



City of
Wagga Wagga

Audited Financial Report 2011/2012



Wagga Wagga City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

*"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 2012

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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 specified in Paragraph 8 of the LGA and includes;

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

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 26/10/12.
Council has the power to amend and reissue the financial statements.
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Wagga Wagga City Council

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

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 2012.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The Financial Statements incorporate 5 "primary" financial statements:

1. An Income Statement

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

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

2. A Statement of Comprehensive Income

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

3. A Balance Sheet

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

4. A Statement of Changes in Equity

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

5. A Statement of Cash Flows

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

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

Who uses the Financial Statements ?

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

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

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

Wagga Wagga City Council

General Purpose Financial Statements

for the financial year ended 30 June 2012

Statement by Councillors and Management

made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

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

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

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

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

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

Signed in accordance with a resolution of Council made on 24 September 2012.



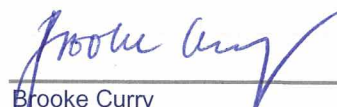
Rod Kendall
MAYOR



Andrew Negline
COUNCILLOR



Phil Pinyon
GENERAL MANAGER



Brooke Curry
RESPONSIBLE ACCOUNTING OFFICER

Wagga Wagga City Council

Income Statement

for the financial year ended 30 June 2012

Budget ⁽¹⁾ 2012	\$ '000	Notes	Actual 2012	Actual 2011
Income from Continuing Operations				
Revenue:				
49,937	Rates & Annual Charges	3a	50,035	47,115
19,037	User Charges & Fees	3b	18,310	16,483
3,960	Interest & Investment Revenue	3c	5,064	5,844
1,147	Other Revenues	3d	3,176	49,648
15,988	Grants & Contributions provided for Operating Purposes	3e,f	31,548	28,026
8,809	Grants & Contributions provided for Capital Purposes	3e,f	13,288	11,106
Other Income:				
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	111	318
98,878	Total Income from Continuing Operations		121,532	158,540
Expenses from Continuing Operations				
37,720	Employee Benefits & On-Costs	4a	34,765	32,222
2,880	Borrowing Costs	4b	3,378	3,426
36,377	Materials & Contracts	4c	30,042	28,748
19,157	Depreciation & Amortisation	4d	19,796	18,812
-	Impairment	4d	-	-
6,547	Other Expenses	4e	21,874	19,243
-	Net Losses from the Disposal of Assets	5	36	839
102,681	Total Expenses from Continuing Operations		109,891	103,290
(3,803)	Operating Result from Continuing Operations		11,641	55,250
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
(3,803)	Net Operating Result for the Year		11,641	55,250
(3,803)	Net Operating Result attributable to Council		11,641	55,250
-	Net Operating Result attributable to Minority Interests		-	-
(12,612)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(1,647)	44,144

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

Wagga Wagga City Council

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

\$ '000	Notes	Actual 2012	Actual 2011
Net Operating Result for the year (as per Income statement)		11,641	55,250
Other Comprehensive Income			
Gain (loss) on revaluation of I,PP&E	20b (ii)	57,665	51,353
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Impairment (loss) reversal relating to I,PP&E	20b (ii)	(922)	(5,330)
Other Movements in Reserves (Joint Ventures)	20b (ii)	42	5
Total Other Comprehensive Income for the year		56,785	46,028
Total Comprehensive Income for the Year		68,426	101,278
Total Comprehensive Income attributable to Council		68,426	101,278
Total Comprehensive Income attributable to Minority Interests		-	-

Wagga Wagga City Council

Balance Sheet

as at 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	13,024	11,180
Investments	6b	35,313	37,384
Receivables	7	17,840	15,550
Inventories	8	3,295	2,813
Other	8	569	365
Non-current assets classified as "held for sale"	22	200	-
Total Current Assets		70,241	67,292
Non-Current Assets			
Investments	6b	37,802	34,657
Receivables	7	540	348
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	1,303,626	1,223,426
Investments accounted for using the equity method	19	1,836	1,683
Investment Property	14	4,405	4,685
Intangible Assets	25	-	-
Total Non-Current Assets		1,348,209	1,264,799
TOTAL ASSETS		1,418,450	1,332,091
LIABILITIES			
Current Liabilities			
Payables	10	15,702	11,974
Borrowings	10	1,729	993
Provisions	10	18,242	15,644
Total Current Liabilities		35,673	28,611
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	50,164	38,879
Provisions	10	6,738	7,153
Total Non-Current Liabilities		56,902	46,032
TOTAL LIABILITIES		92,575	74,643
Net Assets		1,325,875	1,257,448
EQUITY			
Retained Earnings	20	774,055	762,371
Revaluation Reserves	20	551,820	495,077
Council Equity Interest		1,325,875	1,257,448
Minority Equity Interest		-	-
Total Equity		1,325,875	1,257,448

Wagga Wagga City Council

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		771,981	495,077	1,267,058	-	1,267,058
a. Correction of Prior Period Errors	20 (c)	(9,609)	-	(9,609)	-	(9,609)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/11)		762,372	495,077	1,257,449	-	1,257,449
c. Net Operating Result for the Year		11,641	-	11,641	-	11,641
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	57,665	57,665	-	57,665
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(922)	(922)	-	(922)
- Other Movements (Joint Ventures)	20b (ii)	42	-	42	-	42
Other Comprehensive Income		42	56,743	56,785	-	56,785
Total Comprehensive Income (c&d)		11,683	56,743	68,426	-	68,426
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		774,055	551,820	1,325,875	-	1,325,875

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2011						
Opening Balance (as per Last Year's Audited Accounts)		676,773	443,342	1,120,115	-	1,120,115
a. Correction of Prior Period Errors	20 (c)	30,343	5,712	36,055	-	36,055
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/10)		707,116	449,054	1,156,170	-	1,156,170
c. Net Operating Result for the Year		55,250	-	55,250	-	55,250
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	51,353	51,353	-	51,353
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(5,330)	(5,330)	-	(5,330)
- Other Movements (Joint Ventures)	20b (ii)	5	-	5	-	5
Other Comprehensive Income		5	46,023	46,028	-	46,028
Total Comprehensive Income (c&d)		55,255	46,023	101,278	-	101,278
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		762,371	495,077	1,257,448	-	1,257,448

Wagga Wagga City Council

Statement of Cash Flows

for the financial year ended 30 June 2012

Budget 2012	\$ '000	Notes	Actual 2012	Actual 2011
Cash Flows from Operating Activities				
Receipts:				
49,937	Rates & Annual Charges		49,808	47,169
19,037	User Charges & Fees		19,176	18,066
3,960	Investment & Interest Revenue Received		4,996	4,541
15,989	Grants & Contributions		43,228	32,422
-	Bonds, Deposits & Retention amounts received		45	111
1,147	Other		8,108	6,649
Payments:				
(37,720)	Employee Benefits & On-Costs		(33,437)	(31,876)
(28,977)	Materials & Contracts		(38,408)	(33,725)
(3,138)	Borrowing Costs		(3,237)	(2,933)
(6,547)	Other		(21,644)	(17,751)
13,688	Net Cash provided (or used in) Operating Activities	11b	28,635	22,673
Cash Flows from Investing Activities				
Receipts:				
13,681	Sale of Investment Securities		64,072	52,631
1,359	Sale of Infrastructure, Property, Plant & Equipment		2,275	1,718
-	Deferred Debtors Receipts		74	120
Payments:				
-	Purchase of Investment Securities		(64,934)	(58,401)
(49,466)	Purchase of Infrastructure, Property, Plant & Equipment		(39,975)	(24,429)
-	Deferred Debtors & Advances Made		(324)	(50)
-	Contributions Paid to Joint Ventures & Associates		-	(1)
(34,426)	Net Cash provided (or used in) Investing Activities		(38,812)	(28,412)
Cash Flows from Financing Activities				
Receipts:				
17,859	Proceeds from Borrowings & Advances		12,612	-
Payments:				
(715)	Repayment of Borrowings & Advances		(760)	(802)
17,144	Net Cash Flow provided (used in) Financing Activities		11,852	(802)
(3,594)	Net Increase/(Decrease) in Cash & Cash Equivalents		1,675	(6,541)
15,820	plus: Cash & Cash Equivalents - beginning of year	11a	10,932	17,473
12,226	Cash & Cash Equivalents - end of the year	11a	12,607	10,932
Additional Information:				
	plus: Investments on hand - end of year	6b	73,115	72,041
Total Cash, Cash Equivalents & Investments			85,722	82,973

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 2012

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n/a - not applicable

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

(iii) New and amended standards adopted by Council

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

(iv) Early adoption of Accounting Standards

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

(v) Basis of Accounting

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

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

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

(vi) Changes in Accounting Policies

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

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

(vii) Critical Accounting Estimates

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

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity 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.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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 tip remediation provisions.

Critical judgements in applying the entity'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 the entity 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.

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.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

Rents are recognised as revenue when the payment is received.

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

(c) Principles of Consolidation

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

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

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

(i) The Consolidated Fund

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

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

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

- General Purpose Operations
- Sewerage Service

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

(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 eight other Councils for the provision of services and facilities through the Riverina Regional Library Service. No one Council exercise control, nor can

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

any one Council unilaterally dominate decision making.

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

(iv) 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.

(v) Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

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

Operating Leases

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

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

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

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

(f) Investments and Other Financial Assets

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

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

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

(iv) Available-for-sale financial assets

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

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

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

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

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.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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 2012, 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.

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.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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 included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made.

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 have been progressively revalued to fair value in accordance with a staged implementation as advised by the Division of Local Government.

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

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

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

date of recognition (ie. date of exchange) of the asset to arrive at fair value.

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

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

Subsequent costs

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

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

Asset Revaluations (including Indexation)

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

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

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.

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

Buildings & Land Improvements	
Park Furniture & Equipment	> \$2,000

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

Other Structures	> \$2,000
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Sewer Assets	
Reticulation extensions	> \$5,000
Other	> \$5,000

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

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

Bridge construction & reconstruction	> \$10,000
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Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the consumption based method, referred to as the 'Advanced Straight Line Asset Management' approach, other than buildings which are calculated on a diminishing value method.

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

Land is not depreciated.

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

Plant & Equipment	
- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years
Other Equipment	
- Playground equipment	5 to 15 years
- Benches, seats etc	10 to 20 years
Buildings	
- Buildings : Masonry	50 to 100 years
- Buildings : Other	20 to 40 years
Stormwater Drainage	
- Drains	80 to 100 years
- Culverts	50 to 80 years
Transportation Assets	
- Sealed Roads : Surface	20 years
- Sealed Roads : Structure	50 years
- Unsealed roads	20 years
- Bridge : Concrete	100 years
- Bridge : Other	50 years
- Road Pavements	60 years
- Kerb, Gutter & Paths	40 years
Sewer Assets	
- Dams and reservoirs	80 to 100 years
- Bores	20 to 40 years
- Reticulation pipes : PVC	80 years
- Reticulation pipes : Other	25 to 75 years

- Pumps and telemetry 15 to 20 years

Other Infrastructure Assets

- Bulk earthworks Infinite

Other Structures

- Other Improvements 15 to 40 years

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

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

Disposal and De-recognition

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

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

(k) Land

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

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

(l) Land under roads

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

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

Wagga Wagga City Council

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

Note 1. Summary of Significant Accounting Policies (continued)

Land under roads acquired after 1 July 2008 is recorded by Council but not recognised in the financial statements as there is no agreed basis for determining its fair value. This approach is in accordance with AASB116 – 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.

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 30/06/12.

(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,

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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 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.

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

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

(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.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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 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. Other borrowing costs are expensed.

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

(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.

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 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.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at

Wagga Wagga City Council

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

Note 1. Summary of Significant Accounting Policies (continued)

the rates paid or payable, and accordingly no liability has been recognised in these reports.

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

(ii) Other Long Term Obligations

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

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.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B"

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

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

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

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities amounting to approximately \$384 million at 30 June 2012.

As a result, they have asked for significant increases in future contributions to recover that deficiency.

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

For this reason, no liability for the deficiency has been recognised in these financial statements.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Council has, however, disclosed a contingent liability in note 18 to reflect Council's share of 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 30/6/12.

(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.

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

(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).

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 UIG interpretations

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

Council has not adopted any of these standards early.

Wagga Wagga City Council

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

Note 1. Summary of Significant Accounting Policies (continued)

While these new or amended standards will have some financial impact on the information disclosed in the financial statements, they are not expected to have a material effect on the amounts disclosed in the financial period in which they initially apply.

(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 2012

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2012	2012	2011	2012	2012	2011	2012	2012	2011	2012	2011	2012	2011
Governance	-	458	160	1,146	911	642	(1,146)	(453)	(482)	-	-	390	951
Administration	716	1,816	1,121	12,409	11,683	10,433	(11,693)	(9,867)	(9,312)	345	-	64,145	58,589
Public Order & Safety	1,145	1,709	1,481	1,881	1,920	1,770	(736)	(211)	(289)	174	194	2,631	2,883
Health	618	138	109	8,235	1,990	879	(7,617)	(1,852)	(770)	-	-	440	1,163
Environment	12,534	11,157	10,652	12,453	12,116	13,775	81	(959)	(3,123)	1,239	1,375	226,374	219,840
Community Services & Education	2,834	2,798	3,515	3,798	3,754	3,749	(964)	(956)	(234)	2,382	3,020	6,882	5,471
Housing & Community Amenities	2,481	2,966	4,249	4,673	5,211	4,937	(2,192)	(2,245)	(688)	71	96	22,224	20,932
Water Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Services	13,764	17,600	15,784	18,230	17,757	15,993	(4,466)	(157)	(209)	158	168	309,216	253,414
Recreation & Culture	3,720	5,332	5,521	14,602	15,814	15,013	(10,882)	(10,482)	(9,492)	1,040	1,837	215,367	211,250
Fuel & Energy	-	-	-	-	-	-	-	-	-	-	-	-	-
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining, Manufacturing & Construction	1,016	1,064	994	937	1,067	360	79	(3)	634	-	-	2,281	1,789
Transport & Communication	9,499	23,470	65,206	18,396	31,692	28,012	(8,897)	(8,222)	37,194	15,580	11,691	523,368	509,830
Economic Affairs	4,147	3,854	4,845	5,921	5,976	7,727	(1,774)	(2,122)	(2,882)	12	702	43,296	44,296
Total Functions & Activities	52,474	72,362	113,637	102,681	109,891	103,290	(50,207)	(37,529)	10,347	21,001	19,083	1,416,614	1,330,408
Share of gains/(losses) in Associates & Joint Ventures (Equity Method)	-	111	318	-	-	-	-	111	318	-	-	1,836	1,683
General Purpose Income ¹	46,404	49,059	44,585	-	-	-	46,404	49,059	44,585	12,952	10,127	-	-
Operating Result from Continuing Operations	98,878	121,532	158,540	102,681	109,891	103,290	(3,803)	11,641	55,250	33,953	29,210	1,418,450	1,332,091

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 2012

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, RTA 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 2012

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		19,660	18,455
Farmland		4,157	4,043
Business		8,293	8,074
Total Ordinary Rates		32,110	30,572
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		5,504	5,075
Stormwater Management Services		640	637
Sewerage Services		11,354	10,435
Waste Management Services (non-domestic)		427	396
Total Annual Charges		17,925	16,543
TOTAL RATES & ANNUAL CHARGES		50,035	47,115

Council has used 2010 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 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		1,226	1,035
Sewerage Services		3,606	2,620
Waste Management Services (non-domestic)		1,844	1,576
Total User Charges		6,676	5,231
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Private Works - Section 67		109	156
Regulatory/ Statutory Fees		556	509
Total Fees & Charges - Statutory/Regulatory		665	665
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Aerodrome		2,069	1,984
Cemeteries		983	943
Corporate Services		66	104
Development Services		1,578	1,512
Family Day Care		376	439
Leaseback Fees - Council Vehicles		201	181
Livestock Marketing Centre		3,160	2,794
Oasis Swimming Complex		1,386	1,377
Park & Sportsgrounds		208	178
Regional Civic Centre		614	528
RMS (formerly RTA) Charges (State Roads not controlled by Council)		-	318
Tourist Information Centre		27	25
Other		301	204
Total Fees & Charges - Other		10,969	10,587
TOTAL USER CHARGES & FEES		18,310	16,483

Wagga Wagga City Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		301	275
- Interest earned on Investments (interest & coupon payment income)		4,551	4,548
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		212	1,021
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>5,064</u>	<u>5,844</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		301	275
General Council Cash & Investments		3,292	3,206
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		142	459
- Section 64		26	57
Sewerage Fund Operations		814	1,292
Other Externally Restricted Assets		129	195
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		360	360
Total Interest & Investment Revenue Recognised		<u>5,064</u>	<u>5,844</u>
(d). Other Revenues			
Rental Income - Investment Properties	14	119	428
Rental Income - Other Council Properties		597	585
Reversal of prior period revaluation decrements (applicable to I,PP&E)	9(a)	-	46,595
Ex Gratia Rates		45	46
Fines		1,046	848
Diesel Rebate		75	113
Insurance Claim Recoveries		589	319
Sales - Miscellaneous		500	492
Sales - Oasis Swimming Complex		104	101
Other		101	121
<u>TOTAL OTHER REVENUE</u>		<u>3,176</u>	<u>49,648</u>

Wagga Wagga City Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance	12,591	9,768	-	-
Pensioners' Rates Subsidies - General Component	361	359	-	-
Total General Purpose	12,952	10,127	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Sewerage	158	168	-	-
- Domestic Waste Management	108	106	-	-
Bushfire & Emergency Services	10	-	-	-
Community Care	137	174	-	-
Community Centres	-	-	-	500
Environmental Protection	267	769	582	407
Family Day Care	1,781	1,812	-	-
Family & Childrens Services - Other	395	470	-	-
Heritage & Cultural	427	594	-	-
Noxious Weeds	86	86	-	-
Recreation & Culture	87	-	633	1,105
Street Lighting	44	43	-	-
Transport (Other Roads & Bridges Funding)	12,812	10,571	2,351	539
Evocities	-	700	-	-
Airport ILS	-	-	650	538
Other	88	111	385	390
Total Specific Purpose	16,400	15,604	4,601	3,479
Total Grants	29,352	25,731	4,601	3,479
Grant Revenue is attributable to:				
- Commonwealth Funding	14,556	12,744	3,069	1,414
- State Funding	14,751	12,974	1,532	2,050
- Other Funding	45	13	-	15
	29,352	25,731	4,601	3,479

Wagga Wagga City Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 94 - Contributions towards amenities/services	-	-	2,493	2,000
S 94A - Fixed Development Consent Levies	-	-	522	651
S 64 - Sewerage Service Contributions	-	-	989	650
S 64 - Stormwater Contributions	-	-	696	432
Total Developer Contributions	-	-	4,700	3,733
	17			
Other Contributions:				
Artworks Donated	-	-	89	61
Bushfire Services	205	186	-	-
Dedications (other than by S94)	-	-	2,288	2,065
Recreation & Culture	70	83	54	116
RMS Contributions (Regional Roads, Block Grant)	1,712	1,430	1,306	10
Sewerage (excl. Section 64 contributions)	-	-	11	100
Evocities	-	486	-	-
Airport ILS	-	-	-	579
Voluntary Planning Agreements	-	-	(61)	934
Other	209	110	300	29
Total Other Contributions	2,196	2,295	3,987	3,894
Total Contributions	2,196	2,295	8,687	7,627
TOTAL GRANTS & CONTRIBUTIONS	31,548	28,026	13,288	11,106

Wagga Wagga City Council

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

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2012	Actual 2011
(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	13,044	14,354
add: Grants & contributions recognised in the current period but not yet spent:	5,608	5,950
less: Grants & contributions recognised in a previous reporting period now spent:	(6,698)	(7,260)
Net Increase (Decrease) in Restricted Assets during the Period	(1,090)	(1,310)
Unexpended and held as Restricted Assets	11,954	13,044
Comprising:		
- Specific Purpose Unexpended Grants	2,861	4,046
- Developer Contributions	7,780	7,996
- Other Contributions	1,313	1,002
	11,954	13,044

Wagga Wagga City Council

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

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a) Employee Benefits & On-Costs			
Salaries and Wages		29,117	27,452
Travelling		679	569
Employee Leave Entitlements (ELE)		4,392	3,442
Superannuation		3,162	3,092
Workers' Compensation Insurance		1,205	1,059
Fringe Benefit Tax (FBT)		137	117
Payroll Tax		75	76
Training Costs (other than Salaries & Wages)		507	508
Other		476	625
Total Employee Costs		39,750	36,940
less: Capitalised Costs		(4,985)	(4,718)
TOTAL EMPLOYEE COSTS EXPENSED		34,765	32,222
Number of "Equivalent Full Time" Employees at year end		473	467
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		2,898	2,925
Total Interest Bearing Liability Costs		2,898	2,925
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		2,898	2,925
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	204	256
- Other Liabilities		276	245
Total Other Borrowing Costs		480	501
TOTAL BORROWING COSTS EXPENSED		3,378	3,426

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c) Materials & Contracts			
Raw Materials & Consumables		21,982	20,525
Contractor & Consultancy Costs		6,873	6,982
Auditors Remuneration ⁽¹⁾		73	61
Legal Expenses:			
- Legal Expenses: Planning & Development		101	304
- Legal Expenses: Other		281	167
- Legal Expenses: Debt Recovery		65	23
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽²⁾		667	686
Total Materials & Contracts		30,042	28,748
less: Capitalised Costs		-	-
TOTAL MATERIALS & CONTRACTS		30,042	28,748
1. Auditor Remuneration			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
(i) Audit and Other Assurance Services			
- Audit & review of financial statements: Council's Auditor		73	61
Total Auditor Remuneration		73	61
2. Operating Lease Payments are attributable to:			
Computers		667	686
		667	686

Wagga Wagga City Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2012	Actual 2011	Actual 2012	Actual 2011
Plant and Equipment		-	-	2,071	1,983
Office Equipment		-	-	123	109
Furniture & Fittings		-	-	103	97
Buildings - Non Specialised		-	139	563	459
Buildings - Specialised		-	-	452	367
Other Structures		-	-	997	637
Infrastructure:					
- Roads, Bridges & Footpaths		2,862	5,177	8,245	7,137
- Stormwater Drainage		1,337	-	718	1,531
- Sewerage Network		-	-	5,732	5,630
Other Assets					
- Other		-	14	1,351	1,091
Asset Reinstatement Costs	9 & 26	-	-	141	272
Total Depreciation & Impairment Costs		4,199	5,330	20,496	19,313
less: Capitalised Costs		-	-	(700)	(501)
less: Impairments (to)/from ARR [Equity]	9a	(4,199)	(5,330)	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	19,796	18,812

Wagga Wagga City Council

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

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(e) Other Expenses			
Other Expenses for the year include the following:			
Bad & Doubtful Debts		(33)	14
Contributions/Levies to Other Levels of Government			
- Bushfire Fighting Fund		308	288
- Emergency Services Levy		62	43
- NSW Fire Brigade Levy		420	432
- REROC		42	43
- Riverina Regional Library		1,040	1,004
- Valuation Fees		146	134
Councillor Expenses - Mayoral Fee		36	35
Councillor Expenses - Councillors' Fees		174	176
Donations, Contributions & Assistance to other organisations (Section 356)		177	120
Electricity & Heating		2,028	1,762
Insurance		1,320	1,097
Provision for Land Remediation		946	1,747
Reinstatement of Infrastructure Assets		13,094	10,199
Revaluation Decrements (Fair Valuation of Investment Properties)	14	280	650
Street Lighting		793	694
Subscriptions & Publications		48	44
Telephone & Communications		501	466
Water		492	295
Total Other Expenses		21,874	19,243
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>21,874</u>	<u>19,243</u>

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2012	Actual 2011
Property (excl. Investment Property)			
Proceeds from Disposal - Property		660	400
less: Carrying Amount of Property Assets Sold / Written Off		(660)	(721)
Net Gain/(Loss) on Disposal		-	(321)
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		1,615	1,150
less: Carrying Amount of P&E Assets Sold / Written Off		(1,448)	(1,076)
Net Gain/(Loss) on Disposal		167	74
Infrastructure			
Proceeds from Disposal - Infrastructure		-	168
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(203)	(760)
Net Gain/(Loss) on Disposal		(203)	(592)
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		64,072	52,631
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(64,072)	(52,631)
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(36)	(839)

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Notes	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		1,281	-	5,053	-
Cash-Equivalent Assets ¹					
- Deposits at Call		5,630	-	3,095	-
- Short Term Deposits		6,113	-	3,032	-
Total Cash & Cash Equivalents		13,024	-	11,180	-
Investment Securities (Note 6b)					
- Managed Funds		64	3,163	284	4,000
- Long Term Deposits		30,099	13,000	24,121	16,000
- Floating Rate Notes		4,210	20,739	12,979	12,956
- Capital Protected Asset Linked Note		940	900	-	1,701
Total Investment Securities		35,313	37,802	37,384	34,657
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		48,337	37,802	48,564	34,657

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"	13,024	-	11,180	-
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Investments

a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	-	-	-	-
- "Designated at Fair Value on Initial Recognition"	6(b-i)	5,213	24,802	13,261	18,657
b. "Held to Maturity"	6(b-ii)	30,100	13,000	24,123	16,000
c. "Loans & Receivables"	6(b-iii)	-	-	-	-
d. "Available for Sale"	6(b-iv)	-	-	-	-
Investments		35,313	37,802	37,384	34,657

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 6b. Investments (continued)

\$ '000	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 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	13,261	18,657	8,080	31,878
Revaluations (through the Income Statement)	106	106	(886)	2,289
Additions	(2,175)	11,979	616	5,016
Disposals (sales & redemptions)	(11,192)	(727)	(7,549)	(7,526)
Transfers between Current/Non Current	5,213	(5,213)	13,000	(13,000)
Balance at End of Year	5,213	24,802	13,261	18,657
Comprising:				
- Managed Funds	64	3,163	284	4,000
- Floating Rate Notes	2,208	22,740	12,977	12,956
- Capital Protected Asset Linked Note	2,941	(1,101)	-	1,701
Total	5,213	24,802	13,261	18,657
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	24,123	16,000	22,292	3,000
Additions	53,130	2,000	46,913	13,000
Disposals (sales & redemptions)	(52,153)	-	(45,082)	-
Transfers between Current/Non Current	5,000	(5,000)	-	-
Balance at End of Year	30,100	13,000	24,123	16,000
Comprising:				
- Long Term Deposits	-	-	24,123	16,000
- Other Long Term Financial Assets	30,100	13,000	-	-
Total	30,100	13,000	24,123	16,000
Note 6(b-iii)				
Reconciliation of Investments classified as "Loans & Receivables"				
Nil				
Note 6(b-iv)				
Reconciliation of Investments classified as "Available for Sale"				
Nil				

Wagga Wagga City Council

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

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

\$ '000	2012	2012	2011	2011
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	48,337	37,802	48,564	34,657
attributable to:				
External Restrictions (refer below)	2,738	37,802	8,145	34,657
Internal Restrictions (refer below)	43,324	-	39,950	-
Unrestricted	2,275	-	469	-
	48,337	37,802	48,564	34,657

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

External Restrictions - Included in Liabilities

Employee Leave - Sewer & Waste	376	161	-	537
External Restrictions - Included in Liabilities	376	161	-	537

External Restrictions - Other

Developer Contributions - General (D)	7,996	4,865	(5,081)	7,780
Specific Purpose Unexpended Grants (F)	3,915	-	(1,356)	2,559
Sewerage Services (G)	24,991	-	(3,455)	21,536
Sewerage Services - Unexpended Contributions	696	46	(52)	690
Domestic Waste Management (G)	4,101	2,425	(570)	5,956
Stormwater Management (G)	579	461	(135)	905
Other Unexpended Contributions	148	429		577
External Restrictions - Other	42,426	8,226	(10,649)	40,003
Total External Restrictions	42,802	8,387	(10,649)	40,540

Internal Restrictions

Plant & Vehicle Replacement	3,064	2,358	(3,153)	2,269
Employees Leave Entitlement	2,530	1,135	(792)	2,873
Airport	367	3,281	(831)	2,817
Bridge Replacement	523	-	(296)	227
CBD Carparking Facilities	144	150	-	294
Civil Projects	841	142	(753)	230
Commercial Land Development	148	-	(148)	-
Council Election	344	40	(4)	380
Design & Planning	50	35	(42)	43
Estella Community Centre	179	-	-	179
Evocities	40	-	(40)	-

continued in next page

Wagga Wagga City Council

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

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

2012 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions (continued)				
Family Day Care	293	-	(34)	259
Grant Commission Reserve	2,465	5,128	(2,465)	5,128
Gravel Pit Restoration	222	164	-	386
Gurwood St Property	296	-	-	296
Industrial Land Development	4,644	400	(2,241)	2,803
Information Services E / Business	143	-	(100)	43
Infrastructure Improvements / Replacement	3,862	1,360	(1,965)	3,257
Internal Loans	761	2,400	(1,354)	1,807
Kerb & Gutter	316	-	(23)	293
Lake Albert Improvements	158	100	-	258
LEP Preparation	65	-	-	65
Livestock Marketing Centre	3,867	745	(131)	4,481
Oasis Swimming Complex	391	80	(43)	428
Other Building Improvements	155	204	(87)	272
Projects Reserve	801	-	(475)	326
Project Revotes	1,694	1,369	(1,694)	1,369
Public Art Reserve	490	133	(84)	539
Robertson Oval	3,039	-	-	3,039
Silverlite Reserve	84	-	(1)	83
Storm Damage	968	19	(851)	136
Stormwater Drainage	186	42	(4)	224
Tarcutta Street Gasworks Remediation Reserve	6,000	1,000	(1,297)	5,703
Urban Salinity	106	-	-	106
Sale Road Reserve - Sturt Mall Carpark	168	-	(168)	-
Other Operational	346	101	(176)	271
Hampden Bridge Demolition	-	1,200	-	1,200
Borrowings Repayments Reserve	200	-	(200)	-
Unexpended External Loans	-	1,240	-	1,240
Total Internal Restrictions	39,950	22,826	(19,452)	43,324
TOTAL RESTRICTIONS	82,752	31,213	(30,101)	83,864

- A** Loan moneys which must be applied for the purposes for which the loans were raised.
- B** Advances by the Roads and Traffic Authority for works on the State's classified roads.
- C** Self Insurance liability resulting from reported claims or incurred claims not yet reported.
- D** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- E** RMA Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- F** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- G** 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 2012

Note 7. Receivables

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		2,930	-	2,703	-
Interest & Extra Charges		263	-	270	-
User Charges & Fees		2,505	-	1,442	-
Accrued Revenues					
- Interest on Investments		1,029	-	1,166	-
- Other Income Accruals		372	-	98	-
Government Grants & Subsidies		3,792	-	2,726	-
Deferred Debtors		122	540	64	348
Net GST Receivable		1,569	-	221	-
Storm Damage Claim - RMS (formerly RTA) Grant		4,562	-	5,402	-
Other Debtors		697	-	1,493	-
Total		17,841	540	15,585	348
less: Provision for Impairment					
User Charges & Fees		(1)	-	(35)	-
Total Provision for Impairment - Receivables		(1)	-	(35)	-
<u>TOTAL NET RECEIVABLES</u>		<u>17,840</u>	<u>540</u>	<u>15,550</u>	<u>348</u>
Externally Restricted Receivables					
Sewerage Services					
- Rates & Availability Charges		655	-	573	-
- Other		1,459	-	192	-
Domestic Waste Management		322	-	284	-
Stormwater Management		41	-	32	-
Other					
- Unexpended Grants		302	-	131	-
- Unexpended Contributions		46	-	157	-
Total External Restrictions		2,825	-	1,369	-
Internally Restricted Receivables					
- Livestock Marketing Centre		17	-	36	-
- Airport		425	-	999	-
- Sale to Clay Target Association		-	-	400	-
- RMS (formerly RTA) Debtor Restrictions					
- Office & Equipment		-	-	150	-
- Tarcutta Street Remediation		-	-	1,000	-
- Internal Loans Reserve		-	-	1,318	-
Internally Restricted Receivables		442	-	3,903	-
Unrestricted Receivables		14,573	540	10,278	348
<u>TOTAL NET RECEIVABLES</u>		<u>17,840</u>	<u>540</u>	<u>15,550</u>	<u>348</u>

Wagga Wagga City Council

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

Note 7. Receivables (continued)

\$ '000

Notes on Debtors from the previous page:

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

Note 8. Inventories & Other Assets

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		281	-	281	-
Stores & Materials		2,950	-	2,442	-
Trading Stock		64	-	90	-
Total Inventories		3,295	-	2,813	-
Other Assets					
Prepayments		569	-	365	-
Total Other Assets		569	-	365	-
TOTAL INVENTORIES / OTHER ASSETS		3,864	-	3,178	-
Externally Restricted Assets					
Sewerage					
Stores & Materials		604	-	641	-
Prepayments		2	-	-	-
Total Sewerage		606	-	641	-
Total Externally Restricted Assets		606	-	641	-
Total Internally Restricted Assets		-	-	-	-
Total Unrestricted Assets		3,258	-	2,537	-
TOTAL INVENTORIES & OTHER ASSETS		3,864	-	3,178	-

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 8. Inventories & Other Assets (continued)

\$ '000	2012		2011	
	Current	Non Current	Current	Non Current
(i) Other Disclosures				
(a) Details for Real Estate Development				
Residential	23	-	23	-
Industrial/Commercial	258	-	258	-
Total Real Estate for Resale	281	-	281	-
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	136	-	136	-
Development Costs	15	-	15	-
Borrowing Costs	130	-	-	-
Total Costs	281	-	281	-
less: Provision for Under Recovery	-	-	-	-
Total Real Estate for Resale	281	-	281	-
Movements:				
Real Estate assets at beginning of the year	281	-	281	-
Total Real Estate for Resale	281	-	281	-

(b) Current Assets not anticipated to be settled within the next 12 months

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

	2012	2011
Real Estate for Resale	281	281
	281	281

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

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2011					Asset Movements during the Reporting Period								as at 30/6/2012				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Impairment Loss (recognised in Equity)	Impairment Reversal (via Equity)	Adjustments & Transfers	Trfs from/(to) "Held for Sale" category	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment												Dep'n	Impairment	
Plant & Equipment	-	23,670	11,815	-	11,855	4,938	(1,448)	(2,071)	-	-	-	-	-	-	25,206	11,933	-	13,273
Office Equipment	-	2,397	2,011	-	386	185	-	(123)	-	-	-	-	-	-	2,582	2,134	-	448
Furniture & Fittings	-	2,690	2,025	-	665	35	-	(103)	-	-	-	-	-	-	2,725	2,128	-	597
Land:																		
- Operational Land	-	92,378	-	-	92,378	471	(660)	-	-	-	-	(200)	-	-	91,989	-	-	91,989
- Community Land	-	116,634	-	-	116,634	-	-	-	-	-	-	-	-	-	116,634	-	-	116,634
Buildings - Non Specialised	-	50,603	6,927	139	43,537	2,079	-	(563)	-	139	-	-	-	-	52,517	7,325	-	45,192
Buildings - Specialised	-	42,545	5,024	-	37,521	561	(30)	(452)	-	-	-	-	-	-	43,073	5,473	-	37,600
Other Structures	-	39,102	5,073	-	34,029	2,889	(167)	(997)	-	-	-	-	-	-	41,738	5,982	-	35,756
Infrastructure:																		
- Roads, Bridges, Footpaths	-	516,732	67,891	5,176	443,665	12,783	-	(8,245)	(2,862)	3,124	-	-	-	-	529,514	76,136	4,914	448,464
- Stormwater Drainage	-	217,917	18,662	-	199,255	3,587	-	(718)	(1,337)	-	-	-	-	-	221,503	19,380	1,337	200,786
- Sewerage Network	-	300,468	84,709	-	215,759	5,705	-	(5,732)	-	-	-	-	57,665	-	306,037	32,638	-	273,399
Other Assets:																		
- Artworks	-	5,863	-	-	5,863	104	-	-	-	-	-	-	-	-	5,968	-	-	5,968
- Other	-	27,564	6,562	14	20,988	13,399	(7)	(1,351)	-	14	-	-	-	-	40,811	7,769	-	33,042
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)																		
- Tip Asset	-	712	346	-	366	-	-	(41)	-	-	(153)	-	-	-	558	387	-	171
- Quarry Asset	-	324	57	-	267	-	-	(14)	-	-	55	-	-	-	378	71	-	307
- Sewer Remediation Asset	-	1,534	1,276	-	258	-	-	(86)	-	-	(173)	-	-	-	1,362	1,362	-	-
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	-	1,441,133	212,378	5,329	1,223,426	46,736	(2,312)	(20,496)	(4,199)	3,277	(271)	(200)	57,665	-	1,482,595	172,718	6,251	1,303,626

Wagga Wagga City Council

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

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

\$ '000 Class of Asset	Actual 2012				Actual 2011			
	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	152	25	-	177	151	26
Office Equipment	-	9	9	-	-	9	9	-
Furniture & Fittings	-	12	11	1	-	12	11	1
Land								
- Operational Land	-	8,435	-	8,435	-	7,975	-	7,975
Infrastructure	-	307,428	34,000	273,428	-	302,002	85,984	216,018
Total Sewerage Services	-	316,061	34,172	281,889	-	310,175	86,155	224,020
Domestic Waste Management								
Plant & Equipment	-	298	278	20	-	298	274	24
Office Equipment	-	82	58	24	-	82	50	32
Furniture & Fittings	-	3	3	-	-	3	3	-
Land								
- Operational Land'	-	1,663	-	1,663	-	1,663	-	1,663
Other Assets	-	4,127	1,628	2,499	-	3,715	1,342	2,373
Total DWM	-	6,173	1,967	4,206	-	5,761	1,669	4,092
TOTAL RESTRICTED I,PP&E	-	322,234	36,139	286,095	-	315,936	87,824	228,112

Wagga Wagga City Council

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

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

\$ '000

(i) Reversals of Impairment Losses previously recognised
in the Income Statement include:

Revaluation increment on roads impaired in prior year	-	4,171
Total Impairment Reversals	-	4,171
IMPAIRMENT of ASSETS - GAINS/(LOSSES) in P/L	4(d) -	4,171

(ii) Impairment Losses recognised direct to Equity (ARR)
include:

Roads, Bridges & Culverts impaired in March 2012 Floods	(2,862)	-
North Wagga Levee impaired in March 2012 Floods	(1,337)	-
Roads & Bridges impaired in October & December 2010 Storms & Flood	-	(5,177)
Buildings impaired in October & December 2010 Storms & Flood	-	(139)
Other Assets impaired in October & December 2010 Storms & Flood	-	(14)
Total Impairment Losses	(4,199)	(5,330)

(iii) Reversals of Impairment Losses previously recognised
direct to Equity (ARR) include:

Roads & Bridges repaired/reassessed	3,124	-
Buildings - Non specialised repaired	14	-
Other Assets repaired	139	-
Total Impairment Reversals	3,277	-
IMPAIRMENT of ASSETS - DIRECT to EQUITY (ARR)	20 (ii) (922)	(5,330)

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		5,308	-	5,614	-
Goods & Services - capital expenditure		6,268	-	2,469	-
Payments Received In Advance		989	-	912	-
Accrued Expenses:					
- Borrowings		235	-	298	-
- Salaries & Wages		183	-	41	-
- Other Expenditure Accruals		68	-	74	-
Security Bonds, Deposits & Retentions		2,523	-	2,478	-
Other		128	-	88	-
Total Payables		15,702	-	11,974	-
Borrowings					
Bank Overdraft		417	-	248	-
Loans - Secured ¹		1,312	50,164	745	38,879
Total Borrowings		1,729	50,164	993	38,879
Provisions					
Employee Benefits;					
Annual Leave		3,811	-	3,378	-
Long Service Leave		6,258	196	5,403	188
Other Leave - TOIL		116	-	103	-
Other Leave - RDO		100	-	105	-
Sub Total - Aggregate Employee Benefits		10,285	196	8,989	188
Asset Remediation/Restoration (Future Works) ²⁶		7,957	6,542	6,655	6,965
Total Provisions		18,242	6,738	15,644	7,153
Total Payables, Borrowings & Provisions		35,673	56,902	28,611	46,032

(i) Liabilities relating to Restricted Assets

	2012		2011	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Sewer	3,300	35,348	4,172	36,200
Domestic Waste Management	895	1,022	1,178	1,118
Liabilities relating to externally restricted assets	4,195	36,370	5,350	37,318
Internally Restricted Assets				
Nil				
Total Liabilities relating to restricted assets	4,195	36,370	5,350	37,318

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 2012

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

\$ '000	2012	2011
(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	<u>6,738</u>	<u>5,859</u>
	<u>6,738</u>	<u>5,859</u>

Note 10b. Description of and movements in Provisions

Class of Provision	2011		2012			Closing Balance as at 30/6/12
	Opening Balance as at 1/7/11	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	3,378	2,256	(1,753)	(70)	-	3,811
Long Service Leave	5,591	1,321	(252)	(206)	-	6,454
Other Leave - RDO	208	374	(366)	-	-	216
Asset Remediation	13,620	1,311	(636)	204	-	14,499
TOTAL	22,797	5,262	(3,007)	(72)	-	24,980

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 2012

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2012	Actual 2011
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	13,024	11,180
Less Bank Overdraft	10	(417)	(248)
BALANCE as per the STATEMENT of CASH FLOWS		12,607	10,932
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		11,641	55,250
Adjust for non cash items:			
Depreciation & Amortisation		19,796	18,812
Net Losses/(Gains) on Disposal of Assets		36	839
Non Cash Capital Grants and Contributions		(2,260)	(2,281)
Reversal of prior period I,PP&E revaluation decrements costed DIRECT to the P&L		-	(46,595)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(212)	(1,021)
- Investment Properties		280	650
Unwinding of Discount Rates on Reinstatement Provisions		204	256
Share of Net (Profits) or Losses of Associates/Joint Ventures		(111)	(318)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(2,198)	(6,105)
Increase/(Decrease) in Provision for Doubtful Debts		(34)	9
Decrease/(Increase) in Inventories		(482)	(495)
Decrease/(Increase) in Other Assets		(204)	(34)
Increase/(Decrease) in Payables		(306)	989
Increase/(Decrease) in accrued Interest Payable		(63)	(9)
Increase/(Decrease) in other accrued Expenses Payable		136	41
Increase/(Decrease) in Other Liabilities		162	355
Increase/(Decrease) in Employee Leave Entitlements		1,304	582
Increase/(Decrease) in Other Provisions		946	1,748
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		28,635	22,673

Wagga Wagga City Council

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

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

\$ '000	Notes	Actual 2012	Actual 2011
(c) Non-Cash Investing & Financing Activities			
Developer Contributions "in kind"		2,171	2,065
Art Gallery donated		89	61
Total Non-Cash Investing & Financing Activities		2,260	2,126
(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		400	400
Total Financing Arrangements		900	900
Amounts utilised as at Balance Date:			
- Credit Cards / Purchase Cards		8	8
Total Financing Arrangements Utilised		8	8

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 2012

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2012	Actual 2011
(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		53	166
Plant & Equipment		297	101
Parks & Sportsgrounds		1,485	512
Sewerage Infrastructure		491	2,097
Waste Management Services		31	-
Infrastructure		7,419	2,614
Other		89	337
Total Commitments		9,865	5,827
These expenditures are payable as follows:			
Within the next year		9,865	5,827
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
Total Payable		9,865	5,827
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		2,579	1,793
Future Grants & Contributions		26	1,836
Unexpended Grants		127	-
Externally Restricted Reserves		5,953	2,097
Internally Restricted Reserves		1,180	101
Total Sources of Funding		9,865	5,827

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(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		573	584
Later than one year and not later than 5 years		617	897
Later than 5 years		-	-
Total Non Cancellable Operating Lease Commitments		1,190	1,481

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 Associates / Joint Ventures - Commitments

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000	Amounts 2012	Indicator 2012	Prior Periods 2011 2010	
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>63,791</u>	2.52 : 1	3.18	4.33
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>25,350</u>			
2. Debt Service Ratio				
Debt Service Cost	<u>3,658</u>	4.08%	4.49%	4.02%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>89,648</u>			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>50,035</u>	41.17%	42.09%	43.91%
Income from Continuing Operations	<u>121,532</u>			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>3,193</u>	5.99%	5.91%	6.27%
Rates, Annual & Extra Charges Collectible	<u>53,309</u>			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	<u>16,464</u>	82.70%	93.56%	99.03%
Depreciation, Amortisation & Impairment	<u>19,909</u>			

Notes

(1) Refer Notes 6-8 inclusive.

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

(2) Refer to Note 10(a).

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

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

Wagga Wagga City Council

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

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

<p>1. Unrestricted Current Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>3.68</td> </tr> <tr> <td>2010</td> <td>4.33</td> </tr> <tr> <td>2011</td> <td>3.18</td> </tr> <tr> <td>2012</td> <td>2.52</td> </tr> </tbody> </table>	Year	Ratio : 1	2009	3.68	2010	4.33	2011	3.18	2012	2.52	<p>Purpose of Unrestricted Current Ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 2.52 : 1</p> <p>Council's unrestricted current ratio still shows a relatively strong liquidity position for 2011/12. The decrease in the ratio for this year can be attributed to an increase in outstanding capital commitments coupled with an increase in current borrowings and employee leave provisions.</p>
Year	Ratio : 1											
2009	3.68											
2010	4.33											
2011	3.18											
2012	2.52											
<p>2. Debt Service Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>2.83%</td> </tr> <tr> <td>2010</td> <td>4.02%</td> </tr> <tr> <td>2011</td> <td>4.49%</td> </tr> <tr> <td>2012</td> <td>4.08%</td> </tr> </tbody> </table>	Year	Ratio %	2009	2.83%	2010	4.02%	2011	4.49%	2012	4.08%	<p>Purpose of Debt Service Ratio</p> <p>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 4.08%</p> <p>The debt service ratio has decreased this year due mainly to an increase in revenue which has improved Council's ability to repay borrowings.</p>
Year	Ratio %											
2009	2.83%											
2010	4.02%											
2011	4.49%											
2012	4.08%											
<p>3. Rates & Annual Charges Coverage Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>44.64%</td> </tr> <tr> <td>2010</td> <td>43.91%</td> </tr> <tr> <td>2011</td> <td>42.09%</td> </tr> <tr> <td>2012</td> <td>41.17%</td> </tr> </tbody> </table>	Year	Ratio %	2009	44.64%	2010	43.91%	2011	42.09%	2012	41.17%	<p>Purpose of Rates & Annual Charges Coverage Ratio</p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 41.17%</p> <p>The Rates and Annual Charges ratio has decreased for 2011/12. This has been mainly due to an increase in additional revenue from other sources, in particular the capital income Council received from the RTA to complete capital works required after the storm & flood events of October, December & March 2010, as well as March 2012.</p>
Year	Ratio %											
2009	44.64%											
2010	43.91%											
2011	42.09%											
2012	41.17%											
<p>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>6.22%</td> </tr> <tr> <td>2010</td> <td>6.27%</td> </tr> <tr> <td>2011</td> <td>5.91%</td> </tr> <tr> <td>2012</td> <td>5.99%</td> </tr> </tbody> </table>	Year	Ratio %	2009	6.22%	2010	6.27%	2011	5.91%	2012	5.99%	<p>Purpose of Rates & Annual Charges Outstanding Ratio</p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p>Commentary on 2011/12 Result</p> <p>2011/12 Ratio 5.99%</p> <p>The outstanding rates and annual charges ratio for this year is as expected. After Council instigated its first sale of land for unpaid rates in 2010/11, this ratio remains within Council's target of less than 6%.</p>
Year	Ratio %											
2009	6.22%											
2010	6.27%											
2011	5.91%											
2012	5.99%											
<p>5. Building & Infrastructure Renewals Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>257.94%</td> </tr> <tr> <td>2010</td> <td>99.03%</td> </tr> <tr> <td>2011</td> <td>93.56%</td> </tr> <tr> <td>2012</td> <td>82.70%</td> </tr> </tbody> </table>	Year	Ratio %	2009	257.94%	2010	99.03%	2011	93.56%	2012	82.70%	<p>Purpose of Asset Renewals Ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on Result</p> <p>2011/12 Ratio 82.70%</p> <p>The asset renewal ratio illustrates the endemic problem in NSW Local Government of failing infrastructure. Council is addressing this problem via its Asset Management Strategy, Integrated Planning & Reporting process and Long Term Financial Plan.</p>
Year	Ratio %											
2009	257.94%											
2010	99.03%											
2011	93.56%											
2012	82.70%											

Wagga Wagga City Council

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

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

\$ '000	Water 2012	Sewer 2012	General ¹ 2012
Local Government Industry Indicators			
1. Unrestricted Current Ratio			
<u>Current Assets less all External Restrictions</u> ⁽¹⁾	n/a	5.25 : 1	2.52 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
prior period:	n/a	1.47 : 1	3.18 : 1
2. Debt Service Ratio			
<u>Debt Service Cost</u>	n/a	19.34%	0.76%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
prior period:	n/a	22.18%	0.69%
3. Rates & Annual Charges Coverage Ratio			
<u>Rates & Annual Charges</u>	n.a	64.25%	37.24%
Income from Continuing Operations			
prior period:	n/a	65.99%	38.12%
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
<u>Rates, Annual & Extra Charges Outstanding</u>	n/a	5.48%	6.05%
Rates, Annual & Extra Charges Collectible			
prior period:	n/a	5.17%	6.12%
5. Building & Infrastructure Renewals Ratio			
<u>Asset Renewals (Building & Infrastructure assets)</u>	n/a	85.15%	81.70%
Depreciation, Amortisation & Impairment			
prior period:	n/a	76.37%	100.42%

Notes

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 14. Investment Properties

\$ '000	Notes	Actual 2012	Actual 2011
(a) Investment Properties at Fair value			
<u>Investment Properties on Hand</u>		<u>4,405</u>	<u>4,685</u>
Reconciliation of Annual Movement:			
Opening Balance		4,685	5,335
- Net Gain/(Loss) from Fair Value Adjustments		(280)	(650)
CLOSING BALANCE - INVESTMENT PROPERTIES		<u>4,405</u>	<u>4,685</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.

The 2012 revaluations were based on Independent Assessments made by:
CJ Barrett, Certified Practising Valuer of Opteon

(c) Contractual Obligations at Reporting Date

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

(d) Leasing Arrangements

Nil

(e) Investment Property Income & Expenditure - summary

Rental Income from Investment Properties:		
- Minimum Lease Payments	119	428
Direct Operating Expenses on Investment Properties:		
- that generated rental income	-	(56)
Net Revenue Contribution from Investment Properties	119	372
plus:		
Fair Value Movement for year	(280)	(650)
Total Income attributable to Investment Properties	<u>(161)</u>	<u>(278)</u>

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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	
	2012	2011	2012	2011
Financial Assets				
Cash and Cash Equivalents	13,024	11,180	13,024	11,180
Investments				
- "Designated At Fair Value on Initial Recognition"	30,015	31,918	30,015	31,918
- "Held to Maturity"	43,100	40,123	43,100	40,123
Receivables	18,380	15,898	18,380	15,898
Total Financial Assets	104,519	99,119	104,519	99,119
Financial Liabilities				
Bank Overdraft	417	248	417	248
Payables	14,713	11,062	14,713	11,062
Loans / Advances	51,476	39,624	51,476	39,624
Total Financial Liabilities	66,606	50,934	66,606	50,934

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.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

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

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

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

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

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

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

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

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.

2012	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
Possible impact of a 10% movement in Market Values	506	506	(506)	(506)
Possible impact of a 1% movement in Interest Rates	314	314	(314)	(314)
2011				
Possible impact of a 10% movement in Market Values	598	598	(598)	(598)
Possible impact of a 1% movement in Interest Rates	342	342	(342)	(342)

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

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

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

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

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

The level of outstanding receivables is reported to Council 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:

	2012	2012	2011	2011
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	10,843	-	12,315
Past due by up to 30 days	879	2,158	811	395
Past due between 31 and 180 days	1,172	679	1,081	209
Past due between 181 and 365 days	425	1,381	392	232
Past due by more than 1 year	454	390	419	79
	2,930	15,451	2,703	13,230

(ii) Movement in Provision for Impairment of Receivables

	2012	2011
Balance at the beginning of the year	35	26
+ new provisions recognised during the year	-	18
- amounts already provided for & written off this year	-	(9)
- previous impairment losses reversed	(33)	-
Balance at the end of the year	2	35

Wagga Wagga City Council

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

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2012									
Bank Overdraft	417	-	-	-	-	-	-	417	417
Trade/Other Payables	2,523	12,190	-	-	-	-	-	14,713	14,713
Loans & Advances	-	4,929	4,907	4,859	4,783	4,783	80,293	104,554	51,476
Total Financial Liabilities	2,940	17,119	4,907	4,859	4,783	4,783	80,293	119,684	66,606
2011									
Bank Overdraft	248	-	-	-	-	-	-	248	248
Trade/Other Payables	2,478	8,907	-	-	-	-	-	11,385	11,062
Loans & Advances	-	3,664	3,640	3,619	3,570	3,495	70,757	88,745	39,624
Total Financial Liabilities	2,726	12,571	3,640	3,619	3,570	3,495	70,757	100,378	50,934

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

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

	2012		2011	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Bank Overdraft	417	0.0%	248	0.0%
Trade/Other Payables	14,713	0.0%	11,062	0.0%
Loans & Advances - Fixed Interest Rate	51,476	6.6%	39,624	7.4%
	<u>66,606</u>		<u>50,934</u>	

Wagga Wagga City Council

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

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 11/12 was adopted by the Council on 27 June 2011.

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

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

Note that for Variations* of Budget to Actual :

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

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

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----		
REVENUES					
Rates & Annual Charges	49,937	50,035	98	0%	F
User Charges & Fees	19,037	18,310	(727)	(4%)	U
Interest & Investment Revenue	3,960	5,064	1,104	28%	F
Investment income was higher than anticipated due to market recovery and a conservative original budget.					

Wagga Wagga City Council

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

Note 16. Material Budget Variations

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----	
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REVENUES (continued)

Other Revenues	1,147	3,176	2,029	177%	F
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Factors contributing to the positive variation to Other Revenues for 11/12 are as follows:

Sewer Remediation - \$310K Favourable

- A remeasurement adjustment of \$310K to the sewer remediation provision was made. In calculating the provision an adjustment was made to the timing of the remediation works to be carried out for sewer assets which resulted in a favourable variation for 11/12.

Insurance Claim Income - \$549K Favourable

- Council processed a number of insurance claims throughout the year in relation to damage to incurred to Council assets due to the March flood event totalling \$406K as well as claiming for fire damage incurred to the Mens Shed of \$34K.

Traffic Parking Fines - \$266K Favourable

- The installation of new traffic parking technology resulted in a favourable income variation for the year.

Investment Property Lease - \$253K Unfavourable

- Lease rental vacancies for Council properties during the year resulted in an unfavourable outcome for this income item.

Sale of Goods - \$85K Favourable

- Sale of merchandise for some of Council's business operations were higher than anticipated. In particular, sales at the Gregadoo Recycling Centre were \$128K higher than budget for the year. In contrast sale of merchandise through the Art Gallery shop were \$35K below budget due to closure of the gallery because of damage incurred in the March flood and necessary repair work.

Operating Grants & Contributions	15,988	31,548	15,560	97%	F
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In many instances the actual amount of grant funds received depends on decisions made by State and Federal Governments after the operational plan is adopted. In particular major variations from original budget for grants received are as follows:

Financial Assistance Grants - \$2,661K Favourable

- The Federal Government paid two of the anticipated 12/13 financial assistance grants instalments in advance, which as per Australian Accounting Standards must be recognised in the period that they are received.

Environmental Program Grants - \$233K Favourable

- Council received additional grant funding of \$267K for environmental programs in 11/12.

Flood and Storm Recovery - \$13,050K Favourable

- Council received grant funding for storm damage and flood recovery claims due to the March floods.

Wagga Wagga City Council

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

Note 16. Material Budget Variations

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----	
REVENUES (continued)				
Operating Grants & Contributions (continued)				
Grants Other - \$130K Unfavourable				
- A number of grants that were budgeted for in 11/12 as operating were deferred during the year. As actuals are only compared to original budget for the purpose of this note, it does not take into account the changes made during the year to better reflect actual performance.				
Family Assisitance Grants - \$92K Unfavourable				
- A reduction in the number of childcare enrolments for Family Day Care in 11/12 resulted in a decrease in the amount of grant funding received.				
Capital Grants & Contributions	8,809	13,288	4,479	51% F
Capital grants and contributions received in 11/12 were higher than forecasted. This is predominantly due non-cash dedication of roads, stormwater and sewerage assets provided in new subdivisions by developers.				
Subdivider Dedications and Contributions - \$3,973K Favourable				
- Recognition of developer dedications and contributions to roads and traffic, stormwater drainage and sewerage assets as part of subdivision development.				
Drainage Contributions - \$2,155K Unfavourable				
- Drainage projects were reviewed and prioritised during 11/12. As a result a number of projects were rescheduled or deferred for future years works.				
Open Space Contributions - \$867K Unfavourable				
- Open Space projects were reviewed and prioritised during 11/12. As a result a number of projects were rescheduled or deferred for future years works.				
Roads and Traffic Facilities - \$1,414K Favourable				
- The majority of these variances were revised budget carryovers as a result of the reallocation of resources in the previous year due to the storm and flood works.				
Share of Net Profits - Joint Ventures & Associates	-	111	111	0% F
Net gains from the Riverina Regional Library operations.				

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 16. Material Budget Variations (continued)

\$ '000	2012 Budget	2012 Actual	2012 Variance*	
EXPENSES				
Employee Benefits & On-Costs	37,720	34,765	2,955	8% F
Borrowing Costs	2,880	3,378	(498)	(17%) U
Remediation Provisions - \$212K Unfavourable				
- Additional borrowing costs that are not forecast as part of original budget. These costs are associated with the requirement for Council to remediate certain assets, such as sewage treatment ponds, at the end of their useful lives.				
Human Resources - \$276K Unfavourable				
- The borrowing costs associated with the present value calculation of all of Council's employee leave entitlement provisions as per statutory reporting requirements. These costs are not accounted for in the 11/12 original budget given the difficulty of accurately calculating their cost.				
Materials & Contracts	36,377	30,042	6,335	17% F
Tarcutta Street Gasworks Remediation (Services) - \$5,683K Favourable				
- The remediation works were originally budgeted to be completed in 11/12. Various issues encountered with this project have resulted in the unexpended budget being carried forward into 12/13 & 13/14 financial years.				
Plant Operations Cost Recovery - \$955K Favourable				
- Plant recoveries were higher than expected for the 11/12 financial year due to increased plant utilisation as a result of flood recovery works to repair damaged Council assets.				
Bomen and Narrung Sewer Treatment Works Tenix Agreement - \$519K Unfavourable				
- Actual operational costs were higher than originally forecasted due to negotiated changes in the deed of variation for the operational contract.				
Depreciation & Amortisation	19,157	19,796	(639)	(3%) U
There has been a substantial increase in actual depreciation compared with budgeted depreciation for the 11/12 financial year as a result of an increase in the base amount of roads assets from previous years revaluations.				
Other Expenses	6,547	21,874	(15,327)	(234%) U
Insurance Claims and Premiums - \$159K Unfavourable				
- Higher insurance premiums were incurred this year due to previous storm and flood claims. Increased claims costs also incurred for 11/12 due to another flood event in March 2012.				
Electricity & Gas - \$301K Unfavourable				
- Pricing increases to energy costs for 11/12.				
Property Investment Revaluation Decrements - \$280K Unfavourable				
A loss was recognised for the revaluation of Council investment properties in 11/12.				
Reinstatement of Infrastructure Assets - \$13,094K Unfavourable				
- Damage to Council infrastructure assets caused by the March 2012 floods is treated as a reinstatement cost for the 2011/12 financial statements. These costs were part of the finalisation of the financial statements, and as a result were not included in original budget. They are offset by the grant inc. received from the RMS to repair these assets.				
Net Losses from Disposal of Assets	-	36	(36)	0% U

Wagga Wagga City Council

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

Note 16. Material Budget Variations (continued)

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----		
Budget Variations relating to Council's Cash Flow Statement include:					
Cash Flows from Operating Activities	13,688	28,635	14,947	109.2%	F
The principal increase in cash flows from operating activities was due to an increase in the amount of grants and contributions that were received in comparison to budget. The major increase was through Flood Recovery grants that Council received from the RMS for repairs to Council infrastructure assets that were affected by the March 2012 major flood event.					
Cash Flows from Investing Activities	(34,426)	(38,812)	(4,386)	12.7%	U
Increase is principally a result of investment in cash securities for the year.					
Cash Flows from Financing Activities	17,144	11,852	(5,292)	(30.9%)	U
Original budget estimates include costs on internal loans which are eliminated for consolidated reporting purposes. The actual cost of financing activities for 11/12 reflects the total amount of external loan funding that was drawn upon for the year.					

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	431	-	-	8	(237)	-	202	-	(202)	-	-
Roads & Traffic Facilities	773	1,015	-	16	(1,273)	-	531	19,198	(19,721)	8	-
Cycleways & Footpaths	12	-	-	1	-	-	13	-	-	13	-
Parking	(140)	-	-	1	-	-	(139)	147	-	8	-
Open Space - Local	1,929	921	-	37	(979)	-	1,908	21,203	(23,092)	19	-
Open Space - City Wide	347	-	-	7	(88)	-	266	-	(260)	6	-
Community Facilities	1,713	480	-	35	(20)	-	2,208	8,169	(10,366)	11	-
Other	22	76	-	1	(115)	-	(16)	1,176	(1,193)	(33)	-
S94 Contributions - under a Plan	5,087	2,492	-	106	(2,712)	-	4,973	49,893	(54,834)	32	-
S94A Levies - under a Plan	1,683	521	-	35	(758)	-	1,481				-
Total S94 Revenue Under Plans	6,770	3,013	-	141	(3,470)	-	6,454				-
S94 not under Plans	-	-	-	-	-	-	-	10,131	(10,131)	-	-
S64 Contributions	1,226	1,685	-	26	(1,611)	-	1,326				-
Total Contributions	7,996	4,698	-	167	(5,081)	-	7,780	60,024	(64,965)	32	-

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - 1993 to 2004

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	431	-	-	8	(237)	-	202	-	(202)	-	-
Roads & Traffic Facilities	8	-	-	-	-	-	8	-	-	8	-
Cycleways & Footpaths	12	-	-	1	-	-	13	-	-	13	-
Parking	7	-	-	1	-	-	8	-	-	8	-
Open Space - Local	78	-	-	1	(60)	-	19	-	-	19	-
Open Space - City Wide	347	-	-	7	(88)	-	266	-	(260)	6	-
Community Facilities	472	-	-	9	(20)	-	461	-	(450)	11	-
Other	(33)	-	-	-	-	-	(33)	-	-	(33)	-
Total	1,322	-	-	27	(405)	-	944	-	(912)	32	-

CONTRIBUTION PLAN - 2006

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads & Traffic Facilities	765	1,015	-	16	(1,273)	-	523	19,198	(19,721)	-	-
Parking	(147)	-	-	-	-	-	(147)	147	-	-	-
Open Space - Local	1,851	921	-	36	(919)	-	1,889	21,203	(23,092)	-	-
Community Facilities	1,241	480	-	26	-	-	1,747	8,169	(9,916)	-	-
Other	55	76	-	1	(115)	-	17	1,176	(1,193)	-	-
Total	3,765	2,492	-	79	(2,307)	-	4,029	49,893	(53,922)	-	-

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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	1,683	521	-	35	(758)	-	1,481	7,593	(9,074)	-	-
Total	1,683	521	-	35	(758)	-	1,481				-

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	1,226	696	-	26	(622)	-	1,326	4,167	(5,493)	-	-
Total	1,226	696	-	26	(622)	-	1,326				-

CONTRIBUTION PLAN - SEWER 2007

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other	-	989	-	-	(989)	-	-	10,131	(10,131)	-	-
Total	-	989	-	-	(989)	-	-	10,131	(10,131)	-	-

Wagga Wagga City Council

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

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions from 2009/10 & beyond. The share of this deficit that can be broadly attributed to Council is estimated to be \$2,727,645 of a total indicative deficit of \$383,885,000

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

Sufficient information under AASB119 is not available to account for the Scheme as a defined benefit plan, because assets to the Scheme are pooled together for all employers.

(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 Councils 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 2012

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

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

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

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

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

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

(iii) Loans to Sporting & Community

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

(iii) Loans to Sporting & Community (continued)

The total principal owing as at 30 June 2012 is \$193,076.

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

(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 recognised a total provision for the Remediation of the old gasworks site on Tarcutta Street in 2011/12 of \$10.5M. The works are set to be completed by 2013/14.

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 2012

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

\$ '000

ASSETS NOT RECOGNISED:

(i) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.

(ii) Infringement Notices/Fines

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

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

Accordingly, at Year End, there is a potential asset due to Council representing issued but 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 2012

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

\$ '000

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

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

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

Subsidiaries

Note 19(a)

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

Associated Entities & Joint Venture Entities

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

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

Joint Venture Operations

Note 19(c)

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

Subsidiaries, Associated Entities and Joint Ventures Not Recognised

Note 19(d)

Accounting Recognition:

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

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

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
Associated Entities	-	-	-	-
Joint Venture Entities	111	318	1,836	1,683
Total	111	318	1,836	1,683

Wagga Wagga City Council

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

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

\$ '000

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

Council has no interest in any Subsidiaries.

19(b) Associated Entities & Joint Venture Entities

(i) ASSOCIATED ENTITIES

Council has no interest in any Associated Entities.

(ii) JOINT VENTURE ENTITIES

(a) Carrying Amounts

Name of Entity	Principal Activity	2012	2011
Riverina Regional Library Service	Public Library Service	1,836	1,683
Total Carrying Amounts - Joint Venture Entities		1,836	1,683

(b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2012	2011	2012	2011	2012	2011
Riverina Regional Library Service	59%	57%	59%	57%	59%	57%

(c) Movement in Carrying Amounts

	Riverina Regional Library Service	
	2012	2011
Opening Balance	1,683	1,359
Share in Operating Result	111	319
Adjustments to Equity	42	5
Council's Equity Share in the Joint Venture Entity	1,836	1,683

(d) Share of Joint Ventures Assets & Liabilities

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
2012					
Riverina Regional Library Service	909	1,217	289	-	1,836
Totals	909	1,217	289	-	1,836
2011					
Riverina Regional Library Service	998	946	259	2	1,683
Totals	998	946	259	2	1,683

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

	2012			2011		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Riverina Regional Library Service	1,181	1,070	111	1,315	997	318
Totals	1,181	1,070	111	1,315	997	318

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

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

\$ '000

19(c) Joint Venture Operations

Council has no interest in any Joint Venture Operations.

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

None.

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2012	Actual 2011
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		771,981	676,773
a. Correction of Prior Period Errors	20 (c)	(9,609)	30,343
b. Other Comprehensive Income (excl. direct to Reserves transactions)		42	5
c. Net Operating Result for the Year		11,641	55,250
Balance at End of the Reporting Period		<u>774,055</u>	<u>762,371</u>
b. Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		551,820	495,077
Total		<u>551,820</u>	<u>495,077</u>
(ii). Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		495,077	449,054
- Revaluations for the year	9(a)	57,665	51,353
- Impairment of revalued assets (incl. impairment reversals)	9(a),(c)	(922)	(5,330)
- Balance at End of Year		<u>551,820</u>	<u>495,077</u>
TOTAL VALUE OF RESERVES		<u>551,820</u>	<u>495,077</u>

(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 2012

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

\$ '000	Notes	Actual 2012	Actual 2011
c. Correction of Error/s relating to a Previous Reporting Period			
Correction of errors disclosed in this year's financial statements:			
1. Recognition of land not previously recognised		590	
2. Correction to land values in Land Asset Register			(5,999)
3. Correction to assets that were recognised 09/10 at the incorrect value.			11,711
4. Correction to Industrial Assets for duplication			(127)
5. Correction to derecognise assets disposed in 09/10			(214)
6. Correction of Flood & Storm damage repair works incorrectly capitalised			
- Roads Asset Class		(9,919)	
- Non Specialised Building Asset Class		(280)	
7. Correction of classifications of Flood & Storm Damage compensation between operating and capital grants			
- Reduction: Transport Grants Capital		(9,156)	
- Increase: Transport Grants Operating		9,156	
8. As part of the evaluation & measurement process in the revaluation of infrastructure assets, carried out in 2011, the remaining useful life of each asset was reassessed to actual.			
<p>This reassessment has resulted in a material difference as to where some assets actually sit in relation to their asset life cycle relative to what the value of accumulated depreciation in Council's Financial Reports had previously indicated.</p> <p>Council does not have sufficient and reliable information that will allow the restatement of information prior to 30/6/10 (the closing date for the comparative figures in this report).</p> <p>As a result, Council has adjusted the accumulated depreciation for the following asset classes as at 30/6/10 to reflect the correct value of accumulated depreciation;</p>			
			30,094
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 - 1/7/10		590	5,712
(relating to adjustments for the 30/6/10 reporting year end and prior periods)			
- Adjustments to Closing Equity - 30/6/11		(10,199)	30,343
(relating to adjustments for the 30/6/11 year end)			
Total Prior Period Adjustments - Prior Period Errors		(9,609)	36,055

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 2012

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2012	Actual 2012	Actual 2012
	Water	Sewer	General¹
Continuing Operations			
Income from Continuing Operations			
Rates & Annual Charges	-	11,374	39,278
User Charges & Fees	-	3,612	14,698
Interest & Investment Revenue	-	814	4,250
Other Revenues	-	61	3,115
Grants & Contributions provided for Operating Purposes	-	369	31,179
Grants & Contributions provided for Capital Purposes	-	1,473	11,815
Other Income			
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	111
Total Income from Continuing Operations	-	17,703	104,446
Expenses from Continuing Operations			
Employee Benefits & on-costs	-	1,718	33,047
Borrowing Costs	-	2,553	825
Materials & Contracts	-	6,547	23,495
Depreciation & Amortisation	-	5,818	13,978
Impairment	-	-	-
Other Expenses	-	1,120	21,371
Interest & Investment Losses	-	-	-
Net Losses from the Disposal of Assets	-	-	36
Total Expenses from Continuing Operations	-	17,756	92,752
Operating Result from Continuing Operations	-	(53)	11,694
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	-	(53)	11,694
Net Operating Result attributable to each Council Fund	-	(53)	11,694
Net Operating Result attributable to Minority Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	-	(1,526)	(121)

¹ General Fund refers to all Council's activities other than Water &

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 2012

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund \$ '000	Actual 2012	Actual 2012	Actual 2012
	Water	Sewer	General ¹
ASSETS			
Current Assets			
Cash & Cash Equivalents	-	12,630	394
Investments	-	-	35,313
Receivables	-	2,115	15,725
Inventories	-	604	2,691
Other	-	2	567
Non-current assets classified as 'held for sale'	-	-	200
Total Current Assets	-	15,351	54,890
Non-Current Assets			
Investments	-	9,877	27,925
Receivables	-	-	540
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	-	282,003	1,021,623
Investments Accounted for using the equity method	-	-	1,836
Investment Property	-	-	4,405
Intangible Assets	-	-	-
Total Non-Current Assets	-	291,880	1,056,329
TOTAL ASSETS	-	307,231	1,111,219
LIABILITIES			
Current Liabilities			
Payables	-	852	14,850
Borrowings	-	464	1,265
Provisions	-	1,984	16,258
Total Current Liabilities	-	3,300	32,373
Non-Current Liabilities			
Payables	-	-	-
Borrowings	-	34,420	15,744
Provisions	-	928	5,810
Total Non-Current Liabilities	-	35,348	21,554
TOTAL LIABILITIES	-	38,648	53,927
Net Assets	-	268,583	1,057,292
EQUITY			
Retained Earnings	-	66,665	707,390
Revaluation Reserves	-	201,918	349,902
Total Equity	-	268,583	1,057,292

¹ General Fund refers to all Council's activities other than Water &

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 2012

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

\$ '000	2012		2011	
	Current	Non Current	Current	Non Current
(i) Non Current Assets & Disposal Group Assets				
Non Current Assets "Held for Sale"				
Land	200	-	-	-
Total Non Current Assets "Held for Sale"	200	-	-	-
Disposal Group Assets "Held for Sale"				
None				
<u>TOTAL NON CURRENT ASSETS CLASSIFIED AS "HELD FOR SALE"</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>

\$ '000	Disposal Groups		Assets "Held for Sale"	
	2012	2011	2012	2011
(ii) Reconciliation of Non Current Assets "Held for Sale" & Disposal Groups - i.e. Discontinued Operations				
Opening Balance	-	-	-	-
plus New Transfer in:				
Assets "Held for Sale"	-	-	200	-
Closing Balance of "Held for Sale" Non Current Assets & Operations	<u>-</u>	<u>-</u>	<u>200</u>	<u>-</u>

Wagga Wagga City Council

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

Note 23. Events occurring after Balance Sheet Date

\$ '000

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

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

Accordingly, the "authorised for issue" date is 26/10/12.

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

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

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

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

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

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

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 2012

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	
		2012	2011
Quarries	2031	481	408
Sewerage Treatment Works	2015	2,352	2,708
Solid Waste Management Centres	2021	1,127	1,222
Tarcutta Street Gasworks Site	2014	10,539	9,282
Balance at End of the Reporting Period		14,499	13,620

10(a)

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	13,620	13,118
Amounts capitalised to new or existing assets:		
Effect of a change in other calculation estimates used	675	246
Amortisation of discount (expensed to borrowing costs)	204	256
Total - Reinstatement, rehabilitation and restoration provision	14,499	13,620

Amount of Expected Reimbursements

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

Wagga Wagga City Council

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

Note 27. 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 292442

Facsimile: 02 69269 199

Internet: www.wagga.nsw.gov.au

Email: council@wagga.nsw.gov.au

Officers**GENERAL MANAGER**

Phil Pinyon

RESPONSIBLE ACCOUNTING OFFICER

Brooke Curry

PUBLIC OFFICER

Craig Richardson

AUDITORS

Adams Kenneally White & Co
85 Johnson Street
Wagga Wagga NSW 2650

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

COUNCIL OF THE CITY OF WAGGA WAGGA

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying **general purpose financial statements** of **Wagga Wagga City Council**, which comprise the balance sheet as at 30 June 2012, 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 and the statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

Responsibility of Council for the Financial Statements

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

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 about whether the financial statements are free from material misstatement.

Our responsibility does not extend to the original budget information disclosed in the Income Statement, the Cash Flow Statement, Note 2(a), or the detailed variations from the adopted budget disclosed in Note 16 nor the projected future costs disclosed in Note 17 and the additional disclosures in Note 27. Accordingly we express no opinion on those disclosures. Also our audit did not involve an analysis of the prudence of business decisions made by Council or management.

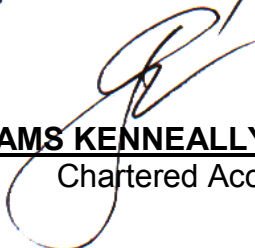
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

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

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

Adams Kenneally White & Co


Dated: 26th October 2012
Wagga Wagga

ADAMS KENNEALLY WHITE & CO
Chartered Accountants

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

We have completed the audit of Council's financial statements and accounting records for the year ended 30 June 2012, and now submit this report on the conduct of the audit, in accordance with Sections 417(1)&(3) of the Local Government Act 1993. This report is subject to and should be read in conjunction with of our accompanying report on the General Purpose Financial Statements, of same date.

FINANCIAL PERFORMANCE FOR THE YEAR

The operating result for the year was a **surplus from all activities of \$11.64M** compared with a surplus of \$55.25M in the previous year, a reduction of \$43.61M.

Excluding the effect in 2011 of \$46.6M in infrastructure revaluation income, there was an underlying increase of \$2.99M in the surplus.

Underlying operating revenues increased by \$9.6M (12.1%). This increase resulted from a higher level of rates and annual charges and an elevated level of grants and contributions related to flood and storm damage.

Total operating expenses increased by \$6.6M (6.4%) to \$109.9M. This increase includes an increase of \$2.9M in the grant funded repair of flood and storm damaged infrastructure.

Depreciation expense increased by \$0.98M to \$19.8M due to the overall higher base value of depreciable assets following their revaluation to fair value.

The operating result includes grants and contributions for capital works of \$13.29M, for which the matching expenditure is shown in the Balance Sheet and not the Income Statement. The result before including these grants was a deficit of \$1.65M.

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

	2012		2011		Increase/ (Decrease)	
	\$'000	% of Total	\$'000	% of Total	\$'000	% Change
Revenues						
Rates & Annual Charges	50,035	41%	47,115	30%	2,920	6.2%
User Charges & Fees	18,310	15%	16,483	10%	1,827	11.1%
Interest on Investments	5,064	4%	5,844	4%	(780)	(13.3%)
Grants & Contributions - Operating	31,548	26%	28,026	18%	3,522	12.6%
Capital grants & Contributions	13,288	11%	11,106	7%	2,182	19.6%
Other Revenues	3,176	3%	3,053	2%	123	4.0%
	121,421		111,627		9,794	
Revaluation of Infrastructure	-	0%	46,595	29%	(46,595)	(100.0%)
Profit from Joint Ventures	111	<1%	318	<1%	(207)	(65.1%)
Total	121,532	100%	158,540	100%	(37,008)	(23.3%)
Expenditure						
Employee Costs	34,765	32%	32,222	31%	2,543	7.9%
Materials and Contracts	30,042	27%	28,748	28%	1,294	4.5%
Borrowing Costs	3,378	3%	3,426	3%	(48)	(1.4%)
Depreciation	19,796	18%	18,812	18%	984	5.2%
Other	7,554	7%	6,647	6%	907	13.6%
	95,535		89,855		5,680	6.3%
Repair of Flood & Storm Damage	13,094	12%	10,199	10%	2,895	100.0%
Loss on Disposal of assets	36	<1%	839	1%	(803)	(95.7%)
Revaluation Decrements	280	<1%	650	1%	(370)	(56.9%)
Provision for Land Remediation	946	1%	1,747	2%	(801)	(45.9%)
Total	109,891	100%	103,290	100%	6,601	6.4%
Net Surplus/(Deficit) for the year	11,641		55,250		(43,609)	(78.9%)

Rates and Annual Charges

Ordinary rates levied increased by the permissible notional rate increase of 4.18% (including a special rate variation). An increase in property numbers and valuation adjustments resulted in an actual increase of 5% in ordinary rate income for the year.

Total rates and annual charges levied increased by 6.2% to \$50M, representing 41% of Council's revenue.

Grants and Contributions

Grants and contributions, including those for capital works, totalled \$44.8M, compared to \$39.1M in 2011. The increase includes:

- The Financial Assistance Grant (FAG) of \$12.6M was \$2.8M more than the previous year due to the early payment of an additional instalment of the funding. In real terms the adjusted 2012 funding was \$9.67M compared \$9.49M in 2011. Total advance instalments held as internally restricted assets at 30th June were \$5.1M (2011 \$2.5M).
- Grants and contributions of \$13.4M for storm and flood damage to Council's infrastructure were \$2.2M more than the previous year. (Additional Natural disaster funding of more than \$20M will be recognised as revenue when the work is carried out).
- The Commonwealth Government Roads to Recovery Grant of \$2.1M was \$1.6M more than the 2011 grant.

User Charges & Fees

User Charges and Fees increased by \$1.8M (11.1%) to \$18.3M. The changes are set out below.

	2012	2011	Increase/ (Decrease)	%
	\$'000	\$'000	\$'000	Change
User Charges & Fees				
Domestic Waste	1,226	1,035	191	18.5%
Commercial Waste	1,844	1,576	268	17.0%
Sewerage Services	3,606	2,620	986	37.6%
Airport	2,069	1,984	85	4.3%
Planning & Building	1,578	1,512	66	4.4%
Other Regulatory Fees	556	509	47	9.2%
Livestock Marketing Centre	3,160	2,794	366	13.1%
Oasis	1,386	1,377	9	0.7%
Civic Theatre	614	528	86	16.3%
Cementries	983	943	40	4.2%
Other	1,288	1,605	(317)	(19.8%)
Total	18,310	16,483	1,827	11.1%

Interest & Investment Revenues

Interest and investment revenue were conservatively budgeted at \$4M. The actual revenue for 2012 was \$5.1M compared to \$5.8M in 2011, reflecting lower interest rates.

Net investment revenue for 2012/13 is budgeted to be \$4.6M.

Employee Costs

While employee costs of \$34.8M were less than budget (\$37.7M), they were \$2.5M (7.8%) more than in 2011. There were 473 full time equivalent staff at year end (2011 467)

Actual Result /Budgeted Result

Income Statement Basis

The originally budgeted deficit for 2012 was \$3.8M. The actual operating result was a surplus of \$11.6M

Total income exceeded budget by \$22.7M. Grants and Contributions exceeded budget by \$20M including the storm damage grants of \$13.4M and unbudgeted subdivision dedications were \$2.2M. Interest and investment revenue exceeded budget by \$1.1M.

Total expenses exceeded budget by \$7.2M. This includes grant funded expenditure of \$13.3M on flood and storm damage and a favourable variation of \$5.6M on the Tarcutta Street Gasworks site remediation which was originally budgeted to be carried out in 2011/12.

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

Funding Basis

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

- **General Purposes**

The funding budget for 2012 included the consumption of \$17.8M of external loans and \$15.7M of cash reserves.

Due to a better than expected operating result and the deferral or slower than predicted progress on projects, **the actual movements** were new external borrowings of \$12.6M and a net increase in internal reserves of \$3m (including \$1M transferred to the Hampden Bridge reserve during the year and \$1M transferred to the Infrastructure Reserve at year end).

In addition, \$141,000 of working capital was consumed, compared to a balanced original working capital budget.

For 2013 Council has budgeted for a \$200,000 decrease in working capital, new external borrowings of \$13.2M and the consumption of \$3M of its cash reserves. In addition to the 2013 budgeted amounts, reserve expenditure of \$16M is likely in

respect of deferred 2012 allocations (eg. Gasworks remediation \$5.7M, Robertson Oval \$3M and Airport \$3M)

- **Sewerage Fund**

Total available Sewerage funds decreased by \$1.1M to \$22M (Represented by cash of \$22.5M and other net current liabilities of \$0.6M).

FINANCIAL POSITION

Council's net assets at 30th June 2012 were \$1,326M compared with \$1,267M at the beginning of the year. The increase includes a revaluation increment of \$57.7M on Councils Sewerage infrastructure assets.

Liquidity - Available Working Capital

Council's **net current assets** were \$34.6M at 30th June 2012 and its **Available Working Capital was \$4.36M**.

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

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

	<u>2012</u> <u>\$'000</u>
Unrestricted Cash	2,275
Receivables	14,451
Inventories	2,410
Other working capital assets	<u>766</u>
	19,902
Less: Bank overdraft	(417)
Creditors	<u>(15,122)</u>
Available Working Capital	<u>4,363</u>

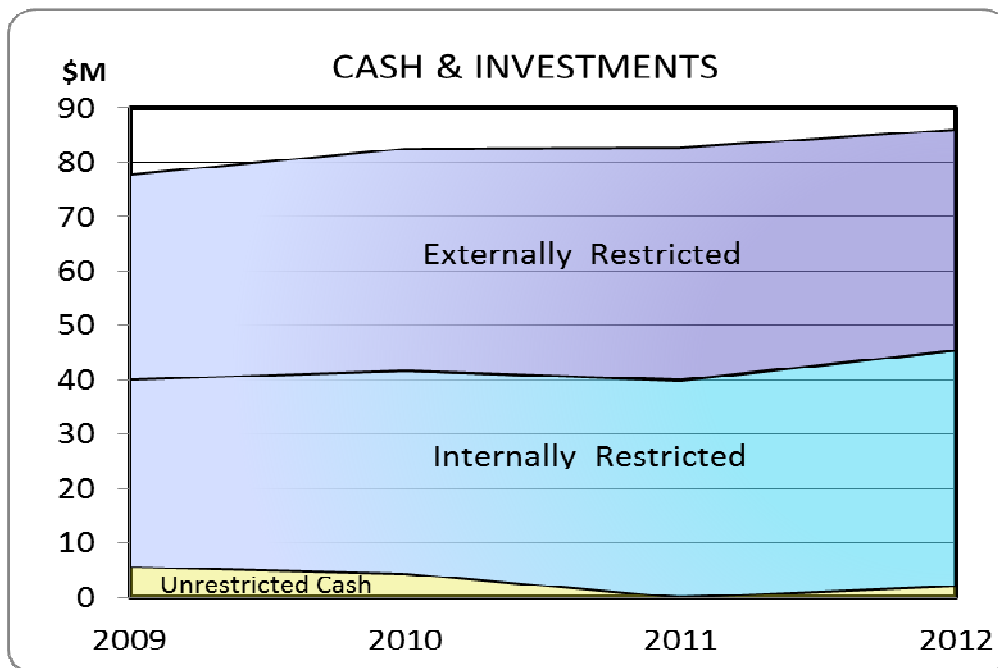
The level of available working capital is adequate to fund general operations particularly while it continues to be supported by substantial discretionary reserves.

CASH & INVESTMENTS

Council's **total cash and investments** at 30th June 2012 were **\$86.1M** compared to \$83.2M at 30th June 2011 and \$82.9M at 30th June 2010.

Total cash and investments held include:-

	<u>2012</u> <u>\$'000</u>	<u>2011</u> <u>\$'000</u>
Externally restricted cash for:-		
Unexpended Specific Purpose Grants	2,559	3,915
Unexpended Development Contributions (Sec 94)	7,780	7,996
Other Unexpended Contributions	1,267	844
Employees Leave Entitlements - Sewerage and Domestic Waste	537	376
Domestic Waste Management Funds	5,956	4,101
Storm Water Management Funds	905	579
Sewerage Funds	<u>21,536</u>	<u>24,991</u>
	40,540	42,802
Internally restricted cash for:-		
General Fund Reserves	43,324	39,950
Unrestricted Cash – General Purposes		
	<u>2,275</u>	<u>469</u>
Total Cash & Investments	<u>86,139</u>	<u>83,221</u>



Bank Overdraft

While the balance of the bank overdraft in Council's accounting records at 30th June 2012 was \$417,000, this is the reconciled balance of the consolidated fund that would have arisen, had all cheques drawn, been presented. In fact, at 30th June the account at the bank showed a credit balance of \$1.4M. Council **has** appropriately utilised the bank overdraft facility as part of its cash management process.

CASH FLOWS

The cash flow statement shows a **net increase** in “cash” for the year of \$1.7M. Cash held at 30th June 2012 is shown as \$12.6M but in addition Council held investments of \$73.1M which do not qualify for disclosure as “cash” in the Cash Flow Statement.

Total cash and investments, net of bank overdrafts, increased by \$2.7M

Sources of funds in 2012 included a cash surplus from operations of \$28.6M.

Applications of funds included the net cost of investing in new and renewed assets of \$37.7M.

RESTRICTED CASH ASSETS

Externally Restricted Funds

Externally restricted cash funds totalled \$40.5M (2011 \$42.8M; 2010 \$40.9M). Movements in these funds for the year include a decrease in Sewerage Fund funds of \$3.5m and an increase of \$1.8m in Domestic Waste Management Funds.

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

Internally Restricted Funds (Reserves)

Internally restricted cash reserves totalled \$43.3M at 30th June 2012, compared to \$40M at 30th June 2011. These are funds set aside **at Council’s discretion** for employee leave entitlements and for other future purposes including:

Gasworks Site Remediation

The total project costs for the remediation are now estimated to be \$11.8M (including contingencies of \$2.5M) of which \$1.3M has already been expended from the reserve. Council now holds reserve funds of \$5.7M and has grant funding of \$0.5M for these works. Council plans to fund the balance of the remediation costs from borrowings.

Infrastructure Replacement Reserve

During the year projects totalling \$1.97M were funded from the reserve and there was a discretionary transfer to the reserve, at year end, of \$1M. At 30th June 2012 the balance of this reserve was \$3.3M (2011 \$3.9M).

In light of the expenditure required to improve the condition of existing infrastructure, transfers to this reserve should continue to rank high in priority when future favourable funding variances are identified and allocated.

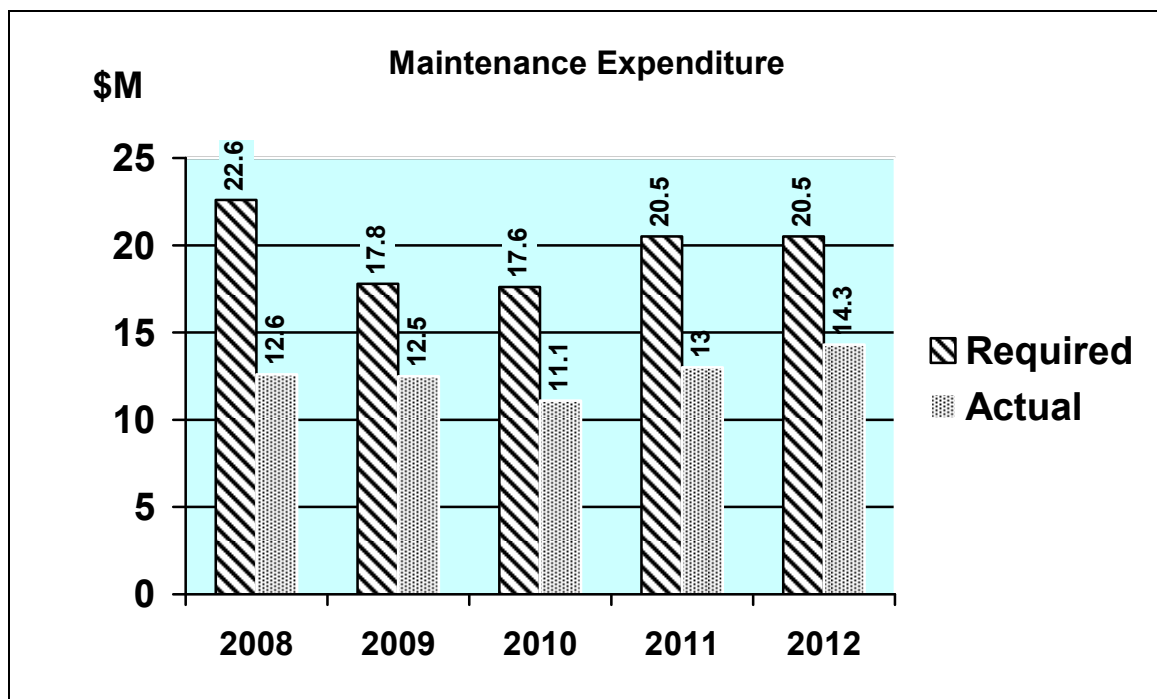
Internal Loan Reserve

During the year, funds totalling \$1.4M were drawn from this reserve as loan advances. Loan repayments of \$1.1M were credited to the reserve together with \$1.3M in discretionary transfers. At 30th June 2012, the loan principal receivable from internal sources totalled \$6.4M (2011 \$5.6M).¹

The cash balance of this reserve at 30th June 2012 was \$1.8M (2011 \$761,000).

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

Condition of Civil Infrastructure



The annual maintenance requirement on Council's infrastructure (excluding sewerage) has been assessed by Council staff to be \$20.5M (2011 \$20.5M). The current allocations are \$14.3M (2011 \$13M).

The estimated capital cost to bring Council's public works, other than sewerage infrastructure, up to a "satisfactory standard" has been assessed at \$99.7M (2011 \$99.7M).

These figures are not audited².

Council continues to face a significant challenge to balance its resourcing strategy with the maintenance and rehabilitation requirements of its existing infrastructure. Current and projected maintenance expenditure levels have been assessed by Council staff to be insufficient to meet the currently assessed service level requirements and the long

¹ For external reporting the internal loans payable and internal loans receivable are required to be offset. Therefore they are not shown as assets or liabilities of the consolidated entity in the General Purpose Financial Statements.

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

term financial plan shows the rate of renewal of infrastructure declining to an unsustainable level. Under this scenario the funding gap to bring infrastructure up to a satisfactory standard will continue to widen.

PERFORMANCE INDICATORS

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

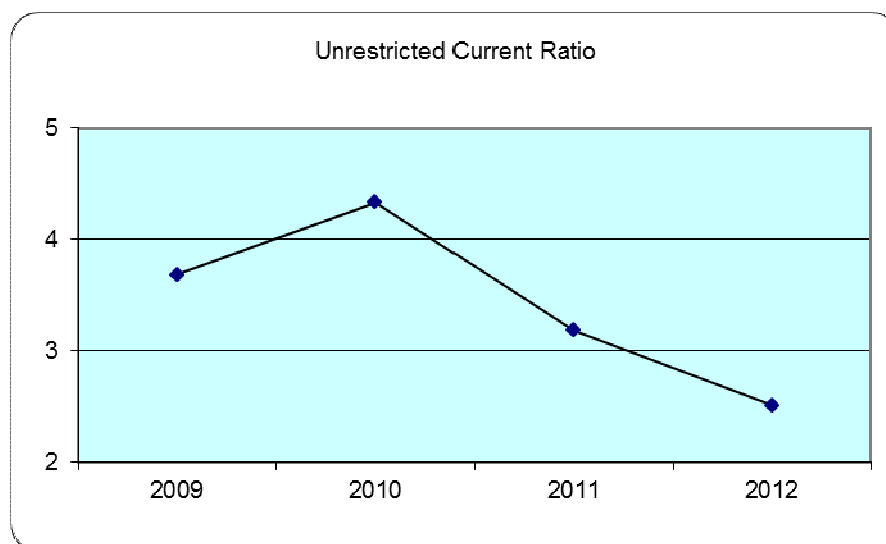
Liquidity Indicator

Unrestricted Current Ratio

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

The ratio shows Unrestricted Current Assets of \$63.7M at 2.52x (times) Unrestricted Current Liabilities of \$25.4M (2011 3.18x). An increase in current liabilities for capital expenditure was the principal reason for the decrease in the ratio this year.

A ratio of above 1.5x is regarded as satisfactory and a ratio above 2x is generally regarded in the Local Government sector as good.



The ratio reflects current Council's good liquidity position but the projections contained in Council's long term financial plan are that the ratio will fall below 2x in 2014/15 and below 1.5x by 2016/17.

Debt Servicing Cost

The debt servicing cost ratio shows the percentage of ordinary revenue committed to the repayment of external debt. The debt servicing cost of the consolidated Council for 2011/12 was 4.08% of ordinary revenue (excluding specific purpose grants and contributions).

The ratio for Sewerage Fund is 19.34% as a result of the borrowings for the upgrade of Sewerage infrastructure. This level is acceptable for this specific purpose Fund.

The ratio for General Fund is just 0.76% and when internal loan payments are added the ratio is 1.7%. While this is a relatively low level, the additional cost (\$1.3m) of servicing loans of \$12M drawn in 2012 will see this ratio increase to 2.5% in 2013 (4.1% when internal loan repayments are added).

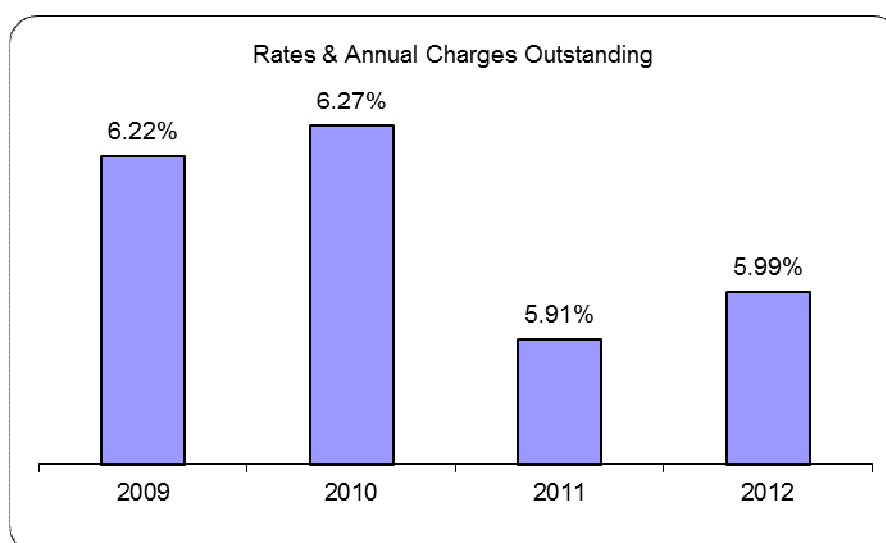
Total external borrowings are now \$51.8M. Council has planned a substantial borrowing program of \$44.9M over the 2013 and 2014 years.

The borrowings proposed in the 2013 and 2014 years will add a further \$7M to the debt servicing cost and by 2015 the General Fund ratio will increase to around 10%.

Rate Arrears

Arrears of rates, annual charges and extra charges were \$3.19M (2011 \$2.97M) representing 5.99% of collectable rates and annual charges.

The arrears remain below Council management's targeted maximum of 6%.



Building and Infrastructure Renewals Ratio

This ratio is an indicator of the rate of expenditure on asset renewals as compared to the depreciation of the assets. Now that all infrastructure assets have been revalued to fair value, it gives a comparison of the rate of renewal compared to the consumption (in replacement cost terms) of the assets. Expenditure on renewal of infrastructure in 2012 was \$3.4M less than the notional consumption of infrastructure for the year and this is reflected in the renewals ratio of 0.83.

OTHER MATTERS.

The Special Purpose Financial Statements comprise operating and financial position statements for the declared business activities of Council and they are prepared for the purpose of fulfilling the requirements of National Competition Policy reporting. They show the operating results for those activities after including tax equivalent payments (which in the case of Sewerage Fund resulted in a dividend payment to General Fund equal to the National Competition Policy Tax Equivalents of \$51,000) and a notional income tax expense equivalent to the corporate tax rate of 30%.

In general, the financial records of Council were well maintained and up to date and we did not note, during the conduct of the audit any specific non compliance with Division 2 of Part 3 of Chapter 13 of the Local Government Act or Part 9 the Local Government General Regulation.

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

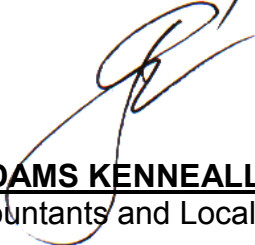
SUMMARY

Council had a better than predicted operating result for the year. Natural disaster works have been a major focus of operations during the year and this will continue throughout 2013, with more than \$20M of works still to be carried out.

Council's immediate financial position remains satisfactory however, with the elevated level of planned expenditure on new assets in the 2013 and 2014 years, its medium to longer term financial plans indicate that the financial position will be eroded as it consumes reserve funds and commits a higher proportion of its general purpose revenue to servicing debt.

The medium term forecast for the key financial sustainability indicators (liquidity, debt servicing and asset renewal) clearly show that Council will need to consider modifying its short term plans to preserve its financial flexibility in the medium term.

The integrated planning and reporting process is now well established. As an guide to long term sustainability the plans show that Council faces a significant challenge in balancing asset maintenance and renewal requirements with available financial resources.

Adams Kennelly White & Co


Dated: 26th October 2012
WAGGA WAGGA

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

Wagga Wagga City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

*"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 2012

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2. Special Purpose Financial Statements:	
- Income Statement of Water Supply Business Activity	n/a
- Income Statement of Sewerage Business Activity	3
- Income Statement of Other Business Activities	4
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- Balance Sheet of Sewerage Business Activity	5
- Balance Sheet of 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 2012

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 24 September 2012.



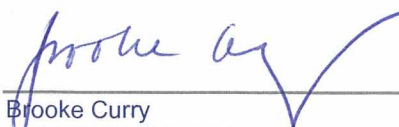
Rod Kendall
MAYOR



Andrew Negline
COUNCILLOR



Phil Pinyon
GENERAL MANAGER



Brooke Curry
RESPONSIBLE ACCOUNTING OFFICER

Wagga Wagga City Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2012

\$ '000	Actual 2012	Actual 2011	Actual 2010
Income from continuing operations			
Access charges	11,374	10,458	9,699
User charges	3,612	2,608	2,501
Liquid Trade Waste charges	-	-	-
Fees	-	-	-
Interest	814	1,292	1,414
Grants and contributions provided for non capital purposes	369	349	489
Profit from the sale of assets	-	-	-
Other income	61	73	300
Total income from continuing operations	16,230	14,780	14,403
Expenses from continuing operations			
Employee benefits and on-costs	1,718	1,469	1,347
Borrowing costs	2,553	2,595	16
Materials and contracts	6,547	4,650	4,094
Depreciation and impairment	5,818	5,836	5,408
Loss on sale of assets	-	-	3,399
Calculated taxation equivalents	50	51	40
Debt guarantee fee (if applicable)	-	-	-
Other expenses	1,120	1,439	1,197
Total expenses from continuing operations	17,806	16,040	15,501
Surplus (deficit) from Continuing Operations before capital amounts	(1,576)	(1,260)	(1,098)
Grants and contributions provided for capital purposes	1,473	1,098	1,515
Surplus (deficit) from Continuing Operations after capital amounts	(103)	(162)	417
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	(103)	(162)	417
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-
SURPLUS (DEFICIT) AFTER TAX	(103)	(162)	417
plus Opening Retained Profits	66,768	66,930	66,513
plus/less: Prior Period Adjustments	-	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	50	51	40
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	-
less:			
- Tax Equivalent Dividend paid	(50)	(51)	(40)
- Surplus dividend paid	-	-	-
Closing Retained Profits	66,665	66,768	66,930
Return on Capital %	0.3%	0.6%	-0.5%
Subsidy from Council	7,568	10,284	12,251
Calculation of dividend payable:			
Surplus (deficit) after tax	(103)	(162)	417
less: Capital grants and contributions (excluding developer contributions)	(1,473)	(1,098)	(1,515)
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 2012

\$ '000	Livestock Marketing		Airport	
	Category 1		Category 1	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
Income from continuing operations				
Access charges	-	-	-	-
User charges	-	-	-	-
Fees	3,189	2,845	2,179	2,102
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	-	2	-	-
Profit from the sale of assets	-	-	-	-
Other income	5	5	-	-
Total income from continuing operations	3,194	2,852	2,179	2,102
Expenses from continuing operations				
Employee benefits and on-costs	643	579	522	412
Borrowing costs	4	3	341	347
Materials and contracts	220	266	133	94
Depreciation and impairment	568	202	390	285
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	7	8	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	1,585	1,479	979	979
Total expenses from continuing operations	3,027	2,537	2,365	2,117
Surplus (deficit) from Continuing Operations before capital amounts	167	315	(186)	(15)
Grants and contributions provided for capital purposes	-	-	650	1,117
Surplus (deficit) from Continuing Operations after capital amounts	167	315	464	1,102
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	167	315	464	1,102
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(50)	(95)	-	-
SURPLUS (DEFICIT) AFTER TAX	117	221	464	1,102
plus Opening Retained Profits	21,156	8,709	8,395	7,293
plus/less: Prior Period Adjustments	-	12,124	-	-
plus/less: Other Adjustments	-	-	378	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	7	8	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	50	95	-	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
Closing Retained Profits	21,330	21,156	9,237	8,395
Return on Capital %	0.9%	1.7%	0.6%	1.9%
Subsidy from Council	393	675	571	590

Wagga Wagga City Council

Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2012

\$ '000	Actual 2012	Actual 2011
ASSETS		
Current Assets		
Cash and cash equivalents	12,630	4,991
Investments	-	-
Receivables	2,115	765
Inventories	604	641
Other	2	-
Non-current assets classified as held for sale	-	-
Total Current Assets	15,351	6,397
Non-Current Assets		
Investments	9,877	20,831
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	282,003	224,164
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	291,880	244,995
TOTAL ASSETS	307,231	251,392
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	852	1,870
Interest bearing liabilities	464	432
Provisions	1,984	1,870
Total Current Liabilities	3,300	4,172
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	34,420	34,884
Provisions	928	1,316
Total Non-Current Liabilities	35,348	36,200
TOTAL LIABILITIES	38,648	40,372
NET ASSETS	268,583	211,020
EQUITY		
Retained earnings	66,665	66,768
Revaluation reserves	201,918	144,252
Council equity interest	268,583	211,020
Minority equity interest	-	-
TOTAL EQUITY	268,583	211,020

Wagga Wagga City Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2012

\$ '000	Livestock Marketing		Airport	
	Category 1		Category 1	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
ASSETS				
Current Assets				
Cash and cash equivalents	17,549	16,882	3,173	665
Investments	-	-	-	-
Receivables	17	37	454	1,001
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	17,566	16,919	3,627	1,666
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	18,614	19,054	23,957	17,688
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	18,614	19,054	23,957	17,688
TOTAL ASSETS	36,180	35,973	27,584	19,354
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	101	103	2,122	476
Interest bearing liabilities	-	-	557	313
Provisions	166	133	189	148
Total Current Liabilities	267	236	2,868	937
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	9,453	3,995
Provisions	1	-	-	1
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	1	-	9,453	3,996
TOTAL LIABILITIES	268	236	12,321	4,933
NET ASSETS	35,912	35,737	15,263	14,421
EQUITY				
Retained earnings	21,330	21,155	9,237	8,395
Revaluation reserves	14,582	14,582	6,026	6,026
Council equity interest	35,912	35,737	15,263	14,421
Minority equity interest	-	-	-	-
TOTAL EQUITY	35,912	35,737	15,263	14,421

Wagga Wagga City Council

Special Purpose Financial Statements

for the financial year ended 30 June 2012

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	8
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 2012

Note 1. Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

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

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

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

Declared Business Activities

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

Category 1

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

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 Environment, Climate Change and Water) some 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

Wagga Wagga City Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

statements as a cost of operations just like all other costs.

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

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

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

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$678,000.

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

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

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

Income Tax

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

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

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

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

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

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

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

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

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

Wagga Wagga City Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

(ii) Subsidies

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

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

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

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

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.03% at 30/6/12.

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

(iv) Dividends

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

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

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either (i) 50% of this surplus in any one year, or (ii) the number of water supply or sewerage assessments at 30 June 2012 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Wagga Wagga City Council

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

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2012

1. Calculation and Payment of Tax-Equivalents

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

(i) Calculated Tax Equivalents	50,000
(ii) No of assessments multiplied by \$3/assessment	74,103
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	50,000
(iv) Amounts actually paid for Tax Equivalents	50,000

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)	691,030
(iii) Cumulative surplus before dividends for the 3 years to 30 June 2012, less the cumulative dividends paid for the 2 years to 30 June 2011 & 30 June 2010	(3,934,000)

2012 Surplus	(1,576,000)	2011 Surplus	(1,260,000)	2010 Surplus	(1,098,000)
		2011 Dividend	-	2010 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)	<input type="checkbox"/>
(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]	<input type="checkbox"/>
Complying charges	
(a) Residential [Item 2(c) in Table 1]	<input type="checkbox"/>
(b) Non Residential [Item 2(c) in Table 1]	<input type="checkbox"/>
(c) Trade Waste [Item 2(d) in Table 1]	<input type="checkbox"/>
DSP with Commercial Developer Charges [Item 2(e) in Table 1]	<input type="checkbox"/>
Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	<input type="checkbox"/>
(iii) Complete Performance Reporting Form (by 15 September each year)	<input type="checkbox"/>
(iv) a. Integrated Water Cycle Management Evaluation	<input type="checkbox"/>
b. Complete and implement Integrated Water Cycle Management Strategy	<input type="checkbox"/>

Wagga Wagga City Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

Note 3. Sewerage Business

Best Practice Management disclosure requirements (continued)

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

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	16,889
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	-
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	9,269
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	6,165
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)]	%	n/a
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	16,889
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.94%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	6,165
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)]	%	n/a
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 2012

Note 3. Sewerage Business

Best Practice Management disclosure requirements (continued)

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

2012

National Water Initiative (NWI) Financial Performance Indicators
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)]	%	4.61%
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)		1
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	(153)
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	158

- 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

COUNCIL OF THE CITY OF WAGGA WAGGA

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying **special purpose financial statements** of **Wagga Wagga City Council** for the year ended 30th June 2012. The financial statements include the financial statements of the business activities of the Council, comprising, Income Statements of Business Activities, Balance Sheets of Business Activities, and a summary of significant accounting policies and other explanatory notes and the Statement by Council and Management

Responsibility of Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies described in Note 1 to the financial statements and have determined that the accounting policies therein described are appropriate to meet the financial reporting requirements to the Division of Local Government of the Department of Premier & Cabinet. This includes responsibility for such internal control as Council determines necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about whether the financial statements are free from material misstatement. We have not examined the disclosures in Note 3 for Sewerage Services in respect of best practice required outcomes and National Water Initiative Financial Performance Indicators and accordingly we express no opinion on them. Also our audit did not involve an analysis of the prudence of business decisions made by Council or management.

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

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

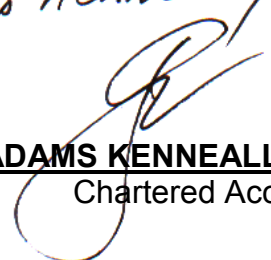
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Basis of Accounting

Without modifying our opinion we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The special purpose financial statements have been prepared for the purpose of fulfilling the requirements of National Competition Policy reporting. As a result they may not be suitable for another purpose.

Adams Kennedy White & Co


Dated: 26th October 2012
Wagga Wagga

ADAMS KENNEALLY WHITE & CO
Chartered Accountants

Wagga Wagga City Council

SPECIAL SCHEDULES

for the year ended 30 June 2012

*"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 2012

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¹ Special Purpose Schedules are not audited.

Background

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

Wagga Wagga City Council

Special Schedule No. 1 - Net Cost of Services
for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	911	458	-	(453)
Administration	11,683	760	1,056	(9,867)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	949	215	163	(571)
Beach Control	2	-	-	(2)
Enforcement of Local Govt. Regulations	640	1,087	-	447
Animal Control	329	244	-	(85)
Other	-	-	-	-
Total Public Order & Safety	1,920	1,546	163	(211)
Health	1,990	138	-	(1,852)
Environment				
Noxious Plants and Insect/Vermin Control	370	88	-	(282)
Other Environmental Protection	3,691	313	518	(2,860)
Solid Waste Management	7,351	9,397	-	2,046
Street Cleaning	91	-	-	(91)
Drainage	1,298	1	199	(1,098)
Stormwater Management	(685)	641	-	1,326
Total Environment	12,116	10,440	717	(959)
Community Services and Education				
Administration & Education	309	8	-	(301)
Social Protection (Welfare)	2,355	459	-	(1,896)
Aged Persons and Disabled	186	142	-	(44)
Children's Services	904	2,189	-	1,285
Total Community Services & Education	3,754	2,798	-	(956)
Housing and Community Amenities				
Public Cemeteries	979	983	-	4
Public Conveniences	189	-	55	(134)
Street Lighting	793	-	-	(793)
Town Planning	3,220	850	598	(1,772)
Other Community Amenities	30	-	480	450
Total Housing and Community Amenities	5,211	1,833	1,133	(2,245)
Water Supplies	-	-	-	-
Sewerage Services	17,757	15,998	1,602	(157)

Wagga Wagga City Council

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

for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	2,093	284	-	(1,809)
Museums	835	91	-	(744)
Art Galleries	904	163	89	(652)
Community Centres and Halls	102	5	4	(93)
Performing Arts Venues	1,012	711	-	(301)
Other Performing Arts	-	-	-	-
Other Cultural Services	759	111	-	(648)
Sporting Grounds and Venues	1,265	231	376	(658)
Swimming Pools	3,270	1,518	-	(1,752)
Parks & Gardens (Lakes)	2,681	13	1,391	(1,277)
Other Sport and Recreation	2,893	211	134	(2,548)
Total Recreation and Culture	15,814	3,338	1,994	(10,482)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	1,093	1,064	-	(29)
Other Mining, Manufacturing & Construction	(26)	-	-	26
Total Mining, Manufacturing and Const.	1,067	1,064	-	(3)
Transport and Communication				
Urban Roads (UR) - Local	16,246	12	11,690	(4,544)
Urban Roads - Regional	26	-	-	(26)
Sealed Rural Roads (SRR) - Local	852	-	-	(852)
Sealed Rural Roads (SRR) - Regional	443	-	642	199
Unsealed Rural Roads (URR) - Local	790	-	-	(790)
Unsealed Rural Roads (URR) - Regional	10	-	-	(10)
Bridges on UR - Local	23	-	-	(23)
Bridges on SRR - Local	233	-	-	(233)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	43	-	-	(43)
Footpaths	406	-	107	(299)
Aerodromes	2,347	2,179	650	482
Other Transport & Communication	10,274	1,337	6,854	(2,083)
Total Transport and Communication	31,693	3,528	19,943	(8,222)
Economic Affairs				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	5,976	3,854	-	(2,122)
Total Economic Affairs	5,976	3,854	-	(2,122)
Totals – Functions	109,892	45,755	26,608	(37,529)
General Purpose Revenues⁽²⁾		49,059		49,059
Share of interests - joint ventures & associates using the equity method	-	111		111
NET OPERATING RESULT⁽¹⁾	109,892	94,925	26,608	11,641

(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)

Wagga Wagga City Council

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

for the financial year ended 30 June 2012

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	745	38,879	39,624	12,612	760	-	-	2,898	1,312	50,164	51,476
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	745	38,879	39,624	12,612	760	-	-	2,898	1,312	50,164	51,476
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	745	38,879	39,624	12,612	760	-	-	2,898	1,312	50,164	51,476

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 2012

\$'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	7,230	993	4,598
Water			
Sewer			
Domestic Waste Management			
Gas			
Other			
Totals	7,230	993	4,598

Note: The summary of Internal Loans (above) represents the total of Council's Internal Loans categorised according to the borrower.

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 2012

\$'000

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	48	600
Human Resources & Corporate Strategy	General Fund	30/06/07	30/06/07	10	30/06/17	6.50%	500	69	51
Capital Works	General Fund	30/06/07	30/06/07	10	30/06/17	6.50%	1,725	237	974
Capital Works	General Fund	30/06/07	30/06/07	10	30/06/17	6.25%	760	105	437
Parks & Recreation	General Fund	30/06/07	30/06/09	10	30/06/19	5.62%	1,430	189	575
Cemetery	General Fund	30/06/11	30/06/11	10	30/06/21	6.50%	204	28	189
Parks & Recreation	General Fund	30/06/11	30/06/11	10	30/06/21	0.00%	149	-	149
Swimming Complex	General Fund	30/06/11	30/06/11	10	30/06/21	6.50%	176	24	163
Property Management	General Fund	30/06/11	30/06/11	15	30/06/26	6.00%	684	71	655
Capital Works	General Fund	30/06/11	30/06/11	10	30/06/21	6.50%	403	55	373
Library	General Fund	30/06/11	30/06/11	2	30/06/13	0.00%	70	-	70
Parks & Recreation	General Fund	30/06/11	30/06/11	1	30/06/12	0.00%	167	167	-
Capital Works	General Fund	30/06/12	30/06/12	1	30/06/13	0.00%	63	-	63
Information Technology	General Fund	30/06/12	30/06/12	5	30/06/17	0.00%	32	-	32
Parks & Recreation	General Fund	30/06/12	30/06/12	1	30/06/13	0.00%	125	-	125
Property Management	General Fund	30/06/12	30/06/12	1	30/06/13	0.00%	51	-	51
Information Technology	General Fund	30/06/12	30/06/12	5	30/06/17	0.00%	75	-	75
Capital Works	General Fund	30/06/12	30/06/12	1	30/06/13	0.00%	16	-	16
Totals							7,230	993	4,598

Wagga Wagga City Council

Special Schedule No. 5 - Sewerage Income Statement

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

\$'000	Actuals 2012	Actuals 2011
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	1,453	1,340
b. Engineering and Supervision	-	-
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	653	598
b. Maintenance expenses	891	513
- Pumping Stations		
c. Operation expenses (excluding energy costs)	467	467
d. Energy costs	220	191
e. Maintenance expenses	66	146
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	4,894	3,179
g. Chemical costs	-	-
h. Energy costs	42	38
i. Effluent Management	89	104
j. Biosolids Management	-	-
k. Maintenance expenses	-	-
- Other		
l. Operation expenses	494	778
m. Maintenance expenses	-	-
3. Depreciation expenses		
a. System assets	5,818	5,836
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	2,666	2,762
b. Revaluation Decrements	-	-
c. Other expenses	3	37
d. Tax Equivalents Dividends (actually paid)	50	51
5. Total expenses	17,806	16,040

Wagga Wagga City Council

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

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

\$'000	Actuals 2012	Actuals 2011
Income		
6. Residential charges (including rates)	9,769	8,915
7. Non-residential charges		
a. Access (including rates)	1,605	1,543
b. Usage charges	-	-
8. Trade Waste Charges		
a. Annual Fees	-	-
b. Usage charges	3,612	2,608
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	-	-
10. Interest income	814	1,292
11. Other income	61	73
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	158	168
c. Other grants	-	-
13. Contributions		
a. Developer charges	989	650
b. Developer provided assets	484	448
c. Other contributions	211	181
14. Total income	<u>17,703</u>	<u>15,878</u>
15. Gain (or loss) on disposal of assets	-	-
16. Operating Result	<u>(103)</u>	<u>(162)</u>
16a. Operating Result (less grants for acquisition of assets)	(103)	(162)

Wagga Wagga City Council

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

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

\$'000	Actuals 2012	Actuals 2011
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	6,165	5,505
c. Renewals	-	-
d. Plant and equipment	-	-
18. Repayment of debt		
a. Loans	432	489
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	6,597	5,994
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)	21,990	21,359
b. Residential (unoccupied, ie. vacant lot)	985	905
c. Non-residential (occupied)	1,726	1,677
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)	\$ 607,100	\$ 598,999

Wagga Wagga City Council

Special Schedule No. 5 - Sewerage Cross Subsidies
for the financial year ended 30 June 2012

\$'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"/>	<input type="checkbox"/> No	
If Yes, go to 29a. If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/> Yes	<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 2011/12 (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"/> -

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

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

Wagga Wagga City Council

Special Schedule No. 6 - Sewerage Balance Sheet

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

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	281	-	281
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	12,349	9,877	22,226
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	655	-	655
c. Other (including User Charges)	1,459	-	1,459
33. Inventories	604	-	604
34. Property, plant and equipment			
a. System assets	-	282,003	282,003
b. Plant and equipment	-	-	-
35. Other assets	2	-	2
36. Total Assets	<u>15,350</u>	<u>291,880</u>	<u>307,230</u>
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	852	-	852
39. Borrowings			
a. Loans	464	34,420	34,884
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	1,984	928	2,912
41. Total Liabilities	<u>3,300</u>	<u>35,348</u>	<u>38,648</u>
42. NET ASSETS COMMITTED	<u>12,050</u>	<u>256,532</u>	<u>268,582</u>
EQUITY			
42. Accumulated surplus			66,664
44. Asset revaluation reserve			201,918
45. TOTAL EQUITY			<u>268,582</u>
Note to system assets:			
46. Current replacement cost of system assets			-
47. Accumulated current cost depreciation of system assets			-
48. Written down current cost of system assets			-

Wagga Wagga City Council

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

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

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

Notes:

⁽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 16 for water supply and 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. 8 - Financial Projections

as at 30 June 2012

\$'000	Actual ⁽¹⁾ 11/12	Forecast 12/13	Forecast 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16
(i) OPERATING BUDGET					
Income from continuing operations	121,532	92,854	97,269	101,681	105,551
Expenses from continuing operations	109,891	102,058	108,119	109,978	113,143
Operating Result from Continuing Operations	<u>11,641</u>	<u>(9,204)</u>	<u>(10,850)</u>	<u>(8,297)</u>	<u>(7,592)</u>
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	7,954	26,559	34,690	6,384	3,886
Replacement/Refurbishment of Existing Assets	49,751	18,963	42,355	26,504	25,363
Total Capital Budget	<u>57,705</u>	<u>45,522</u>	<u>77,045</u>	<u>32,888</u>	<u>29,249</u>
Funded by:					
– Loans	9,059	12,126	29,162	5,720	3,162
– Asset sales	-	1,026	999	1,037	1,148
– Reserves	17,421	14,598	8,663	10,400	10,132
– Grants/Contributions	23,293	10,423	27,632	6,747	5,303
– Recurrent revenue	7,932	7,349	10,589	8,984	9,504
– Other	-	-	-	-	-
	<u>57,705</u>	<u>45,522</u>	<u>77,045</u>	<u>32,888</u>	<u>29,249</u>

Notes:

(1) From 11/12 Income Statement.

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

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

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