</sup>, but are noted as an indication of the major medium to longer term funding issue that continues to face Council.



<sup>2</sup> Special Schedule 7 required by the Department of Local Government (not required to be audited)

### Liquidity - Available Working Capital

Council's **net current assets** were \$37.3m at 30th June 2009.

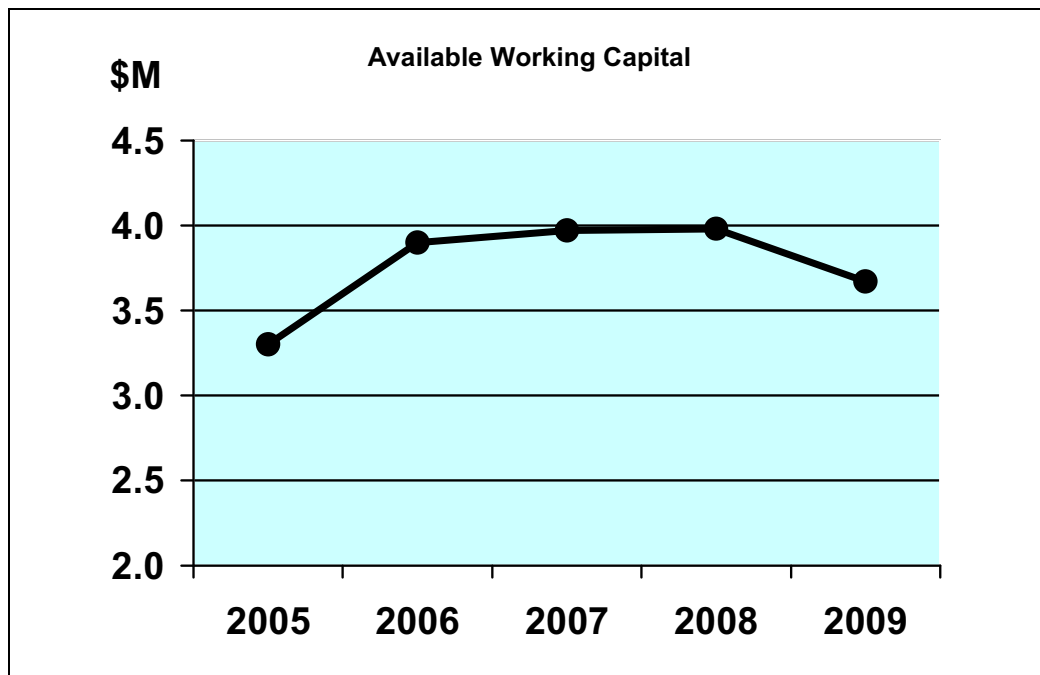
The **Available Working Capital has declined to \$3.67m.**

The available working capital gives an indication of Council's working liquidity and its ability to fund unforeseen expenditures or discretionary funding deficits without using reserve funds.

The composition of general purpose available working capital, at year end, is set out below:

	<u>2009</u> \$'000	<u>2008</u> \$'000
Unrestricted Cash	5,660	6,339
Receivables	4,574	4,904
Inventories	1,210	1,300
Other working capital assets	<u>237</u>	<u>258</u>
	11,681	12,801
Less Creditors	<u>8,014</u>	<u>8,820</u>
<b>Available Working Capital</b>	<b><u>3,667</u></b>	<b><u>3,981</u></b>

The level of available working capital is adequate to fund general operations particularly while it continues to be supported by substantial discretionary reserves.

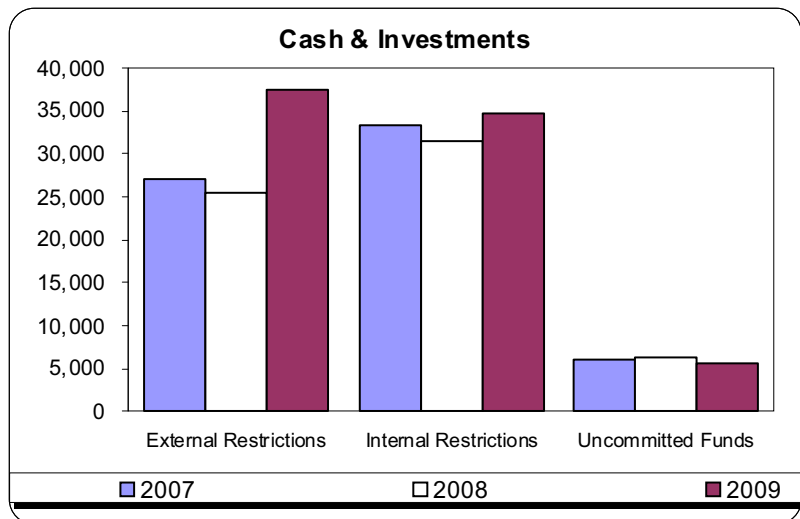


## CASH & INVESTMENTS

Council's **total cash and investments** at 30th June 2009 were **\$77.9m** compared to \$63.4m at 30th June 2008 and \$66.6m at 30th June 2007.

**Total cash and investments held include:-**

	<u>2009</u> <u>\$'000</u>	<u>2008</u> <u>\$'000</u>
<b>Externally restricted cash for:-</b>		
Unexpended Specific Purpose Grants	4,324	2,086
Unexpended Development Contributions (Sec 94)	5,763	3,731
Other Unexpended Contributions	1,137	356
Employees Leave Entitlements - Sewerage and Domestic Waste	358	189
Domestic Waste Management Funds	1,867	1,808
Sewerage Funds	<u>24,009</u>	<u>17,399</u>
	<b>37,458</b>	<b>25,569</b>
<b>Internally restricted cash for:-</b>		
General Fund Reserves	<b>34,819</b>	<b>31,481</b>
<b>Unrestricted Cash – General Purposes</b>	<b><u>5,660</u></b>	<b><u>6,339</u></b>
<b>Total Cash &amp; Investments</b>	<b><u>77,937</u></b>	<b><u>63,389</u></b>



## CASH FLOWS

The cash flow statement shows a **net increase** in “cash” for the year of \$8.8m. Cash held at 30th June 2009 is shown as \$29.9m but in addition Council held investments of \$48m which do not qualify for disclosure as “cash” in the Cash Flow Statement.

Sources of funds in 2009 included a cash surplus from operations of \$26.2m and loan proceeds of \$32m.

Applications of funds included the net cost of investing in new and renewed assets of \$43.6m. Capital expenditure for the year included Civil Infrastructure of \$11.1m and Sewerage Infrastructure of \$30.8m.

## RESTRICTED CASH ASSETS

### Externally Restricted Funds

Externally restricted cash funds totalled \$37.5m (2008 \$25.6m; 2007 \$27.1m). Movements in these funds for the year included an increase of \$1.7m in unexpended grants, an increase of \$2.6m in unexpended developer contributions and an increase of \$6.6m in Sewerage Funds.

The application of externally restricted funds is restricted by law, or by conditions placed on the funds by the provider.

### Internally Restricted Funds (Reserves)

Internally restricted cash reserves totalled \$34.8m at 30th June 2009, compared to \$31.5m at 30th June 2008. These are funds set aside **at Council’s discretion** for employee leave entitlements and for other future purposes including:

#### Infrastructure Replacement Reserve

At 30th June 2009 the balance of this reserve was \$3.1m (2008 \$7.6m; 2007 \$9.9m). Funds drawn from the reserve included \$3m transferred to the Tarcutta Street contaminated land remediation reserve and expenditure of \$1.6m on infrastructure works.

#### Internal Loan Reserve

During the year funds totalling \$1.1m were drawn from the reserve as loan advances including \$1m for development of junior rugby league sporting facilities. Loan repayments of \$0.74m were credited to the reserve. At 30th June 2009, the loan principal receivable from internal sources totalled \$4.9m (2008 \$4.3m).<sup>3</sup>

The cash balance of this reserve at 30th June 2009 was just \$45,000 (2008 \$0.4m; 2007 \$1.0m).

A full list of reserves is included in note 6(c) of the financial report.

<sup>3</sup> For external reporting the internal loans payable and internal loans receivable are required to be offset. Therefore they are not shown as assets or liabilities of the consolidated entity in the General Purpose Financial Report.

## PERFORMANCE INDICATORS

The financial report shows a number of financial indicators in Note 13:-

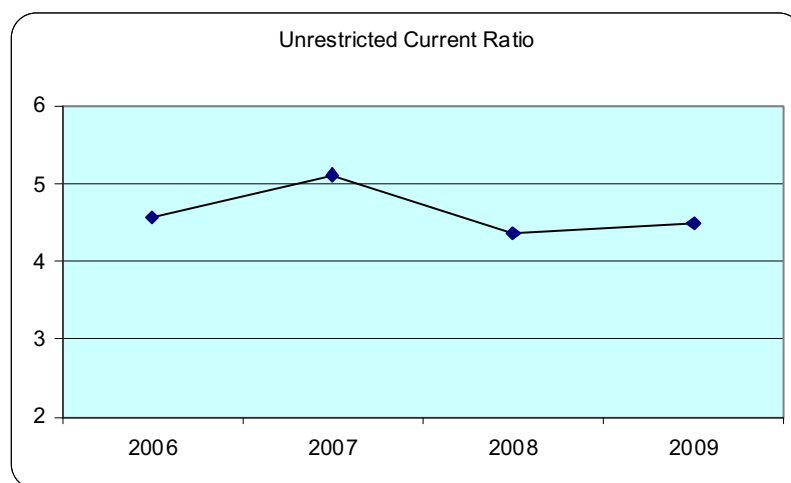
### Liquidity Indicator

#### Unrestricted Current Ratio

The unrestricted current ratio is an indicator on the adequacy of working capital and the ability to satisfy the short term financial obligations of the consolidated Council. All externally restricted current assets and current liabilities are excluded in the calculation of the ratio, as are amounts not expected to be settled in the next year.

The ratio shows Unrestricted Current Assets of \$46.8m at 4.49 times Unrestricted Current Liabilities of \$10.4m (2008 4.37 times)

A ratio of 2 times or more is generally regarded in the Local Government sector as good.



The ratio continues to reflect Council's relatively strong liquidity position.

### Debt Servicing Cost

The debt servicing cost ratio shows the percentage of ordinary revenue committed to the repayment of external debt. The debt servicing cost of the Consolidated Fund for 2008/09 was just 2.83% of ordinary revenue (excluding specific purpose grants and contributions). When internal loan repayments are added, the percentage was 3.8%.

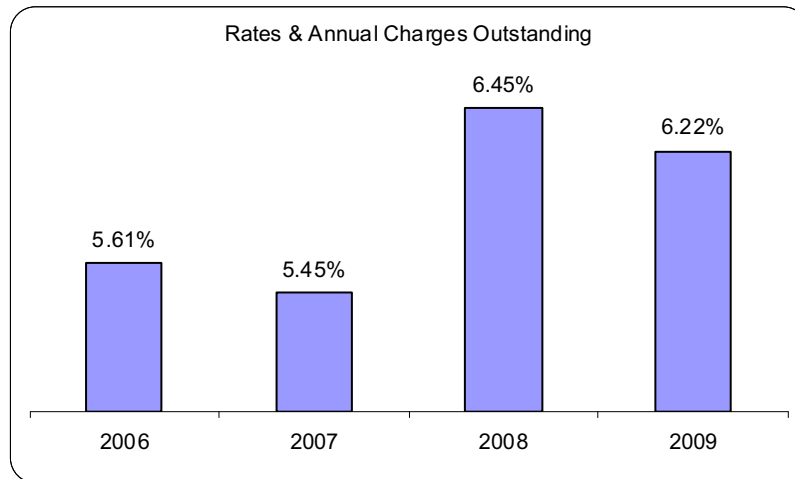
This consolidated debt servicing percentage is relatively low.

Sewerage borrowings for the upgrade of Sewerage infrastructure will increase the Sewerage Fund debt servicing cost to around 25% in 2010 which will not be an unusually high percentage in the circumstances.

## Rate Arrears

Arrears of rates, annual charges and extra charges were \$2.7m (2008 \$2.5m) representing 6.22% of collectable rates and annual charges.

There has been a slight turnaround in the level of outstanding rates but continued recovery action is required to further reduce the arrears.



## Building and Infrastructure Renewals Ratio

This ratio is an indicator of the rate of expenditure on asset renewals as compared to the depreciation of the assets (258%). Now that all infrastructure assets have been revalued to fair value, it will give a comparison of the rate of renewal compared to the consumption (in replacement cost terms) of the assets. The ratio is skewed this year by the significant expenditure on the replacement of the sewerage treatment plants.

## OTHER MATTERS.

The Special Purpose Financial Reports comprise operating and financial position statements for the declared business activities of Council. These reports are prepared for the purpose of fulfilling the requirements of National Competition Policy reporting. They show the operating results for those activities after including tax equivalent payments (which in the case of Sewerage Fund resulted in a dividend payment to General Fund equal to the National Competition Policy Tax Equivalents of \$41,000) and a notional income tax expense equivalent to the corporate tax rate of 30%.

In general, the financial records of Council were well maintained and up to date and we did not note, during the conduct of the audit any specific non compliance with Division 2 of Chapter 13 of the Local Government Act or Part 9 the Local Government General Regulation.

We thank Council management and staff for their co operation and assistance during our audit.

## CONCLUSION

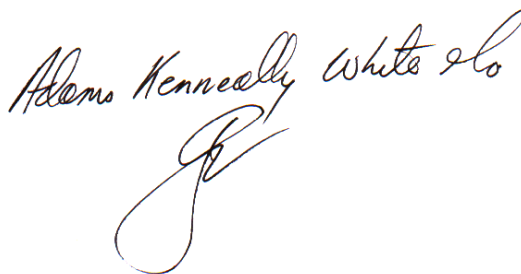
The remediation of the former gasworks site in Tarcutta Street is expected to cost more than \$7.3m and this is the most pressing funding issue facing Council. While \$3.2m has been set aside to reserve and Council has grant funding of \$0.5m, the remaining funding has not yet been determined.

Borrowings are more appropriate for new projects than for remediation in respect of past activities. Council will need to examine which of its existing resources are to be reallocated to fund the works.

There is no capacity to provide funds from working capital. A number of other options including property sales are being discussed. It is likely that at least some of the remaining funds from the sale of the gasworks (\$3.1m) held in the infrastructure reserve, will need to be applied.

As a result of the remediation, there will be limited funds in reserve to bring existing infrastructure up to a satisfactory standard. The rebuilding of the infrastructure renewal reserve must now be included as a recurrent budget priority.

Council's financial position is satisfactory but it needs to give priority to funding the remediation and to reassessing its longer term financial plan, before commitments to new projects are confirmed.



Dated: 29th September 2009  
**WAGGA WAGGA**

**ADAMS KENNEALLY WHITE & CO.**  
Chartered Accountants and Local Government Auditors



# Wagga Wagga City Council

SPECIAL PURPOSE FINANCIAL REPORTS  
for the year ended 30 June 2009

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*“A Centre of Regional Excellence...”*



# Wagga Wagga City Council

## Special Purpose Financial Reports

for the financial year ended 30 June 2009

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### Background

(i) These Special Purpose Financial Reports have been prepared for the use by both Council and the Department 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 reports 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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# Wagga Wagga City Council

## Special Purpose Financial Reports

for the financial year ended 30 June 2009

### Statement by Councillors and Management

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

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

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government"
- The Department 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 Department of Water and Energy Best-Practice Management of Water and Sewerage Guidelines.

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

- 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 reports false or misleading in any way.**

**Signed in accordance with a resolution of Council made on 21 September 2009.**




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Cr Kerry Pascoe  
MAYOR




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Cr Lindsay Vidler  
COUNCILLOR




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Ms Lynn Russell, PSM, FAIM, FLGMA  
GENERAL MANAGER




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Mr Craig Richardson, CPA  
RESPONSIBLE ACCOUNTING OFFICER

## Wagga Wagga City Council

## Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2009

\$ '000	Actual 2009	Actual 2008	Actual 2007
<b>Income from continuing operations</b>			
Access charges	8,906	8,188	7,738
User charges	1,540	1,198	1,239
Liquid Trade Waste Charges	-	-	-
Fees	-	-	-
Interest	137	476	1,008
Grants and contributions provided for non capital purposes	1,056	413	380
Profit from the sale of assets	-	-	-
Other income	85	119	131
<b>Total income from continuing operations</b>	<b>11,724</b>	<b>10,394</b>	<b>10,496</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	1,261	1,184	1,458
Borrowing costs	33	28	29
Materials and contracts	4,210	2,687	2,393
Depreciation and impairment	5,156	4,687	1,297
Loss on sale of assets	-	-	-
Calculated taxation equivalents	41	39	41
Debt guarantee fee (if applicable)	-	-	-
Other expenses	1,250	2,121	1,086
<b>Total expenses from continuing operations</b>	<b>11,951</b>	<b>10,746</b>	<b>6,304</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(227)</b>	<b>(352)</b>	<b>4,192</b>
Grants and contributions provided for capital purposes	1,969	2,391	2,003
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>1,742</b>	<b>2,039</b>	<b>6,195</b>
Surplus (deficit) from discontinued operations	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>1,742</b>	<b>2,039</b>	<b>6,195</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	(1,258)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>1,742</b>	<b>2,039</b>	<b>4,937</b>
plus Opening Retained Profits	64,771	62,819	67,811
plus/less: Prior Period Adjustments	-	(87)	(11,187)
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	41	39	41
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	1,258
less:			
- Tax Equivalent Dividend paid	(41)	(39)	(41)
- Surplus dividend paid	-	-	-
<b>Closing Retained Profits</b>	<b>66,513</b>	<b>64,771</b>	<b>62,819</b>
<b>Return on Capital %</b>	<b>-0.1%</b>	<b>-0.2%</b>	<b>2.8%</b>
<b>Subsidy from Council</b>	<b>11,918</b>	<b>12,081</b>	<b>-</b>
<b>Calculation of dividend payable:</b>			
Surplus (deficit) after tax	1,742	2,039	4,937
less: Capital grants and contributions (excluding developer contributions)	(1,969)	(2,391)	(152)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>	<b>4,785</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>	<b>2,393</b>

## Wagga Wagga City Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2009

\$ '000	Livestock Marketing		Airport	
	Actual 2009	Actual 2008	Actual 2009	Actual 2008
<b>Income from continuing operations</b>				
Access charges	-	-	-	-
User charges	-	-	-	-
Fees	2,570	2,616	1,798	1,651
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	5	8	-	50
<b>Total income from continuing operations</b>	<b>2,575</b>	<b>2,624</b>	<b>1,798</b>	<b>1,701</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	617	637	323	287
Borrowing costs	5	3	3	2
Materials and contracts	191	177	145	791
Depreciation and impairment	187	167	180	64
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	7	8	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	900	801	998	161
<b>Total expenses from continuing operations</b>	<b>1,907</b>	<b>1,793</b>	<b>1,649</b>	<b>1,305</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>668</b>	<b>831</b>	<b>149</b>	<b>396</b>
Grants and contributions provided for capital purposes	-	-	-	406
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>668</b>	<b>831</b>	<b>149</b>	<b>802</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>668</b>	<b>831</b>	<b>149</b>	<b>802</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(200)	(249)	(45)	(119)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>468</b>	<b>582</b>	<b>104</b>	<b>683</b>
plus Opening Retained Profits	7,668	6,829	6,672	5,870
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	7	8	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	200	249	45	119
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
<b>Closing Retained Profits</b>	<b>8,343</b>	<b>7,668</b>	<b>6,821</b>	<b>6,672</b>
<b>Return on Capital %</b>	<b>8.0%</b>	<b>11.3%</b>	<b>1.6%</b>	<b>4.3%</b>
<b>Subsidy from Council</b>	<b>-</b>	<b>-</b>	<b>364</b>	<b>-</b>

## Wagga Wagga City Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2009

\$ '000	Oasis Aquatic Centre	
	Actual 2009	Actual 2008
<b>Income from continuing operations</b>		
Access charges	-	-
User charges	-	-
Fees	-	1,131
Interest	-	-
Grants and contributions provided for non capital purposes	-	1,420
Profit from the sale of assets	-	-
Other income	-	153
<b>Total income from continuing operations</b>	<b>-</b>	<b>2,704</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	-	1,073
Borrowing costs	-	4
Materials and contracts	-	1,069
Depreciation and impairment	-	588
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	-	488
<b>Total expenses from continuing operations</b>	<b>-</b>	<b>3,222</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>-</b>	<b>(518)</b>
Grants and contributions provided for capital purposes	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>-</b>	<b>(518)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>-</b>	<b>(518)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>-</b>	<b>(518)</b>
plus Opening Retained Profits	-	15,536
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
add:		
- Subsidy Paid/Contribution To Operations	-	-
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
<b>Closing Retained Profits</b>	<b>-</b>	<b>15,018</b>
Return on Capital %	n/a	-2.5%
Subsidy from Council	-	1,420

## Wagga Wagga City Council

## Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2009

\$ '000	Actual 2009	Actual 2008
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	24,920	17,545
Investments	-	-
Receivables	1,198	1,047
Inventories	801	894
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>26,919</b>	<b>19,486</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	211,627	182,268
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>211,627</b>	<b>182,268</b>
<b>TOTAL ASSETS</b>	<b>238,546</b>	<b>201,754</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	3,051	4,086
Interest bearing liabilities	401	23
Provisions	1,519	1,332
<b>Total Current Liabilities</b>	<b>4,971</b>	<b>5,441</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	31,721	154
Provisions	3,146	4,060
<b>Total Non-Current Liabilities</b>	<b>34,867</b>	<b>4,214</b>
<b>TOTAL LIABILITIES</b>	<b>39,838</b>	<b>9,655</b>
<b>NET ASSETS</b>	<b>198,708</b>	<b>192,099</b>
<b>EQUITY</b>		
Retained earnings	66,513	64,771
Revaluation reserves	132,195	127,328
Council equity interest	198,708	192,099
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<b>198,708</b>	<b>192,099</b>

## Wagga Wagga City Council

## Balance Sheet of Council's Other Business Activities

as at 30 June 2009

\$ '000	Livestock Marketing		Airport	
	Category 1		Category 2	
	Actual 2009	Actual 2008	Actual 2009	Actual 2008
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	2,466	2,849	3,845	4,210
Investments	-	-	-	-
Receivables	4	36	143	181
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
<b>Total Current Assets</b>	<b>2,470</b>	<b>2,885</b>	<b>3,988</b>	<b>4,391</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	8,464	7,389	9,317	9,280
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
<b>Total Non-Current Assets</b>	<b>8,464</b>	<b>7,389</b>	<b>9,317</b>	<b>9,280</b>
<b>TOTAL ASSETS</b>	<b>10,934</b>	<b>10,274</b>	<b>13,305</b>	<b>13,671</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	24	61	365	903
Interest bearing liabilities	-	-	-	-
Provisions	102	83	92	69
<b>Total Current Liabilities</b>	<b>126</b>	<b>144</b>	<b>457</b>	<b>972</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	6	4	1	1
Other Liabilities	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>6</b>	<b>4</b>	<b>1</b>	<b>1</b>
<b>TOTAL LIABILITIES</b>	<b>132</b>	<b>148</b>	<b>458</b>	<b>973</b>
<b>NET ASSETS</b>	<b>10,802</b>	<b>10,126</b>	<b>12,847</b>	<b>12,698</b>
<b>EQUITY</b>				
Retained earnings	8,344	7,668	6,821	6,672
Revaluation reserves	2,458	2,458	6,026	6,026
Council equity interest	10,802	10,126	12,847	12,698
Minority equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>10,802</b>	<b>10,126</b>	<b>12,847</b>	<b>12,698</b>



## Wagga Wagga City Council

## Balance Sheet of Council's Other Business Activities

as at 30 June 2009

	Oasis Aquatic Centre Category 2	
	Actual 2009	Actual 2008
<b>\$ '000</b>		
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	-	603
Investments	-	-
Receivables	-	19
Inventories	-	34
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>-</b>	<b>656</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	-	20,598
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total Non-Current Assets</b>	<b>-</b>	<b>20,598</b>
<b>TOTAL ASSETS</b>	<b>-</b>	<b>21,254</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	-	182
Interest bearing liabilities	-	-
Provisions	-	112
<b>Total Current Liabilities</b>	<b>-</b>	<b>294</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	8
Other Liabilities	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>8</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>302</b>
<b>NET ASSETS</b>	<b>-</b>	<b>20,952</b>
<b>EQUITY</b>		
Retained earnings	-	15,018
Revaluation reserves	-	5,934
Council equity interest	-	20,952
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<b>-</b>	<b>20,952</b>

# Wagga Wagga City Council

## Special Purpose Financial Reports for the financial year ended 30 June 2009

### Contents of the Notes accompanying the Financial Statements

<b>Note</b>	<b>Details</b>	<b>Page</b>
1	Summary of Significant Accounting Policies	10
2	Water Supply Business Best Practice Management disclosure requirements	n/a
3	Sewerage Business Best Practice Management disclosure requirements	13

## Wagga Wagga City Council

### Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2009

#### Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Report (SPFR) prepared for use by the Council and the Department of Local Government.

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

This special purpose financial report, unless otherwise stated, has been prepared in accordance with;

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Urgent Issues Group Consensus Views,
- the Local Government Act and Regulations,
- the Local Government Code of Accounting Practice and Financial Reporting, and
- the Local Government Asset Accounting Manual.

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 Department 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)

##### a. Sewerage Operations

Sewerage reticulation and treatment systems servicing the City of Wagga Wagga.

##### b. Livestock Marketing Centre

Council's Livestock Marketing Centre

##### Category 2

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

##### a. Oasis Regional Aquatic Facility

Council's 'Oasis' – Regional Aquatic facility

The Oasis Regional Aquatic Facility began its operations on July 10 2003. These statements are based on the assumption that the Property Plant and Equipment has been fully completed by Council and passed on to the business activity to commence operations in July 2004.

A contribution from Council's general fund is included in Grants & Contributions Operating. This amount represents additional general funds required to fund The Oasis Aquatic Facility' operating and capital activities during the year. As there is no requirement for the facility to generate a return on capital, these funds are treated as a contribution rather than a loan.

A notional subsidy from Council general funds to the Oasis Aquatic Facility equal to the contribution is reported pursuant to the Department of Local Government's July 1997 guidelines "Pricing &

## Wagga Wagga City Council

### Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2009

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

*Costing for Council Businesses: A Guide to Competitive Neutrality*.

#### b. Airport

Wagga Wagga City Airport Facility.

#### c. Changes in Declared Business Activities

From July 1 2008, Council no longer regards the Oasis Regional Aquatic Facility as a Business Function.

#### 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 3 (Sewerage Best Practice Management Disclosures).

As required by the Department of Water & Energy, some amounts shown in Note 3 are shown in whole dollars.

#### (i) Taxation Equivalent Charges

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

However, where council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all council nominated business activities and are reflected in the SPFR.

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 **\$368,000** of combined land values attracts **0%**. From \$368,001 to \$2,250,000 the rate is **1.6% + \$100**. For the remaining combined land

value that exceeds \$2,250,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.875%** on the value of taxable salaries and wages in excess of \$623,000.

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

## Wagga Wagga City Council

### Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2009

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

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 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 5.54% at 30/6/09.

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 and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

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 or sewerage assessments at 30 June 2009 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 Department of Water & Energy prior to making the dividend and only after the Department has approved its payment.

## Wagga Wagga City Council

### Notes to the Special Purpose Financial Reports for the financial year ended 30 June 2009

#### Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2009

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

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

(i)	Calculated Tax Equivalents	41,000
(ii)	No of assessments multiplied by \$3/assessment	70,872
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	41,000
(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]	-
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	667,720
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2009, less the cumulative dividends paid for the 2 years to 30 June 2008	4,785,400

2009 Surplus	-	2008 Surplus	-	2007 Surplus	4,785,400
		2008 Dividend	-	2007 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	-
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

##### 3. Required outcomes for 4 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)	Pricing with 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	
	(a) Residential [Item 2(c) in Table 1]	YES
	(b) Non Residential [Item 2(c) in Table 1]	NO
	(c) Trade Waste [Item 2(d) in Table 1]	NO
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii)	Complete Performance Reporting Form (by 15 September each year)	YES
(iv)	a. Integrated Water Cycle Management Evaluation	NO
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

## Wagga Wagga City Council

Notes to the Special Purpose Financial Reports  
for the financial year ended 30 June 2009Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

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Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2009


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

<b>NWI F2</b>	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	13,556
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	-
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	6,374
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	30,835
<b>NWI F18</b>	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	n/a
<b>NWI F27</b>	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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**National Water Initiative (NWI) Financial Performance Indicators  
Water & Sewer (combined)**

<b>NWI F3</b>	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	13,556
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.13%
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	30,835
<b>NWI F19</b>	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	n/a
<b>NWI F20</b>	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
<b>NWI F21</b>	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

## Wagga Wagga City Council

Notes to the Special Purpose Financial Reports  
for the financial year ended 30 June 2009Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

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

2009

National Water Initiative (NWI) Financial Performance Indicators  
Water & Sewer (combined)

<b>NWI F22</b>	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	3.62%
<b>NWI F23</b>	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest  Earnings before Interest & Tax (EBIT): Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)  Net Interest: Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		9
<b>NWI F24</b>	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	1,742
<b>NWI F25</b>	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	153

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
  - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.



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partners  
m j m'cormack f.c.a  
j w mason c.a  
m j wakening c.a  
g m obst c.a  
m k potts c.a  
j a harris c.a

## INDEPENDENT AUDIT REPORT COUNCIL OF THE CITY OF WAGGA WAGGA

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### REPORT ON THE FINANCIAL REPORT

We have audited the accompanying **special purpose financial reports** of the **Council of the City of Wagga Wagga** for the year ended 30th June 2009. The financial reports include the financial statements of the business activities of the Council, comprising, Income Statements of Business Activities, Balance Sheets of Business Activities, and a summary of significant accounting policies and other explanatory notes and the Statement by Council and Management

#### *Responsibility of Council for the Financial Report*

The Council is responsible for the preparation and fair presentation of the financial report in accordance with the accounting policies described in Note 1 to the financial report and have determined that the accounting policies therein described are appropriate to meet the financial reporting requirements to the Department of Local Government. Council's responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. We have not examined the best practice management disclosures in Note 3 for Sewerage in respect of best practice required outcomes and National Water Initiative Financial Performance Indicators and express no opinion on them.



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approved under  
Professional Standards Legislation



Chartered  
Accountants

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.


The special purpose financial reports have been prepared for distribution to the Council the Department of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Department of Local Government or for any purpose other than for which the report was prepared.

Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Auditor's Opinion*

In our opinion, the Special Purpose Financial Reports of the **Council of the City of Wagga Wagga** are presented fairly, in all material respects, in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

*Adams Kennedy White & Co*  
  
**ADAMS KENNEALLY WHITE & CO**  
Chartered Accountants

Dated: 29th September 2009  
Wagga Wagga

# Wagga Wagga City Council

SPECIAL SCHEDULES

for the year ended 30 June 2009

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*“A Centre of Regional Excellence...”*



# Wagga Wagga City Council

## Special Schedules

for the financial year ended 30 June 2009

<b>Contents</b>		<b>Page</b>
<b>Special Schedules<sup>1</sup></b>		
- <b>Special Schedule No. 1</b>	Net Cost of Services	2
- <b>Special Schedule No. 2(a)</b>	Statement of Long Term debt (all purposes)	5
- <b>Special Schedule No. 2(b)</b>	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- <b>Special Schedule No. 3</b>	Water Supply - Income Statement	n/a
- <b>Special Schedule No. 4</b>	Water Supply - Balance Sheet	n/a
- <b>Special Schedule No. 5</b>	Sewerage Service - Income Statement	6
- <b>Special Schedule No. 6</b>	Sewerage Service - Balance Sheet	10
- <b>Notes to Special Schedules No. 3 &amp; 5</b>		11
- <b>Special Schedule No. 7</b>	Condition of Public Works	12
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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 Department of Energy, Utilities & Sustainability (DEUS), and
  - the Department 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 specific service financial activities.
-

## Wagga Wagga City Council

Special Schedule No. 1 - Net Cost of Services  
for the financial year ended 30 June 2009

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
<b>Governance</b>	852	<b>852</b>	2	-	<b>2</b>	(850)	<b>(850)</b>
<b>Administration</b>							
Corporate Support	9,702		368	-		(9,334)	
Engineering and Works	8,980		253	1,774		(6,953)	
Other Support Services	937	<b>19,619</b>	-	-	<b>2,395</b>	(937)	<b>(17,224)</b>
<b>Public Order and Safety</b>							
Contributions to Fire Service Levy	643		-	-		(643)	
Fire Protection – Other	148		182	-		34	
Animal Control	247		159	-		(88)	
Beach Control	4		9	-		5	
Enforcement of Local Govt Regs	454		627	-		173	
Emergency Services	30		12	187		169	
Other	-	<b>1,526</b>	-	-	<b>1,176</b>	-	<b>(350)</b>
<b>Health</b>							
Administration and Inspection	680		544	-		(136)	
Immunisations	20		11	-		(9)	
Food Control	1		40	-		39	
Insect/Vermin Control	9		-	-		(9)	
Noxious Plants	275		85	-		(190)	
Health Centres	-		-	-		-	
Other	-	<b>985</b>	-	-	<b>680</b>	-	<b>(305)</b>
<b>Community Services and Education</b>							
Administration	159		11	-		(148)	
Family Day Care	2,219		2,103	-		(116)	
Child Care	124		18	-		(106)	
Youth Services	124		3	-		(121)	
Other Families and Children	516		230	-		(286)	
Aged and Disabled	179		122	-		(57)	
Migrant Services	-		-	-		-	
Aboriginal Services	-		-	-		-	
Other Community Services	174		113	-		(61)	
Education	-	<b>3,495</b>	-	-	<b>2,600</b>	-	<b>(895)</b>

## Wagga Wagga City Council

Special Schedule No. 1 - Net Cost of Services (continued)  
for the financial year ended 30 June 2009

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
<b>Housing and Community Amenities</b>							
Housing	29		90	-		61	
Town Planning	2,361		790	514		(1,057)	
Domestic Waste Management	4,355		6,319	-		1,964	
Other Waste Management	1,818		336	-		(1,482)	
Street Cleaning	-		-	-		-	
Other Sanitation and Garbage	54		-	-		(54)	
Drainage	1,602		(180)	20		(1,762)	
Stormwater Management	-		-	-		-	
Environmental Protection	10,029		510	63		(9,456)	
Public Cemeteries	898		872	-		(26)	
Public Conveniences	100		(1)	-		(101)	
Other Community Amenities	-	<b>21,246</b>	-	2,462	<b>11,795</b>	2,462	<b>(9,451)</b>
<b>Water Supplies</b>	-	-	-	-	-	-	-
<b>Sewerage Services</b>	11,910	<b>11,910</b>	10,818	2,791	<b>13,609</b>	1,699	<b>1,699</b>
<b>Recreation and Culture</b>							
Public Libraries	1,625		226	19		(1,380)	
Museums	754		103	-		(651)	
Art Galleries	833		289	64		(480)	
Community Centres	6		-	-		(6)	
Public Halls	6		3	-		(3)	
Other Cultural Services	1,359		520	43		(796)	
Swimming Pools	3,340		1,413	-		(1,927)	
Sporting Grounds	1,282		102	119		(1,061)	
Parks and Gardens (Lakes)	1,941		277	1,154		(510)	
Other Sport and Recreation	1,566	<b>12,712</b>	193	135	<b>4,660</b>	(1,238)	<b>(8,052)</b>
<b>Fuel and Energy</b>							
Gas Supplies	-	-	-	-	-	-	-
<b>Mining, Manufacturing and Construction</b>							
Building Control	806		969	-		163	
Abattoirs	-		-	-		-	
Quarries and Pits	120		-	-		(120)	
Other	-	<b>926</b>	-	-	<b>969</b>	-	<b>43</b>

## Wagga Wagga City Council

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

for the financial year ended 30 June 2009

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
<b>Transport and Communication</b>							
Urban Roads (UR) - Local	2,479		96	3,240		857	
Urban Roads - Regional	133		-	-		(133)	
Sealed Rural Roads (SRR) - Local	600		-	-		(600)	
Sealed Rural Roads - Regional	212		1,092	-		880	
Unsealed Rural Roads (URR) - Local	1,092		-	-		(1,092)	
Unsealed Rural Roads - Regional	94		-	-		(94)	
Bridges on UR - Local	72		-	-		(72)	
Bridges on UR - Regional	59		-	-		(59)	
Bridges on SRR - Local	11		-	-		(11)	
Bridges on SRR - Regional	-		-	-		-	
Bridges on URR - Local	-		-	-		-	
Bridges on URR - Regional	-		-	-		-	
Footpaths	211		-	-		(211)	
Aerodromes	1,632		1,798	-		166	
Parking Areas	55		-	-		(55)	
Bus Shelters and Services	59		-	-		(59)	
Water Transport	-		-	-		-	
RTA Works (State)	345		422	-		77	
Street Lighting	784		-	-		(784)	
Other	43,425	<b>51,263</b>	469	902	<b>8,019</b>	(42,054)	<b>(43,244)</b>
<b>Economic Affairs</b>							
Camping Areas	-		-	-		-	
Caravan Parks	-		12	-		12	
Tourism and Area Promotion	787		111	-		(676)	
Industrial Development Promotion	522		94	-		(428)	
Saleyards and Markets	1,879		2,575	-		696	
Real Estate Development	-		12	-		12	
Commercial Nurseries	-		-	-		-	
Other Business Undertakings	1,319	<b>4,507</b>	2,155	15	<b>4,974</b>	851	<b>467</b>
<b>Totals – Functions</b>		<b>129,041</b>	<b>37,377</b>	<b>13,502</b>	<b>50,879</b>		<b>(78,162)</b>
<b>General Purpose Revenues<sup>(1)</sup></b>			<b>38,418</b>	<b>-</b>	<b>38,418</b>	38,418	<b>38,418</b>
Share of interests - joint ventures & associates using the equity method	-	-	29		29	29	29
<b>NET OPERATING RESULT FOR YEAR</b>	<b>129,041</b>		<b>75,824</b>	<b>13,502</b>	<b>89,326</b>	<b>(39,715)</b>	<b>(39,715)</b>

Notes:

(1) Includes: Rates &amp; Annual Charges (incl. Ex Gratia), Untied General Purpose Grants &amp; Interest on Investments (excl. Restricted Assets)

# Wagga Wagga City Council

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

for the financial year ended 30 June 2009

\$'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	20	122	142	32,000	20	-	-	1,922	401	31,721	32,122
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>20</b>	<b>122</b>	<b>142</b>	<b>32,000</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>1,922</b>	<b>401</b>	<b>31,721</b>	<b>32,122</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	4	32	36	-	36	-	-	3	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>	<b>4</b>	<b>32</b>	<b>36</b>	<b>-</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>24</b>	<b>154</b>	<b>178</b>	<b>32,000</b>	<b>56</b>	<b>-</b>	<b>-</b>	<b>1,925</b>	<b>401</b>	<b>31,721</b>	<b>32,122</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 (as per the GPFR's).



## Wagga Wagga City Council

### Special Schedule No. 5 - Sewerage Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2009

\$'000	Actuals 2009	Actuals 2008
<b>A Expenses and Income Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	1,268	1,159
b. Engineering and Supervision	-	-
<b>2. Operation and Maintenance</b>		
<b>- Mains</b>		
a. Operation expenses	477	423
b. Maintenance expenses	572	500
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	289	236
d. Energy costs	108	103
e. Maintenance expenses	88	114
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	2,826	2,255
g. Chemical costs	4	138
h. Energy costs	25	290
i. Effluent Management	37	45
j. Biosolids Management	-	-
k. Maintenance expenses	-	-
<b>- Other</b>		
l. Operation expenses	680	577
m. Maintenance expenses	-	-
<b>3. Depreciation</b>		
a. System assets	5,156	4,687
b. Plant and equipment	-	-
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	360	161
b. Revaluation Decrements	-	-
c. Other expenses	20	19
d. Tax Equivalents Dividends (actually paid)	41	39
<b>5. Total expenses</b>	<b>11,951</b>	<b>10,746</b>

## Wagga Wagga City Council

## Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2009

\$'000	Actuals 2009	Actuals 2008
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	7,635	7,005
<b>7. Non-residential charges</b>		
a. Access (including rates)	1,271	1,183
b. Usage charges	-	-
<b>8. Trade Waste Charges</b>		
a. Annual Fees	-	-
b. Usage charges	1,540	1,198
c. Excess mass charges & re-inspection fees	-	-
<b>9. Extra charges</b>	-	-
<b>10. Interest income</b>	137	476
<b>11. Other income</b>	85	119
<b>12. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	153	154
c. Other grants	-	-
<b>13. Contributions</b>		
a. Developer charges	1,169	859
b. Developer provided assets	800	1,532
c. Other contributions	903	259
<b>14. Total income</b>	<u>13,693</u>	<u>12,785</u>
<b>15. Gain or loss on disposal of assets</b>	-	-
<b>16. Operating Result</b>	<u>1,742</u>	<u>2,039</u>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	1,742	2,039

## Wagga Wagga City Council

## Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2009

\$'000	Actuals 2009	Actuals 2008
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. Subsidised scheme	-	-
b. Other new system assets	30,835	13,643
c. Renewals	-	-
d. Plant and equipment	-	-
<b>18. Repayment of debt</b>		
a. Loans	20	18
b. Advances	36	3
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>30,891</b>	<b>13,664</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	32,000	-
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>32,000</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	21,170	20,843
b. Residential (unoccupied, ie. vacant lot)	840	873
c. Non-residential (occupied)	1,614	1,606
d. Non-residential (unoccupied, ie. vacant lot)	-	-
<b>26. Number of ETs for which developer charges were received</b>	- ET	- ET
<b>27. Total amount (actual dollars) of pensioner rebates</b>	\$ 597,697	\$ 591,000

## Wagga Wagga City Council

Special Schedule No. 5 - Sewerage Cross Subsidies  
for the financial year ended 30 June 2009

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>28. Annual charges</b>			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/>	<input type="checkbox"/> No	
If Yes, go to 29a. If No, please report if council has removed <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, Department of Water and Energy, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text" value="-"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text" value="-"/>
<b>29. Developer charges</b>			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in sewerage developer charges for 2008/09 (page 47 of Guidelines)			<input type="text" value="-"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, Department of Water & Energy , Dec 2002.			
<b>30. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (28b + 28c + 29b)</b>			<input type="text" value="-"/>

\* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.

## Wagga Wagga City Council

## Special Schedule No. 6 - Sewerage Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2009

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	720	-	720
c. Accrued leave	191	-	191
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	24,009	-	24,009
<b>32. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and charges	501	-	501
c. Other	697	-	697
<b>33. Inventories</b>	801	-	801
<b>34. Property, plant and equipment</b>			
a. System assets	-	211,627	211,627
b. Plant and equipment	-	-	-
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>26,919</b>	<b>211,627</b>	<b>238,546</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	3,051	-	3,051
<b>39. Borrowings</b>			
a. Loans	401	31,721	32,122
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	1,519	3,146	4,665
<b>41. Total Liabilities</b>	<b>4,971</b>	<b>34,867</b>	<b>39,838</b>
<b>42. NET ASSETS COMMITTED</b>	<b>21,948</b>	<b>176,760</b>	<b>198,708</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			66,513
<b>44. Asset revaluation reserve</b>			132,195
<b>45. TOTAL EQUITY</b>			<b>198,708</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			-
<b>47. Accumulated current cost</b> depreciation of system assets			-
<b>48. Written down current cost</b> of system assets			-

## Wagga Wagga City Council

### Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2009

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#### 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) include 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.









## Wagga Wagga City Council

## Special Schedule No. 8 - Financial Projections

as at 30 June 2009

\$'000	Actual <sup>(1)</sup> 08/09	Forecast 09/10	Forecast 10/11	Forecast <sup>(3)</sup> 11/12	Forecast <sup>(3)</sup> 12/13
<b>(i) RECURRENT BUDGET</b>					
Income from continuing operations	89,326	80,866	95,767	108,886	91,449
Expenses from continuing operations	129,041	78,678	80,058	82,690	84,909
<b>Operating Result from Continuing Operations</b>	<b><u>(39,715)</u></b>	<b><u>2,188</u></b>	<b><u>15,709</u></b>	<b><u>26,196</u></b>	<b><u>6,540</u></b>
<b>(ii) CAPITAL BUDGET</b>					
New Capital Works <sup>(2)</sup>	7,758	9,073	21,010	34,280	8,217
Replacement/Refurbishment of Existing Assets	36,367	20,104	15,866	11,046	10,519
<b>Total Capital Budget</b>	<b><u>44,125</u></b>	<b><u>29,177</u></b>	<b><u>36,876</u></b>	<b><u>45,326</u></b>	<b><u>18,736</u></b>
<b>Funded by:</b>					
– Loans	32,000	4,400	3,640	4,476	583
– Asset sales	1,016	1,128	1,154	1,455	1,321
– Reserves	2,111	12,124	8,377	7,615	5,794
– Grants/Contributions	3,469	4,930	16,475	25,788	4,995
– Recurrent revenue	5,529	6,595	7,230	5,992	6,043
– Other	-	-	-	-	-
	<b><u>44,125</u></b>	<b><u>29,177</u></b>	<b><u>36,876</u></b>	<b><u>45,326</u></b>	<b><u>18,736</u></b>

**Notes:**

(1) From 08/09 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.