

Wagga Wagga City Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2015

*"A thriving, innovative, connected community on the
Murrumbidgee, rich in opportunity, choice, learning and
environment, where paths cross, where people meet"*



Wagga Wagga City Council

General Purpose Financial Statements

for the financial year ended 30 June 2015

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Overview

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

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

- the ability to provide goods, services & facilities, and to carry out activities appropriate to the current & future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the area.

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 14 October 2015. Council has the power to amend and reissue these financial statements.
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Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2015.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income & expenses.

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities & "Net Wealth".

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

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

About the Notes to the Financial Statements

The Notes to the financial statements provide greater detail and additional information on the 5 primary financial statements.

About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

Who uses the Financial Statements ?

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

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

Council is required to forward an audited set of financial statements to the Office of Local Government.

Wagga Wagga City Council

General Purpose Financial Statements for the financial year ended 30 June 2015

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

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

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

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

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

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


Signed in accordance with a resolution of Council made on 14 October 2015.



Rod Kendall
MAYOR



Dallas Tout
COUNCILLOR



Alan Eldridge
GENERAL MANAGER



Carolyn Rodney
RESPONSIBLE ACCOUNTING OFFICER

Wagga Wagga City Council

Income Statement

for the financial year ended 30 June 2015

Budget ¹ 2015	\$ '000	Notes	Actual 2015	Actual 2014
Income from Continuing Operations				
Revenue:				
54,887	Rates & Annual Charges	3a	54,287	52,450
21,491	User Charges & Fees	3b	23,432	21,114
3,994	Interest & Investment Revenue	3c	3,628	4,141
2,945	Other Revenues	3d	7,340	3,210
14,550	Grants & Contributions provided for Operating Purposes	3e,f	15,626	22,312 ²
12,928	Grants & Contributions provided for Capital Purposes	3e,f	29,232	15,677
Other Income:				
-	Net gains from the disposal of assets	5	-	-
-	Net Share of interests in Joint Ventures & Associates using the equity method	19	244	195
110,795	Total Income from Continuing Operations		133,789	119,099
Expenses from Continuing Operations				
40,645	Employee Benefits & On-Costs	4a	39,378	40,296
4,249	Borrowing Costs	4b	4,150	4,092
24,893	Materials & Contracts	4c	29,882	27,748
22,537	Depreciation & Amortisation	4d	22,309	22,013
-	Impairment	4d	-	-
13,797	Other Expenses	4e	10,932	20,728
-	Net Losses from the Disposal of Assets	5	1,490	2,085
106,121	Total Expenses from Continuing Operations		108,141	116,961
4,674	Operating Result from Continuing Operations		25,648	2,138
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
4,674	Net Operating Result for the Year		25,648	2,138
4,674	Net Operating Result attributable to Council		25,648	2,138
-	Net Operating Result attributable to Non-controlling Interests		-	-
(8,254)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(3,584)	(13,539)

¹ Original Budget as approved by Council - refer Note 16

² Financial Assistance Grants for 13/14 were lower reflecting one off timing differences due to changes in how the grant was paid in prior years - refer Note 3 (e)

Wagga Wagga City Council

Statement of Comprehensive Income

for the financial year ended 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
Net Operating Result for the year (as per Income statement)		25,648	2,138
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	34,643	6,760
Impairment reversal relating to I,PP&E	20b (ii)	807	1,405
Total Items which will not be reclassified subsequently to the Operating Result		35,451	8,164
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Riverina Regional Library Service	20a	(23)	(317)
Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met		(23)	(317)
Total Other Comprehensive Income for the year		35,427	7,847
Total Comprehensive Income for the Year		61,075	9,985
Total Comprehensive Income attributable to Council		61,075	9,985
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Wagga Wagga City Council

Statement of Financial Position

as at 30 June 2015

\$ '000	Notes	Actual 2015	Actual 2014
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	7,930	15,821
Investments	6b	34,131	16,125
Receivables	7	11,465	14,955
Inventories	8	2,487	2,732
Other	8	436	386
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		56,449	50,019
Non-Current Assets			
Investments	6b	40,013	43,614
Receivables	7	359	2,730
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	1,318,091	1,263,832
Investments accounted for using the equity method	19	1,907	1,744
Investment Property	14	3,450	3,955
Intangible Assets	25	-	-
Total Non-Current Assets		1,363,821	1,315,876
TOTAL ASSETS		1,420,270	1,365,894
LIABILITIES			
Current Liabilities			
Payables	10	12,377	15,129
Borrowings	10	2,263	2,133
Provisions	10	12,288	15,093
Total Current Liabilities		26,928	32,355
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	53,908	55,256
Provisions	10	2,039	1,963
Total Non-Current Liabilities		55,946	57,218
TOTAL LIABILITIES		82,874	89,573
Net Assets		1,337,396	1,276,321
EQUITY			
Retained Earnings	20	807,902	782,278
Revaluation Reserves	20	529,494	494,043
Council Equity Interest		1,337,396	1,276,321
Non-controlling Equity Interests		-	-
Total Equity		1,337,396	1,276,321

Wagga Wagga City Council

Statement of Changes in Equity
for the financial year ended 30 June 2015

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2015						
Opening Balance (as per Last Year's Audited Accounts)		782,282	494,041	1,276,323	-	1,276,323
a. Correction of Prior Period Errors	20 (c)	(4)	2	(2)	-	(2)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/14)		782,278	494,043	1,276,321	-	1,276,321
c. Net Operating Result for the Year		25,648	-	25,648	-	25,648
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	34,643	34,643	-	34,643
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	807	807	-	807
- Other Movements (Joint Ventures)	20a	(81)	-	(81)	-	(81)
- Other Reserves Movements	20a	58	-	58	-	58
Other Comprehensive Income		(23)	35,451	35,427	-	35,427
Total Comprehensive Income (c&d)		25,624	35,451	61,075	-	61,075
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		807,902	529,494	1,337,396	-	1,337,396

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
2014						
Opening Balance (as per Last Year's Audited Accounts)		780,256	487,126	1,267,382	-	1,267,382
a. Correction of Prior Period Errors	20 (c)	201	(1,247)	(1,046)	-	(1,046)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/13)		780,457	485,879	1,266,336	-	1,266,336
c. Net Operating Result for the Year		2,138	-	2,138	-	2,138
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	6,760	6,760	-	6,760
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	1,405	1,405	-	1,405
- Other Movements (Joint Ventures)	20b (ii)	(317)	-	(317)	-	(317)
Other Comprehensive Income		(317)	8,164	7,847	-	7,847
Total Comprehensive Income (c&d)		1,821	8,164	9,985	-	9,985
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		782,278	494,043	1,276,321	-	1,276,321

Wagga Wagga City Council

Statement of Cash Flows

for the financial year ended 30 June 2015

Budget 2015	\$ '000	Notes	Actual 2015	Actual 2014
Cash Flows from Operating Activities				
Receipts:				
54,796	Rates & Annual Charges		54,330	52,774
21,602	User Charges & Fees		24,074	20,947
4,035	Investment & Interest Revenue Received		3,705	3,475
28,462	Grants & Contributions		33,248	34,473
-	Bonds, Deposits & Retention amounts received		232	-
2,919	Other		17,129	13,137
Payments:				
(40,642)	Employee Benefits & On-Costs		(38,567)	(40,036)
(24,755)	Materials & Contracts		(33,216)	(23,410)
(3,651)	Borrowing Costs		(4,074)	(4,011)
-	Bonds, Deposits & Retention amounts refunded		-	(17)
(13,797)	Other		(21,099)	(32,448)
28,969	Net Cash provided (or used in) Operating Activities	11b	35,763	24,881
Cash Flows from Investing Activities				
Receipts:				
8,355	Sale of Investment Securities		24,659	24,858
-	Sale of Investment Property		434	679
3,210	Sale of Infrastructure, Property, Plant & Equipment		2,035	1,334
1,804	Deferred Debtors Receipts		156	259
Payments:				
-	Purchase of Investment Securities		(38,848)	(31,118)
-	Purchase of Investment Property		-	(36)
(52,693)	Purchase of Infrastructure, Property, Plant & Equipment		(30,873)	(26,770)
-	Deferred Debtors & Advances Made		-	(441)
-	Contributions - Joint Ventures & Associates		-	(54)
(39,324)	Net Cash provided (or used in) Investing Activities		(42,437)	(31,289)
Cash Flows from Financing Activities				
Receipts:				
12,455	Proceeds from Borrowings & Advances		1,015	3,892
Payments:				
(2,757)	Repayment of Borrowings & Advances		(2,232)	(1,765)
9,697	Net Cash Flow provided (used in) Financing Activities		(1,218)	2,127
(657)	Net Increase/(Decrease) in Cash & Cash Equivalents		(7,891)	(4,280)
4,528	plus: Cash & Cash Equivalents - beginning of year	11a	15,821	20,101
3,871	Cash & Cash Equivalents - end of the year	11a	7,930	15,821
Additional Information:				
	plus: Investments on hand - end of year	6b	74,145	59,739
	Total Cash, Cash Equivalents & Investments		82,075	75,560

Please refer to Note 11 for additional cash flow information

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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n/a - not applicable

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

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

Because AASBs are sector neutral, some standards either:

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

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

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

(iii) New and amended standards adopted by Council

During the current year, the following relevant accounting standards became mandatory and have been adopted by Council:

- *AASB 10 Consolidated Financial Statements*
- *AASB 11 Joint Arrangements*
- *AASB 12 Disclosures of Interests in Other Entities*

AASB 10 introduced a new definition of control based on the substance of the relationship and required Councils to consider their involvement with other entities regardless of whether there was a financial interest.

AASB 11 classified joint arrangements into either joint ventures (equity accounting) or joint operations (accounting for share of assets and liabilities).

AASB 12 has increased the level of disclosures required where Council has any interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

(iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

(v) Basis of Accounting

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

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

(vi) Changes in Accounting Policies

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

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

(vii) Critical Accounting Estimates

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

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

- (i) Estimated fair values of investment properties
- (ii) Estimated fair values of infrastructure, property, plant and equipment.
- (iii) Estimated remediation provisions.

Critical judgements in applying Council's accounting policies

- (i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.
- (ii) Projected Section 94 Commitments - Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to it and specific criteria have been met for each of the Council's activities as described below.

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

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

Revenue is measured on major income categories as follows:

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.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, **(i)** it is probable that the economic benefits comprising the contribution will flow to the Council and **(ii)** the amount of the contribution can be measured reliably.

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.

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

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

Rental income is recognised as revenue when an invoice for the rent has been raised.

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

(c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2015) and **(ii)** all the related operating results (for the financial year ended the 30th June 2015).

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

(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 statements.

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

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 Ventures

Riverina Regional Library Service

Council participates in cooperative arrangements with twelve other Councils for the provision of services and facilities through the Riverina Regional Library Service. No one Council exercise control, nor can anyone Council unilaterally dominate decision making.

The carrying amount of Council's interest in the joint venture is shown as a non-current asset "Investments Account for Using the Equity Method" in the balance sheet. The details of Council's interest in the joint venture are shown in Note 19b.

(iv) Associates

Council has no interest in any Associates.

(v) County Councils

Council is a member of the **Riverina Water County Council** which is a body corporate under the Local Government Act.

Riverina Water County Council exists 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 **Riverina Water County Council** is responsible for managing its own affairs.

Council is of the opinion that it neither controls nor significantly influences the **Riverina Water County Council** and accordingly this entity has not been consolidated or otherwise included within these Financial Reports.

(vi) Unconsolidated Structured Entities

Council has no interest in any Unconsolidated Structured Entities.

(d) Leases

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

Finance Leases

Council currently does not hold any leases that are classified as Finance 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.

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(e) Cash and Cash Equivalents

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, 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.

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

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

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

Accordingly, this classification principally comprises marketable equity securities, but can include all types

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

of financial assets that could otherwise be classified in one of the other investment categories.

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

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

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

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

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. As at 30 June 2015, there is no evidence of impairment in any group of financial assets.

(iii) Types of Investments

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

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

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

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments that Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked 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.

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

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

(h) Receivables

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

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

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

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

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

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

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

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

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

Land Held for Resale/Capitalisation of Borrowing Costs

Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development.

When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

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

Acquisition of assets

Council's non current assets are continually revalued in accordance with the fair valuation policy as mandated by the Office of Local Government.

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

Wagga Wagga City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

- **Investment Properties** – refer Note 1(p),
- **Sewerage Networks**
(External Valuation - Depreciated Replacement Cost)
- **Operational and Community Land**
(External Valuation – Operational Land @ Market Value;
Community Land @ Market Value)
- **Buildings – Specialised/Non Specialised**
(External Valuation)
- **Plant and Equipment**
(As approximated by depreciated replacement cost)
- **Roads Assets incl. Roads, Bridges & Footpaths**
(Internal Valuation – Depreciated Replacement Cost)
- **Stormwater Drainage Assets**
(Internal Valuation – Depreciated Replacement Cost)
- **Other Structures and Other Assets**
(Internal Valuation – Depreciated Replacement Cost)

Initial Recognition

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

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

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

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

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow

to Council and the cost of the item can be measured reliably.

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

Asset Revaluations (including Indexation)

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

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

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

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

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

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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	100% Capitalised

Plant & Equipment

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

Other Assets

Artworks	100% Capitalised
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Buildings & Land Improvements

Park Furniture & Equipment	> \$2,000
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Building

- Construction/extensions	100% Capitalised
- Renovations	> \$5,000

Other Structures	> \$2,000
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Sewer Assets

Sewer Network	> \$5,000
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Stormwater Assets

Stormwater Drainage	> \$3,000
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Transport Assets

Road Works	> \$1,000
Footpath construction & reconstruction	> \$5,000
Bridge construction & reconstruction	> \$5,000

Other Infrastructure Assets

Other Open Space/Recreational Assets	> \$2,000
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Depreciation

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

Land and artworks are not depreciated.

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

Plant & Equipment

- Office Equipment	3 to 100 years
- Furniture & Fittings	1 to 100 years
- Computer Equipment	3 to 10 years
- Vehicles	2 to 5 years
- Heavy Plant/Road Making equip.	5 to 12 years
- Other plant and equipment	5 to 20 years

Other Equipment

- Playground equipment	5 to 10 years
- Benches, seats etc	10 to 20 years

Buildings

- Whole Building	20 to 80 years
- Structure	40 to 80 years
- Roof	40 to 50 years
- Internal Finishes	20 years
- Electrical/Mechanical/Fire/Security	20 years

Stormwater Drainage

- Open Drains & Detention Basins	0 to 100 years
- Culverts	60 years
- Levee Banks	60 to 100 years
- Stormwater Pipes	70 to 100 years
- Stormwater Pits	100 years

Transportation Assets

- Sealed Roads : Surface	15 to 25 years
- Sealed Roads : Structure	5 to 100 years
- Unsealed roads	5 to 100 years
- Bridges	50 to 100 years
- Footbridges	30 to 80 years
- Kerb, Gutter & Paths	15 to 70 years
- Bus & Taxi Shelters	20 to 50 years

Sewer Assets

- Sewer Mains	40 to 113 years
- Pump Stations	9 to 102 years
- Treatment Works	15 to 112 years
- Ancillary	10 to 100 years

Other Infrastructure Assets

- Open Space/Recreational Assets	10 to 30 years
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Other Structures

- Other Improvements	19 to 81 years
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Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Swimming Pools

-Outdoor Pools 36 years

All asset residual values and useful lives are reviewed and adjusted (if appropriate), at each reporting date.

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

Disposal and De-recognition

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

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

(k) Land

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

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

(l) Land under roads

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

Council has elected to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

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

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) 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.

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

(o) Rural Fire Service assets

Under section 119 of the Rural Fires Act 1997, "*all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed*".

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to exclude the assets, their values and depreciation charges from these financial statements.

(p) Investment property

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

Full revaluations are carried out every year.

The last full revaluation for Council's Investment Properties was dated 30/06/2015.

(q) 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 disclosed as a borrowing cost in Note 4(b).

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. 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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

environmental clean up, which would affect future financial results.

Specific Information relating to Council's provisions relating to Close down, Restoration and Remediation costs can be found at Note 26.

(r) Impairment of assets

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

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

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

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

Non-financial assets that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

(s) 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.

(t) Borrowings

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

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

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

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

(u) Borrowing costs

Borrowing costs are expensed except to the extent that they are incurred during the construction of qualifying assets.

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

(v) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

(w) Employee benefits

(i) Short Term Obligations

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

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

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

All other short-term employee benefit obligations are presented as payables.

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

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

(ii) Other Long Term Obligations

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

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

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

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

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

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.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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.

The last valuation of the Scheme was performed by Mr Martin Stevenson (BSc, FIA, FiAA) on 20/02/2013.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2015 the prior period deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

Accordingly, Council's contributions to the scheme are recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2015.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$ 383,763 as at 30 June 2015.

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 these financial statements.

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

Defined Contribution Plans

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

(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 30/06/15.

(x) Allocation between current and non-current assets & liabilities

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

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

Exceptions

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

(y) 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).

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

(z) New accounting standards and interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2015.

Council has not adopted any of these standards early.

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

Applicable to Local Government:

AASB 9 - Financial Instruments (and associated amending standards)

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

- fair value and
- amortised cost (where financial assets will only be able to be measured at amortised cost where very specific conditions are met).

AASB 15 - Revenue from contracts with customers and associated amending standards

AASB 15 will introduce a five step process for revenue recognition with the core principle of the new Standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

The full impact of AASB 15 has not yet been ascertained or quantified.

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2017.

AASB 124 - Related Party Disclosures

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

Wagga Wagga City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

AASB 2014 - 10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not).

A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2016.

This standard will only impact Council where there has been a sale or contribution of assets between the entity and the associate/joint venture.

Not applicable to Local Government per se;

None

(aa) Rounding of amounts

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

(ab) Comparative Figures

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

(ac) Disclaimer

Nothing contained within these statements 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 2015

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2015	2015	2014	2015	2015	2014	2015	2015	2014	2015	2014	2015	2014
Governance	30	105	197	878	1,735	1,068	(848)	(1,630)	(871)	0	(0)	349	193
Administration	1,040	2,592	1,621	10,915	19,472	13,121	(9,874)	(16,880)	(11,499)	547	208	68,834	71,528
Public Order & Safety	1,662	1,772	1,485	2,282	2,192	2,393	(620)	(421)	(908)	91	122	3,674	3,243
Health	196	116	632	1,263	2,716	7,212	(1,067)	(2,600)	(6,581)	-	500	131	116
Environment	10,862	16,019	12,099	15,145	9,013	6,891	(4,283)	7,006	5,208	1,719	1,813	226,625	227,672
Community Services & Education	2,510	2,222	2,453	3,610	3,311	3,541	(1,100)	(1,090)	(1,088)	1,806	2,019	5,709	5,277
Housing & Community Amenities	4,613	8,274	6,524	5,693	4,836	5,434	(1,080)	3,438	1,090	-	121	19,464	18,981
Sewerage Services	16,711	19,800	16,833	20,464	16,496	18,290	(3,753)	3,304	(1,457)	159	160	282,269	278,074
Recreation & Culture	5,423	4,125	4,634	18,059	17,436	18,693	(12,636)	(13,311)	(14,060)	611	904	199,681	198,728
Mining, Manufacturing & Construction	1,318	1,305	1,254	1,146	1,579	881	172	(274)	373	-	-	3,044	2,874
Transport & Communication	10,955	19,185	21,983	20,508	22,337	32,901	(9,553)	(3,152)	(10,918)	2,556	13,273	570,621	518,252
Economic Affairs	4,470	8,157	5,387	6,158	7,017	6,537	(1,688)	1,140	(1,149)	1,990	118	37,962	39,212
Total Functions & Activities	59,790	83,670	75,102	106,121	108,141	116,962	(46,331)	(24,472)	(41,860)	9,480	19,237	1,418,363	1,364,150
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	244	195	-	-	-	-	244	195	-	-	1,907	1,744
General Purpose Income ¹	51,004	49,875	43,802	-	-	-	51,004	49,875	43,802	10,475	5,225	-	-
Operating Result from Continuing Operations	110,795	133,789	119,098	106,121	108,141	116,962	4,674	25,648	2,136	19,955	24,462	1,420,270	1,365,894

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 2015

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

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

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.

ADMINISTRATION

Corporate Support and Other Support Services (not otherwise attributed to the listed functions / activities).

PUBLIC ORDER & SAFETY

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

HEALTH

Inspection, immunisations, food control, health centres, other, administration.

ENVIRONMENT

Noxious plants and insect/vermin control, other environmental protection, solid waste management, street cleaning, drainage, stormwater management.

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, street lighting, other sanitation and garbage, public cemeteries, public conveniences, other community amenities.

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.

MINING, MANUFACTURING & CONSTRUCTION

Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION

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

ECONOMIC AFFAIRS

Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards and 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 2015

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		22,158	21,559
Farmland		4,528	4,435
Business		9,545	9,067
Total Ordinary Rates		36,231	35,060
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		6,440	6,025
Stormwater Management Services		666	655
Sewerage Services		10,445	10,239
Waste Management Services (non-domestic)		505	471
Total Annual Charges		18,056	17,389
TOTAL RATES & ANNUAL CHARGES		54,287	52,450

Council has used 2013 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 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		720	1,402
Sewerage Services		4,218	3,992
Waste Management Services (non-domestic)		2,758	1,492
Total User Charges		7,696	6,885
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Private Works - Section 67		36	104
Regulatory/ Statutory Fees		598	522
Total Fees & Charges - Statutory/Regulatory		634	626
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Aerodrome		3,273	3,152
Cemeteries		1,085	1,092
Corporate Services		37	40
Development Services		2,097	1,971
Family Day Care		362	386
Leaseback Fees - Council Vehicles		232	256
Library & Art Gallery		37	39
Livestock Marketing Centre		5,269	4,292
Oasis Swimming Complex		1,466	1,436
Park & Sportsgrounds		382	275
Regional Civic Centre		710	526
Tourist Information Centre		11	13
Other		141	124
Total Fees & Charges - Other		15,102	13,603
TOTAL USER CHARGES & FEES		23,432	21,114

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		309	424
- Interest earned on Investments (interest & coupon payment income)		2,992	3,276
- Interest on Deferred Debtors		110	113
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		217	329
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>3,628</u>	<u>4,141</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		309	424
General Council Cash & Investments		2,518	2,740
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		68	106
- Section 64		14	23
Sewerage Fund Operations		343	430
Other Externally Restricted Assets		68	103
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		307	316
<u>Total Interest & Investment Revenue Recognised</u>		<u>3,628</u>	<u>4,141</u>
(d) Other Revenues			
Rental Income - Investment Properties	14	298	353
Rental Income - Other Council Properties		729	796
Ex Gratia Rates		35	36
Fines		1,223	993
Diesel Rebate		296	94
Insurance Claim Recoveries		357	221
Sales - Miscellaneous		383	442
Sales - Oasis Swimming Complex		118	117
Other Theatre		7	11
Provision for Remediation		3,760	-
Other		134	147
<u>TOTAL OTHER REVENUE</u>		<u>7,340</u>	<u>3,210</u>

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(e) Grants				
General Purpose (Untied)				
Financial Assistance	10,109	4,857	-	-
Pensioners' Rates Subsidies - General Component	366	368	-	-
Total General Purpose	10,475	5,225	-	-

¹ The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years.

Specific Purpose

Pensioners' Rates Subsidies:

- Sewerage	159	160	-	-
- Domestic Waste Management	112	110	-	-
Bushfire & Emergency Services	31	52	58	72
Community Care	120	133	-	-
Drainage	-	-	631	738
Environmental Protection	410	977	844	303
Evocities	115	115	-	-
Family Day Care	1,499	1,571	-	-
Family & Childrens Services - Other	154	265	-	-
Heritage & Cultural	519	421	-	-
Noxious Weeds	91	95	-	-
Recreation & Culture	20	76	105	559
Street Lighting	79	46	-	-
Transport (Other Roads & Bridges Funding)	602	11,498	3,428	1,854
Other	3	2	500	190
Total Specific Purpose	3,914	15,522	5,566	3,716
Total Grants	14,389	20,747	5,566	3,716

Grant Revenue is attributable to:

- Commonwealth Funding	11,882	6,812	1,937	1,803
- State Funding	2,467	13,901	3,608	1,912
- Other Funding	40	34	22	0
	14,389	20,747	5,566	3,716

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

\$ '000	2015 Operating	2014 Operating	2015 Capital	2014 Capital
(f) Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the LGA):				
S 94 - Contributions towards amenities/services	-	-	5,561	3,624
S 94A - Fixed Development Consent Levies	-	-	686	736
S 64 - Sewerage Service Contributions	-	-	2,007	1,266
S 64 - Stormwater Contributions	-	-	1,014	742
Total Developer Contributions	-	-	9,268	6,367
Other Contributions:				
Airport	-	-	-	8
Artworks Donated	-	-	3	105
Bushfire Services	94	356	-	-
Dedications (other than by S94)	-	-	12,691	3,762
Drainage	5	-	-	-
Recreation & Culture	115	99	120	605
RMS Contributions (Regional Roads, Block Grant)	753	988	1,489	1,084
Sewerage (excl. Section 64 contributions)	25	-	13	26
Other	245	122	82	4
Total Other Contributions	1,237	1,565	14,398	5,594
Total Contributions	1,237	1,565	23,666	11,961
TOTAL GRANTS & CONTRIBUTIONS	15,626	22,312	29,232	15,677

\$ '000	Actual 2015	Actual 2014
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(g) Restrictions relating to Grants and Contributions

Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:

Unexpended at the Close of the Previous Reporting Period	14,727	10,207
add: Grants & contributions recognised in the current period but not yet spent:	8,760	6,762
less: Grants & contributions recognised in a previous reporting period now spent:	(4,764)	(2,242)
Net Increase (Decrease) in Restricted Assets during the Period	3,996	4,520
Unexpended and held as Restricted Assets	18,723	14,727
Comprising:		
- Specific Purpose Unexpended Grants	1,800	2,020
- Developer Contributions	16,161	11,757
- Other Contributions	762	950
	18,723	14,727

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2015	Actual 2014
(a) Employee Benefits & On-Costs			
Salaries and Wages		29,858	30,745
Travelling		619	716
Employee Leave Entitlements (ELE)		4,928	4,514
Superannuation		3,498	3,395
Workers' Compensation Insurance		1,247	1,361
Fringe Benefit Tax (FBT)		146	195
Payroll Tax		106	99
Training Costs (other than Salaries & Wages)		447	430
Other		452	456
Total Employee Costs		41,302	41,911
less: Capitalised Costs		(1,924)	(1,615)
TOTAL EMPLOYEE COSTS EXPENSED		39,378	40,296
Number of "Equivalent Full Time" Employees at year end		451	462
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		3,868	3,816
Total Interest Bearing Liability Costs Expensed		3,868	3,816
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	90	86
- Other Liabilities		192	190
Total Other Borrowing Costs		282	276
TOTAL BORROWING COSTS EXPENSED		4,150	4,092
(c) Materials & Contracts			
Raw Materials & Consumables		19,797	20,106
Contractor & Consultancy Costs		9,317	6,521
Auditors Remuneration ⁽¹⁾		79	68
Legal Expenses:			
- Legal Expenses: Planning & Development		106	75
- Legal Expenses: Debt Recovery		73	154
- Legal Expenses: Other		291	354
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payment ⁽²⁾		218	470
TOTAL MATERIALS & CONTRACTS		29,882	27,748

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(c) Materials & Contracts (continued)			
1. Auditor Remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
Audit and Other Assurance Services			
Audit & review of financial statements and compliance audits		79	68
Remuneration for audit and other assurance services		79	68
Total Auditor Remuneration		79	68
2. Operating Lease Payments are attributable to:			
Computers		218	470
		218	470

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2015	Actual 2014	Actual 2015	Actual 2014
Plant and Equipment		-	-	1,498	1,558
Office Equipment		-	-	313	248
Furniture & Fittings		-	-	65	100
Buildings - Non Specialised		-	(13)	2,078	2,067
Buildings - Specialised		-	-	1,376	1,358
Other Structures		-	-	1,036	1,045
Infrastructure:					
- Roads		(796)	(1,652)	5,837	5,553
- Bridges		-	279	101	96
- Footpaths		-	-	2,181	2,256
- Stormwater Drainage		(11)	(20)	787	776
- Sewerage Network		-	-	4,947	4,783
- Swimming Pools		-	-	17	17
- Other Open Space/Recreational Assets		-	-	566	538
Other Assets					
- Other		-	-	1,810	1,734
Asset Reinstatement Costs	9 & 26	-	-	37	40
Total Depreciation & Impairment Costs		(807)	(1,405)	22,651	22,168
less: Capitalised Costs		-	-	(341)	(155)
less: Impairments (to)/from ARR [Equity]	9a	807	1,405	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	22,309	22,013

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(e) Other Expenses			
Other Expenses for the year include the following:			
Bad & Doubtful Debts		(7)	19
Contributions/Levies to Other Levels of Government			
- Bushfire Fighting Fund		335	351
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		92	86
- NSW Fire Brigade Levy		421	423
- REROC		47	46
- Riverina Regional Library		1,167	1,134
- Valuation Fees		173	167
Councillor Expenses - Mayoral Fee		39	38
Councillor Expenses - Councillors' Fees		197	192
Deferred Debtor Impairment Expense		2,153	-
Donations, Contributions & Assistance to other organisations (Section 356)		150	185
Electricity & Heating		1,689	2,318
Insurance		1,533	1,399
Postage		119	115
Reinstatement of Infrastructure Assets		722	12,182
Revaluation Decrements (Fair Valuation of Investment Properties)	14	50	6
Street Lighting		847	946
Subscriptions & Publications		49	53
Telephone & Communications		272	265
Water		882	803
<u>TOTAL OTHER EXPENSES</u>		<u>10,932</u>	<u>20,728</u>

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2015	Actual 2014
Property (excl. Investment Property)			
Proceeds from Disposal - Property		783	98
less: Carrying Amount of Property Assets Sold / Written Off		(2,102)	(20)
Net Gain/(Loss) on Disposal		(1,319)	78
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		1,253	1,097
less: Carrying Amount of P&E Assets Sold / Written Off		(1,308)	(1,115)
Net Gain/(Loss) on Disposal		(55)	(18)
Infrastructure			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(94)	(2,208)
Net Gain/(Loss) on Disposal		(94)	(2,208)
Investment Properties			
Proceeds from Disposal - Investment Properties		434	679
less: Carrying Amount of Investment Properties Sold / Written Off		(455)	(655)
Net Gain/(Loss) on Disposal		(21)	24
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		24,659	24,858
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(24,659)	(24,858)
Net Gain/(Loss) on Disposal		-	-
Non Current Assets Classified as "Held for Sale"			
Proceeds from Disposal - Non Current Assets "Held for Sale"		-	139
less: Carrying Amount of 'Held for Sale' Assets Sold / Written Off		-	(100)
Net Gain/(Loss) on Disposal		-	39
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(1,490)	(2,085)

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 6a. - Cash Assets and Note 6b. - Investments

\$ '000	Notes	2015	2015	2014	2014
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		6,876	-	9,153	-
Cash-Equivalent Assets ¹					
- Deposits at Call		53	-	13	-
- Short Term Deposits		1,000	-	6,655	-
Total Cash & Cash Equivalents		7,930	-	15,821	-
Investments (Note 6b)					
- Managed Funds		-	1,151	-	1,022
- Long Term Deposits		33,101	19,989	16,125	26,000
- Floating Rate Notes		1,030	18,873	-	16,592
Total Investments		34,131	40,013	16,125	43,614
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		42,061	40,013	31,946	43,614

¹ 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"		7,930	-	15,821	-
----------------------------------------------	--	--------------	----------	---------------	----------

Investments

a. "At Fair Value through the Profit & Loss"					
- "Designated at Fair Value on Initial Recognition"	6(b-i)	1,030	20,024	-	17,614
b. "Held to Maturity"	6(b-ii)	33,101	19,989	16,125	26,000
Investments		34,131	40,013	16,125	43,614

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 6b. Investments (continued)

\$ '000	2015	2015	2014	2014
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	-	17,614	2,548	14,361
Revaluations (through the Income Statement)	12	205	22	307
Additions	-	14,758	1,000	5,993
Disposals (sales & redemptions)	(3,071)	(8,464)	(2,548)	(4,069)
Transfers between Current/Non Current	4,089	(4,089)	(1,022)	1,022
Balance at End of Year	1,030	20,024	-	17,614
Comprising:				
- Managed Funds	-	1,151	-	1,022
- Floating Rate Notes	1,030	18,873	-	16,592
Total	1,030	20,024	-	17,614
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	16,125	26,000	16,241	20,000
Additions	13,101	10,989	17,124	7,000
Disposals (sales & redemptions)	(13,125)	-	(18,241)	-
Transfers between Current/Non Current	17,000	(17,000)	1,000	(1,000)
Balance at End of Year	33,101	19,989	16,125	26,000
Comprising:				
- Long Term Deposits	33,101	19,989	16,125	26,000
Total	33,101	19,989	16,125	26,000

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	2015	2015	2014	2014
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investments	42,061	40,013	31,946	43,614
attributable to:				
External Restrictions (refer below)	11,614	40,013	87	43,614
Internal Restrictions (refer below)	26,726	-	28,287	-
Unrestricted	3,721	-	3,572	-
	42,061	40,013	31,946	43,614

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Employee Leave - Sewer & Waste	653	78	-	732
External Restrictions - Included in Liabilities	653	78	-	732

External Restrictions - Other

Developer Contributions - General (A)	11,757	9,346	(5,212)	15,891
Specific Purpose Unexpended Grants (B)	1,656	144	-	1,800
Sewerage Services (C)	18,696	1,129	-	19,824
Sewerage Services - Unexpended Contribution (C)	646	14	(64)	597
Domestic Waste Management (C)	8,618	3,429	(1,402)	10,646
Stormwater Management (C)	1,465	561	(52)	1,973
Other Unexpended Contributions	209	-	(44)	165
External Restrictions - Other	43,047	14,623	(6,774)	50,896
Total External Restrictions	43,701	14,701	(6,774)	51,628

- 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 2015

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details (continued)

2015 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	2,846	2,270	(1,215)	3,901
Employees Leave Entitlement	3,141	587	(426)	3,302
Airport	470	-	(421)	48
Bridge Replacement	227	-	-	227
CBD Carparking Facilities	701	249	(4)	946
Civic Theatre Operating	-	42	-	42
Civil Projects	1,777	-	(871)	906
Council Election	236	100	(8)	328
Estella Community Centre	179	52	-	231
Family Day Care	187	-	(47)	140
Gravel Pit Restoration	726	40	(59)	707
Gurwood St Property	50	-	-	50
Hampden Bridge Demolition	273	-	(273)	-
Industrial Land Development	2,364	-	(2,024)	339
Information Services E / Business	94	275	(4)	364
Infrastructure Improvements / Replacement	1,194	131	(1,216)	109
Internal Loans	2,432	2,135	(3,860)	707
Kerb & Gutter	123	-	-	123
Lake Albert Improvements	259	50	(84)	225
LEP Preparation	43	30	(17)	56
Livestock Marketing Centre	5,018	1,741	(130)	6,629
Lloyd Environmental Projects	93	8	-	101
Oasis Building Renewal	22	50	-	72
Oasis Swimming Complex	798	110	-	908
Other Building Improvements	200	6	(67)	139
Other Operational	387	1,148	-	1,536
Parks & Recreation Reserve	299	100	(237)	162
Project Revotes	1,296	1,338	(1,296)	1,338
Public Art Reserve	481	115	(308)	288
Rates Advance Reserve	721	56	-	777
Robertson Oval	87	-	-	87
Silverlite Reserve	83	-	-	83
Storm Damage	3	-	(3)	-
Stormwater Drainage	292	300	(1)	591
Street Lighting Replacement	40	31	(56)	15
Subdivision Tree Planting	114	14	(6)	122
Tarcutta Street Gasworks Remediation Reserve	219	-	(201)	18
Unexpended External Loans	812	349	(614)	548
Other Cemetery	-	108	-	108
Cemetery Perpetual	-	67	-	67
Strategic Real Property	-	248	-	248
CCTV	-	44	-	44
Sustainable Energy	-	90	-	90
Total Internal Restrictions	28,287	11,886	(13,447)	26,726
TOTAL RESTRICTIONS	71,988	26,587	(20,221)	78,354

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 7. Receivables

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		3,218	-	3,203	-
Interest & Extra Charges		398	-	446	-
User Charges & Fees		3,698	-	4,425	-
Accrued Revenues					
- Interest on Investments		955	-	1,202	-
- Other Income Accruals		267	-	31	-
Government Grants & Subsidies		1,496	-	2,580	-
Deferred Debtors		245	2,472	326	2,547
Net GST Receivable		771	-	615	-
Storm Damage Claim - RMS Grant		168	-	1,441	-
Other Debtors		312	-	715	184
Total		11,528	2,472	14,984	2,730
less: Provision for Impairment					
User Charges & Fees		(23)	-	(29)	-
Other Debtors		(41)	(2,112)	-	-
Total Provision for Impairment - Receivables		(63)	(2,112)	(29)	-
<u>TOTAL NET RECEIVABLES</u>		<u>11,465</u>	<u>359</u>	<u>14,955</u>	<u>2,730</u>
Externally Restricted Receivables					
Sewerage Services					
- Rates & Availability Charges		753	-	857	-
- Other		1,538	-	2,473	-
Domestic Waste Management		889	-	870	-
Stormwater Management		46	-	45	-
- Unexpended Grants		-	-	365	-
- Unexpended Contributions		-	-	94	-
- Other Restricted Receivables Developer Contributions		90	180	-	-
Total External Restrictions		3,316	180	4,705	-
Internally Restricted Receivables					
- Livestock Marketing Centre		224	-	56	-
- Airport		663	-	616	1,991
Internally Restricted Receivables		887	-	671	1,991
Unrestricted Receivables		7,262	179	9,579	740
TOTAL NET RECEIVABLES		11,465	359	14,955	2,730

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 8.50% (2014 9.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Wagga Wagga City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 8. Inventories & Other Assets

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		282	-	282	-
Stores & Materials		2,098	-	2,354	-
Trading Stock		107	-	96	-
Total Inventories		2,487	-	2,732	-
Other Assets					
Prepayments		436	-	386	-
Total Other Assets		436	-	386	-
TOTAL INVENTORIES / OTHER ASSETS		2,923	-	3,118	-
Externally Restricted Assets					
Water					
Nil					
Sewerage					
Stores & Materials		502	-	527	-
Prepayments		-	-	1	-
Total Sewerage		502	-	528	-
Total Externally Restricted Assets		502	-	528	-
Total Internally Restricted Assets		-	-	-	-
Total Unrestricted Assets		2,421	-	2,591	-
TOTAL INVENTORIES & OTHER ASSETS		2,923	-	3,118	-

Note 8 disclosures are continued on the next page

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 8. Inventories & Other Assets (continued)

\$ '000	2015		2014	
	Current	Non Current	Current	Non Current
Other Disclosures				
(a) Details for Real Estate Development				
Residential	23	-	24	-
Industrial/Commercial	259	-	258	-
Total Real Estate for Resale	282	-	282	-
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	136	-	136	-
Development Costs	15	-	15	-
Borrowing Costs	131	-	131	-
Total Costs	282	-	282	-
Total Real Estate for Resale	282	-	282	-
Movements:				
Real Estate assets at beginning of the year	282	-	282	-
Total Real Estate for Resale	282	-	282	-

(b) Inventory Write Downs

There were no amounts recognised as an expense relating to the write down of Inventory balances held during the year.

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other assets held.

Wagga Wagga City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2014					Asset Movements during the Reporting Period							as at 30/6/2015				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Impairment Reversal (via Equity)	Adjustments & Transfers	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment											Dep'n	Impairment	
Plant & Equipment	-	26,444	12,892	-	13,552	2,191	(1,296)	(1,498)	-	-	-	-	-	25,746	12,798	-	12,948
Office Equipment	-	3,317	2,528	-	788	675	-	(313)	-	-	-	-	-	3,992	2,842	-	1,150
Furniture & Fittings	-	2,753	2,330	-	423	42	-	(65)	-	-	-	-	-	2,795	2,395	-	400
Land:																	
- Operational Land	-	54,363	-	-	54,363	184	(1,095)	-	-	-	-	-	-	53,452	-	-	53,452
- Community Land	-	115,515	-	-	115,515	959	(1,006)	-	-	-	-	-	-	115,467	-	-	115,467
- Land under Roads	-	-	-	-	-	-	-	-	-	-	7,703	-	-	7,703	-	-	7,703
Buildings - Non Specialised	-	80,724	31,866	-	48,859	610	-	(2,078)	-	-	-	-	-	81,334	33,944	-	47,390
Buildings - Specialised	-	51,032	16,429	-	34,603	3,628	-	(1,376)	-	-	-	-	-	54,661	17,805	-	36,856
Other Structures	-	38,509	7,595	-	30,914	735	-	(1,036)	-	-	-	-	-	39,244	8,631	-	30,613
Infrastructure:																	
- Roads	-	472,631	57,373	1,035	414,223	19,242	(94)	(5,837)	796	-	-	32,886	-	810,330	348,875	239	461,216
- Bridges	-	33,289	2,917	461	29,911	-	-	(101)	-	-	-	1,378	-	44,379	12,731	461	31,187
- Footpaths	-	51,024	32,369	-	18,655	734	-	(2,181)	-	-	(1,279)	-	-	29,539	13,609	-	15,930
- Stormwater Drainage	-	226,730	20,886	924	204,919	5,431	-	(787)	11	-	(9,766)	-	-	247,410	46,688	914	199,808
- Sewerage Network	-	336,867	88,754	-	248,114	4,380	-	(4,947)	-	-	-	3,722	-	346,300	95,032	-	251,268
- Swimming Pools	-	1,684	120	-	1,564	-	-	(17)	-	-	-	-	-	1,684	137	-	1,547
- Other Open Space/Recreational Assets	-	10,064	4,621	-	5,443	737	-	(566)	-	-	-	-	-	10,801	5,187	-	5,613
Other Assets:																	
- Artworks	-	6,146	-	-	6,146	35	(12)	-	-	-	-	-	-	6,169	-	-	6,169
- Other	-	40,908	5,981	-	34,927	5,120	-	(1,810)	-	-	-	-	-	46,028	7,791	-	38,237
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26):																	
- Tip Assets	-	596	428	-	168	-	-	-	-	(168)	-	-	-	428	428	-	-
- Quarry Assets	-	863	117	-	746	-	-	(37)	-	427	-	-	-	1,290	154	-	1,136
- Sewer Remediation Asset	-	1,362	1,362	-	-	-	-	-	-	-	-	-	-	1,362	1,362	-	-
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	-	1,554,820	288,567	2,421	1,263,832	44,703	(3,504)	(22,651)	807	259	(11,045)	45,688	-	1,930,113	610,408	1,614	1,318,091

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$9,930,744) and New Assets (\$22,800,139).
Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other Infrastructure, Property, Plant & Equipment.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Actual 2015				Actual 2014			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Sewerage Services								
Plant & Equipment	-	177	154	24	-	177	153	24
Office Equipment	-	9	9	(0)	-	9	9	-
Furniture & Fittings	-	12	11	0	-	12	11	1
Land								
- Operational Land	-	3,668	-	3,668	-	3,666	-	3,666
Infrastructure	-	347,662	96,393	251,268	-	338,229	90,115	248,114
Other Assets	-	46	5	41	-	46	2	44
Total Sewerage Services	-	351,573	96,572	255,000	-	342,139	90,290	251,849
Domestic Waste Management								
Plant & Equipment	-	298	290	8	-	298	286	12
Office Equipment	-	82	82	-	-	82	74	8
Furniture & Fittings	-	3	3	-	-	3	3	-
Land								
- Operational Land	-	1,495	-	1,495	-	1,495	-	1,495
Buildings	-	2,648	474	2,174	-	2,648	407	2,241
Other Assets	-	4,139	1,340	2,799	-	2,959	1,186	1,773
Total DWM	-	8,665	2,190	6,476	-	7,485	1,956	5,529
TOTAL RESTRICTED I,PP&E	-	360,238	98,762	261,476	-	349,624	92,246	257,378

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

\$ '000	Notes	Actual 2015	Actual 2014
(i) Impairment Losses recognised direct to Equity (ARR):			
Galvanised iron culverts to be replaced		-	(239)
Galvanised iron culverts (bridges) to be replaced		-	(328)
Total Impairment Losses		-	(566)
(ii) Reversals of Impairment Losses previously recognised direct to Equity (ARR):			
Roads & Bridges repaired/reassessed		796	1,939
North Wagga Levee repaired		11	20
Botanic Gardens Information Centre to be demolished		-	13
Total Impairment Reversals		807	1,971
IMPAIRMENT of ASSETS - DIRECT to EQUITY (ARR)		807	1,405

20 (ii)

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2015		2014	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		4,623	-	8,201	-
Goods & Services - capital expenditure		3,737	-	2,682	-
Payments Received In Advance		287	-	366	-
Accrued Expenses:					
- Borrowings		285	-	298	-
- Salaries & Wages		429	-	299	-
- Other Expenditure Accruals		36	-	43	-
Security Bonds, Deposits & Retentions		2,794	-	2,562	-
Other		187	-	677	-
Total Payables		12,377	-	15,129	-
Borrowings					
Loans - Secured ¹		2,263	53,908	2,133	55,256
Total Borrowings		2,263	53,908	2,133	55,256
Provisions					
Employee Benefits:					
Annual Leave		4,338	-	4,099	-
Long Service Leave		7,360	210	6,943	202
Other Leave - TOIL		105	-	93	-
Other Leave - RDO		96	-	92	-
Sub Total - Aggregate Employee Benefits		11,900	210	11,227	202
Asset Remediation/Restoration (Future Works) ²⁶		387	1,828	3,866	1,761
Total Provisions		12,288	2,039	15,093	1,963
Total Payables, Borrowings & Provisions		26,928	55,946	32,355	57,218
(i) Liabilities relating to Restricted Assets					
		2015		2014	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Sewer		2,576	33,204	4,047	33,396
Domestic Waste Management		898	3	2,362	-
Stormwater Management		10	-	177	-
Liabilities relating to externally restricted assets		3,484	33,207	6,586	33,396
Internally Restricted Assets					
Nil					
Total Liabilities relating to restricted assets		3,484	33,207	6,586	33,396
Total Liabilities relating to Unrestricted Assets		23,444	22,739	25,769	23,822
TOTAL PAYABLES, BORROWINGS & PROVISIONS		26,928	55,946	32,355	57,218

¹. 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 2015

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

\$ '000	Actual 2015	Actual 2014
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(ii) Current Liabilities not anticipated to be settled within the next 12 months

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

Provisions - Employees Benefits	8,155	7,599
	<u>8,155</u>	<u>7,599</u>

Note 10b. Description of and movements in Provisions

Class of Provision	2014		2015			Closing Balance as at 30/6/15
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	4,099	2,436	(2,146)	(52)	-	4,338
Long Service Leave	7,145	822	(256)	(140)	-	7,571
Other Leave	185	17	-	-	-	202
Asset Remediation	5,627	427	(3,928)	90	-	2,216
TOTAL	17,056	3,703	(6,330)	(102)	-	14,326

- 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 2015

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2015	Actual 2014
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	7,930	15,821
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		7,930	15,821
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		25,648	2,138
Adjust for non cash items:			
Depreciation & Amortisation		22,309	22,013
Net Losses/(Gains) on Disposal of Assets		1,490	2,085
Non Cash Capital Grants and Contributions		(12,694)	(3,867)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(217)	(329)
- Investment Properties		50	6
- Other		58	-
Unwinding of Discount Rates on Reinstatement Provisions		90	86
Share of Net (Profits) or Losses of Associates/Joint Ventures		(244)	(195)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		3,559	2,748
Increase/(Decrease) in Provision for Doubtful Debts		2,146	19
Decrease/(Increase) in Inventories		245	541
Decrease/(Increase) in Other Assets		(50)	671
Increase/(Decrease) in Payables		(3,579)	3,796
Increase/(Decrease) in accrued Interest Payable		(13)	(5)
Increase/(Decrease) in other accrued Expenses Payable		122	94
Increase/(Decrease) in Other Liabilities		(337)	535
Increase/(Decrease) in Employee Leave Entitlements		682	141
Increase/(Decrease) in Other Provisions		(3,501)	(5,594)
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		35,763	24,883

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
(c) Non-Cash Investing & Financing Activities			
S94 Contributions "in kind"		12,691	3,762
Art Gallery Donated		3	105
Total Non-Cash Investing & Financing Activities		12,694	3,867
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		500	500
Credit Cards / Purchase Cards		399	399
Total Financing Arrangements		899	899
Amounts utilised as at Balance Date:			
- Credit Cards / Purchase Cards		1	1
Total Financing Arrangements Utilised		1	1

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.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2015	Actual 2014
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		99	168
Plant & Equipment		397	-
Parks & Sportsgrounds		55	256
Sewerage Infrastructure		1,226	1,881
Waste Management Services		802	11
Infrastructure		1,130	3,019
Other		398	542
Total Commitments		4,108	5,876
These expenditures are payable as follows:			
Within the next year		4,108	5,876
Total Payable		4,108	5,876
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		127	70
Future Grants & Contributions		689	298
Unexpended Grants		146	283
Externally Restricted Reserves		2,129	2,725
Internally Restricted Reserves		430	1,735
New Loans (to be raised)		189	764
Other Funding Sale of Assets		397	-
Total Sources of Funding		4,108	5,876

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2015	Actual 2014
(b) Finance Lease Commitments			
Nil			
(c) Operating Lease Commitments (Non Cancellable)			
a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:			
Within the next year		95	181
Later than one year and not later than 5 years		14	109
Later than 5 years		-	-
Total Non Cancellable Operating Lease Commitments		109	290

b. Non Cancellable Operating Leases include the following assets:

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

(d) Investment Property Commitments

Nil

(e) Investment in Joint Operations - Commitments

For Capital Commitments and Other Commitments relating to Investments in Joint Operations, refer to Note 19 (c)

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014 2013	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. Capital Grants & Contributions) - Operating Expenses</u>	<u>(2,506)</u>	-2.41%	-11.63%	-7.81%
Total continuing operating revenue ⁽¹⁾ (excl. Capital Grants & Contributions)	104,096			
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue ⁽¹⁾				
<u>(excl. ALL Grants & Contributions)</u>	<u>88,470</u>	66.36%	67.96%	67.76%
Total continuing operating revenue ⁽¹⁾	133,328			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽²⁾	<u>41,017</u>	2.68x	2.46	2.22
Current Liabilities less Specific Purpose Liabilities ^(3, 4)	<u>15,289</u>			
4. Debt Service Cover Ratio				
Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation	<u>23,954</u>	3.75x	2.41	2.79
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	<u>6,382</u>			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	<u>3,616</u>	6.21%	6.43%	7.23%
Rates, Annual and Extra Charges Collectible	<u>58,245</u>			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents + All Term Deposits	<u>61,020</u>	7.38 mths	6.84	6.59
Payments from cash flow of operating and financing activities	<u>8,266</u>			

Notes

(1) Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures & associates.

(2) Refer Notes 6-8 inclusive.

Also excludes any real estate & land for resale not expected to be sold in the next 12 months

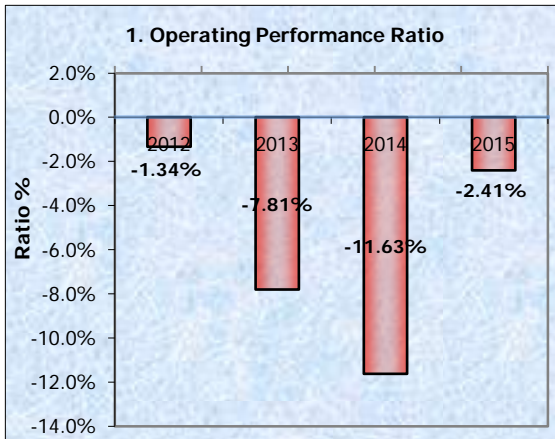
(3) Refer to Note 10(a).

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

Wagga Wagga City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



Purpose of Operating Performance Ratio

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

Commentary on 2014/15 Result

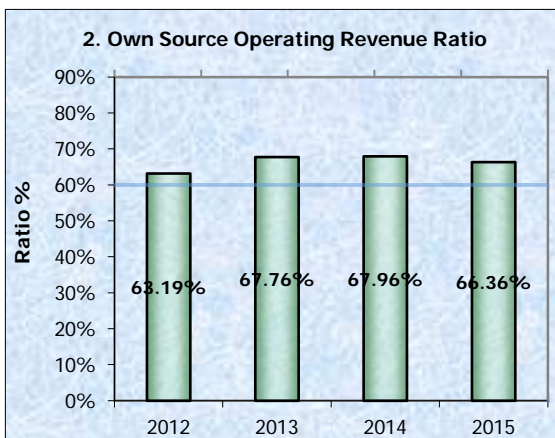
2014/15 Ratio -2.41%

Council's Operating Performance Ratio has increased in 2014/15 to -2.41% from -11.63% in 2013/14. This is mainly due to reduced operating expenditure resulting from the finalisation of Flood Recovery programs that Council has undertaken over the past 2 financial years.

Benchmark: — Minimum $\geq 0.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of Own Source Operating Revenue Ratio

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

Commentary on 2014/15 Result

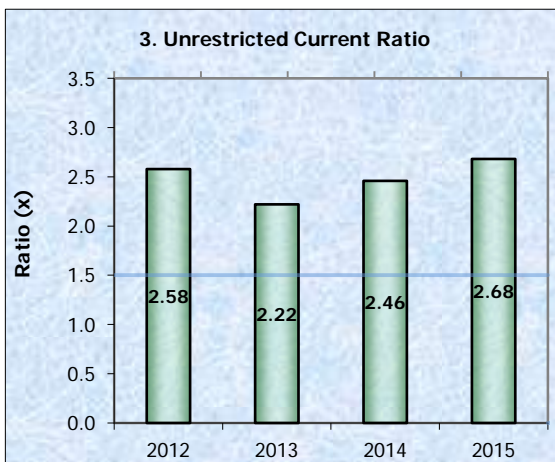
2014/15 Ratio 66.36%

As indicated, with a ratio of 66.36% Council's ability to generate its own sources of funding from rates and user fees is sound and in excess of NSW Treasury Corporations benchmark of 60%. The ratio pattern remains consistent through the comparative years.

Benchmark: — Minimum $\geq 60.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark



Purpose of Unrestricted Current Ratio

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

Commentary on 2014/15 Result

2014/15 Ratio 2.68x

This ratio indicates that Council currently anticipates to have \$2.68 (excluding externally restricted funds such as Section 94 and grant funds) available to service every \$1.00 of debt as it falls due at the end of the year. A ratio of 2.68 is considered sound and clearly demonstrates Council's ability to satisfy short term obligations. This ratio has been consistently above the minimum requirements of 1.50.

Benchmark: — Minimum ≥ 1.50

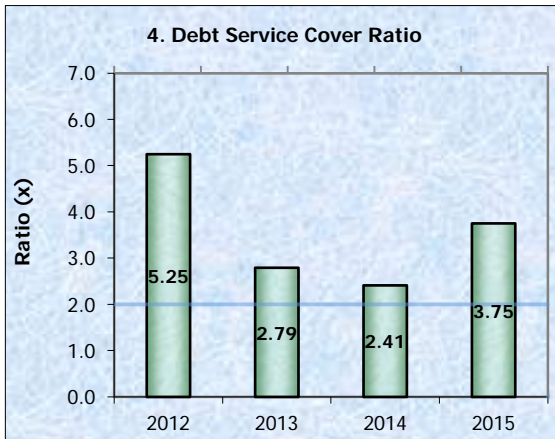
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark

Wagga Wagga City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



Purpose of Debt Service Cover Ratio

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

Commentary on 2014/15 Result

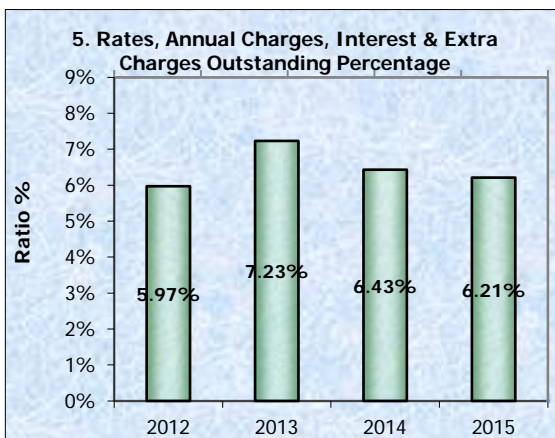
2014/15 Ratio 3.75x

With a ratio of 3.75x (375%), Council's ability to generate sufficient cash to cover its debt payments is sound and above the NSW Treasury Corporations benchmark of 2.00x. The increase in this ratio from 2.41x in 2013/14 to 3.75x in 2014/15 is reflective of Council's improved operating result.

Benchmark: ——— Minimum ≥ 2.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark



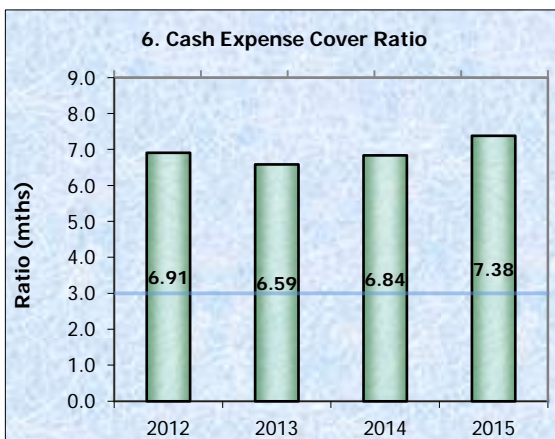
Purpose of Rates & Annual Charges Outstanding Ratio

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

Commentary on 2014/15 Result

2014/15 Ratio 6.21%

This ratio indicates the percentage of Rates and Annual Charges outstanding at the end of the financial year. This ratio has continued to decrease from 7.23% in 2012/13, 6.43% in 2013/14 to 6.21% in 2014/15. This reflects Council's strategy for debt recovery resulting in steady reductions in such debts.



Purpose of Cash Expense Cover Ratio

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

Commentary on 2014/15 Result

2014/15 Ratio 7.38 mths

As indicated with the ratio of 7.38 months, Council's ability to continue paying for its immediate expenses without additional cash inflow is sound and is in far excess of NSW Treasury Corporations benchmark of 3.00 months.

Benchmark: ——— Minimum ≥ 3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
 Ratio is outside Benchmark

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 13b. Statement of Performance Measurement - Indicators (by Fund)

\$ '000	Sewer 2015	General ⁵ 2015
Local Government Industry Indicators - by Fund		
1. Operating Performance Ratio		
Total continuing operating revenue ⁽¹⁾		
<u>(excl. Capital Grants & Contributions) - Operating Expenses</u>	-16.19%	0.13%
Total continuing operating revenue ⁽¹⁾		
(excl. Capital Grants & Contributions) prior period:	-21.53%	-9.94%
2. Own Source Operating Revenue Ratio		
Total continuing operating revenue ⁽¹⁾		
<u>(excl. ALL Grants & Contributions)</u>	80.29%	63.91%
Total continuing operating revenue ⁽¹⁾ prior period:	87.40%	64.70%
3. Unrestricted Current Ratio		
<u>Current Assets less all External Restrictions ⁽²⁾</u>	3.84x	2.68x
Current Liabilities less Specific Purpose Liabilities ^(3, 4) prior period:	2.70	2.46
4. Debt Service Cover Ratio		
<u>Operating Result ⁽¹⁾ before capital excluding interest and depreciation / impairment / amortisation</u>	1.60x	5.64x
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement) prior period:	1.34	3.55
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage		
<u>Rates, Annual and Extra Charges Outstanding</u>	7.22%	5.99%
Rates, Annual and Extra Charges Collectible prior period:	8.36%	6.00%
6. Cash Expense Cover Ratio		
<u>Current Year's Cash and Cash Equivalents + All Term Deposits</u> x12	5.90 mths	7.63 mths
Payments from cash flow of operating and financing activities prior period:	0.00	6.00

Notes

(1) - (4) Refer to Notes at Note 13a(i) above.

(5) General Fund refers to all of Council's activities except for its Sewer activities which are listed separately.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 14. Investment Properties

\$ '000	Notes	Actual 2015	Actual 2014
(a) Investment Properties at Fair value			
<u>Investment Properties on Hand</u>		<u>3,450</u>	<u>3,955</u>
Reconciliation of Annual Movement:			
Opening Balance		3,955	4,580
- Acquisitions		-	36
- Disposals during Year		(455)	(655)
- Net Gain/(Loss) from Fair Value Adjustments		(50)	(6)
CLOSING BALANCE - INVESTMENT PROPERTIES		<u>3,450</u>	<u>3,955</u>

(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.

(c) Contractual Obligations at Reporting Date

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

(d) Investment Property Income & Expenditure - summary

Rental Income from Investment Properties:			
- Minimum Lease Payments		298	353
Direct Operating Expenses on Investment Properties:			
- that generated rental income		(50)	(42)
Net Revenue Contribution from Investment Properties		<u>248</u>	<u>311</u>
plus:			
Fair Value Movement for year		(50)	(6)
Total Income attributable to Investment Properties		<u>198</u>	<u>305</u>

Refer to Note 27- Fair Value Measurement for information regarding the fair value of investment properties held.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management

\$ '000

Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
Financial Assets				
Cash and Cash Equivalents	7,930	15,821	7,929	15,821
Investments				
- "Designated At Fair Value on Initial Recognition"	21,054	17,614	21,054	17,614
- "Held to Maturity"	53,090	42,125	53,090	42,125
Receivables	11,825	17,685	11,824	17,620
Total Financial Assets	93,899	93,245	93,897	93,179
Financial Liabilities				
Payables	12,090	14,762	12,091	14,697
Loans / Advances	56,171	57,388	56,171	57,388
Total Financial Liabilities	68,261	72,151	68,262	72,085

Fair Value is determined as follows:

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

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of financial assets & liabilities

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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 Finance area manages the 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 it's staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

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

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

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 (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2015				
Possible impact of a 10% movement in Market Values	115	115	(115)	(115)
Possible impact of a 1% movement in Interest Rates	268	268	(268)	(268)
2014				
Possible impact of a 10% movement in Market Values	102	102	(102)	(102)
Possible impact of a 1% movement in Interest Rates	259	259	(259)	(259)

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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:

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	27%	74%	0%	78%
Overdue	73%	26%	100%	22%
	100%	100%	100%	100%

		2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
(ii) Ageing of Receivables - value					
Rates & Annual Charges	Other Receivables				
Current	Current	855	7,939	0	11,398
< 1 year overdue	0 - 30 days overdue	1,215	1,455	3,203	986
1 - 2 years overdue	30 - 60 days overdue	340	554	-	418
2 - 5 years overdue	60 - 90 days overdue	523	202	-	1,357
> 5 years overdue	> 90 days overdue	285	632	-	353
		3,218	10,782	3,203	14,511

	2015	2014
(iii) Movement in Provision for Impairment of Receivables		
Balance at the beginning of the year	29	10
+ new provisions recognised during the year	2,153	29
- previous impairment losses reversed	(7)	(10)
Balance at the end of the year	2,175	29

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2015									
Trade/Other Payables	2,794	9,296	-	-	-	-	-	12,090	12,090
Loans & Advances	-	6,027	5,970	5,929	5,909	5,590	69,813	99,238	56,171
Total Financial Liabilities	2,794	15,323	5,970	5,929	5,909	5,590	69,813	111,328	68,261
2014									
Trade/Other Payables	2,562	12,135	-	-	-	-	-	14,697	14,762
Loans & Advances	-	6,013	5,940	5,863	5,841	5,821	75,164	104,642	57,388
Total Financial Liabilities	2,562	18,148	5,940	5,863	5,841	5,821	75,164	119,339	72,151

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

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

	2015		2014	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	12,090	0.0%	14,762	0.0%
Loans & Advances - Fixed Interest Rate	56,171	6.8%	57,388	6.9%
	68,261		72,151	

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 30 June 2014.

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

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

Note that for Variations* of Budget to Actual :

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

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

\$ '000	2015 Budget	2015 Actual	2015 ----- Variance* -----	
REVENUES				
Rates & Annual Charges	54,887	54,287	(600)	(1%) U
User Charges & Fees	21,491	23,432	1,941	9% F
Interest & Investment Revenue	3,994	3,628	(366)	(9%) U
Other Revenues	2,945	7,340	4,395	149% F

Provision for Remediation - \$3,760K favourable

In 2014/2015 Council completed the remediation of the Tarcutta St Gasworks Site and continued with remaining Sewer Remediation works required as part of the construction of the two new sewer treatment plants at Narrung Street and Koorngal in 2010.

The methodology for estimating remediation liabilities for Council's Solid Waste Operations was reviewed in 2014/2015. The estimate for future Solid Waste Remediation works was adjusted to zero based on a fundamental change in the evaluation of potential impacts of wastewater or solid wastes which evaluated future remediation liabilities to known defects that have been in the past, and/or are being detected and monitored as of the present. Based on confirmation of the current status of environmental monitoring to confirm that known issues are limited in severity and scope it was determined that Council had over provided in prior years for future remediation works and that a significant adjustment to the remediation provision was appropriate resulting in this favourable adjustment.

Diesel Fuel Rebate - \$211K favourable

A Diesel Fuel Tax Credit Review was completed during 2014/15 for the period 1 July 2011 to 30 April 2015. The review identified that Council's Fuel Tax Credit entitlement had been under claimed during this period which resulted in Council being entitled to further rebates.

Insurance Claims - \$281K favourable

A number of jobs claimable under Council's insurance policy have been completed during 2014/15. Once the claims have been processed this has resulted in income being received that was not originally budgeted for. There is offsetting expenditure for these jobs.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 Variance*	
REVENUES (continued)				
Operating Grants & Contributions	14,550	15,626	1,076	7% F
Capital Grants & Contributions	12,928	29,232	16,304	126% F
<u>Infrastructure Grant Projects - \$4,646K Favourable</u>				
Council received grant funding towards repairs and improvements on roads and infrastructure that were not included in the original budget due to the projects being carried over from the previous financial year or new funding received during the year as follows:				
- Eunony Bridge Road Deviation - \$1,875K				
- MR384 Tumbarumba Road Rehabilitation - \$800K				
- Flood Recovery Projects - \$631K				
- Upgrade Main City Levee Bank Flood Protection - \$758K				
- CCTV Installation - \$582K				
<u>Bomen Riverina Intermodal & Freight Logistics (RIFL) Hub – (\$4,833K) Unfavourable & Indoor Multi Purpose Stadium – (\$2,080K) Unfavourable</u>				
As construction did not commence in 2014/15 for these major projects the budgeted grant funds of \$6,913K were not received. These two project budgets and income sources have been deferred to future years.				
<u>Subdivider Dedications and Contributions - \$15,161K Favourable</u>				
Recognition of developer dedications and contributions to roads and traffic, stormwater drainage and sewerage assets as part of subdivision development. These types of dedicated assets are not budgeted for.				
Joint Ventures & Associates - Net Profits	-	244	244	0% F
EXPENSES				
Employee Benefits & On-Costs	40,645	39,378	1,267	3% F
Borrowing Costs	4,249	4,150	99	2% F
Materials & Contracts	24,893	29,882	(4,989)	(20%) U
<u>Tarcutta Street Gasworks Remediation – (\$2,084K) Unfavourable</u>				
The Tarcutta Street Gasworks Remediation project has been an ongoing project with the remaining unexpended budget carried over from the previous financial year. The expenditure to complete this project was (\$2,084K) which has resulted in a material variance as there were no funds allocated in the 2014/15 adopted budget.				
<u>Hampden Bridge Demolition – (\$1,321K) Unfavourable</u>				
This variance is a result of classifying the original budget as a capital project instead of an operating expense.				
<u>Quarries – (\$338K) Unfavourable</u>				
The various Quarry expenses of (\$338K) are not included as an original budget allocation.				
<u>Storm Flood Events – (\$546K) Unfavourable</u>				
The March 2012 Flood Event remaining unexpended grant funds were carried over from 2013/14 and were not included in the original budget resulting in a variance of (\$490K).				
Depreciation & Amortisation	22,537	22,309	228	1% F

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 16. Material Budget Variations (continued)

\$ '000	2015 Budget	2015 Actual	2015 Variance*		
EXPENSES (continued)					
Other Expenses	13,797	10,932	2,865	21%	F
<u>Carbon Tax Liability - \$1,825K Favourable</u>					
There was a budget provision of \$1,000K for the carbon tax liability allocated in Solid Waste for 2014/15. In 2013/14 there was an accrual calculated for the carbon tax liability based on the 2012/13 legacy emissions. As the carbon tax was repealed at the end of 2012/13 this resulted in a credit for the 2013/14 carbon tax liability calculation as well as a saving against budget for 2014/15 of \$1,825K.					
<u>Electricity & Gas - \$1,155K Favourable</u>					
A new contract was negotiated for Council's utilities with Origin Energy and as the original budget was based on the previous financial year's expenditure, this has resulted in a significant saving to the budget of \$1,155K.					
<u>Stormwater Levy Projects - \$500K Favourable</u>					
There were various Stormwater Levy projects that were budgeted for but not completed in 2014/15 including the MOFFS Hot Spot Mitigation project for \$300K and CCTV Stormwater Condition Assessment project for \$100K.					
<u>Deferred Debtor Impairment – (\$2,153K) Unfavourable</u>					
Due to Douglas Aerospace Pty Ltd going into administration, Council has been required to impair the outstanding loan resulting in this unbudgeted variance of (\$2,153K).					
<u>Narrung Street Tenix Agreement - \$597K Favourable</u>					
The Narrung Street Treatment Works Tenix agreement which was budgeted for at \$3,477K has resulted in a saving of \$597K due to efficiencies made.					
Net Losses from Disposal of Assets	-	1,490	(1,490)	0%	U

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

Cash Flows from Operating Activities	28,969	35,763	6,794	23.5%	F
The principal increase in Cash Flows from Operating Activities was due to additional income received from Developer Contributions. The 2014/15 financial year saw a huge amount of development in the Local Government Area.					
Cash Flows from Investing Activities	(39,324)	(42,437)	(3,113)	7.9%	U
Cash Flows from Financing Activities	9,697	(1,218)	(10,915)	(112.6%)	U
The decrease in Cash Flows from Financing Activities against budget is due to Council not undertaking its budgeted borrowing program for 2014/15. This was due to a number of budgeted capital works not requiring the funding during the financial year.					

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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	100	-	-	1	-	-	101	-	(100)	1	-
Roads & Traffic Facilities	1,550	2,061	-	-	(68)	-	3,543	12,189	(15,724)	8	-
Cycleways & Footpaths	13	-	-	-	-	-	13	-	-	13	-
Parking	(139)	-	-	-	-	-	(139)	147	-	8	-
Open Space - Local	9	-	-	-	-	-	9	-	-	9	-
Open Space - City Wide	245	-	-	1	(245)	-	1	-	-	1	-
Open Space - Future	3,383	1,968	-	-	(1,131)	-	4,220	10,062	(14,282)	-	-
Open Space Recoupment - Oasis Regional Aquatic Centre	904	330	-	-	-	-	1,234	1,947	(3,181)	-	-
Open Space Recoupment - Netball Complex Equex	97	32	-	-	-	-	129	211	(340)	-	-
Open Space Recoupepment - Skate Park Central	(62)	4	-	-	-	-	(58)	58	-	-	-
Community Facilities	133	-	-	1	-	-	134	-	(141)	(7)	-
Community Facilities - Future - Major Community Facility	472	162	-	-	(173)	-	461	975	(1,436)	-	-
Community Facilities - Future - Lloyd Community Centre	74	22	-	-	(8)	-	88	145	(233)	-	-
Community Facilities - Future - Estella Community Centre	85	49	-	-	-	-	134	144	(278)	-	-
Civic, Community & Cultural Recoupment - Main Street Upgrade	(255)	211	-	-	-	-	(44)	1,261	(1,217)	-	-

(continued on the next page)

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions (continued)

\$ '000

SUMMARY OF CONTRIBUTIONS & LEVIES (continued)

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	
Civic, Community & Cultural Recoupment - Civic Centre	1,396	492	-	-	-	-	1,888	2,877	(4,765)	-	-
Civic, Community & Cultural Recoupment - Civic Theatre	147	91	-	-	-	-	238	543	(781)	-	-
Other	19	138	-	52	(108)	-	101	815	(949)	(33)	-
S94 Contributions - under a Plan	8,171	5,560	-	55	(1,733)	-	12,053	31,374	(43,427)	-	-
S94A Levies - under a Plan	1,573	686	-	11	(1,108)	-	1,162				-
Total S94 Revenue Under Plans	9,744	6,246	-	66	(2,841)	-	13,215				-
S64 Contributions	2,013	3,020	-	14	(2,101)	-	2,946				-
Total Contributions	11,757	9,266	-	80	(4,942)	-	16,161	31,374	(43,427)	-	-

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	100	-	-	1	-	-	101	-	(100)	1	-
Roads & Traffic Facilities	8	-	-	-	-	-	8	-	-	8	-
Cycleways & Footpaths	13	-	-	-	-	-	13	-	-	13	-
Parking	8	-	-	-	-	-	8	-	-	8	-
Open Space - Local	9	-	-	-	-	-	9	-	-	9	-
Open Space - City Wide	245	-	-	1	(245)	-	1	-	-	1	-
Community Facilities	133	-	-	1	-	-	134	-	(141)	(7)	-
Other	(33)	-	-	-	-	-	(33)	-	-	(33)	-
Total	483	-	-	3	(245)	-	241	-	(241)	-	-

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - 2006 to 2019

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	1,542	2,061	-	-	(68)	-	3,535	12,189	(15,724)	-	-
Parking	(147)	-	-	-	-	-	(147)	147	-	-	-
Open Space - Future	3,383	1,968	-	-	(1,131)	-	4,220	10,062	(14,282)	-	-
Open Space Recoupment - Oasis Regional Aquatic Centre	904	330	-	-	-	-	1,234	1,947	(3,181)	-	-
Open Space Recoupment - Netball Complex Equex	97	32	-	-	-	-	129	211	(340)	-	-
Open Space Recoupemnt - Skate Park Central	(62)	4	-	-	-	-	(58)	58	-	-	-
Community Facilities - Future - Major Community Facility	472	162	-	-	(173)	-	461	975	(1,436)	-	-
Community Facilities - Future - Lloyd Community Centre	74	22	-	-	(8)	-	88	145	(233)	-	-
Community Facilities - Future - Estella Community Centre	85	49	-	-	-	-	134	144	(278)	-	-
Civic, Community & Cultural Recoupment - Main Street Upgrade	(255)	211	-	-	-	-	(44)	1,261	(1,217)	-	-
Civic, Community & Cultural Recoupment - Civic Centre	1,396	492	-	-	-	-	1,888	2,877	(4,765)	-	-
Civic, Community & Cultural Recoupment - Civic Theatre	147	91	-	-	-	-	238	543	(781)	-	-
Other	52	138	-	52	(108)	-	134	815	(949)	-	-
Total	7,688	5,560	-	52	(1,488)	-	11,812	31,374	(43,186)	-	-

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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	1,573	686	-	11	(1,108)	-	1,162	5,568	(6,730)		-
Total	1,573	686	-	11	(1,108)	-	1,162				-

S64 Levies under a plan

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	2,013	1,014	-	14	(95)	-	2,946	1,947	(4,893)		-
Total	2,013	1,014	-	14	(95)	-	2,946				-

CONTRIBUTION PLAN - SEWER 2013

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	-	2,006	-	-	(2,006)	-	-	20,422	(20,422)		-
Total	-	2,006	-	-	(2,006)	-	-				-

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions in future years. The share of this deficit that can be broadly attributed to Council is estimated to be \$383,763.

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other Guarantees

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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 Councils intention to spend funds in the manner and timing set out in those Plans.

(iii) Potential Land Acquisitions due to Planning

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) Tarcutta Street Gasworks Site Rehabilitation

Council has completed the works for this remediation project during 2014/15.

Due to the intrinsic high risk involved in these type of remediation projects there may be associated costs with the groundwater and other contamination issues that may not be apparent at the completion of the project.

Council to date has not made any provision in relation to the above issues that may or may not occur once the remediation action plan in its current form is complete. Further provision for these costs will be made if necessary.

Wagga Wagga City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

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

\$ '000

ASSETS NOT RECOGNISED:

(i) 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 unpaid 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 2015

Note 19. Interests in Other Entities

\$ '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;

Controlled Entities (Subsidiaries)

Note 19(a)

Operational arrangements where Council's control (but not necessarily interest) exceeds 50%.

Joint Ventures & Associates

Note 19(b)

Joint Ventures are operational arrangements where the parties that have joint control have rights to the net assets of the arrangement.

Associates are separate entities where Council has significant influence over the operations (but neither controls nor jointly controls them).

Joint Operations

Note 19(c)

Operational arrangements where the parties that have joint control have rights to specific assets and obligations for specific liabilities relating to the arrangement rather than a right to the net assets of the arrangement.

Unconsolidated Structured Entities

Note 19(d)

Unconsolidated Structured Entities represent "special vehicles" that Council has an interest in but which are not controlled by Council and therefore not consolidated as a Subsidiary, Joint Arrangement or Associate. Attributes of Structured Entities include restricted activities, a narrow and well-defined objective and insufficient equity to finance its activities without financial support.

Subsidiaries, Joint Arrangements and Associates not recognised

Note 19(e)

Accounting Recognition:

(i) Subsidiaries disclosed under Note 19(a) and Joint Operations disclosed at Note 19(c) are accounted for on a "line by line" consolidation basis within the Income Statement and Statement of Financial Position.

(ii) Joint Ventures and Associates as per Notes 19(b)(i) & (ii) are accounted for using the Equity Accounting Method and are disclosed as a 1 line entry in both the Income Statement and Statement of Financial Position.

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Joint Ventures	244	195	1,907	1,744
Associates	-	-	-	-
Total	244	195	1,907	1,744

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 19. Interests in Other Entities (continued)

\$ '000

(a) Controlled Entities (Subsidiaries) - being entities & operations controlled by Council

Council has no interest in any Controlled Entities (Subsidiaries).

(b) Joint Ventures and Associates

Council has incorporated the following Joint Ventures and Associates into it's consolidated Financial Statements.

(a) Net Carrying Amounts - Council's Share

Name of Entity	Nature of Relationship	Measurement Method	2015	2014
Riverina Regional Library Service	Joint Venture	Equity Method	1,907	1,744
Total Carrying Amounts - Material Joint Ventures and Associates			1,907	1,744

(b) Details

Name of Entity	Principal Activity
Riverina Regional Library Service	Public Library Service

(c) Relevant Interests & Fair Values

Name of Entity	Quoted Fair Value		Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2015	2014	2015	2014	2015	2014	2015	2014
Riverina Regional Library Service	N/A	N/A	45%	48%	45%	48%	45%	48%

(d) Summarised Financial Information for Joint Ventures & Associates

	Riverina Regional Library Service	
	2015	2014
Statement of Financial Position		
Current Assets		
Cash and Cash Equivalents	2,013	1,390
Other Current Assets	20	79
Total Current Assets	2,033	1,469
Non-Current Assets	2,946	2,908
Current Liabilities		
Other Current Liabilities	771	707
Total Current Liabilities	771	707
Non-Current Liabilities	1	3
Net Assets	4,206	3,667
Reconciliation of the Carrying Amount		
Opening Net Assets (1 July)	3,667	3,258
Profit/(Loss) for the period	538	409
Closing Net Assets	4,206	3,667
Council's share of Net Assets (%)	45.4%	47.6%
Council's share of Net Assets (\$)	1,907	1,744

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 19. Interests in Other Entities (continued)

\$ '000

(b) Joint Ventures and Associates (continued)

(d) Summarised Financial Information for Joint Ventures & Associates (continued)

	Riverina Regional Library Service	
	2015	2014
Statement of Comprehensive Income		
Income	3,215	2,888
Interest Income	20	23
Depreciation & Amortisation	(710)	(628)
Other Expenses	(1,986)	(1,873)
Profit/(Loss) from Continuing Operations	538	409
Profit/(Loss) for Period	538	409
Total Comprehensive Income	538	409
Council's share of Income (%)	45.4%	47.6%
Council's share of Profit/(Loss) (\$)	244	195
Council's share of Comprehensive Income (\$)	244	195

(c) Joint Operations

Council has no interest in any Joint Operations.

(d) Unconsolidated Structured Entities

Council has no Unconsolidated Structured Entities

(e) Subsidiaries, Joint Arrangements & Associates not recognised

All Subsidiaries, Joint Arrangements and Associates have been recognised in this Financial Report.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2015	Actual 2014
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		782,282	780,256
a. Correction of Prior Period Errors	20 (c)	(4)	201
b. Other Comprehensive Income (excl. direct to Reserves transactions)		(23)	(317)
c. Net Operating Result for the Year		25,648	2,138
Balance at End of the Reporting Period		<u>807,902</u>	<u>782,278</u>

(b) Reserves**(i) Reserves are represented by:**

- Infrastructure, Property, Plant & Equipment Revaluation Reserve		529,493	494,040
Total		<u>529,493</u>	<u>494,040</u>

(ii) Reconciliation of movements in Reserves:**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

- Opening Balance		494,040	487,125
- Revaluations for the year	9(a)	34,643	6,760
- (Impairment of revalued assets) / Impairment reversals	9(a),(c)	807	1,405
- Correction of Prior Period Errors	20(c)	2	(1,249)
- Balance at End of Year		<u>529,493</u>	<u>494,040</u>

TOTAL VALUE OF RESERVES

<u>529,493</u>	<u>494,040</u>
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(iii) Nature & Purpose of Reserves**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000	Notes	Actual 2015	Actual 2014
(c) Correction of Error/s relating to a Previous Reporting Period			
Correction of errors disclosed in this year's financial statements:			
Rounding adjustment for Opening Balances		(2)	-
Correction of errors as disclosed in last year's financial statements:			
Council revalued the following asset classes for the 13/14 Year End:			
1. Recognition of rates paid in advance			(54)
2. Correction of recognition of Flood Contribution			259
3. Derecognition of Community & Residential Land not owned by Council			(1,014)
4. Recognition of land previously not recognised			1,205
5. Correction to opening balance Other Assets			(413)
6. Correction of Flood & Storm damage repair works incorrectly capitalised - Roads Assets Class			(907)
7. Derecognition of pressure pumps not owned by Council			(99)
8. Adjustment 2012/13 reported result			-
9. Correction to opening value of Ceramic Artworks			(21)
In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.			
These amounted to the following Equity Adjustments:			
- Adjustments to Opening Equity - 1/7/13 (relating to adjustments for the 30/6/13 reporting year end and prior periods)		-	(1,249)
- Adjustments to Closing Equity - 30/6/14 (relating to adjustments for the 30/6/14 year end)		(2)	205
Total Prior Period Adjustments - Prior Period Errors		(2)	(1,044)

(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 2015

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2015	Actual 2015
	Sewer	General¹
Continuing Operations		
Income from Continuing Operations		
Rates & Annual Charges	10,429	43,858
User Charges & Fees	4,361	19,071
Interest & Investment Revenue	343	3,285
Other Revenues	868	6,472
Grants & Contributions provided for Operating Purposes	197	15,429
Grants & Contributions provided for Capital Purposes	3,731	25,501
Other Income		
Net Gains from Disposal of Assets	-	-
Share of interests in Joint Ventures & Associates using the Equity Method	-	244
Total Income from Continuing Operations	19,929	113,860
Expenses from Continuing Operations		
Employee Benefits & on-costs	2,278	37,100
Borrowing Costs	2,455	1,695
Materials & Contracts	6,753	23,129
Depreciation & Amortisation	4,950	17,359
Impairment	-	-
Other Expenses	2,329	8,603
Net Losses from the Disposal of Assets	-	1,490
Share of interests in Joint Ventures & Associates using the Equity Method	-	-
Total Expenses from Continuing Operations	18,765	89,376
Operating Result from Continuing Operations	1,164	24,484
Discontinued Operations		
Net Profit/(Loss) from Discontinued Operations	-	-
Net Operating Result for the Year	1,164	24,484
Net Operating Result attributable to each Council Fund	1,164	24,484
Net Operating Result attributable to Non-controlling Interests	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(2,567)	(1,017)

¹ General Fund refers to all Council's activities other than Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal charges & recoveries made between the Funds.

Wagga Wagga City Council

Notes to the Financial Statements

as at 30 June 2015

Note 21. Financial Result & Financial Position by Fund (continued)

Statement of Financial Position by Fund \$ '000	Actual 2015	Actual 2015
ASSETS	Sewer	General¹
Current Assets		
Cash & Cash Equivalents	7,086	844
Investments	-	34,131
Receivables	2,291	9,174
Inventories	502	1,985
Other	-	436
Non-current assets classified as 'held for sale'	-	-
Total Current Assets	9,879	46,570
Non-Current Assets		
Investments	13,335	26,678
Receivables	-	359
Inventories	-	-
Infrastructure, Property, Plant & Equipment	255,145	1,062,946
Investments Accounted for using the equity method	-	1,907
Investment Property	-	3,450
Intangible Assets	-	-
Total Non-Current Assets	268,480	1,095,341
TOTAL ASSETS	278,360	1,141,911
LIABILITIES		
Current Liabilities		
Payables	1,005	11,373
Borrowings	576	1,687
Provisions	995	11,293
Total Current Liabilities	2,575	24,353
Non-Current Liabilities		
Payables	-	-
Borrowings	32,810	21,097
Provisions	394	1,644
Total Non-Current Liabilities	33,205	22,741
TOTAL LIABILITIES	35,780	47,095
Net Assets	242,580	1,094,816
EQUITY		
Retained Earnings	65,712	742,190
Revaluation Reserves	176,868	352,626
Total Equity	242,580	1,094,816

¹ General Fund refers to all Council's activities other than Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal receivables & payables between the Funds.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

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

\$ '000

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

Note 23. Events occurring after the Reporting Date

Events that occur between the end of the reporting period (ending 30 June 2015) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 14/10/15.

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

(i) Events that provide evidence of conditions that existed at the Reporting Period

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2015.

(ii) Events that provide evidence of conditions that arose after the Reporting Period

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2015 and which are only indicative of conditions that arose after 30 June 2015.

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

Note 24. Discontinued Operations

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

Note 25. Intangible Assets

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

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2015	2014
Quarries	2035	1,447	994
Sewerage Treatment Works	2017	769	1,481
Solid Waste Management Centres		-	1,228
Tarcutta Street Gasworks Site		-	1,924
Balance at End of the Reporting Period	10(a)	2,216	5,627

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	5,627	11,134
Effect of a change in other calculation estimates used	(1,004)	355
Amortisation of discount (expensed to borrowing costs)	90	86
Expenditure incurred attributable to Provisions	(2,497)	(5,948)
Total - Reinstatement, rehabilitation and restoration provision	2,216	5,627

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

\$ '000

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

- Infrastructure, Property, Plant and Equipment
- Investment Property
- Financial Assets & Liabilities

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

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

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

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

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

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values:

2015	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investments					
- "Designated At Fair Value on Initial Recognition"	30/06/15	1,030	20,024	-	21,054
- "Held to Maturity"	30/06/15	-	53,090	-	53,090
Total Financial Assets		1,030	73,115	-	74,145
Investment Properties					
Commercial & Residential Properties	30/06/15	-	3,450	-	3,450
Total Investment Properties		-	3,450	-	3,450
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	30/06/15	-	12,948	-	12,948
Office Equipment	30/06/15	-	-	1,150	1,150
Furniture & Fittings	30/06/15	-	-	400	400
Operational Land	30/06/13	-	53,452	-	53,452
Community Land	30/06/08	-	-	115,467	115,467
Buildings Non-Specialised	30/06/13	-	-	47,390	47,390
Buildings Specialised	30/06/13	-	-	36,856	36,856
Other Structures	30/06/08	-	-	30,613	30,613
Roads	30/06/15	-	-	461,215	461,215
Bridges	30/06/15	-	-	31,187	31,187
Footpaths	30/06/15	-	-	15,930	15,930
Stormwater Drainage	30/06/15	-	-	199,808	199,808
Sewerage Network	30/06/12	-	-	251,268	251,268
Swimming Pools	30/06/08	-	-	1,547	1,547
Other Open Space/Recreational Assets	30/06/08	-	-	5,613	5,613
Artworks	30/06/08	-	5,941	228	6,169
Other Assets	30/06/08	-	-	38,237	38,237
Quarry Assets	30/06/15	-	-	1,136	1,136
Land under Roads	30/06/15	-	-	7,703	7,703
Total Infrastructure, Property, Plant & Equipment		-	72,342	1,245,749	1,318,090

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values (continued):

2014	Date of latest Valuation	Fair Value Measurement Hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring Fair Value Measurements					
Financial Assets					
Investments					
- "Designated At Fair Value on Initial Recognition"	30/06/14	3,169	14,445	-	17,614
- "Held to Maturity"	30/06/14		42,125	-	42,125
Total Financial Assets		3,169	56,570	-	59,739
Financial Liabilities					
Payables	30/06/14	-	15,063	-	15,063
Loans / Advances	30/06/14	-	57,388	-	57,388
Other	30/06/14	-	17,056	-	17,056
Total Financial Liabilities		-	89,507	-	89,507
Investment Properties					
Commercial & Residential Properties	30/06/14	-	3,955	-	3,955
Total Investment Properties		-	3,955	-	3,955
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	30/06/14	-	13,552	-	13,552
Office Equipment	30/06/14	-	-	788	788
Furniture & Fittings	30/06/14	-	-	423	423
Operational Land	30/06/13	-	54,363	-	54,363
Community Land	30/06/08	-	-	115,515	115,515
Buildings Non-Specialised	30/06/13	-	-	48,859	48,859
Buildings Specialised	30/06/13	-	-	34,603	34,603
Other Structures	30/06/08	-	-	30,914	30,914
Roads	30/06/11	-	-	414,223	414,223
Bridges	30/06/11	-	-	29,911	29,911
Footpaths	30/06/11	-	-	18,655	18,655
Stormwater Drainage	30/06/09	-	-	204,919	204,919
Sewerage Network	30/06/12	-	-	248,113	248,113
Swimming Pools	30/06/08	-	-	1,564	1,564
Other Open Space/Recreational Assets	30/06/08	-	-	5,443	5,443
Artworks	30/06/08	-	5,589	557	6,146
Other Assets	30/06/14	-	-	34,927	34,927
Tip Remediation Assets	30/06/10	-	-	168	168
Quarry Assets	30/06/10	-	-	746	746
Total Infrastructure, Property, Plant & Equipment		-	73,504	1,190,328	1,263,832

(2) Transfers between Level 1 & Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

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

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Financial Assets

Wagga Wagga City Council receives monthly valuations and statements from the financial institutions that hold investments on behalf of Council.

There have been no changes in Valuation Techniques from prior years.

Financial Liabilities

Wagga Wagga City Council holds loans with Commonwealth Bank, National Australia Bank and Clean Energy Finance Corporation. Council receives annual bank statements outlining the outstanding balances on these loan accounts.

There have been no changes in Valuation Techniques from prior years.

Investment Properties

Council currently holds 4 investment properties:

- 36-40 Gurwood Street, Wagga Wagga
- 20 Wiradjuri Crescent, Wagga Wagga
- 26 Wiradjuri Crescent, Wagga Wagga
- 32 Wiradjuri Crescent, Wagga Wagga

An independent full revaluation is undertaken on Council's investment properties on an annual basis, at the end of the financial year. The figure listed in the financial statements is the most up to date valuation.

All properties have been valued using a direct market comparison and are therefore valued using the Market Approach. The properties were valued on 30/6/2015 by Opteon (Southern Inland NSW), AAPI Certified Practising Valuers.

There have been no changes in Valuation Techniques from prior years.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

Infrastructure, Property, Plant & Equipment

Property, Plant & Equipment

Council's Plant & Equipment, Furniture Fittings and Office Equipment includes:

- Major Plant - Trucks, street sweepers, graders etc
- Fleet Vehicles - Cars, Vans, Utes
- Minor Plant - Chainsaws, brushcutters, mowers etc
- Furniture & Fittings - Desks, chairs, kitchen appliances, furniture
- Office Equipment - Computers, Monitors, Projectors etc

Plant equipment, office equipment and furniture & fittings are valued internally using a Depreciated Replacement Cost.

Council values Property, Plant & Equipment using Level 2 and Level 3 inputs. The unobservable Level 2 and Level 3 inputs used include:

- Gross Replacement Cost
- Asset Condition
- Estimated useful life of the Asset
- Residual Value

There has been no change to the valuation process during the reporting period.

Roads

This asset class includes, Roads, Carparks, Culverts, Kerb and Gutter, Bus and Taxi Shelters, Roundabouts and Medians. Council uses the Depreciated Replacement Cost to value the roads and associated assets, and has componentised the roads into Formation, Pavement and Surface.

This asset class was revalued as part of the Roads and Associated Asset revaluation, undertaken internally in the 2014/15 financial year.

Council values Roads and Associated Assets using Level 3 inputs. The unobservable Level 3 inputs used include:

- Gross Replacement Cost
- Asset Condition
- Estimated useful life of the Asset
- Residual Value

There has been no change to the valuation process during the reporting period.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

Infrastructure, Property, Plant & Equipment (continued)

Footpaths

The footpath asset class includes all footways (footpaths, shared paths and cycleways) sealed or unsealed, and has been valued using a Depreciated Replacement Cost. This asset class was revalued as part of the Roads and Associated Asset revaluation, undertaken internally in the 2014/15 financial year.

Council values Footpaths using Level 3 inputs. The unobservable Level 3 inputs used include:

- Gross Replacement Cost
- Asset Condition
- Estimated useful life of the Asset
- Residual Value

There has been no change to the valuation process during the reporting period.

Bridges

The bridges asset class consists of all pedestrian and vehicle access bridges and have been valued using a Depreciated Replacement Cost. This asset class was revalued as part of the Roads and Associated Assets Revaluation, undertaken internally in the 2014/15 Financial Year.

Council values Bridges using Level 3 inputs. The unobservable Level 3 inputs used include:

- Gross Replacement Cost
- Asset Condition
- Estimated useful life of the Asset
- Residual Value

There has been no change to the valuation process during the reporting period.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

Infrastructure, Property, Plant & Equipment (continued)

Operational Land

Council's Operational Land was valued externally by Opteon in 2013 using the Market value approach. The valuation took into account only the land component and excluded the added value of any existing structures.

Operational Land has been valued using Level 2 inputs. The unobservable Level 2 input used is the unit rate per square metre or hectare.

Land under Roads

Land Under Roads has been valued internally using the Englobo method. The value is calculated using the road reserve area of the LGA, the total LGA area and total LGA land site value.

2014/15 is the first year that Council has recognised it's Land Under Roads as an asset.

There has been no change to the valuation process during the reporting period.

Community Land

Council's Community Land was valued externally by Australian Pacific Valuers (APV) in 2008 using the Market value. The valuation took into account the available market evidence, and each of the assets listed was physically inspected during the valuation.

Community Land has been valued using Level 3 inputs. The unobservable Level 3 input used is the unit rate per square metre or hectare.

There has been no change to the valuation process during the reporting period.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

Infrastructure, Property, Plant & Equipment (continued)

Buildings Non-Specialised

The Non-Specialised Buildings are valued using the Market Approach and were last revalued in 2013 by Scott Fullarton Valuations Pty Ltd. The valuation took into account the components of the buildings such as:

- Whole Building
- Structure
- Internal Finishes
- Electrical
- Mechanical
- Fire/Security
- Transportation
- Roof

Council values Non-Specialised Buildings using Level 3 inputs. The unobservable Level 3 inputs used include:

- Gross Replacement Cost
- Asset Condition
- Remaining useful life of the Asset
- Residual Value
- Components

There has been no change to the valuation process during the reporting period.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

Infrastructure, Property, Plant & Equipment (continued)

Buildings Specialised

The Specialised Buildings are valued using a Depreciated Replacement Cost and were last revalued in 2013 by Scott Fullarton Valuations Pty Ltd. The valuation took into account the components of the buildings such as:

- Whole Building
- Structure
- Internal Finishes
- Electrical
- Mechanical
- Fire/Security
- Transportation
- Roof

Council values Specialised Buildings using Level 3 inputs. The unobservable Level 3 inputs used include:

- Gross Replacement Cost
- Asset Condition
- Remaining useful life of the Asset
- Residual Value
- Components

There has been no change to the valuation process during the reporting period.

Other Structures

Council's Other Structures include fences, sports lighting, tennis courts, netball courts, hockey fields, shade structures, Livestock Marketing Centre, airport taxiways, model railways, zoo enclosures and city gateways.

Other Structures were valued externally in 2008 by Australian Pacific Valuers (APV), using a Depreciated Replacement Cost and Level 3 inputs.

The unobservable Level 3 inputs used include:

- Gross Replacement Cost
- Asset Condition
- Estimated useful life of the Asset
- Residual Value

There has been no change to the valuation process during the reporting period.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

Infrastructure, Property, Plant & Equipment (continued)

Other Assets

Council's Other Assets include fountains, memorials, monuments, cricket pitches, netball courts, irrigation etc.

Other Assets were valued externally in 2008 by Australian Pacific Valuers (APV), using a Depreciated Replacement Cost and Level 3 inputs.

The unobservable Level 3 inputs used include:

- Gross Replacement Cost
- Asset Condition
- Residual Value

There has been no change to the valuation process during the reporting period.

Stormwater Drainage

The Stormwater Drainage asset class includes stormwater pits, stormwater pipes, open drains and detention basins and levee banks. This asset class was revalued as part of the Drainage Revaluation undertaken internally in the 2014/15 Financial Year.

Stormwater Drainage assets have been valued internally using a Depreciated Replacement Cost and Level 3 inputs. The unobservable Level 3 inputs used include:

- Gross Replacement Cost
- Asset Condition
- Estimated useful life of the Asset
- Residual Value

There has been no change to the valuation process during the reporting period.

Sewerage Network

The Sewerage Network asset class includes, Ancillary, Sewerage Treatment Works, Sewerage Pump Stations, Sewer Mains, Water Mains, Water Pumping Stations and Water Reservoirs.

An external valuation of the Sewerage Network was undertaken in 2012 by CPE Associates Pty Ltd, and has been valued using a Depreciated Replacement cost and Level 3 inputs. The unobservable Level 3 inputs used include:

- Gross Replacement Cost
- Asset Condition
- Remaining life estimate
- Residual Value

There has been no change to the valuation process during the reporting period.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

Infrastructure, Property, Plant & Equipment (continued)

Swimming Pools

The swimming pool includes only the outside 50m pool and the dive pool. The indoor swimming pools are valued in the buildings class with the Aquatic Centre.

Swimming Pools were last revalued in 2008 as part of the Other Structures revaluation undertaken by APV. In 2013/14 the two outdoor pools were split out into their own class as part of the year end process.

Council values Swimming Pools using Level 3 inputs. The unobservable Level 3 inputs used include:

- Gross Replacement Cost
- Asset Condition
- Estimated useful life of the Asset
- Residual Value

There has been no change to the valuation process during the reporting period.

Other Open Space/Recreational Assets

Council's Other Open Space/Rec Assets class includes, Playgrounds, BBQ's, Parks, Open Spaces, Boat Ramps, Skate Parks, Pool Blankets, Retaining Walls, Recreational Assets in an open space area, Fitness Equipment etc.

Council's Other Open Space/Rec Assets were valued by APV in 2008, as part of the Other Structures valuation using a Depreciated Replacement Cost and Level 3 inputs. The Level 3 unobservable inputs used include:

- Gross Replacement Cost
- Asset Condition
- Remaining useful life of the Asset

There has been no change to the valuation process during the reporting period.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

Infrastructure, Property, Plant & Equipment (continued)

Artworks

Council's artworks have been externally valued in 2008 by Australian Pacific Valuers (APV) using their Market Value. The asset class is split across both Level 2 and Level 3 inputs. Level 2 being already valued artworks plus any donations, and Level 3 being any purchased artworks post 2008.

The Artworks asset class includes, glass works, prints, paintings, ceramics, books, textiles, drawings and sculptures.

There has been no change to the valuation process during the reporting period.

Quarry Assets

Council engaged an external consultant (Alf Grigg) to produce the Remediation Cost Estimates for the Quarry Assets in 2014/15. The majority of Council operated quarries are situated on private land. Council only owns and operates one quarry site, with another site recently purchased under development.

The remediation cost estimates include:

- Mobilisation Costs
- Project Management Costs
- Monitoring Costs
- Contingency
- Indexation for Inflation

There has been no change to the valuation process during the reporting period.

Tip Remediation Asset

Council engaged an external consultant (Alf Grigg) to produce the Remediation Cost Estimates for the Tip Assets in 2014/15. The remediation cost estimate takes into account village landfill sites, as well as the Gregadoo Waste Management Centre.

The remediation estimate includes costs such as:

- Design
- Survey
- Construction of site specific trenches, pipelines and pumping systems etc.
- Project Supervision

There has been no change to the valuation process during the reporting period.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3)

a. The following tables present the changes in Level 3 Fair Value Asset Classes.

	Community Land	Buildings Non- Specialised	Buildings Specialised	Other Structures	Roads	Bridges	Footpaths	Stormwater Drainage	Total
Opening Balance - 1/7/13	116,121	50,365	35,255	31,835	407,310	29,831	20,605	203,440	894,762
Additions	13	564	1,055	334	10,657	795	306	2,457	16,181
Disposals	-	(20)	(352)	(197)	(307)	(340)	-	(231)	(1,447)
Depreciation	-	(2,067)	(1,358)	(1,044)	(5,553)	(96)	(2,255)	(776)	(13,150)
Impairment Loss (Recognised in Equity)	-	-	-	-	(239)	(328)	-	-	(567)
Impairment Reversal (via Equity)	-	13	-	-	1,890	48	-	20	1,972
Adjustments & Transfers	(620)	5	4	(12)	464	-	-	8	(151)
Closing Balance - 30/6/14	115,515	48,859	34,603	30,914	414,223	29,911	18,655	204,919	897,599
Purchases (GBV)	959	610	3,628	735	19,242	-	734	5,431	31,339
Disposals (WDV)	(1,006)	-	-	-	(94)	-	-	-	(1,101)
Depreciation & Impairment	-	(2,078)	(1,376)	(1,036)	(5,837)	(101)	(2,181)	(787)	(13,397)
Impairment Reversal (via Equity)	-	-	-	-	796	-	-	11	807
Other movement (Revaluation)	-	-	-	-	32,886	1,378	(1,279)	(9,766)	23,219
Closing Balance - 30/6/15	115,467	47,391	36,855	30,614	461,215	31,187	15,930	199,808	938,467

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) continued

a. The following tables present the changes in Level 3 Fair Value Asset Classes. (continued)

	Sewerage Network	Swimming Pools	Other Open Space/Rec Assets	Artworks	Other Assets	Tip Assets	Quarry Assets	Furniture & Fittings & Office Equip	Total
Opening Balance - 1/7/13	241,424	1,581	5,352	423	35,539	155	412	1,244	286,130
Additions	4,716	-	629	134	2,461	-	-	315	8,255
Disposals	(4)	-	-	-	(758)	-	-	-	(762)
Depreciation	(4,783)	(17)	(538)	-	(1,734)	(19)	(21)	(348)	(7,460)
Adjustments & Transfers	-	-	-	-	(583)	33	354	-	(196)
Revaluation Increments to Equity (ARR)	6,760	-	-	-	-	-	-	-	6,760
Closing Balance - 30/6/14	248,113	1,564	5,443	557	34,927	168	746	1,211	292,729
Purchases (GBV)	4,380	-	737	35	5,120	-	-	717	10,989
Depreciation & Impairment	(4,947)	(17)	(566)	-	(1,810)	-	(37)	(377)	(7,754)
Adjustments & Transfers	-	-	-	(364)	-	(168)	427	-	(105)
Revaluation Increments to Equity (ARR)	3,722	-	-	-	-	-	-	-	3,722
Closing Balance - 30/6/15	251,268	1,547	5,614	228	38,237	(0)	1,136	1,551	299,580

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) continued

a. The following tables present the changes in Level 3 Fair Value Asset Classes. (continued)

	Land Under Roads	Total
Opening Balance - 1/7/13	-	-
Closing Balance - 30/6/14	<u>-</u>	<u>-</u>
Revaluation Increments to Equity (ARR)	7,703	7,703
Closing Balance - 30/6/15	<u>7,703</u>	<u>7,703</u>

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

b. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

Class	Fair Value (30/6/15) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I,PP&E					
Buildings Non-Specialised	47,390	Market Value	Unit Rate Cost Asset Condition Useful life Residual Value Components	Unit Rates vary from asset to asset 1-5 (Excellent to Very Poor) Remaining useful life: 20-80 years 50% - Structure Whole Building, Structure, Internal Finishes, Electrical, Mechanical, Fire/Security, Transportation, Roof	Any changes to the Gross Replacement Cost, Asset Condition, Useful Life or Residual Value will affect the fair value of Buildings asset class.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

b. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.

Class	Fair Value (30/6/15) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I,PP&E (continued)					
Buildings Specialised	36,856	Depreciated Replacement Cost	Unit Rate Cost	Unit Rates vary from asset to asset	Any changes to the Gross Replacement Cost, Asset Condition, Useful Life or Residual Value will affect the fair value of Buildings asset class.
			Asset Condition	1-5 (Excellent to Very Poor)	
			Useful life of Asset	Remaining useful life: 0-57 years	
			Residual Value	50% - Structure	
			Components	Whole Building, Structure, Internal Finishes, Electrical, Mechanical, Fire/Security, Transportation, Roof	
Other Structures	30,613	Depreciated Replacement Cost	Unit Rate Cost	Unit Rates vary from asset to asset: \$6000-\$18,710,714	Any changes to Gross Replacement Cost, Asset Condition or Residual Value will affect the fair value of the Other Structures asset class.
			Asset Condition	1-5 (Excellent to Very Poor)	
			Estimated useful life of the	19-81 years	
			Residual Value	0-30%	

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

b. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.

Class	Fair Value (30/6/15) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I,PP&E (continued)					
Roads	461,215	Depreciated Replacement Cost	Unit Rate Cost Asset Condition Estimated useful life of the Asset Residual Value	Unit Rates for Roads: - Formation: \$2.80 - Pavement: \$4.40 - 65.00 - Surface: \$2.40 - 12.70 Unit Rates for Kerb & Gutter: \$270.00 Unit Rates for Culverts: \$400 - \$4000.00 Roads: 1-5 (Excellent to Very Poor) Kerb & Gutter: 1-5 (Excellent to Very Poor) Culverts: 1-5 (Excellent to Very Poor) Road Formation: 60 yrs Road Pavement: 60 yrs Road Surface: 12-16yrs Kerb & Gutter: 70 yrs Culverts: 50-80 yrs Road Formation: 0% Road Pavement: 40% Road Surface: 0-58% Kerb & Gutter: 40% Culverts: 40%	Any changes to Gross Replacement Cost, Asset Condition or Residual Value of any of the components will affect the fair value of the Roads asset class.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

b. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.

Class	Fair Value (30/6/15) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I,PP&E (continued)					
Bridges	31,187	Depreciated Replacement Cost	Unit Rate Cost	Unit Rates : \$1,396.64 - \$3,200	Any changes to Gross Replacement Cost, Asset Condition or Residual Value will affect the fair value of the Bridge asset class.
			Asset Condition	1-5 (Excellent to Very Poor)	
			Estimated useful life of the Asset	Bridges: 50-100 years Footbridges: 30-80 years	
			Residual Value	0%	
Footpaths	15,930	Depreciated Replacement Cost	Unit Rate Cost	Unit Rates : \$20 - \$149	Any changes to Gross Replacement Cost, Asset Condition or Residual Value will affect the fair value of the Footpath asset class.
			Asset Condition	1-5 (Excellent to Very Poor)	
			Useful life of the Asset	15-50 years	
			Residual Value	0%	

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

b. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.

Class	Fair Value (30/6/15) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I,PP&E (continued)					
Stormwater Drainage	199,808	Depreciated Replacement Cost	Unit Rate Cost Asset Condition Estimated useful life of the Asset Residual Value	Unit Rates for Pipes: \$68 - \$2,850 Unit Rates for Pits: \$1,700 - \$2,400 Unit Rates for Levee Banks: \$105.41 - \$1,000 Unit Rates for Open Drains and Detention Basins: \$42.68 - \$94.90 Drains : 1-5 (Excellent to Very Poor) Levee Banks: 1-5 (Excellent to Very Poor) Pipes: 70-100 yrs Pits: 100 yrs Open Drains and Detention Basins: 0-100 yrs Levee Banks: 60-100 yrs Pipes: 0% Pits: 0% Open Drains and Detention Basins: 0-100% Levee Banks: 0-100%	Any changes to Gross Replacement Cost, Asset Condition or Residual Value will affect the fair value of the Stormwater Drainage asset class.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

b. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.

Class	Fair Value (30/6/15) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I,PP&E (continued)					
Sewerage Network	251,268	Depreciated Replacement Cost	Unit Rate Cost	Unit Rates for Sewer Pipes: \$224.96 - \$1361.60 Unit Rates for Pump Stations: \$310,800 - \$710,400 Unit Rates for Manholes: \$47.15 - \$705.44	Any changes to Gross Replacement Cost, Asset Condition or Residual Value will affect the fair value of the Sewerage Network asset class.
			Asset Condition	Pipes: 1-5 (Excellent to Very Poor) Pump Stations: 1-5 (Excellent to Very Poor) Manholes: 1-5 (Excellent to Very Poor)	
			Estimated useful life of the Asset	Mains: 40-113 yrs Pump Stations: 9-102 yrs Treatment Works: 15-112 yrs Ancillary: 10-100 yrs	
			Residual Value	6-65%	
Swimming Pools	1,547	Depreciated Replacement Cost	Unit Rate Cost	Unit Rates: \$384,000 - \$1,300,000	Any changes to Gross Replacement Cost, Asset Condition or Residual Value will affect the fair value of the Swimming Pools asset class.
			Asset Condition	1-5 (Excellent to Very Poor)	
			Estimated useful life of the Asset	36 years	
			Residual Value	10 years	

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

b. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.

Class	Fair Value (30/6/15) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I,PP&E (continued)					
Furniture & Fittings, Office Equip	1,550	Depreciated Historical Cost	Unit Rate Cost Estimated useful life of the Asset Residual Value	Varies from asset to asset Office Equipment: 3-100 years Office Furniture: 1-100 years Computer Equipment: 3-10 years Varies from asset to asset	Any changes to Gross Replacement Cost, Asset Condition or Residual Value will affect the fair value of the Furniture & Fittings, Office Equip asset class.
Other Open Space / Recreational Assets	5,613	Depreciated Replacement Cost	Unit Rate Cost Asset Condition Useful life of Asset	Varies from asset to asset \$1500- \$2,900,000 1-5 (Excellent to Very Poor) 10-30 years	Any changes to Gross Replacement Cost, Asset Condition or Residual Value will affect the fair value of the Other Open Space/Recreational Asset class.
Other Assets	38,237	Depreciated Replacement Cost	Unit Rate Cost Asset Condition Residual Value	Varies from asset to asset \$1500 - \$4,787,338 1-5 (Excellent to Very Poor) 5-60 years Varies from asset to asset	Any changes to Gross Replacement Cost, Asset Condition or Residual Value will affect the fair value of the Other Assets asset class.
Community Land	115,467	Market Value	Unit Rates per square metre or hectare	Unit Rates vary from asset to asset	Increase or decrease in the price per square metre or hectare
Artworks	228	Market Value	Market Value	Costs varies from asset to asset	Increases or decreases in the market value will affect the fair value of the Artworks asset class.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

b. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.

Class	Fair Value (30/6/15) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I, PP&E (continued)					
Quarry Assets	1,136	Discounted Net Present Value	Value of future expenditure for remediation	Costs varies from asset to asset	Changes to the condition of the required future remediation, and also increase/decreases in the price of the remediation will affect the fair value of the Quarry Asset
Tip Remediation Assets	0	Discounted Net Present Value	Value of future expenditure for remediation	Costs varies from asset to asset	Changes to the condition of the required future remediation, and also increase/decreases in the price of the remediation will affect the fair value of the Tip Remediation Asset
Land under Roads	7,703	Engolbo Method	Rateable land and Local government area	Amount varies from property to property, year to year	Any changes to the total Wagga Wagga land site value (total rateable land value) will result in a change in the total value of Land Under Roads.

(5). Highest and best use

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

Wagga Wagga City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 28. Financial Review

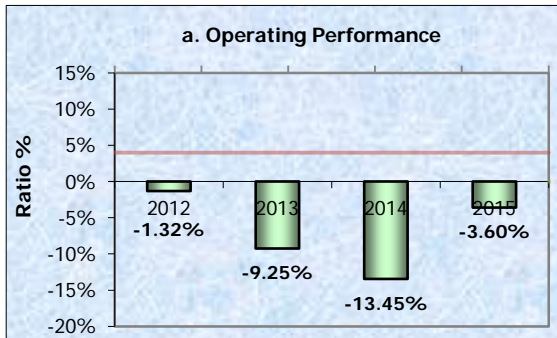
\$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014 2013	
TCorp Performance Measures - Consolidated				
a. Operating Performance				
Operating Revenue ¹ (excl. Capital Grants & Contributions)				
<u>- Operating Expenses</u>	<u>(3,751)</u>	-3.60%	-13.45%	-9.25%
Operating Revenue ¹ (excl. Capital Grants & Contributions)	104,340			
b. Own Source Operating Revenue				
<u>Rates & Annual Charges + User Charges & Fees</u>	<u>77,719</u>	58.19%	62.11%	61.22%
Total Operating Revenue ¹ (incl. Capital Grants & Contributions)	133,572			
c. Unrestricted Current Ratio				
<u>Current Assets less all External Restrictions</u>	<u>41,017</u>	2.68	2.46	2.22
Current Liabilities less Specific Purpose Liabilities	15,289			
d. Debt Service Cover Ratio				
<u>Operating Result ¹ before Interest & Depreciation (EBITDA)</u>	<u>22,708</u>	3.56	2.09	2.53
Principal Repayments (from the Statement of Cash Flows)	6,382			
+ Borrowing Interest Costs (from the Income Statement)				
e. Capital Expenditure Ratio				
<u>Annual Capital Expenditure</u>	<u>41,200</u>	1.85	1.15	1.80
Annual Depreciation	22,309			
f. Infrastructure Backlog Ratio				
<u>Estimated Cost to bring Assets to a Satisfactory Condition</u>	<u>43,355</u>	0.04	0.08	0.10
Total value of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	1,081,428			
g. Asset Maintenance Ratio				
<u>Actual Asset Maintenance</u>	<u>12,267</u>	1.16	0.59	0.70
Required Asset Maintenance	10,566			
h. Building & Infrastructure Renewals Ratio				
<u>Asset Renewals</u>	<u>9,931</u>	0.58	0.94	1.36
Depreciation of Building and Infrastructure Assets	17,084			
i. Cash Expense Cover Ratio				
<u>Current Year's Cash & Cash Equivalents</u> x12	<u>7,930</u>	1.16	2.09	2.78
(Total Expenses - Depreciation - Interest Costs)	6,807			
j. Interest Cover Ratio				
<u>Operating Results before Interest & Depreciation (EBITDA)</u>	<u>22,708</u>	5.47	2.99	3.40
Borrowing Interest Costs (from the income statement)	4,150			

¹ Excludes fair value adjustments and reversal of revaluation decrements

Wagga Wagga City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 28. Financial Review (continued)



— Minimum 4.00%

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

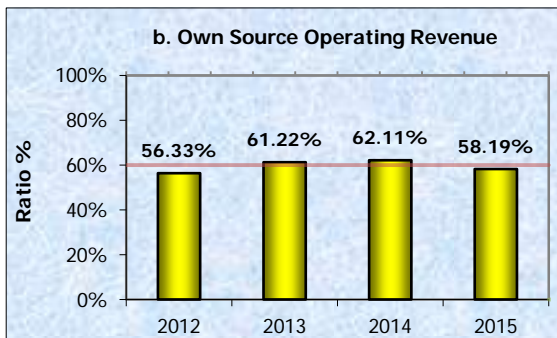
Purpose of Operating Performance Ratio

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

Commentary on 2014/15 Result

2014/15 Ratio -3.60%

This ratio illustrates Council's heavy reliance on capital grants and contributions to fund the organisations many projects each year.



— Minimum 60.00%

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

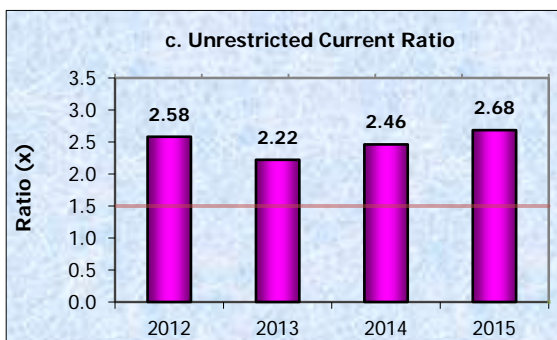
Purpose of Own Source Operating Revenue Ratio

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

Commentary on 2014/15 Result

2014/15 Ratio 58.19%

This ratio illustrates Council's reliance on rates revenue to fund much of the organisations operations each year.



— Minimum 1.50

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

Purpose of Unrestricted Current Ratio

To assess the adequacy of unrestricted working capital and Council's ability to meet short term obligations as they fall due.

Commentary on 2014/15 Result

2014/15 Ratio 2.68

Council's Unrestricted Current Ratio for 2014/15 still represents a relatively strong liquidity. The graph demonstrates that Council has maintained an above benchmark result since 2011/12.



— Minimum 2.00

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

Purpose of Debt Service Cover Ratio

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

Commentary on 2014/15 Result

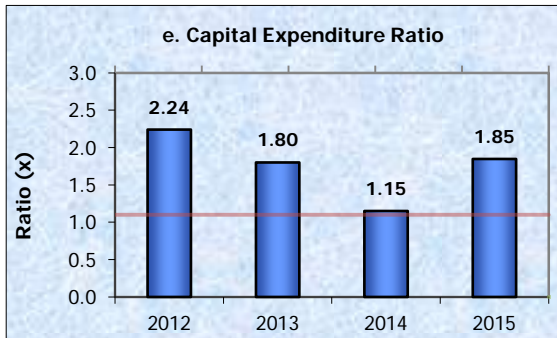
2014/15 Ratio 3.56 x

This graph illustrates Council's continued ability to meet its debt servicing obligations as they come due.

Wagga Wagga City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 28. Financial Review (continued)



— Minimum 1.10

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

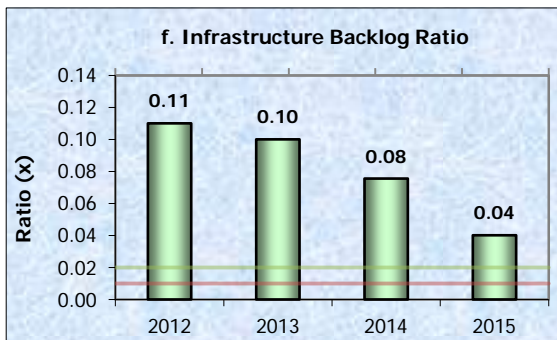
Purpose of Capital Expenditure Ratio

This ratio assesses the extent to which a Council is expanding its asset base with capital expenditure (on new assets, replacement & renewal of existing assets).

Commentary on 2014/15 Result

2014/15 Ratio 1.85 x

This ratio illustrates Council's increase in capital expenditure in 2014/15 when compared to 2013/14.



— Minimum 0.01 — Maximum 0.02

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

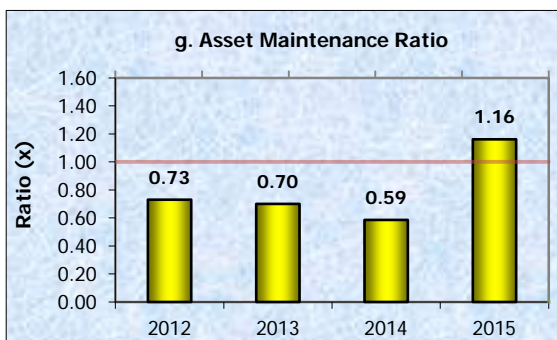
Purpose of Infrastructure Backlog Ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on 2014/15 Result

2014/15 Ratio 0.04 x

Council's infrastructure backlog has continued to decrease over the past 3 years. This is due to Council now having a better understanding of what assets are in a satisfactory condition. Local Government still faces an issue in funding these backlogs due to its constrained revenue environment.



— Minimum 1.00

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

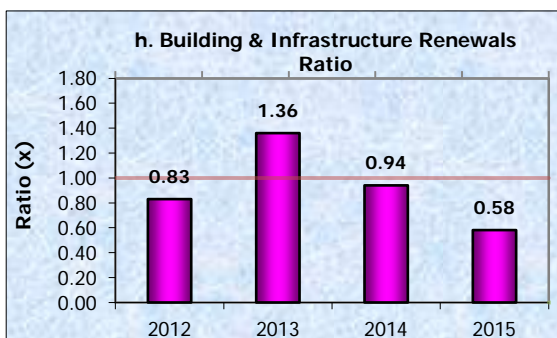
Purpose of Asset Maintenance Ratio

Compares actual vs. required annual asset maintenance. A ratio of > 1.0x indicates enough has been spent to stop the Infrastructure Backlog from growing.

Commentary on 2014/15 Result

2014/15 Ratio 1.16 x

The Asset Maintenance Ratio outlines Council's focus on maintenance during the 2014/15 financial year.



— Minimum 1.00

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

Purpose of Asset Renewals Ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on 2014/15 Result

2014/15 Ratio 0.58 x

This ratio has decreased for 2014/15 mainly due to Council's focus on maintaining it's current asset base and completion of new capital assets.

Wagga Wagga City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 28. Financial Review (continued)

i. Cash Expense Cover Ratio	Purpose of Cash Expense Cover Ratio	Commentary on 2014/15 Result														
<table border="1"> <caption>Cash Expense Cover Ratio Data</caption> <thead> <tr> <th>Year</th> <th>Ratio (mths)</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>1.80</td> </tr> <tr> <td>2013</td> <td>2.78</td> </tr> <tr> <td>2014</td> <td>2.09</td> </tr> <tr> <td>2015</td> <td>1.17</td> </tr> </tbody> </table> <p>— Minimum 3.00</p>	Year	Ratio (mths)	2012	1.80	2013	2.78	2014	2.09	2015	1.17	<p>This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.</p>	<table border="1"> <thead> <tr> <th colspan="2">2014/15 Ratio</th> </tr> </thead> <tbody> <tr> <td>2014/15 Ratio</td> <td>1.16 mths</td> </tr> </tbody> </table> <p>The decrease in this ratio depicts Council's movements from short-term investments into medium and longer terms.</p>	2014/15 Ratio		2014/15 Ratio	1.16 mths
Year	Ratio (mths)															
2012	1.80															
2013	2.78															
2014	2.09															
2015	1.17															
2014/15 Ratio																
2014/15 Ratio	1.16 mths															

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

j. Interest Cover Ratio	Purpose of Interest Cover Ratio	Commentary on 2014/15 Result														
<table border="1"> <caption>Interest Cover Ratio Data</caption> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>6.44</td> </tr> <tr> <td>2013</td> <td>3.40</td> </tr> <tr> <td>2014</td> <td>2.99</td> </tr> <tr> <td>2015</td> <td>5.47</td> </tr> </tbody> </table> <p>— Minimum 4.00</p>	Year	Ratio (x)	2012	6.44	2013	3.40	2014	2.99	2015	5.47	<p>This ratio indicates the extent to which a Council can service (thru operating cash) its interest bearing debt & take on additional borrowings.</p>	<table border="1"> <thead> <tr> <th colspan="2">2014/15 Ratio</th> </tr> </thead> <tbody> <tr> <td>2014/15 Ratio</td> <td>5.47 x</td> </tr> </tbody> </table> <p>The Interest Cover Ratio reflects Council's ability to fund projects from debt. This ratio is over inflated due to Council's substantial operating result for 2014/15.</p>	2014/15 Ratio		2014/15 Ratio	5.47 x
Year	Ratio (x)															
2012	6.44															
2013	3.40															
2014	2.99															
2015	5.47															
2014/15 Ratio																
2014/15 Ratio	5.47 x															

Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 28. Financial Review (continued)

\$ '000	Sewer 2015	General ¹ 2015
TCorp Performance Measures - by Fund		
a. Operating Performance		
Operating Revenue (excl. Capital Grants & Contributions) - Operating Expenses	-16.19%	-1.28%
Operating Revenue (excl. Capital Grants & Contributions)		
prior period:	-21.53%	-12.18%
b. Own Source Operating Revenue		
Rates & Annual Charges + User Charges & Fees	74.21%	55.37%
Total Operating Revenue (incl. Capital Grants & Contributions)		
prior period:	84.74%	58.32%
c. Unrestricted Current Ratio		
Current Assets less all External Restrictions	3.84	2.04
Current Liabilities less Specific Purpose Liabilities		
prior period:	2.70	1.84
d. Debt Service Cover Ratio		
Operating Result before Interest & Depreciation (EBITDA)	7.91	-0.26
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)		
prior period:	7.41	-3.61
e. Capital Expenditure Ratio		
Annual Capital Expenditure	0.89	2.12
Annual Depreciation		
prior period:	0.99	1.20
f. Infrastructure Backlog Ratio		
Estimated Cost to bring Assets to a Satisfactory Condition (from Special Schedule 7)	0.03	0.04
Total value of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets		
prior period:	0.01	0.10
g. Asset Maintenance Ratio		
Actual Asset Maintenance	0.00	0.93
Required Asset Maintenance		
prior period:	1.03	0.40
h. Building and Infrastructure Renewals Ratio		
Asset Renewals	0.13	0.76
Depreciation of Building and Infrastructure Assets		
prior period:	0.00	1.34
i. Cash Expense Cover Ratio		
Current Year's Cash & Cash Equivalents	7.44	0.14
(Total Expenses - Depreciation - Interest Costs) x12		
prior period:	7.71	1.31
j. Interest Cover Ratio		
Operating Results before Interest & Depreciation (EBITDA)	1.95	10.52
Borrowing Interest Costs (from the income statement)		
prior period:	1.61	5.16

Notes

(1) General Fund refers to all of Council's activities except for its Sewer activities which are listed separately.

Wagga Wagga City Council

Notes to the Financial Statements for the financial year ended 30 June 2015

Note 29. Council Information & Contact Details

Principal Place of Business:

Cnr Morrow and Baylis Streets
Wagga Wagga NSW 2650

Contact Details

Mailing Address:

PO Box 20
Wagga Wagga NSW 2650

Opening Hours:

Mon - Fri 8.30am to 5.00pm

Telephone: 1300 292 442

Facsimile: 02 6926 9199

Internet: <http://www.wagga.nsw.gov.au>

Email: council@wagga.nsw.gov.au

Officers

GENERAL MANAGER

Alan Eldridge

RESPONSIBLE ACCOUNTING OFFICER

Carolyn Rodney

PUBLIC OFFICER

Craig Richardson

AUDITORS

Crowe Horwath Auswild
491 Smollett Street
Albury NSW 2640

Elected Members

MAYOR

Rod Kendall

COUNCILLORS

Yvonne Braid
Alan Brown
Greg Conkey
Paul Funnell
Garry Hiscock
Rodney Kendall
Julian McLaren
Andrew Negline
Kerry Pascoe
Kevin Poynter
Dallas Tout

Other Information

ABN: 56 044 159 537

INDEPENDENT AUDIT REPORT TO WAGGA WAGGA CITY COUNCIL (SECTION 417(2) – REPORT ON THE GENERAL PURPOSE FINANCIAL STATEMENTS)

SCOPE

We have audited the accompanying financial statements of Wagga Wagga City Council ('the Council'), which comprises the statement of financial position as at 30 June 2015 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 29 and the Statement by Councillors and Management of the Council. The financial statements and Council's statement are in the approved form as required by Section 413(2) (a) and (c) of the Local Government Act, 1993.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Councillors and management of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, Local Government Act 1993 (as amended) and the Regulations made there under and the Local Government Code of Accounting Practice and Financial Reporting. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

We performed the procedures to assess whether in all material respects the financial statements presents fairly, in accordance with the Local Government Act 1993 (as amended) and the Regulations made there under and the Local Government Code of Accounting Practice and Financial Reporting and Australian Accounting Standards, a view which is consistent with our understanding of the Council's financial position and of its performance.

Our audit responsibilities do not extend to the Original Budget figures disclosed in the income statement, statement of cash flows, Notes 2(a) and 16 to the financial statements nor the attached Special Schedules. Our audit opinion does not extend to cover the TCorp ratios in note 28 nor the projections data in Note 17 and accordingly, we express no opinion on them.

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

The audit opinion expressed in this report has been formed on the above basis.

INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.

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 Council's financial statements:
 - have been properly prepared in accordance with the requirements of this Division;
 - are consistent with the Council's accounting records;
 - present fairly the Council's financial position and result of its operations; and
 - are in accordance with applicable Accounting Standards.
- c) all information relevant to the conduct of the audit has been obtained; and
- d) there are no material deficiencies in the accounting records or financial statements that have come to light during the course of the audit.



CROWE HORWATH AUSWILD



BRADLEY D BOHUN

Partner

Dated at Albury this 14th day of October 2015.

Report on the Conduct of the Audit

Wagga Wagga City Council

Year Ended 30 June 2015

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2	Operating Result	4
3	Financial Position	6
4	Performance Indicators	7
5	Specific Balance Sheet Items.....	9
6	Other Matters	12

1 Report on the Conduct of Audit

We have completed our audit of the financial statements for City of Wagga Wagga Council (Council) for the year ended 30 June 2015, in accordance with Section 415 of the Local Government Act, 1993. Our audit opinion under Section 417(2) has been issued to Council and this report on the conduct of the audit should be read in conjunction with the audit opinion.

The Council is responsible for the preparation and presentation of the financial statements and the information they contain. The financial statements consist of the general purpose financial statements and Council's statement in the approved form required by Section 413 (2) and (3) respectively of the Local Government Act 1993.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosure in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and statutory requirements so as to present a view which is consistent with our understanding of the Council's financial position, the results of its operations and its cash flows.

Our engagement is summarised as:

Nature of Engagement	Opinion	Basis of Preparation
General purpose financial statements	Unqualified	Going concern Not for Profit entity
Special purpose financial statements	Emphasis of matter regarding basis of preparation	National Competition Policy requirements by area of business activity
Special Schedule 7	Agreed upon procedures	Report of factual findings to Council and OLG
Special Schedule 9	Emphasis of matter regarding basis of preparation	OLG requirements

Following from our audit there are a number of comments we wish to raise concerning Council's financial statements. These comments are set out in this report below.

2 Operating Result

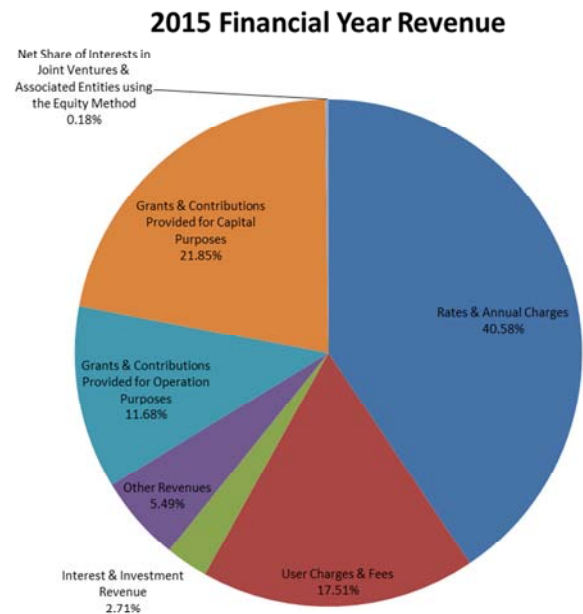
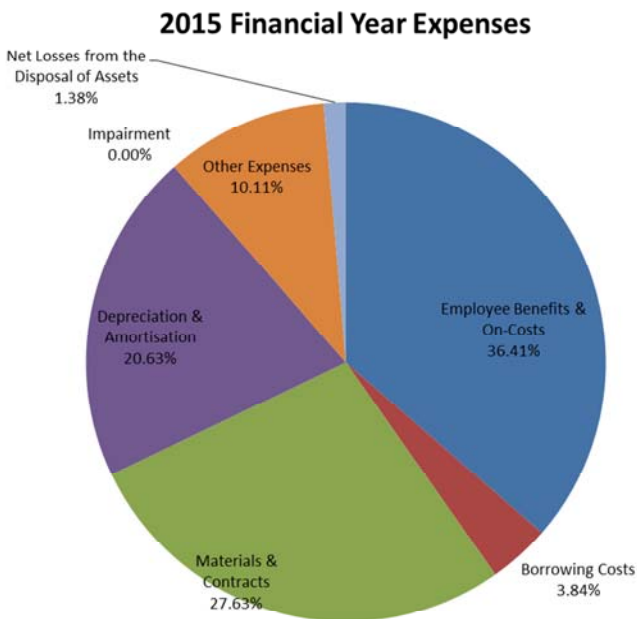
Wagga Wagga City Council (the 'Council') is a regional City Council in Southern New South Wales, whose affairs are governed by:

- Local Government Act 1993;
- Local Government Regulations;
- Local Government Code of Accounting Practice and Financial Reporting; and
- Local Government Asset Accounting Manual Regulations.

The Council is responsible for the administration and implementation of the strategic policies voted on in Council.

The Council achieved a surplus in net operating result from continuing operations (including capital contributions) of \$25,648k (2014: \$2,137k) for the year ended 30 June 2015. The net operating deficit for the year before grants and contributions provided for capital purposes is \$3,584k (2014: \$13,540k).

A breakdown of Council's revenues and expenses for the year are as follows:



Significant income and expense items in the current year were:

	2015 \$'000	2014 \$'000	2013 \$'000
Rates and annual charges	54,287	52,450	50,485
User charges and fees	23,432	21,114	20,021
Grants and contributions - operating	15,626	22,312	22,318
Grants and contributions - capital	29,232	15,677	14,765
Employee costs	39,378	40,296	39,379
Materials and contracts	29,882	27,748	28,167
Depreciation and amortisation	22,309	22,013	18,997

The size of Council's operations has remained relatively consistent over the past three years with increases in rates and annual charges being attributable to the annual permissible increase (2.3% in 2014/2015). Grants and contributions for capital purposes increased during the period due to additional developer contributions and dedications. This increase in capital grants has been offset by a large decrease in transport related grants for operating purposes.

Employee costs have decreased due to the small decrease in fulltime equivalent employees, but is offset by an award increase of 2.60%.

The above significant items are based on the operational results from Council as disclosed in the income statement and accompanying notes.

3 Financial Position

A measure of the Council's financial position is its unrestricted working capital. The following table sets out the unrestricted working capital position of Council as at the end of the financial year.

	2015 \$'000	2014 \$'000	2013 \$'000
Cash and Liquid Investments	42,061	31,946	38,890
External Restrictions - included in liabilities	(732)	-	(5,476)
- not included in liabilities	(10,882)	(87)	-
Internal Restrictions - included in liabilities	(3,302)	(3,141)	-
- not included in liabilities	(23,424)	(25,147)	(32,679)
Unrestricted Cash and Investments	3,721	3,571	735
Other Net Current Assets / (Liabilities) excluding anticipated LSL Provision & restrictions included in liabilities	(6,401)	(6,657)	(8,995)
Unrestricted Working Capital	(2,680)	(3,086)	(8,260)

The above represents the amount of working capital Council has available to meet its future spending requirements after making allowance for any restrictions in place over the use of such working capital.

Council has used internal restrictions extensively and these are a discretionary item specific to each individual Council. It should be noted that the level of internal restrictions can be adjusted via Council.

We recommend that Council continue to monitor its unrestricted working capital position when reviewing its financial position. It is also recommended that Council continue to be mindful of its unrestricted working capital position when considering its future spending requirements.

4 Performance Indicators

Refer to Note 13 of the financial statements. Sections 4.1 to 4.6 contemplate Councils performance on a consolidated basis. Section 4.7 shows Councils performance against the same ratios on a fund basis.

4.1 Operating Performance Ratio

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

Council's Operating Performance Ratio has improved over the last two financial years, largely due to reduced operating expenditure as a result of the Flood Recovery program being finalised. This program was undertaken by Council over the past 2 financial years.

Council's historical performance has been consistently below the OLG benchmark.

4.2 Own Source Operating Revenue Ratio

This ratio measures fiscal flexibility and shows the degree of reliance on external funding sources such as operating grants and contributions. A Council has improved financial flexibility with a higher level of own source revenue.

With a ratio of 66.36%, Council's ability to generate its own sources of funding from rates and user fees is in excess of NSW Treasury Corporation benchmark of 60%. The ratio pattern remains consistent through the comparative years.

4.3 Liquidity (Unrestricted Current) Ratio

This ratio is used to assess the adequacy of working capital and Council's ability to satisfy its obligations in the short term for the unrestricted activities of Council. Unrestricted current ratio is calculated by current assets less all external restrictions divided by current liabilities less specific purpose liabilities.

This ratio indicates that Council currently anticipates having \$2.68 (excluding externally restricted funds such as Section 94 and grant funds) available to service every \$1.00 of debt as it falls due at the end of the year which clearly demonstrates Council's ability to satisfy short term obligations.

4.4 Debt Service Ratio

This ratio demonstrates the percentage of Council revenue required to service the debts carried by Council.

The ratio indicates 3.75 times Council's operating cash is available to service Council debts and is above the NSW Treasury Corporation benchmark of 2.00. The increase in the reported result from prior year is reflective of Council's improved operating result.

4.5 Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage

The outstanding percentage assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of debt recovery efforts.

This ratio indicates the percentage of Rates and Annual Charges outstanding at the end of the financial year. This ratio has decreased from 6.43% in 2013/14 to 6.21% in 2014/15. This reflects Council's strategy for debt recovery resulting in the steady reduction in such debts. This ratio is a commendable outcome when compared to peer Councils.

4.6 Cash Expense Cover Ratio

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

As indicated with the ratio of 7.38 months, Council's ability to continue paying for its immediate expenses without additional cash inflow is sufficient and exceeds the NSW Treasury Corporation benchmark of 3.00.

4.7 Performance Indicators by Fund

The following performance indicators are shown on a fund basis as at 30 June 2015. The below allows analysis of how Council performs at a final level and would indicate the result of Council's general operations excluding its water and sewer operations.

Indicators	Sewer	General
Operating performance ratio	(16.19)%	0.13%
Own source operating revenue	80.29%	63.91%
Unrestricted current ratio	3.84x	2.68x
Debt service cover ratio	1.60x	5.64x
Rates, Annual Charges, Interest and extra charges outstanding %	7.22%	5.99%
Cash expense cover ratio	5.90 mths	7.63 mths

5 Specific Balance Sheet Items

5.1 Receivables

The total current receivables at 30 June 2015, net of allowance for impairment was \$11,465k (2014: \$14,955k).

This balance consists of user charges and fees of \$3,698k (2014: \$4,425k) and rates and annual charges of \$3,218k (2014: \$3,203k). The percentage of rates and annual charges outstanding is referred to at Section 4.5 of this report.

The allowance for impairment at 30 June 2015 was \$2,176k (2014: \$29k). The allowance is specifically matched against rates and annual charges and user charges and fees outstanding together with deferred debtors. An assessment of the collectability of the receivables balance indicated that the allowance for impairment was sufficient.

5.2 Capital Expenditure

During the reporting period Council spent \$44,703k (2014: \$28,670k) on items of an infrastructure, property, plant or equipment nature. The primary areas of capital expenditure were as follows:

	2015 \$'000	2014 \$'000	2013 \$'000
Land & improvements	1,143	651	52
Buildings & other structures	4,973	1,953	1,393
Plant and equipment	2,191	3,593	2,442
Office equipment and furnishings	717	316	457
Roads, bridges and footpaths	19,976	11,759	16,426
Stormwater drainage	5,431	2,457	2,994
Sewerage network	4,380	4,716	3,553
Other	5,892	3,225	9,960
	44,703	28,670	37,277

Consistent with the Asset Management Plan, significant roads, bridges and footpath work was conducted during 2015.

5.3 Fair Value of Infrastructure, Property, Plant and Equipment

In 2011 the Council should have completed the progressive revaluation of all property, plant and equipment to fair value where all assets are revalued on a 5 year cycle. The Office of Local Government minimum requirements timetable is as follows:

2011: Community land, land improvements, other structures and other assets;
 2012: Water and sewer networks;
 2013: Operational land and buildings;
 2014: Land under roads (if applicable); and
 2015: Roads, bridges, footpaths, drainage and bulk earthworks.

The revaluations in 2015 resulted in the following adjustments to Council's assets:

Asset Category	Revaluation Amount Increase/(Decrease) \$
Roads	32,886k
Bridges	1,378k
Footpaths	(1,279k)
Drainage	(9,766k)
Bulk earthworks	N/A

Further, we report that in accordance with the requirements of the Code of Accounting Practice, Council's sewage assets were indexed upward in accordance with the latest indices provided by the NSW Office of Water.

During the 2015 financial year, Council elected to recognise land under roads in accordance with AASB 116 *Property, Plant & Equipment*. These assets were valued as part of the revaluation over roads. As at 30 June 2015 land under roads has been valued at \$7,703K.

As at June 2015 all Council's infrastructure, property, plant and equipment is held at fair value.

During the 2015 financial year, accounting standard setters clarified their stance on the definition of residual values as it applies to infrastructure assets. The standard setters articulate that a residual value is the amount that would be obtained from the disposal of an asset as opposed to the re use or recycling of materials as was the previous approach adopted by Councils. This clarification has required that Councils view their road infrastructure assets from a componentisation perspective and reflect parts of the road asset with different useful lives. Council have performed supporting calculations to demonstrate that the depreciation outcome applicable would not be materially different under either approach.

5.4 Borrowings

Borrowings have decreased by \$1,218k due to the net effect of new borrowings of \$1,015k and repayments of \$2,232k.

5.5 Flood Damaged Assets

Flood damage to infrastructure assets occurred during the 2012 financial year where there was a flood event which resulted in damage to Council's infrastructure assets. During the current period there has been a reinstatement of the previous impairment adjustment (\$807K). This is due to the completion of the repair work on these assets.

5.6 New Standards and Interpretations Not Yet Adopted

Certain new accounting standards have been published that are not mandatory for the 30 June 2015 reporting period as follows:

- AASB 9 *Financial Instruments* and associated amending standards, effective 1 January 2018.
- AASB 15 *Revenue from Contracts with Customers*, effective 1 January 2018.
- AASB 124 *Related Party Disclosures*, effective from 1 July 2016.
- AASB 2014-3 Amendments to Australian Accounting Standards – *Accounting for Acquisitions of Interests in Joint Operations (AASB1 and AASB11) and AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, effective 1 January 2018.
- AASB 2015-2 Presentation of Financial Statements (amendments to AASB101), effective 1 January 2016.

Council is of the view that these standards not yet effective will not significantly affect any of the amounts recognised in the financial statements, however they may impact certain information otherwise disclosed, or the format in which information is disclosed.

6 Other Matters

Several performance improvement observations were noted during our audit and have been reported to the Audit and Risk Committee. There were no major control deficiencies noted in Council's systems from our post balance date testing performed.

6.1 Management Letter

A separate report is issued to Council's management which covers in further detail the audit and accounting issues identified during our audit process.

6.2 Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

6.3 Assistance Provided

We recognise and appreciate the Management Accountant and staff of Council for their cooperation and courtesy extended to us during the course of the audit.

6.4 Reliance on the Report

The report on the conduct of the audit has been prepared for distribution to Council. We disclaim any assumption of responsibility for any reliance on this report to any person other than Council or for any purpose other than that for which it was prepared.

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Wagga Wagga City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2015

*"A thriving, innovative, connected community on the
Murrumbidgee, rich in opportunity, choice, learning and
environment, where paths cross, where people meet"*



Wagga Wagga City Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

Contents	Page
1. Statement by Councillors & Management	2
2. Special Purpose Financial Statements:	
Income Statement - Water Supply Business Activity	n/a
Income Statement - Sewerage Business Activity	3
Income Statement - Other Business Activities	4
Statement of Financial Position - Water Supply Business Activity	n/a
Statement of Financial Position - Sewerage Business Activity	5
Statement of Financial Position - Other Business Activities	6
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Background

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

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

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

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

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

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

Wagga Wagga City Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

Statement by Councillors and Management

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

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

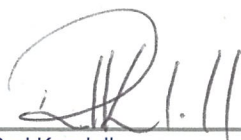
- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.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

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

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

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

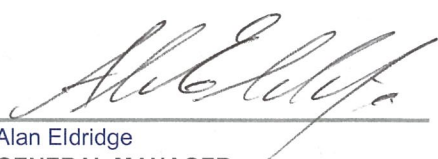
Signed in accordance with a resolution of Council made on 14 October 2015.



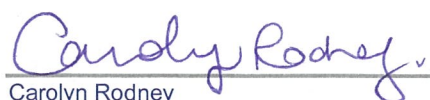
Rod Kendall
MAYOR



Dallas Tout
COUNCILLOR



Alan Eldridge
GENERAL MANAGER



Carolyn Rodney
RESPONSIBLE ACCOUNTING OFFICER

Wagga Wagga City Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2015

\$ '000	Actual 2015	Actual 2014
Income from continuing operations		
Access charges	10,429	10,257
User charges	4,361	4,187
Liquid Trade Waste charges	-	-
Fees	-	-
Interest	343	430
Grants and contributions provided for non capital purposes	197	186
Profit from the sale of assets	-	-
Other income	868	25
Total income from continuing operations	16,198	15,085
Expenses from continuing operations		
Employee benefits and on-costs	2,278	2,143
Borrowing costs	2,455	2,494
Materials and contracts	6,753	7,065
Depreciation and impairment	4,950	4,786
Loss on sale of assets	-	4
Calculated taxation equivalents	56	57
Debt guarantee fee (if applicable)	-	-
Other expenses	2,329	1,786
Total expenses from continuing operations	18,821	18,332
Surplus (deficit) from Continuing Operations before capital amounts	(2,623)	(3,247)
Grants and contributions provided for capital purposes	3,731	1,961
Surplus (deficit) from Continuing Operations after capital amounts	1,108	(1,286)
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	1,108	(1,286)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	1,108	(1,286)
plus Opening Retained Profits	64,603	65,889
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	56	57
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	(56)	(57)
- Surplus dividend paid	-	-
Closing Retained Profits	65,711	64,603
Return on Capital %	-0.1%	-0.3%
Subsidy from Council	7,873	9,725
Calculation of dividend payable:		
Surplus (deficit) after tax	1,108	(1,286)
less: Capital grants and contributions (excluding developer contributions)	(2,007)	(695)
Surplus for dividend calculation purposes	-	-
Potential Dividend calculated from surplus	-	-

Wagga Wagga City Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2015

\$ '000	Livestock Marketing		Airport	
	Category 1		Category 1	
	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Income from continuing operations				
Access charges	-	-	-	-
User charges	-	-	-	-
Fees	5,290	4,320	3,427	3,289
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	6	17	-	-
Total income from continuing operations	5,296	4,337	3,427	3,289
Expenses from continuing operations				
Employee benefits and on-costs	802	783	499	480
Borrowing costs	4	3	593	639
Materials and contracts	432	339	119	113
Depreciation and impairment	608	609	812	808
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	24	24	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	1,973	1,571	1,809	1,812
Total expenses from continuing operations	3,842	3,330	3,832	3,853
Surplus (deficit) from Continuing Operations before capital amounts	1,454	1,007	(405)	(563)
Grants and contributions provided for capital purposes	-	-	2,766	8
Surplus (deficit) from Continuing Operations after capital amounts	1,454	1,007	2,361	(555)
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	1,454	1,007	2,361	(555)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(436)	(302)	-	-
SURPLUS (DEFICIT) AFTER TAX	1,018	705	2,361	(555)
plus Opening Retained Profits	7,512	6,831	7,685	8,240
plus/less: Other Adjustments (Asset Revaluation Reserve Movements)	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	24	24	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	436	302	-	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	(350)	(350)	-	-
Closing Retained Profits	8,640	7,512	10,045	7,685
Return on Capital %	8.3%	5.6%	0.6%	0.3%
Subsidy from Council	-	-	781	985

Wagga Wagga City Council

Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2015

\$ '000	Actual 2015	Actual 2014
ASSETS		
Current Assets		
Cash and cash equivalents	7,086	7,086
Investments	-	-
Receivables	2,291	3,330
Inventories	502	527
Other	-	1
Non-current assets classified as held for sale	-	-
Total Current Assets	9,879	10,944
Non-Current Assets		
Investments	13,335	12,256
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	255,145	251,992
Investments accounted for using equity method	-	-
Investment property	-	-
Intangible Assets	-	-
Other	-	-
Total non-Current Assets	268,480	264,248
TOTAL ASSETS	278,360	275,192
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	1,005	1,464
Interest bearing liabilities	576	536
Provisions	995	2,047
Total Current Liabilities	2,575	4,047
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	32,810	33,386
Provisions	394	10
Total Non-Current Liabilities	33,205	33,396
TOTAL LIABILITIES	35,780	37,442
NET ASSETS	242,580	237,749
EQUITY		
Retained earnings	65,712	64,603
Revaluation reserves	176,868	173,146
Council equity interest	242,580	237,749
Non-controlling equity interest	-	-
TOTAL EQUITY	242,580	237,749

Wagga Wagga City Council

Statement of Financial Position - Council's Other Business Activities

as at 30 June 2015

	Livestock Marketing		Airport	
	Category 1		Category 1	
\$ '000	Actual 2015	Actual 2014	Actual 2015	Actual 2014
ASSETS				
Current Assets				
Cash and cash equivalents	6,417	4,835	-	-
Investments	-	-	-	-
Receivables	224	56	663	2,616
Inventories	-	-	-	-
Other	1	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	6,642	4,891	663	2,616
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	17,602	18,084	32,085	29,804
Investment property	-	-	-	-
Intangible Assets	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	17,602	18,084	32,085	29,804
TOTAL ASSETS	24,244	22,974	32,748	32,420
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	6,266	7,889
Payables	224	106	760	502
Interest bearing liabilities	-	-	527	567
Provisions	232	209	185	170
Total Current Liabilities	455	315	7,738	9,128
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	9,968	10,612
Provisions	9	8	1	0
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	9	8	9,969	10,612
TOTAL LIABILITIES	465	322	17,707	19,739
NET ASSETS	23,779	22,652	15,042	12,681
EQUITY				
Retained earnings	8,640	7,512	10,045	7,685
Revaluation reserves	15,140	15,140	4,996	4,996
Council equity interest	23,779	22,652	15,042	12,681
Non-controlling equity interest	-	-	-	-
TOTAL EQUITY	23,779	22,652	15,042	12,681

Wagga Wagga City Council

Special Purpose Financial Statements

for the financial year ended 30 June 2015

Contents of the Notes accompanying the Financial Statements

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2	Water Supply Business Best Practice Management disclosure requirements	n/a
3	Sewerage Business Best Practice Management disclosure requirements	11

Wagga Wagga City Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

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

For the purposes of these statements, the Council is not a reporting not-for-profit entity.

The figures presented in these special purpose financial statements, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB) &
- Australian Accounting Interpretations.

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

- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis, 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 Office 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.

c. Airport

Wagga Wagga City Airport Facility

Category 2

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

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 NSW Office of Water (Department of Primary Industries) the amounts shown in Note 3 are disclosed in whole dollars.

(i) Taxation Equivalent Charges

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

Wagga Wagga City Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$432,000** of combined land values attracts **0%**. From \$432,001 to \$2,641,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,641,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

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 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 each reported Business Activity.

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

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

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

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

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.

Wagga Wagga City Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2015

Note 1. Significant Accounting Policies

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 each reported Business Activity.

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

Written Down Value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.02% at 30/6/15.

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 Sewerage Businesses are permitted to pay an annual dividend from its 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 sewerage assessments at 30 June 2015 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Wagga Wagga City Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2015

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2015

1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	56,000
(ii)	No of assessments multiplied by \$3/assessment	78,081
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	56,000
(iv)	Amounts actually paid for Tax Equivalents	56,000

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)	724,810
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2015, less the cumulative dividends paid for the 2 years to 30 June 2014 & 30 June 2013	(4,277,026)

2015 Surplus	(898,656)	2014 Surplus	(1,981,094)	2013 Surplus	(1,397,277)
		2014 Dividend	-	2013 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a
(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]	YES
	(c) Trade Waste [Item 2(d) in Table 1]	YES
	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	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

Wagga Wagga City Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2015Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2015

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	19,583
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	255,145
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	11,363
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	4,382
NWI F18	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)]	%	1.28%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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

NWI F3	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	19,586
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.81%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	4,382
NWI F19	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)]	%	1.28%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	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 Statements for the financial year ended 30 June 2015

Note 3. Sewerage Business Best Practice Management disclosure requirements (continued)

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

2015

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

NWI F22	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)]	%	5.34%
NWI F23	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)		2
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	1,052
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	159

- 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.

INDEPENDENT AUDIT REPORT TO WAGGA WAGGA CITY COUNCIL REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements, being special purpose financial statements, of Wagga Wagga City Council (the Council), which comprises the statements of financial position by business activity as at 30 June 2015, and the income statements by business activity for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Councillors' and management of the Council are responsible for the preparation and fair presentation of the financial statements and have determined that the basis of preparation described in Note 1 to the financial statements, are appropriate to meet the requirements of the NSW Government Policy Statement "Application of National Competition Policy to Local Government", Office of Local Government Guidelines "Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality", The Local Government Code of Accounting Practice and Financial Reporting and The NSW Office of Water Guidelines and are appropriate to meet the needs of the Council and the Office of Local Government.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements that gives a true and fair view 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 entity's internal controls. An audit also includes evaluating the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

OPINION

In our opinion the financial statements of Wagga Wagga City Council are in accordance with the Local Government Code of Accounting Practice and Financial Reporting, including:

- (i) presenting fairly a view of the Council's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

BASIS OF ACCOUNTING

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the Local Government Code of Accounting Practice and Financial Reporting. As a result, the financial report may not be suitable for another purpose.

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 and the Office of Local Government, or for any purpose other than that for which it was prepared.



CROWE HORWATH AUSWILD



BRADLEY D BOHUN

Partner

Dated at Albury this 14th day of October 2015.

Wagga Wagga City Council

SPECIAL SCHEDULES

for the year ended 30 June 2015

*"A thriving, innovative, connected community on the
Murrumbidgee, rich in opportunity, choice, learning and
environment, where paths cross, where people meet"*



Wagga Wagga City Council

Special Schedules

for the financial year ended 30 June 2015

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- Special Schedule No. 3	Water Supply Operations - incl. Income Statement	n/a
- Special Schedule No. 4	Water Supply - Statement of Financial Position	n/a
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- Special Schedule No. 8	Financial Projections	n/a
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¹ Special Schedules are not audited (with the exception of Special Schedule 9).

Background

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

Wagga Wagga City Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	1,735	105	-	(1,630)
Administration	19,472	996	1,596	(16,880)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	1,030	166	58	(806)
Beach Control	0	-	-	(0)
Enforcement of Local Govt. Regulations	732	1,239	-	506
Animal Control	429	309	-	(121)
Other	-	-	-	-
Total Public Order & Safety	2,192	1,714	58	(421)
Health	2,716	116	-	(2,600)
Environment				
Noxious Plants and Insect/Vermin Control	357	121	-	(236)
Other Environmental Protection	1,944	1,994	844	895
Solid Waste Management	5,574	11,764	-	6,190
Street Cleaning	77	-	-	(77)
Drainage	895	666	631	401
Stormwater Management	165	-	-	(165)
Total Environment	9,013	14,545	1,475	7,006
Community Services and Education				
Administration & Education	314	12	-	(302)
Social Protection (Welfare)	2,072	195	-	(1,877)
Aged Persons and Disabled	184	126	-	(57)
Children's Services	742	1,888	-	1,146
Total Community Services & Education	3,311	2,222	-	(1,090)
Housing and Community Amenities				
Public Cemeteries	876	1,086	-	210
Public Conveniences	238	-	5	(233)
Street Lighting	847	-	-	(847)
Town Planning	2,873	937	6,247	4,311
Other Community Amenities	2	-	-	(2)
Total Housing and Community Amenities	4,836	2,023	6,251	3,438
Water Supplies	-	-	-	-
Sewerage Services	16,496	16,056	3,744	3,304

Wagga Wagga City Council

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

for the financial year ended 30 June 2015

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	2,099	311	-	(1,788)
Museums	963	241	-	(722)
Art Galleries	916	184	5	(728)
Community Centres and Halls	88	10	-	(79)
Performing Arts Venues	1,283	779	-	(504)
Other Performing Arts	-	-	-	-
Other Cultural Services	623	47	25	(551)
Sporting Grounds and Venues	1,230	369	20	(841)
Swimming Pools	3,457	1,724	-	(1,733)
Parks & Gardens (Lakes)	1,274	11	64	(1,199)
Other Sport and Recreation	5,503	226	109	(5,167)
Total Recreation and Culture	17,436	3,901	224	(13,311)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	1,144	1,305	-	161
Other Mining, Manufacturing & Construction	436	-	-	(436)
Total Mining, Manufacturing and Const.	1,579	1,305	-	(274)
Transport and Communication				
Urban Roads (UR) - Local	4,609	12	9,289	4,693
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	1,172	-	-	(1,172)
Sealed Rural Roads (SRR) - Regional	411	-	854	443
Unsealed Rural Roads (URR) - Local	1,429	-	-	(1,429)
Unsealed Rural Roads (URR) - Regional	1	-	-	(1)
Bridges on UR - Local	1,409	1	-	(1,408)
Bridges on SRR - Local	105	-	-	(105)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	0	-	-	(0)
Parking Areas	34	-	-	(34)
Footpaths	346	11	59	(276)
Aerodromes	3,543	3,415	2,766	2,638
Other Transport & Communication	9,279	1,737	1,041	(6,501)
Total Transport and Communication	22,337	5,176	14,009	(3,152)
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	7,017	6,282	1,875	1,140
Total Economic Affairs	7,017	6,282	1,875	1,140
Totals – Functions	108,141	54,438	29,232	(24,472)
General Purpose Revenues ⁽²⁾		49,875		49,875
Share of interests - joint ventures & associates using the equity method	-	244		244
NET OPERATING RESULT ⁽¹⁾	108,141	104,557	29,232	25,648

(1) As reported in the Income Statement

(2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) & Interest on overdue Rates & Annual Charges

Wagga Wagga City Council

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

for the financial year ended 30 June 2015

\$'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
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	2,124	55,156	57,280	1,015	2,124	-	-	3,868	2,263	53,908	56,171
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	2,124	55,156	57,280	1,015	2,124	-	-	3,868	2,263	53,908	56,171
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	2,124	55,156	57,280	1,015	2,124	-	-	3,868	2,263	53,908	56,171

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

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

Wagga Wagga City Council

Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993]

for the financial year ended 30 June 2015

\$'000

Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General	12,978	2,002	6,854
Totals	12,978	2,002	6,854

Note: The summary of Internal Loans (above) represents the total of Council's Internal Loans categorised according to the borrower.

Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
Property Management	General Fund	30/06/97	31/12/97	10	30/06/07	8.00%	600	263	-
Capital Works	General Fund	30/06/07	30/06/07	10	30/06/17	6.50%	1,725	237	414
Capital Works	General Fund	30/06/07	30/06/07	10	30/06/17	6.25%	760	104	191
Parks & Recreation	General Fund	30/06/07	30/06/09	10	30/06/19	5.62%	1,430	189	138
Cemetery	General Fund	30/06/11	30/06/11	10	30/06/21	6.50%	204	28	137
Parks & Recreation	General Fund	30/06/11	30/06/11	10	30/06/21	0.00%	149	21	114
Swimming Complex	General Fund	30/06/11	30/06/11	10	30/06/21	6.50%	176	24	118
Property Management	General Fund	30/06/11	30/06/11	15	30/06/26	6.00%	684	70	555
Capital Works	General Fund	30/06/11	30/06/11	10	30/06/21	6.50%	403	55	272
Information Technology	General Fund	30/06/12	30/06/12	5	30/06/17	0.00%	32	10	20
Information Technology	General Fund	30/06/12	30/06/12	5	30/06/17	0.00%	75	18	33
Parks & Recreation	General Fund	30/06/13	30/06/13	10	30/06/23	2.75%	200	23	174

(continued on the next page...)

Wagga Wagga City Council

Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993] (continued)
for the financial year ended 30 June 2015

\$'000

Details of Individual Internal Loans (continued)

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
Information Technology	General Fund	30/06/13	30/06/13	4	30/06/17	2.75%	450	120	342
Buildings	General Fund	30/06/13	30/06/13	2	30/06/15	0.00%	88	38	-
Parks & Recreation	General Fund	30/06/13	30/06/13	1	30/06/14	0.00%	230	-	-
Capital Works	General Fund	30/06/13	30/06/13	1	30/06/14	0.00%	38	-	-
Capital Works	General Fund	30/06/13	30/06/13	2	30/06/15	0.00%	200	100	100
Parks & Recreation	General Fund	30/06/13	30/06/13	1	30/06/14	0.00%	15	-	-
Parks & Recreation	General Fund	30/06/13	30/06/13	1	30/06/14	0.00%	172	-	-
Economic Development	General Fund	30/06/14	30/06/14	1	30/06/15	0.00%	51	51	-
Economic Development	General Fund	30/06/14	30/06/14	1	30/06/15	0.00%	58	58	-
Capital Works	General Fund	30/06/14	30/06/14	2	30/06/16	0.00%	1,553	177	1,000
Civic Theatre	General Fund	30/06/14	30/06/14	1	30/06/15	0.00%	50	50	-
Parks & Recreation	General Fund	30/06/14	30/06/14	1	30/06/15	0.00%	90	90	-
Regulatory Services	General Fund	30/06/14	30/06/14	1	30/06/15	0.00%	49	49	-
Capital Works	General Fund	30/06/15	30/06/15	10	30/06/25	2.75%	150	-	150
Swimming Complex	General Fund	30/06/15	30/06/15	1	30/06/15	0.00%	20	24	-
Capital Works	General Fund	30/06/15	30/06/15	1	30/06/15	0.00%	200	200	(30)
Capital Works	General Fund	30/06/15	30/06/15	10	30/06/25	2.00%	786	-	786
Capital Works	General Fund	30/06/15	30/06/15	10	30/06/25	2.00%	294	-	294
Capital Works	General Fund	30/06/15	30/06/15	10	30/06/25	2.00%	467	-	467
Capital Works	General Fund	30/06/15	30/06/15	10	30/06/25	2.00%	90	-	90
Capital Works	General Fund	30/06/15	30/06/15	10	30/06/25	2.00%	1,489	-	1,489
Totals							12,978	2,002	6,854

Wagga Wagga City Council

Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	1,732	1,829
b. Engineering and Supervision	-	-
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	855	824
b. Maintenance expenses	618	766
- Pumping Stations		
c. Operation expenses (excluding energy costs)	608	646
d. Energy costs	184	275
e. Maintenance expenses	173	124
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	5,939	5,524
g. Chemical costs	-	-
h. Energy costs	47	48
i. Effluent Management	151	109
j. Biosolids Management	-	-
k. Maintenance expenses	-	-
- Other		
l. Operation expenses	1,056	807
m. Maintenance expenses	-	-
3. Depreciation expenses		
a. System assets	4,950	4,786
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	2,445	2,524
b. Revaluation Decrements	-	-
c. Other expenses	7	10
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalent Dividends (actually paid)	56	57
5. Total expenses	18,821	18,329

Wagga Wagga City Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
Income		
6. Residential charges (including rates)	10,093	9,986
7. Non-residential charges		
a. Access (including rates)	336	271
b. Usage charges	4,361	4,187
8. Trade Waste Charges		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	-	-
10. Interest income	343	430
11. Other income	865	25
11a. Aboriginal Communities Water & Sewerage Program	-	-
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	159	160
c. Other grants	-	-
13. Contributions		
a. Developer charges	2,007	1,266
b. Developer provided assets	1,724	695
c. Other contributions	38	26
14. Total income	<u>19,926</u>	<u>17,046</u>
15. Gain (or loss) on disposal of assets	3	(4)
16. Operating Result	<u>1,108</u>	<u>(1,286)</u>
16a. Operating Result (less grants for acquisition of assets)	1,108	(1,286)

Wagga Wagga City Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2015

\$'000	Actuals 2015	Actuals 2014
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	3,479	2,849
c. Renewals	903	1,871
d. Plant and equipment	-	-
18. Repayment of debt		
a. Loans	536	498
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	4,918	5,218
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	23,176	22,890
b. Residential (unoccupied, ie. vacant lot)	1,044	940
c. Non-residential (occupied)	1,807	1,770
d. Non-residential (unoccupied, ie. vacant lot)	-	-
26. Number of ETs for which developer charges were received	- ET	- ET
27. Total amount of pensioner rebates (actual dollars)	\$ 589,557	\$ 589,583

Wagga Wagga City Council

Special Schedule No. 5 - Sewerage Service Cross Subsidies
for the financial year ended 30 June 2015

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 29a. If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
NB. 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, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text"/>
29. Developer charges			
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 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<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 Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2015

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	339	-	339
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	6,747	13,335	20,082
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	753	-	753
c. User Charges	-	-	-
d. Other	1,538	-	1,538
33. Inventories	502	-	502
34. Property, plant and equipment			
a. System assets	-	255,145	255,145
b. Plant and equipment	-	-	-
35. Other assets	-	-	-
36. Total Assets	9,879	268,480	278,360
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	1,005	-	1,005
39. Borrowings			
a. Loans	576	32,810	33,386
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	995	394	1,389
41. Total Liabilities	2,576	33,204	35,780
42. NET ASSETS COMMITTED	7,303	235,276	242,580
EQUITY			
42. Accumulated surplus			65,712
44. Asset revaluation reserve			176,868
45. TOTAL EQUITY			242,580
Note to system assets:			
46. Current replacement cost of system assets			351,717
47. Accumulated current cost depreciation of system assets			(96,572)
48. Written down current cost of system assets			255,145

Wagga Wagga City Council

Notes to Special Schedule No. 5

for the financial year ended 30 June 2015

Administration ⁽¹⁾

(item 1a of Special Schedule 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 ⁽¹⁾

(item 1b of Special Schedule 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 Schedule 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedule 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 Schedule 5) includes all expenses not recorded elsewhere.

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

Impairment Losses (item 4d & 4e of Special Schedule 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

Aboriginal Communities Water and Sewerage Program (item 4f of Special Schedule 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 12a of Special Schedule 5 is for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's sewerage revenue.

Residential charges ⁽²⁾ (item 6 of Special Schedule 5) include all income from residential charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedule 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 (item 11 of Special Schedule 5) include all income not recorded elsewhere.

Other contributions (item 13c of Special Schedule 5) incl. capital contributions for sewerage services received by Council under Section 565 of the Local Government Act.

Notes:

⁽¹⁾ 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 17 for sewerage, and not in items 1a and 1b).

⁽²⁾ 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. 7 - Report on Infrastructure Assets

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Buildings	Council Offices / Administration Centres	186	761	394	25,843	100%	0%	0%	0%	0%
	Council Works Depot	-	-	3	2,604	38%	52%	10%	0%	0%
	Council Public Halls	690	-	7	2,016	39%	34%	13%	14%	0%
	Cultural Facilities	-	54	71	6,147	18%	27%	55%	0%	0%
	Specialised Buildings	-	133	338	32,584	72%	8%	16%	4%	0%
	Non Specialised Buildings	-	-	63	15,052	35%	11%	45%	8%	1%
	sub total	876	948	876	84,246	68.2%	9.5%	18.9%	3.3%	0.2%
Other Structures	Other Structures	1,123	128	27	30,613	50%	5%	45%	0%	0%
	sub total	1,123	128	27	30,613	50.0%	5.0%	45.0%	0.0%	0.0%
Roads	Sealed Roads Surface	11,468	3,054	4,464	47,247	43%	31%	16%	9%	1%
	Sealed Roads Structure	9,167	-	-	315,765	10%	11%	29%	26%	24%
	Unsealed Roads	4,510	1,924	1,558	38,737	9%	77%	1%	4%	9%
	Bridges	303	464	166	29,380	6%	76%	17%	1%	0%
	Footpaths	-	120	318	13,426	22%	26%	36%	16%	0%
	Cycle ways	-	62	27	2,504	43%	28%	23%	6%	0%
	Kerb and Gutter	1,410	190	360	26,133	27%	36%	32%	5%	0%
	Carparks	-	65	43	10,936	57%	21%	11%	8%	3%
	Culverts	1,500	1,302	396	21,493	11%	59%	25%	4%	1%
	Footbridges	300	-	-	1,807	4%	3%	93%	0%	0%
	Bus and Taxi Shelters	40	35	91	905	36%	41%	16%	4%	3%
	sub total	28,698	7,216	7,423	508,333	15.2%	25.7%	24.9%	18.4%	15.8%

Wagga Wagga City Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

as at 30 June 2015

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
Sewerage Network	Mains	4,921	-	880	156,833	86%	0%	3%	10%	1%
	Pumping Station/s	3,051	-	920	17,635	36%	29%	29%	6%	0%
	Treatment	321	-	680	71,759	96%	2%	2%	0%	0%
	Ancillary	-	-	-	443	40%	0%	60%	0%	0%
	Reservoirs	-	-	-	4,598	1%	10%	88%	0%	1%
	sub total	8,293	-	2,480	251,268	83.7%	2.8%	6.2%	6.7%	0.6%
Stormwater Drainage	Open Drains	-	93	-	9,799	100%	0%	0%	0%	0%
	Detention Basins	-	-	-	31,720	100%	0%	0%	0%	0%
	Stormwater Conduits and Pits	1,074	1,121	880	129,668	45%	38%	13%	3%	1%
	Levee Banks	-	450	197	28,621	99%	0%	0%	1%	0%
	sub total	1,074	1,664	1,077	199,808	64.2%	24.7%	8.4%	2.1%	0.6%
Open Space/ Recreational Assets	Swimming Pools	-	3	-	1,547	100%	0%	0%	0%	0%
	Playgrounds	607	118	50	1,380	93%	5%	2%	0%	0%
	BBQ's	-	28	-	14	100%	0%	0%	0%	0%
	Bins	-	25	-	-					
	Skate Parks	-	19	-	491	98%	0%	2%	0%	0%
	Retaining Walls	-	91	-	-					
	Other	2,684	326	334	3,728	82%	17%	1%	0%	0%
sub total	3,291	610	384	7,160	89.1%	9.8%	1.0%	0.0%	0.0%	

Wagga Wagga City Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)

as at 30 June 2015

\$'000										
Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard refer (1)	Required Annual Maintenance refer (2)	Actual Maintenance 2014/15 refer (3)	Written Down Value (WDV) refer (4)	Assets in Condition as a % of WDV				
						1	2	3	4	5
						refer (4) & (5)				
	TOTAL - ALL ASSETS	43,355	10,566	12,267	1,081,428	45.8%	18.2%	17.5%	10.8%	7.7%

Notes:

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard.
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements
- (5). **Infrastructure Asset Condition Assessment "Key"**

1	Excellent	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average	Maintenance work required
4	Poor	Renewal required
5	Very Poor	Urgent renewal/upgrading required

Wagga Wagga City Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2015

\$ '000	Amounts	Indicator	Prior Periods	
	2015	2015	2014	2013
Infrastructure Asset Performance Indicators Consolidated				
1. Building, Infrastructure & Other Structures Renewals Ratio				
Asset Renewals				
<u>(Building, Infrastructure & Other Structures) ⁽¹⁾</u>	<u>9,931</u>	54.81%	88.28%	138.00%
Depreciation, Amortisation & Impairment	<u>18,120</u>			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	<u>43,355</u>	4.01%	7.55%	10.45%
Total value ⁽²⁾ of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	<u>1,081,428</u>			
3. Asset Maintenance Ratio				
Actual Asset Maintenance	<u>12,267</u>	1.16	0.59	0.70
Required Asset Maintenance	<u>10,566</u>			
4. Capital Expenditure Ratio				
Annual Capital Expenditure	<u>41,200</u>	1.85	1.15	1.80
Annual Depreciation	<u>22,309</u>			

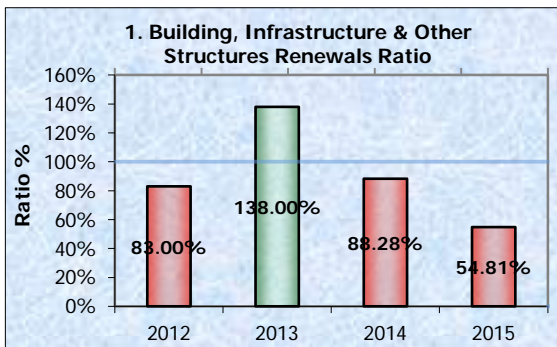
Notes

⁽¹⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building, infrastructure & Other Structure assets only.

⁽²⁾ Written Down Value

Wagga Wagga City Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued) for the financial year ended 30 June 2015



Purpose of Asset Renewals Ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

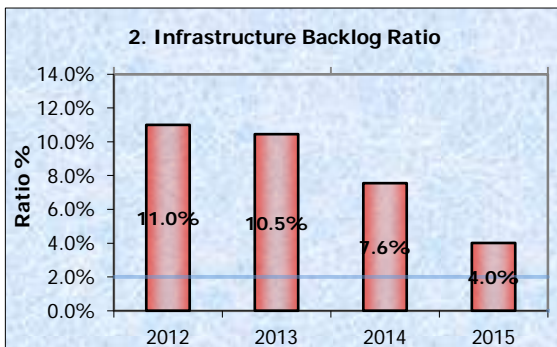
Commentary on 2014/15 Result

2014/15 Ratio 54.81%

This ratio has decreased for 2014/15 mainly due to Council's focus on maintaining it's current asset base and completion of new capital assets.

Benchmark: —— Minimum $\geq 100.00\%$
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark
■ Ratio is outside Benchmark



Purpose of Infrastructure Backlog Ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

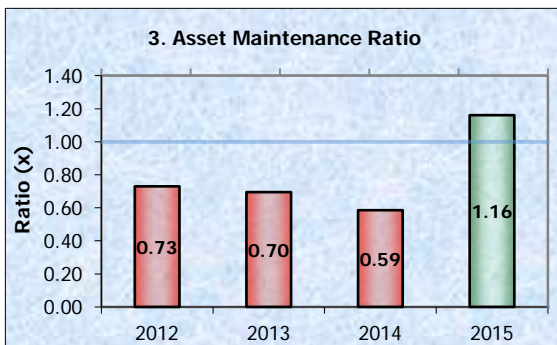
Commentary on 2014/15 Result

2014/15 Ratio 4.01%

Council's infrastructure backlog has continued to decrease over the past 3 years. This is due to Council now having a better understanding of what assets are in a satisfactory condition. Local Government still faces an issue in funding these backlogs due to its constrained revenue environment.

Benchmark: —— Maximum < 0.02
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark
■ Ratio is outside Benchmark



Purpose of Asset Maintenance Ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.

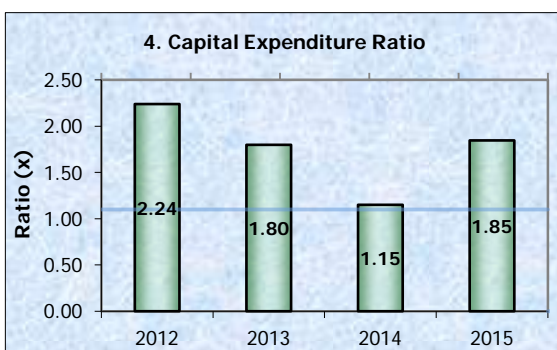
Commentary on 2014/15 Result

2014/15 Ratio 1.16 x

The Asset Maintenance Ratio outlines Council's focus on maintenance during the 2014/15 financial year.

Benchmark: —— Minimum > 1.00
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark
■ Ratio is outside Benchmark



Purpose of Capital Expenditure Ratio

To assess the extent to which a Council is expanding its asset base thru capital expenditure on both new assets and the replacement and renewal of existing assets.

Commentary on 2014/15 Result

2014/15 Ratio 1.85 x

This ratio illustrates Council's increase in capital expenditure in 2014/15 when compared to 2013/14.

Benchmark: —— Minimum > 1.10
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

■ Ratio is within Benchmark
■ Ratio is outside Benchmark

Wagga Wagga City Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)
for the financial year ended 30 June 2015

\$ '000	Sewer 2015	General ⁽¹⁾ 2015
Infrastructure Asset Performance Indicators By Fund		
1. Building, Infrastructure & Other Structures Renewals Ratio		
Asset Renewals (Building, Infrastructure & Other Structures) ⁽²⁾	13.41%	70.35%
Depreciation, Amortisation & Impairment		
prior period:	0.00%	122.61%
2. Infrastructure Backlog Ratio		
Estimated Cost to bring Assets to a Satisfactory Condition	3.30%	4.22%
Total value ⁽³⁾ of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets		
prior period:	0.88%	9.65%
3. Asset Maintenance Ratio		
Actual Asset Maintenance	0.00	0.93
Required Asset Maintenance		
prior period:	1.03	0.40
4. Capital Expenditure Ratio		
Annual Capital Expenditure	0.89	2.12
Annual Depreciation		
prior period:	0.99	1.20

Notes

(1) General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

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

(3) Written Down Value

Wagga Wagga City Council

Special Schedule No. 9 - Permissible Income Calculation

for the financial year ended 30 June 2016

\$'000		Calculation 2014/15	Calculation 2015/16
Notional General Income Calculation ⁽¹⁾			
Last Year Notional General Income Yield	a	36,199	37,468
Plus or minus Adjustments ⁽²⁾	b	444	279
Notional General Income	c = (a + b)	36,644	37,747
Permissible Income Calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
or Rate peg percentage	e	2.30%	2.40%
or Crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
less expiring Special variation amount	g	-	-
plus Special variation amount	h = d x (c-g)	-	-
or plus Rate peg amount	i = c x e	843	906
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
sub-total	k = (c+g+h+i+j)	37,487	38,653
plus (or minus) last year's Carry Forward Total	l	5	24
less Valuation Objections claimed in the previous year	m	-	-
sub-total	n = (l + m)	5	24
Total Permissible income	o = k + n	37,491	38,677
less Notional General Income Yield	p	37,468	38,667
Catch-up or (excess) result	q = o - p	24	9
plus Income lost due to valuation objections claimed ⁽⁴⁾	r	-	-
less Unused catch-up ⁽⁵⁾	s	-	-
Carry forward to next year	t = q + r - s	24	9

Notes

- The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from councils' Special Schedule 9 in the Financial Data Return (FDR) to administer this process.

WAGGA WAGGA CITY COUNCIL - SPECIAL SCHEDULE NO. 9 - INDEPENDENT AUDITORS REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Report on Special Schedule No. 9

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Wagga Wagga City Council for the year ending 30 June 2016.

Responsibility of Council for Special Schedule No. 9

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 23. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 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 Special Schedule No. 9 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 Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 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 entity's internal control.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, Special Schedule No. 9 of Wagga Wagga City Council for 2015/16 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

Basis of Accounting

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose.

**CROWE HORWATH AUSWILD****BRADLEY D BOHUN**
Partner

Dated at Albury this 14th day of October 2015.