



City of Wagga Wagga
Audited Financial Statements
& Special Schedules 2010/11

Cover Photo

The mural was created by students at Tolland Public School in 2010, with the assistance of local artist Patrice Kennedy.

At Tolland Public School, the students have been focusing on making their school more attractive by creating beautiful gardens around their school buildings. Not only for it to look great for the school community but also to encourage the wildlife to come and visit.

Outside facing south one class has created a garden using a selection of colourful bulbs which flower at different times of the year. Shrubs have been planted to encourage birdlife, as well as plants. Aboriginal people use for medicinal and non-medicinal reasons. There is even a bird feeder as well.

Facing north there is a vegetable garden where some of the vegetable seedlings have been sown from seed by students and then replanted into the larger garden bed. When the fresh produce is ready to be picked the students will learn how to cook the spoils of their labour. The best part of the cooking lessons will be eating the recipes that they have prepared.

This mural is part of the Wagga Wagga Art Gallery Mural Outreach Program and was produced in partnership with Wagga Wagga Art Gallery and Tolland Public School.



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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 18/10/11. Council has the power to amend and reissue the financial statements.



Notes to the Financial Statements for the financial year ended 30 June 2011

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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).

Special Purpose Financial Statements for the financial year ended 30 June 2011

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- Notes to Special Schedules No. 3 & 5		
- Special Schedule No. 7	Condition of Public Works	12
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¹Special 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

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2011

*"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 2011

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- (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).

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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 2011

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:

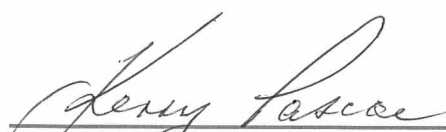
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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 17 October 2011.




Kerry Pascoe
MAYOR



Ray Goodlass
COUNCILLOR



Phil Pinyon
GENERAL MANAGER



Brooke Curry
RESPONSIBLE ACCOUNTING OFFICER

Wagga Wagga City Council

Income Statement

for the financial year ended 30 June 2011

Budget ⁽¹⁾				Actual	Actual
2011	\$ '000		Notes	2011	2010
Income from Continuing Operations					
Revenue:					
46,932	Rates & Annual Charges		3a	47,115	43,833
17,740	User Charges & Fees		3b	16,754	16,127
3,065	Interest & Investment Revenue		3c	5,844	5,911
721	Other Revenues		3d	49,377	2,239
14,862	Grants & Contributions provided for Operating Purposes		3e,f	18,870	16,706
8,671	Grants & Contributions provided for Capital Purposes		3e,f	20,262	14,979
Other Income:					
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method		19	318	82
91,991	Total Income from Continuing Operations			158,540	99,877
Expenses from Continuing Operations					
35,636	Employee Benefits & On-Costs		4a	32,222	31,161
2,931	Borrowing Costs		4b	3,426	633
30,199	Materials & Contracts		4c	28,748	23,758
18,160	Depreciation & Amortisation		4d	18,812	18,208
-	Impairment		4d	-	4,171
1,501	Other Expenses		4e	9,044	6,803
-	Net Losses from the Disposal of Assets		5	839	3,634
88,427	Total Expenses from Continuing Operations			93,091	88,368
3,564	Operating Result from Continuing Operations			65,449	11,509
Discontinued Operations					
-	Net Profit/(Loss) from Discontinued Operations		24	-	-
3,564	Net Operating Result for the Year			65,449	11,509
3,564	Net Operating Result attributable to Council			65,449	11,509
-	Net Operating Result attributable to Minority Interests			-	-
(5,107)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes			45,187	(3,470)

(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 2011

\$ '000	Notes	Actual 2011	Actual 2010
Net Operating Result for the year (as per Income statement)		65,449	11,509
Other Comprehensive Income			
Gain (loss) on revaluation of I,PP&E	20b (ii)	51,353	5,187
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)	(5,330)	-
Other Movements in Reserves (Joint Ventures)	20b (ii)	5	30,127
Total Other Comprehensive Income for the year		46,028	35,314
Total Comprehensive Income for the Year		111,477	46,823
Total Comprehensive Income attributable to Council		111,477	46,823
Total Comprehensive Income attributable to Minority Interests		-	-

Wagga Wagga City Council

Balance Sheet

as at 30 June 2011

\$ '000	Notes	Actual 2011	Actual 2010
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	11,180	17,473
Investments	6b	37,384	30,372
Receivables	7	15,550	9,505
Inventories	8	2,813	2,318
Other	8	365	331
Non-current assets classified as "held for sale"	22	-	-
Total Current Assets		67,292	59,999
Non-Current Assets			
Investments	6b	34,657	34,878
Receivables	7	348	212
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	1,233,035	1,126,850
Investments accounted for using the equity method	19	1,683	1,359
Investment Property	14	4,685	5,335
Intangible Assets	25	-	-
Total Non-Current Assets		1,274,408	1,168,634
TOTAL ASSETS		1,341,700	1,228,633
LIABILITIES			
Current Liabilities			
Payables	10	11,974	10,914
Borrowings	10	993	735
Provisions	10	15,644	9,659
Total Current Liabilities		28,611	21,308
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	38,879	39,691
Provisions	10	7,153	12,054
Total Non-Current Liabilities		46,032	51,745
TOTAL LIABILITIES		74,643	73,053
Net Assets		1,267,057	1,155,580
EQUITY			
Retained Earnings	20	771,980	706,526
Revaluation Reserves	20	495,077	449,054
Council Equity Interest		1,267,057	1,155,580
Minority Equity Interest		-	-
Total Equity		1,267,057	1,155,580

Wagga Wagga City Council

Statement of Changes in Equity
for the financial year ended 30 June 2011

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity 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)	29,753	5,712	35,465	-	35,465
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/10)		706,526	449,054	1,155,580	-	1,155,580
c. Net Operating Result for the Year		65,449	-	65,449	-	65,449
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)		65,454	46,023	111,477	-	111,477
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		771,980	495,077	1,267,057	-	1,267,057

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2010						
Opening Balance (as per Last Year's Audited Accounts)		664,890	433,728	1,098,618	-	1,098,618
a. Correction of Prior Period Errors	20 (c)	-	10,139	10,139	-	10,139
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/09)		664,890	443,867	1,108,757	-	1,108,757
c. Net Operating Result for the Year		11,509	-	11,509	-	11,509
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	5,187	5,187	-	5,187
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	30,094	-	30,094	-	30,094
- Other Movements (Joint Ventures)	20b (ii)	33	-	33	-	33
Other Comprehensive Income		30,127	5,187	35,314	-	35,314
Total Comprehensive Income (c&d)		41,636	5,187	46,823	-	46,823
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		706,526	449,054	1,155,580	-	1,155,580

Wagga Wagga City Council

Statement of Cash Flows

for the financial year ended 30 June 2011

Budget 2011	\$ '000	Notes	Actual 2011	Actual 2010
Cash Flows from Operating Activities				
Receipts:				
46,932	Rates & Annual Charges		47,169	43,579
17,744	User Charges & Fees		18,066	16,120
3,065	Investment & Interest Revenue Received		4,541	3,449
23,453	Grants & Contributions		32,422	26,010
-	Bonds & Deposits Received		111	-
723	Other		6,649	7,317
Payments:				
(35,690)	Employee Benefits & On-Costs		(31,876)	(30,800)
(30,228)	Materials & Contracts		(33,725)	(29,336)
(3,215)	Borrowing Costs		(2,933)	(7)
(1,525)	Other		(7,552)	(7,343)
<u>21,259</u>	Net Cash provided (or used in) Operating Activities	11b	<u>32,872</u>	<u>28,989</u>
Cash Flows from Investing Activities				
Receipts:				
7,582	Sale of Investment Securities		52,631	18,135
1,154	Sale of Infrastructure, Property, Plant & Equipment		1,718	1,241
-	Deferred Debtors Receipts		120	1,021
998	Other Investing Activity Receipts		-	-
Payments:				
-	Purchase of Investment Securities		(58,401)	(33,329)
(29,438)	Purchase of Infrastructure, Property, Plant & Equipment		(34,628)	(34,194)
-	Purchase of Real Estate Assets		-	9
-	Deferred Debtors & Advances Made		(50)	-
-	Contributions Paid to Joint Ventures & Associates		(1)	(1)
-	Capitalised Borrowing Costs		-	(2,631)
<u>(19,704)</u>	Net Cash provided (or used in) Investing Activities		<u>(38,611)</u>	<u>(49,749)</u>
Cash Flows from Financing Activities				
Receipts:				
-	Proceeds from Borrowings & Advances		-	8,700
Payments:				
(1,150)	Repayment of Borrowings & Advances		(802)	(396)
<u>(1,150)</u>	Net Cash Flow provided (used in) Financing Activities		<u>(802)</u>	<u>8,304</u>
405	Net Increase/(Decrease) in Cash & Cash Equivalents		(6,541)	(12,456)
15,416	plus: Cash & Cash Equivalents - beginning of year	11a	17,473	29,929
<u>15,821</u>	Cash & Cash Equivalents - end of the year	11a	<u>10,932</u>	<u>17,473</u>
Additional Information:				
	plus: Investments on hand - end of year	6b	72,041	65,250
Total Cash, Cash Equivalents & Investments			<u>82,973</u>	<u>82,723</u>

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

- Australian Accounting Standards,
- Other authoritative pronouncements of the Australian Accounting Standards Board,
- Urgent Issues Group Interpretations,
- the Local Government Act (1993) and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

(ii) Basis of Accounting

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

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

(iii) Changes in Accounting Policies

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

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

(iv) Critical Accounting Estimates

The preparation of these financial statements

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

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

(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.

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

unused grant or contribution is disclosed in Note 3(g).

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

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

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

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

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

User Charges, Fees and Other Income

User charges, fees and other income (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, 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 30/6/11) and **(ii)** all the related operating results (for the financial year ended the 30th June 2011).

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.

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.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

(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 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.

(d) Leases

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

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 2011

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.

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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 2011 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, 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 2011

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, Bridges, Footpaths and Stormwater Drainage** (Internal Valuation)
- **Other Structures and Other Assets** (Internal Valuation)

Initial Recognition

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

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

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 2011

Note 1. Summary of Significant Accounting Policies (continued)

Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using a 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 2011

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 AASB 116 – Property, Plant and Equipment.

(m) Intangible Assets

Council has not classified any assets as Intangible.

(n) Crown Reserves

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

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

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

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

(o) Rural Fire Service assets

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

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

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

assets, their values and depreciation charges from these financial statements.

(p) Investment property

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

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 30/06/11.

(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.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

This amortisation of the 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 2011

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), and annual 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 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.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

(ii) Other Long Term Obligations

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

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

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

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

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

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

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

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

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

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

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

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities amounting to around \$238 million at 30 June 2011.

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.

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies (continued)

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 30/6/11.

(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 Australian Accounting interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2011.

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 2011

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 2011

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
	2011	2011	2010	2011	2011	2010	2011	2011	2010	2011	2010	2011	2010
Governance	-	160	156	736	642	651	(736)	(482)	(495)	-	-	361	283
Administration	957	1,121	1,395	18,583	17,570	18,666	(17,626)	(16,449)	(17,271)	-	-	58,589	54,837
Public Order & Safety	1,039	1,481	865	1,716	1,770	1,586	(677)	(289)	(721)	194	8	2,883	2,449
Health	100	109	103	673	879	809	(573)	(770)	(706)	-	-	1,163	885
Environment	9,612	10,652	8,712	11,448	13,775	10,954	(1,836)	(3,123)	(2,242)	1,375	1,128	219,840	210,143
Community Services & Education	2,662	3,515	2,711	3,763	3,749	3,621	(1,101)	(234)	(910)	3,020	2,385	5,471	2,604
Housing & Community Amenities	1,959	4,249	2,743	4,342	4,937	4,479	(2,383)	(688)	(1,736)	96	96	20,932	27,414
Water Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Services	12,772	15,784	15,830	17,218	15,993	15,456	(4,446)	(209)	374	168	159	253,414	246,468
Recreation & Culture	4,932	5,521	5,168	14,005	14,733	13,959	(9,073)	(9,212)	(8,791)	1,837	938	211,530	204,500
Fuel & Energy	-	-	-	-	-	-	-	-	-	-	-	-	-
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining, Manufacturing & Construction	1,118	994	1,043	882	360	748	236	634	295	-	-	1,789	1,157
Transport & Communication	7,764	65,206	14,084	10,157	10,956	12,750	(2,393)	54,250	1,334	11,691	5,736	519,749	415,033
Economic Affairs	6,139	4,845	4,735	4,904	7,727	4,686	1,235	(2,882)	49	702	1,139	44,296	61,501
Total Functions & Activities	49,054	113,637	57,545	88,427	93,091	88,365	(39,373)	20,546	(30,820)	19,083	11,589	1,340,017	1,227,274
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	318	82	-	-	-	-	318	82	-	-	1,683	1,359
General Purpose Income ¹	42,937	44,585	42,250	-	-	-	42,937	44,585	42,250	10,127	9,173	-	-
Operating Result from Continuing Operations	91,991	158,540	99,877	88,427	93,091	88,365	3,564	65,449	11,512	29,210	20,762	1,341,700	1,228,633

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 2011

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 2011

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		18,455	17,356
Farmland		4,043	3,943
Business		8,074	7,834
Total Ordinary Rates		30,572	29,133
Special Rates			
Nil			
Annual Charges (pursuant to s.496, s.501 & s.611)			
Domestic Waste Management Services		5,075	4,651
Stormwater Management Services		637	-
Sewerage Services		10,435	9,689
Waste Management Services (non-domestic)		396	360
Total Annual Charges		16,543	14,700
TOTAL RATES & ANNUAL CHARGES		47,115	43,833

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

Wagga Wagga City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		1,035	991
Sewerage Services		2,620	2,516
Waste Management Services (non-domestic)		1,576	1,254
Total User Charges		5,231	4,761
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s608 & 610A)			
Private Works - Section 67		156	330
Regulatory/ Statutory Fees		509	496
Total Fees & Charges - Statutory/Regulatory		665	826
(ii) Fees & Charges - Other (incl. General User Charges) (per s.610C)			
Aerodrome		1,984	1,680
Cemeteries		944	862
Corporate Services		104	61
Development Services		1,512	1,749
Family Day Care		439	270
Leaseback Fees - Council Vehicles		181	178
Livestock Marketing Centre		2,794	2,468
Oasis Swimming Complex		1,377	1,389
Parks & Sportsgrounds		187	264
Regional Civic Theatre		586	463
RTA Charges (State Roads not controlled by Council)		318	506
Tourist Information Centre		98	107
Other		334	543
Total Fees & Charges - Other		10,858	10,540
TOTAL USER CHARGES & FEES		16,754	16,127

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		275	232
- Interest earned on Investments (interest & coupon payment income)		4,548	3,631
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		1,021	2,048
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>5,844</u>	<u>5,911</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges		275	232
General Council Cash & Investments		3,206	3,306
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		459	415
- Section 64		57	38
Sewerage Fund Operations		1,292	1,414
Other Externally Restricted Assets		195	146
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		360	360
Total Interest & Investment Revenue Recognised		<u>5,844</u>	<u>5,911</u>
(d). Other Revenues			
Rental Income - Investment Properties	14	428	434
Rental Income - Other Council Properties		529	466
Reversal of prior period revaluation decrements (applicable to I,PP&E)	9(a)	46,595	-
Ex Gratia Rates		46	46
Fines		848	544
Diesel Rebate		113	200
Insurance Claim Recoveries		319	140
Sales - Miscellaneous		256	170
Sales - Oasis Swimming Complex		133	137
Other		110	102
<u>TOTAL OTHER REVENUE</u>		<u>49,377</u>	<u>2,239</u>

Wagga Wagga City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	2011 Operating	2010 Operating	2011 Capital	2010 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance	9,768	8,810	-	-
Pensioners' Rates Subsidies - General Component	359	363	-	-
Total General Purpose	10,127	9,173	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Sewerage	168	159	-	-
- Domestic Waste Management	106	105	-	-
Bushfire & Emergency Services	-	8	-	-
Community Care	174	119	-	-
Community Centres	-	-	500	-
Economic Development	-	-	-	625
Environmental Protection	769	767	407	166
Family Day Care	1,812	1,941	-	-
Family & Childrens Services - Other	470	322	-	-
Heritage & Cultural	594	398	-	3
Noxious Weeds	86	89	-	-
Recreation & Culture	-	-	1,105	544
Street Lighting	43	42	-	-
Transport (Other Roads & Bridges Funding)	1,415	851	9,695	4,348
Evocities	700	500	-	-
Airport ILS	-	-	538	538
Other	111	56	390	8
Total Specific Purpose	6,448	5,357	12,635	6,232
Total Grants	16,575	14,530	12,635	6,232
Grant Revenue is attributable to:				
- Commonwealth Funding	12,631	12,134	7,403	1,639
- State Funding	3,931	2,342	5,217	4,590
- Other Funding	13	54	15	3
	16,575	14,530	12,635	6,232

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	2011 Operating	2010 Operating	2011 Capital	2010 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 94 - Contributions towards amenities/services	-	-	2,000	2,002
S 94A - Fixed Development Consent Levies	-	-	651	395
S 64 - Sewerage Service Contributions	-	-	650	741
S 64 - Stormwater Contributions	-	-	432	417
Total Developer Contributions	-	-	3,733	3,555
	17			
Other Contributions:				
Artworks Donated	-	-	61	296
Bushfire Services	186	178	-	-
Dedications (other than by S94)	-	-	2,065	4,553
Drainage	-	-	-	8
Recreation & Culture	83	76	116	76
RTA Contributions (Regional/Local, Block Grant)	1,430	1,465	10	9
Sewerage (excl. Section 64 contributions)	-	2	100	250
Evocities	486	330	-	-
Airport ILS	-	-	579	-
Voluntary Planning Agreements	-	-	934	-
Other	110	125	29	-
Total Other Contributions	2,295	2,176	3,894	5,192
Total Contributions	2,295	2,176	7,627	8,747
TOTAL GRANTS & CONTRIBUTIONS	18,870	16,706	20,262	14,979

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2011	Actual 2010
(g). Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	14,354	11,610
add: Grants and contributions recognised in the current period which have not been spent:	5,950	7,409
less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(7,260)	(4,664)
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	(1,310)	2,745
Unexpended at the Close of this Reporting Period and held as Restricted Assets	13,044	14,354
Comprising:		
- Specific Purpose Unexpended Grants	4,046	4,762
- Developer Contributions	7,996	8,242
- Other Contributions	1,002	1,350
	13,044	14,354

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2011	Actual 2010
(a) Employee Benefits & On-Costs			
Salaries and Wages		27,452	24,283
Travelling		569	534
Employee Leave Entitlements (ELE)		3,442	3,860
Superannuation		3,092	2,986
Workers' Compensation Insurance		1,059	1,565
Fringe Benefit Tax (FBT)		117	107
Payroll Tax		76	90
Training Costs (other than Salaries & Wages)		508	378
Other		625	484
Total Employee Costs		36,940	34,287
less: Capitalised Costs		(4,718)	(3,126)
TOTAL EMPLOYEE COSTS EXPENSED		32,222	31,161
Number of "Equivalent Full Time" Employees at year end		467	455
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		2,925	2,727
Total Interest Bearing Liability Costs		2,925	2,727
less: Capitalised Costs		-	(2,631)
Total Interest Bearing Liability Costs Expensed		2,925	96
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	256	393
- Other Liabilities		245	144
Total Other Borrowing Costs		501	537
TOTAL BORROWING COSTS EXPENSED		3,426	633

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(c) Materials & Contracts			
Raw Materials & Consumables		20,525	16,066
Contractor & Consultancy Costs		6,982	6,663
Auditors Remuneration			
- Audit Services: Council's Auditor		61	64
Legal Expenses:			
- Legal Expenses: Planning & Development		304	166
- Legal Expenses: Other		167	154
- Legal Expenses: Debt Recovery		23	69
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments ⁽¹⁾		686	576
Total Materials & Contracts		28,748	23,758
less: Capitalised Costs		-	-
TOTAL MATERIALS & CONTRACTS		28,748	23,758
1. Operating Lease Payments are attributable to:			
- Computers		686	576

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2011	Actual 2010	Actual 2011	Actual 2010
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	1,983	1,968
Office Equipment		-	-	109	107
Furniture & Fittings		-	-	97	87
Buildings - Non Specialised		139	-	459	439
Buildings - Specialised		-	-	367	366
Other Structures		-	-	637	430
Infrastructure:					
- Roads, Bridges & Footpaths		5,177	4,171	7,137	7,338
- Stormwater Drainage		-	-	1,531	1,509
- Sewerage Network		-	-	5,630	5,120
Other Assets					
- Other		14	-	1,091	1,025
Asset Reinstatement Costs	9 & 26	-	-	272	342
Total Depreciation & Impairment Costs		5,330	4,171	19,313	18,731
less: Capitalised Costs		-	-	(501)	(523)
less: Impairments offset in ARR (Equity)	9a	(5,330)	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	4,171	18,812	18,208

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(e) Other Expenses			
Other Expenses for the year include the following:			
Bad & Doubtful Debts		14	22
Contributions/Levies to Other Levels of Government			
- Bushfire Fighting Fund		288	294
- Emergency Services Levy		43	25
- NSW Fire Brigade Levy		432	409
- REROC		43	40
- Riverina Regional Library		1,004	956
- Valuation Fees		134	126
Councillor Expenses - Mayoral Fee		35	34
Councillor Expenses - Councillors' Fees		176	170
Donations, Contributions & Assistance to other organisations (Section 356)		120	162
Electricity & Heating		1,762	1,580
Insurance		1,097	1,132
Provision for Land Remediation		1,747	40
Revaluation Decrements (Fair Valuation of Investment Properties)	14	650	165
Street Lighting		694	624
Subscriptions & Publications		44	42
Telephone & Communications		466	504
Water		295	478
Total Other Expenses		9,044	6,803
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>9,044</u>	<u>6,803</u>

Wagga Wagga City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2011	Actual 2010
Property (excl. Investment Property)			
Proceeds from Disposal		400	-
less: Carrying Amount of Property Assets Sold		(721)	-
Net Gain/(Loss) on Disposal		(321)	-
Plant & Equipment			
Proceeds from Disposal		1,150	1,241
less: Carrying Amount of P&E Assets Sold		(1,076)	(4,875)
Net Gain/(Loss) on Disposal		74	(3,634)
Infrastructure			
Proceeds from Disposal		168	-
less: Carrying Amount of Infrastructure Assets Sold		(760)	-
Net Gain/(Loss) on Disposal		(592)	-
Financial Assets*			
Proceeds from Disposal / Redemptions		52,631	18,135
less: Carrying Amount of Financial Assets Sold / Redeemed		(52,631)	(18,135)
Net Gain/(Loss) on Disposal		-	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(839)	(3,634)

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		5,053	-	5,016	-
Cash-Equivalent Assets ¹					
- Deposits at Call		3,095	-	6,457	-
- Short Term Deposits		3,032	-	6,000	-
Total Cash & Cash Equivalents		11,180	-	17,473	-
Investment Securities (Note 6b)					
- Managed Funds		284	4,000	113	3,984
- Long Term Deposits		24,121	16,000	22,292	3,000
- Floating Rate Notes		12,979	12,956	7,967	26,309
- Capital Protected Asset Linked Note		-	1,701	-	1,585
Total Investment Securities		37,384	34,657	30,372	34,878
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		48,564	34,657	47,845	34,878

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"	11,180	-	17,473	-
--	---------------	----------	---------------	----------

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)	13,261	18,657	8,080	31,878
b. "Held to Maturity"	6(b-ii)	24,123	16,000	22,292	3,000
c. "Loans & Receivables"	6(b-iii)	-	-	-	-
d. "Available for Sale"	6(b-iv)	-	-	-	-
Investments		37,384	34,657	30,372	34,878

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 6b. Investments (continued)

\$ '000	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 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	8,080	31,878	1,713	37,241
Revaluations (through the Income Statement)	(886)	2,289	604	1,444
Additions	616	5,016	7,203	1,160
Disposals (sales & redemptions)	(7,549)	(7,526)	(9,407)	-
Transfers between Current/Non Current	13,000	(13,000)	7,967	(7,967)
Balance at End of Year	13,261	18,657	8,080	31,878
Comprising:				
- Managed Funds	284	4,000	113	3,984
- Floating Rate Notes	12,977	12,956	7,967	26,309
- Capital Protected Asset Linked Note	-	1,701	-	1,585
Total	13,261	18,657	8,080	31,878
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	22,292	3,000	8,054	1,000
Additions	46,913	13,000	21,966	3,000
Disposals (sales & redemptions)	(45,082)	-	(8,728)	-
Transfers between Current/Non Current	-	-	1,000	(1,000)
Balance at End of Year	24,123	16,000	22,292	3,000
Comprising:				
- Long Term Deposits	24,123	16,000	22,292	3,000
Total	24,123	16,000	22,292	3,000
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 2011

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

\$ '000	2011	2011	2010	2010
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	48,564	34,657	47,845	34,878
attributable to:				
External Restrictions (refer below)	8,145	34,657	6,008	34,878
Internal Restrictions (refer below)	39,950	-	37,341	-
Unrestricted	469	-	4,496	-
	48,564	34,657	47,845	34,878

2011 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Employee Leave - Sewer & Waste	325	51	-	376
External Restrictions - Included in Liabilities	325	51	-	376

External Restrictions - Other

Developer Contributions - General (D)	8,242	4,249	(4,495)	7,996
Specific Purpose Unexpended Grants (F)	3,634	281	-	3,915
Sewerage Services (G)	25,016	4,386	(4,874)	24,991
Sewerage Services - other unexpended contributions	780	27	(111)	696
Domestic Waste Management (G)	2,341	1,879	(119)	4,101
Stormwater Management (G)	-	605	(26)	579
Other Unexpended Contributions	548	-	(400)	148
External Restrictions - Other	40,561	11,427	(10,025)	42,426
Total External Restrictions	40,886	11,478	(10,025)	42,802

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

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 2011

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

2011 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	3,121	2,113	(2,170)	3,064
Employees Leave Entitlement	2,579	526	(575)	2,530
Airport	1,132	172	(937)	367
Bridge Replacement	-	523	-	523
CBD Carparking Facilities	-	144	-	144
Civil Projects	228	726	(113)	841
Commercial Land Development	148	-	-	148
Council Election	244	100	-	344
Crematorium	276	-	(276)	-
Design & Planning	50	-	-	50
Estella Community Centre	179	-	-	179
Evocities	410	-	(370)	40
Family Day Care	199	94	-	293
Grant Commission Reserve	2,291	2,465	(2,291)	2,465
Gravel Pit Restoration	222	-	-	222
Gurwood St Property	309	-	(13)	296
Industrial Land Development	4,770	-	(126)	4,644
Information Services E / Business	153	-	(10)	143
Infrastructure Improvements / Replacement	4,376	700	(1,214)	3,862
Internal Loans	495	1,501	(1,235)	761
Kerb & Gutter	388	-	(72)	316
Lake Albert Improvements	88	70	-	158
LEP Preparation	90	-	(25)	65
Livestock Marketing Centre	3,378	542	(53)	3,867
Oasis Swimming Complex	329	80	(18)	391
Other Building Improvements	238	117	(200)	155
Projects Reserve	801	-	-	801
Project Revotes	1,589	1,694	(1,589)	1,694
Public Art Reserve	276	214	-	490
Robertson Oval	3,098	-	(59)	3,039
Section 430 Recommendations	14	-	(14)	-
Silverlite Reserve	85	-	(1)	84
Storm Damage	153	1,044	(229)	968
Stormwater Drainage	201	-	(15)	186
Tarcutta Street Gasworks Remediation Reserve	5,113	1,326	(439)	6,000
Urban Salinity	106	-	-	106
Sale Road Reserve - Sturt Mall Carpark	-	168	-	168
Other Operational	212	371	(37)	546
Total Internal Restrictions	37,341	14,690	(12,081)	39,950
TOTAL RESTRICTIONS	78,227	26,168	(22,106)	82,752

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 7. Receivables

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		2,703	-	2,662	-
Interest & Extra Charges		270	-	270	-
User Charges & Fees		1,442	-	1,649	-
Accrued Revenues					
- Interest on Investments		1,166	-	884	-
- Other Income Accruals		98	-	443	-
Deferred Debtors		64	348	115	212
Evocities Grant		-	-	300	-
Government Grants & Subsidies		2,726	-	1,191	-
Net GST Receivable		221	-	774	-
Storm Damage Claim - RTA Grant		5,402	-	1,212	-
Other Debtors		1,493	-	31	-
Total		15,585	348	9,531	212
less: Provision for Impairment					
User Charges & Fees		(35)	-	(26)	-
Total Provision for Impairment - Receivables		(35)	-	(26)	-
<u>TOTAL NET RECEIVABLES</u>		<u>15,550</u>	<u>348</u>	<u>9,505</u>	<u>212</u>
Externally Restricted Receivables					
Sewerage Services					
- Rates & Availability Charges		573	-	560	-
- Other		192	-	400	-
Domestic Waste Management		284	-	272	-
Stormwater Management		32	-	-	-
Other					
- Unexpended Grants		131	-	1,129	-
- Unexpended Contributions		157	-	21	-
Total External Restrictions		1,369	-	2,382	-
Internally Restricted Receivables					
- Livestock Marketing Centre		36	-	36	-
- Airport		999	-	654	-
- Sale to Clay Target Association		400	-	-	-
- RTA Debtor Restrictions [Office & Equipment]		150	-	-	-
[Tarcutta Street Remediation]		1,000	-	-	-
[Internal Loans Reserve]		1,318	-	-	-
Internally Restricted Receivables		3,903	-	690	-
Unrestricted Receivables		10,278	348	6,433	212
TOTAL NET RECEIVABLES		15,550	348	9,505	212

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 7. Receivables

Notes on Debtors (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 9.00% (2010 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	2011		2010	
		Current	Non Current	Current	Non Current
Inventories					
Real Estate for resale (refer below)		281	-	281	-
Stores & Materials		2,442	-	1,951	-
Trading Stock		90	-	86	-
Total Inventories		2,813	-	2,318	-
Other Assets					
Prepayments		365	-	331	-
Total Other Assets		365	-	331	-
TOTAL INVENTORIES / OTHER ASSETS		3,178	-	2,649	-
Externally Restricted Assets					
Sewerage					
Stores & Materials		641	-	697	-
Total Sewerage		641	-	697	-
Total Externally Restricted Assets		641	-	697	-
Total Internally Restricted Assets		-	-	-	-
Total Unrestricted Assets		2,537	-	1,952	-
TOTAL INVENTORIES & OTHER ASSETS		3,178	-	2,649	-

Wagga Wagga City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 8. Inventories & Other Assets (continued)

\$ '000	2011		2010	
	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	-
Other Holding Costs	130	-	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	-	417	-
- Purchases and other costs	-	-	(9)	-
- Other	-	-	(127)	-
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;

	2011	2010
Real Estate for Resale	281	281
	281	281

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2010					Asset Movements during the Reporting Period								as at 30/6/2011				
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Impairment Loss (recognised in Equity)	Impairment Reversal (via P/L)	Adjustments & Transfers	Reversal of prior period Revaluation Decrements to the P&L	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Deprec.	Impairment										Cost	Fair Value	Dep'n	Impairment	
Plant & Equipment	-	22,505	10,926	-	11,579	3,335	(1,076)	(1,983)	-	-	-	-	-	-	23,670	11,815	-	11,855
Office Equipment	-	2,285	1,902	-	383	112	-	(109)	-	-	-	-	-	-	2,397	2,011	-	386
Furniture & Fittings	-	2,547	1,929	-	618	142	-	(97)	-	-	-	-	-	-	2,690	2,025	-	665
Land:																		
- Operational Land	-	91,828	-	-	91,828	681	(721)	-	-	-	-	-	-	-	91,788	-	-	91,788
- Community Land	-	116,622	-	-	116,622	12	-	-	-	-	-	-	-	-	116,634	-	-	116,634
Buildings - Non Specialised	-	49,023	6,472	-	42,551	1,882	(17)	(459)	(139)	-	-	-	-	-	50,883	6,927	139	43,817
Buildings - Specialised	-	42,257	4,830	-	37,427	683	(222)	(367)	-	-	-	-	-	-	42,545	5,024	-	37,521
Other Structures	-	39,278	4,517	-	34,761	421	(519)	(637)	-	-	-	-	-	-	39,099	5,073	-	34,026
Infrastructure:																		
- Roads, Bridges, Footpaths	-	403,781	42,238	4,171	357,372	17,449	(3)	(7,137)	(5,177)	4,171	-	42,425	44,483	-	526,651	64,502	8,565	453,584
- Stormwater Drainage	-	216,762	17,131	-	199,631	1,158	-	(1,531)	-	-	-	-	-	-	217,920	18,662	-	199,258
- Sewerage Network	-	285,890	76,876	-	209,014	5,505	-	(5,630)	-	-	-	6,870	-	-	300,468	84,709	-	215,759
Other Assets:																		
- Artworks	-	5,784	-	-	5,784	79	-	-	-	-	-	-	-	-	5,863	-	-	5,863
- Other	-	22,086	5,471	-	16,615	5,479	-	(1,091)	(14)	-	-	-	-	-	27,564	6,562	14	20,988
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)																		
- Tip Asset	-	930	288	-	642	-	-	(58)	-	-	-	(218)	-	-	712	346	-	366
- Quarry Asset	-	228	48	-	180	-	-	(9)	-	-	-	96	-	-	324	57	-	267
- Sewer Remediation Asset	-	2,914	1,071	-	1,843	-	-	(205)	-	-	-	(1,380)	-	-	1,534	1,276	-	258
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	-	1,304,720	173,699	4,171	1,126,850	36,938	(2,558)	(19,313)	(5,330)	4,171	(1,502)	42,425	51,353	-	1,450,742	208,989	8,718	1,233,035

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Actual 2011				Actual 2010			
	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	151	26	-	177	151	26
Office Equipment	-	9	9	-	-	9	9	-
Furniture & Fittings	-	12	11	1	-	12	11	1
Land								
- Operational Land	-	7,975	-	7,975	-	7,975	-	7,975
Infrastructure	-	302,002	85,984	216,018	-	288,805	77,946	210,859
Total Sewerage Services	-	310,175	86,155	224,020	-	296,978	78,117	218,861
Domestic Waste Management								
Plant & Equipment	-	298	274	24	-	298	270	28
Office Equipment	-	82	50	32	-	82	42	40
Furniture & Fittings	-	3	3	-	-	3	3	-
Land								
- Operational Land	-	1,663	-	1,663	-	1,663	-	1,663
Other Structures	-	-	-	-	-	938	-	938
Other Assets	-	3,715	1,342	2,373	-	2,934	1,044	1,890
Total DWM	-	5,761	1,669	4,092	-	5,918	1,359	4,559
TOTAL RESTRICTED I,PP&E	-	315,936	87,824	228,112	-	302,896	79,476	223,420

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

\$ '000	Notes	Actual 2011	Actual 2010
(i) Impairment Losses recognised in the Income Statement include:			
- Roads & Bridges Impairment from Storm Damage		-	(4,171)
Total Impairment Losses		-	(4,171)
(ii) 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)		4,171	(4,171)

NB. Impairment Adjustments relating to I,PP&E assets may have been recognised direct to Equity - refer Note 20 (ii).

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2011		2010	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		5,614	-	4,625	-
Goods & Services - capital expenditure		2,469	-	2,785	-
Payments Received In Advance		912	-	694	-
Accrued Expenses:					
- Borrowings		298	-	307	-
- Salaries & Wages		41	-	5	-
- Other Expenditure Accruals		74	-	69	-
Security Bonds, Deposits & Retentions		2,478	-	2,367	-
Other		88	-	62	-
Total Payables		11,974	-	10,914	-
Borrowings					
Bank Overdraft		248	-	-	-
Loans - Secured ¹		745	38,879	735	39,691
Total Borrowings		993	38,879	735	39,691
Provisions					
Employee Benefits;					
Annual Leave		3,378	-	3,136	-
Long Service Leave		5,403	188	5,007	249
Other Leave - TOIL		103	-	107	-
Other Leave - RDO		105	-	96	-
Sub Total - Aggregate Employee Benefits		8,989	188	8,346	249
Asset Remediation/Restoration (Future Works) ²⁶		6,655	6,965	1,313	11,805
Total Provisions		15,644	7,153	9,659	12,054
Total Payables, Borrowings & Provisions		28,611	46,032	21,308	51,745

(i) Liabilities relating to Restricted Assets

	2011		2010	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Domestic Waste Management	1,178	1,118	888	1,131
Sewer	4,172	36,200	3,933	38,366
Liabilities relating to externally restricted assets	5,350	37,318	4,821	39,497
Internally Restricted Assets				
Nil				
Total Liabilities relating to restricted assets	5,350	37,318	4,821	39,497

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 2011

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

\$ '000	2011	2010
(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	5,859	5,255
	5,859	5,255

Note 10b. Description of and movements in Provisions

Class of Provision	2010		2011		Unused amounts reversed	Closing Balance as at 30/6/11
	Opening Balance as at 1/7/10	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting		
Annual Leave	3,136	1,962	(1,663)	(57)	-	3,378
Long Service Leave	5,256	676	(153)	(188)	-	5,591
Other Leave	203	359	(354)	-	-	208
Asset Remediation	13,118	1,844	(1,431)	89	-	13,620
TOTAL	21,713	4,841	(3,601)	(156)	-	22,797

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 2011

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2011	Actual 2010
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	11,180	17,473
Less Bank Overdraft	10	(248)	-
BALANCE as per the STATEMENT of CASH FLOWS		10,932	17,473
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		65,449	11,509
Adjust for non cash items:			
Depreciation & Amortisation		18,812	18,208
Net Losses/(Gains) on Disposal of Assets		839	3,293
Non Cash Capital Grants and Contributions		(2,281)	(4,835)
Impairment Losses Recognition - I,PP&E		-	4,171
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 "@ Fair Value" or "Held for Trading"		(1,021)	(2,048)
- Investment Properties		650	165
- Write Offs relating to the Fair Valuation of I,PP&E		-	254
Unwinding of Discount Rates on Reinstatement Provisions		256	393
Share of Net (Profits) or Losses of Associates/Joint Ventures		(318)	(82)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(6,105)	(2,720)
Increase/(Decrease) in Provision for Doubtful Debts		9	16
Decrease/(Increase) in Inventories		(495)	(26)
Decrease/(Increase) in Other Assets		(34)	(94)
Increase/(Decrease) in Payables		989	(317)
Increase/(Decrease) in accrued Interest Payable		(9)	89
Increase/(Decrease) in other accrued Expenses Payable		41	(347)
Increase/(Decrease) in Other Liabilities		355	161
Increase/(Decrease) in Employee Leave Entitlements		582	1,072
Increase/(Decrease) in Other Provisions		1,748	(214)
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		32,872	28,648

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
(c) Non-Cash Investing & Financing Activities			
Developer Contributions in kind		2,065	4,553
Art Gallery donated		61	282
Total Non-Cash Investing & Financing Activities		2,126	4,835
(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:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		8	4
Total Financing Arrangements Utilised		8	4

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 2011

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2011	Actual 2010
(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		166	4
Plant & Equipment		101	858
Parks & Sportgrounds		512	9
Sewerage Infrastructure		2,097	1,997
Waste Management Services		-	24
Infrastructure		2,614	-
Other		337	890
Total Commitments		5,827	3,782
These expenditures are payable as follows:			
Within the next year		5,827	3,782
Total Payable		5,827	3,782
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		1,793	490
Future Grants & Contributions		1,836	-
Externally Restricted Reserves		2,097	2,134
Internally Restricted Reserves		101	1,158
Total Sources of Funding		5,827	3,782
(b) Other Expenditure Commitments (exclusive of GST)			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
DWM & Recycling Services		68,624	18,082
Cleaning Services		5,318	562
Audit Services		135	210
Fleet Management		15	-
Buildings		148	318
Sewerage Services		46,290	41,957
Parks & Sportgrounds		115	231
Infrastructure		470	-
Other		2,851	2,613
Total Commitments		123,966	63,973
These expenditures are payable as follows:			
Within the next year		10,420	12,411
Later than one year and not later than 5 years		46,144	33,972
Later than 5 years		67,402	17,590
Total Payable		123,966	63,973

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2011	Actual 2010
(c) Finance Lease Commitments			
Nil			
(d) 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		584	581
Later than one year and not later than 5 years		897	978
Later than 5 years		-	-
Total Non Cancellable Operating Lease Commitments		1,481	1,559

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.

(e) Investment Property Commitments

Nil

(f) Remuneration Commitments

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

Within the next year		1,469	1,396
Later than one year and not later than 5 years		5,965	4,125
Later than 5 years		-	-
Total Payable		7,434	5,521

(g) Investment in Associates / Joint Ventures - Commitments

For Capital Commitments and Other Commitments relating to Investments in Associates & JV's, refer Note 19 (b)

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Amounts 2011	Indicator 2011	Prior Periods	
			2010	2009
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>56,856</u>	3.18 : 1	4.33	3.68
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>17,886</u>			
2. Debt Service Ratio				
Debt Service Cost	<u>3,727</u>	4.49%	4.02%	2.83%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>82,939</u>			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>47,115</u>	42.09%	43.91%	44.64%
Income from Continuing Operations	<u>111,944</u>			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>2,973</u>	5.91%	6.27%	6.22%
Rates, Annual & Extra Charges Collectible	<u>50,322</u>			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	<u>19,123</u>	93.56%	99.03%	257.94%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	<u>20,440</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(c) - 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 or performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Wagga Wagga City Council

Notes to the Financial Statements for the financial year ended 30 June 2011

Note 13a(i). 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>2008</td> <td>4.37</td> </tr> <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> </tbody> </table>	Year	Ratio : 1	2008	4.37	2009	3.68	2010	4.33	2011	3.18	<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 2010/11 Result</p> <p>2010/11 Ratio 3.18 : 1</p> <p>Council's unrestricted current ratio still shows a relatively strong liquidity position for 2010/11. The decrease in the ratio for this year can be attributed to an increase in current liabilities for the rehabilitation of the Tarcutta Street Gasworks site which is to be commenced in 2011/12.</p>
Year	Ratio : 1											
2008	4.37											
2009	3.68											
2010	4.33											
2011	3.18											
<p>2. Debt Service Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>0.05%</td> </tr> <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> </tbody> </table>	Year	Ratio %	2008	0.05%	2009	2.83%	2010	4.02%	2011	4.49%	<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 2010/11 Result</p> <p>2010/11 Ratio 4.49%</p> <p>The debt service ratio has increased as expected this year. The majority of the debt servicing costs relate to sewer fund as Council utilised borrowings of \$36M to complete the Sewer 2010 Capital Project in June 2010.</p>
Year	Ratio %											
2008	0.05%											
2009	2.83%											
2010	4.02%											
2011	4.49%											
<p>3. Rates & Annual Charges Coverage Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>40.76%</td> </tr> <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> </tbody> </table>	Year	Ratio %	2008	40.76%	2009	44.64%	2010	43.91%	2011	42.09%	<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 2010/11 Result</p> <p>2010/11 Ratio 42.09%</p> <p>The Rates and Annual Charges ratio has decreased for 2010/11. This has been mainly due to the capital income Council received from the RTA to complete capital works required after the storm & flood events of October and December 2010.</p>
Year	Ratio %											
2008	40.76%											
2009	44.64%											
2010	43.91%											
2011	42.09%											
<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>2008</td> <td>6.45%</td> </tr> <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> </tbody> </table>	Year	Ratio %	2008	6.45%	2009	6.22%	2010	6.27%	2011	5.91%	<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 2010/11 Result</p> <p>2010/11 Ratio 5.91%</p> <p>The outstanding rates and annual charges ratio has fallen this year as expected. Council instigated it's first sale of land for unpaid rates this year which has reduced this ratio. The ratio is now within Council's target of less than 6%.</p>
Year	Ratio %											
2008	6.45%											
2009	6.22%											
2010	6.27%											
2011	5.91%											
<p>5. Building & Infrastructure Renewals Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>132.15%</td> </tr> <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> </tbody> </table>	Year	Ratio %	2008	132.15%	2009	257.94%	2010	99.03%	2011	93.56%	<p>Purpose of Bldg & Infrastructure 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>2010/11 Ratio 93.56%</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 %											
2008	132.15%											
2009	257.94%											
2010	99.03%											
2011	93.56%											

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000	Water 2011	Sewer 2011	General ¹ 2011
Local Government Industry Indicators			
1. Unrestricted Current Ratio			
<u>Current Assets less all External Restrictions</u> ⁽¹⁾	n/a	1.47 : 1	3.18 : 1
Current Liabilities less Specific Purpose Liabilities ^(2,3)			
2. Debt Service Ratio			
<u>Debt Service Cost</u>	n/a	22.18%	0.69%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
3. Rates & Annual Charges Coverage Ratio			
<u>Rates & Annual Charges</u>	n/a	65.99%	38.12%
Income from Continuing Operations			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage			
<u>Rates, Annual & Extra Charges Outstanding</u>	n/a	5.17%	6.12%
Rates, Annual & Extra Charges Collectible			
5. Building & Infrastructure Renewals Ratio			
<u>Asset Renewals</u> ⁽⁴⁾ [Buildings & Infrastructure]	n/a	76.37%	100.42%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)			

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 2011

Note 14. Investment Properties

\$ '000	Notes	Actual 2011	Actual 2010
(a) Investment Properties at Fair value			
Investment Properties on Hand		4,685	5,335
Reconciliation of Annual Movement:			
Opening Balance		5,335	5,500
- Net Gain/(Loss) from Fair Value Adjustments		(650)	(165)
CLOSING BALANCE - INVESTMENT PROPERTIES		4,685	5,335

(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 2011 revaluations were based on Independent Assessments made by:
CJ Barrett, Certified Practising Valuer of Bolton Connolly Property Valuers

(c) Contractual Obligations at Reporting Date

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

(d) Leasing Arrangements

Details of leased Investment Properties are as follows;

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

Within 1 year	-	-
Later than 1 year but less than 5 years	-	-
Later than 5 years	-	-
Total Minimum Lease Payments Receivable	-	-

(e) Investment Property Income & Expenditure - summary

Rental Income from Investment Properties:		
- Minimum Lease Payments	428	434
Direct Operating Expenses on Investment Properties:		
- that generated rental income	(56)	(37)
Net Revenue Contribution from Investment Properties	372	397
plus:		
Fair Value Movement for year	(650)	(165)
Total Income attributable to Investment Properties	(278)	232

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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	
	2011	2010	2011	2010
Financial Assets				
Cash and Cash Equivalents	11,180	17,473	11,180	17,473
Investments				
- "Designated At Fair Value on Initial Recognition"	31,918	39,958	31,918	39,958
- "Held to Maturity"	40,123	25,292	40,123	25,292
Receivables	15,898	9,717	15,898	9,717
Total Financial Assets	99,119	92,440	99,119	92,440
Financial Liabilities				
Bank Overdraft	248	-	248	-
Payables	11,062	10,220	11,062	10,220
Loans / Advances	39,624	40,426	39,624	40,426
Total Financial Liabilities	50,934	50,646	50,934	50,646

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 2011

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.

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
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)
2010				
Possible impact of a 10% movement in Market Values	568	568	(568)	(568)
Possible impact of a 1% movement in Interest Rates	457	457	(457)	(457)

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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:

	2011	2011	2010	2010
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	-	12,315	-	5,591
Past due by up to 30 days	811	395	799	1,030
Past due between 31 and 180 days	1,081	209	1,064	217
Past due between 181 and 365 days	392	232	386	123
Past due by more than 1 year	419	79	413	120
	<u>2,703</u>	<u>13,230</u>	<u>2,662</u>	<u>7,081</u>

(ii) Movement in Provision for Impairment of Receivables

	2011	2010
Balance at the beginning of the year	26	10
+ new provisions recognised during the year	18	22
- amounts already provided for & written off this year	(9)	(3)
- amounts provided for but recovered during the year	-	(3)
Balance at the end of the year	<u>35</u>	<u>26</u>

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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		
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
2010									
Trade/Other Payables	2,367	7,853	-	-	-	-	-	10,220	10,220
Loans & Advances	-	3,664	3,641	3,616	3,585	3,527	74,208	92,241	40,426
Total Financial Liabilities	2,367	11,517	3,641	3,616	3,585	3,527	74,208	102,461	50,646

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:

	2011		2010	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Bank Overdraft	248		-	
Trade/Other Payables	11,062	0.0%	10,220	0.0%
Loans & Advances - Fixed Interest Rate	39,624	7.4%	40,426	7.3%
	<u>50,934</u>		<u>50,646</u>	

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 10/11 was incorporated as part of its Management Plan and was adopted by the Council on 28 June 2010.

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	2011 Budget	2011 Actual	2011 Variance*	-----	-----
REVENUES					
Rates & Annual Charges	46,932	47,115	183	0%	F
User Charges & Fees	17,740	16,754	(986)	(6%)	U
Interest & Investment Revenue	3,065	5,844	2,779	91%	F
Investment Income was higher than anticipated due to market recovery after the Global Financial Crisis and a conservative original budget.					
Other Revenues	721	49,377	48,656	6748%	F
Other revenue for 2010/11 includes the adjustment to roads revaluation decrement that was recorded in Council's 07/08 financial statements. Accounting standards require that any revaluation decrements that have been included in P&L in previous years can be reversed by revaluation increments in future years. In 2010/11 the revaluation of roads assets accounted for \$46,596K of other revenue income.					

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 16. Material Budget Variations (continued)

\$ '000	2011 Budget	2011 Actual	2011 Variance*		
REVENUES (continued)					
Operating Grants & Contributions	14,862	18,870	4,008	27%	F
In many instances, the actual amount of grant funds received depends on decisions made by State and Federal Governments after the original budget is adopted. In particular, major variations from original budget occurred in grants received for the following purposes:					
Financial Assistance Grants - \$854K Favourable Council received additional grant funding due to an increase in the length of roads assessed by the Grants Commission.					
Environmental Program Grants - \$604K Favourable Council received income from the Murrumbidgee Catchment Management Authority including \$100K for the Flood Recovery Project and \$504K Shared Values for Restoration and Rehabilitation for the Murrumbidgee River, Wollundry Lagoon and Lake Albert.					
Evocities Better Regions Program - \$1,186K Favourable Council received \$700K for the Better Regions Program, \$200K from participating regional cities, \$121K for Evocities Response Capacity Contributions and \$165K in Corporate Sponsorship.					
Family and Children's Services - \$60K Unfavourable Lower than anticipated operating costs resulted in a reduction in the grant funds received.					
Capital Grants & Contributions	8,671	20,262	11,591	134%	F
Capital Grants and contributions received in 2010/11 were higher than original budget. This was predominantly due to non-cash dedication of roads, stormwater and sewerage assets provided in new subdivisions by developers.					
Flood and Storm Recovery - \$11,235K Favourable Council received grant funds for storm damage and flood recovery claims.					
Subdivider Dedications and Contributions - \$4,376K Favourable Recognition of developer dedications and contributions to roads and traffic, stormwater drainage and sewerage assets as part of subdivision development.					
Economic Development Grants - \$2,500K Unfavourable Claims are submitted in conjunction with progress milestones.					
Recreation and Cultural Grants - \$268K Unfavourable Council received a \$544K grant for the Netball Courts Redevelopment in the 2009/10 financial year. In 2010/11 Council received \$276K through the Regional and Local Community Infrastructure Program for the development of recreational facilities.					
Capital Grants – Other - \$1,117K Favourable Council received \$1,117K for infrastructure development at the Wagga Wagga Airport.					
Roads and Traffic Facilities - \$2,500K Unfavourable Grant funds are received following completion of works. Storm and flood repair projects resulted in a realignment of the road program.					
Share of Net Profits - Joint Ventures & Associates	-	318	318	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 2011

Note 16. Material Budget Variations (continued)

\$ '000	2011 Budget	2011 Actual	2011 Variance*		
EXPENSES					
Employee Benefits & On-Costs	35,636	32,222	3,414	10%	F
Borrowing Costs	2,931	3,426	(495)	(17%)	U
Interest on Loans - \$3,214K Unfavourable					
The classification of the interest repayments for the Sewer 2010 loan of \$2,582K and the Airport Pavement Upgrade loan of \$342K were changed during 2010/11 from capital to operating following completion of the projects.					
Human Resources - \$211K Unfavourable					
The unwinding of present value discounts and premiums resulted in an unfavourable variation of \$211K.					
Materials & Contracts	30,199	28,748	1,451	5%	F
Depreciation & Amortisation	18,160	18,812	(652)	(4%)	U
Other Expenses	1,501	9,044	(7,543)	(503%)	U
Due to the inclusion of the plant cost recovery in the original budget, the variation between original budget and actual expenditure was \$2,252K or 33% unfavourable. Other expenses that contributed to this variance are the following:					
Property Investment Revaluation Decrements - \$650K Unfavourable					
A loss was recognised for the revaluation of the Council investment properties in 2010/11.					
Tarcutta Street Gasworks Groundwater Provision - \$1,747K Unfavourable					
Provision adjustment resulting from higher than projected Remediation costs.					
Street Lighting - \$248K Favourable					
Contract negotiations resulted in lower than anticipated operating costs.					
Net Losses from Disposal of Assets	-	839	(839)	0%	U

\$ '000	2011 Budget	2011 Actual	2011 Variance*		
Budget Variations relating to Council's Cash Flow Statement include:					
Cash Flows from Operating Activities	21,259	32,872	11,613	54.6%	F
The principal increase in cash flows from operating activities was due to an increase in the amount of grants and contributions that Council received in comparison to budget. The major increase was through the Storm Recovery grants that Council received from the RTA for repairs works to Council infrastructure assets that were affected by major storm and flood events in 2010/11.					
Cash Flows from Investing Activities	(19,704)	(38,611)	(18,907)	96.0%	U
Increase is principally a result of investment in cash securities for the year.					
Cash Flows from Financing Activities	(1,150)	(802)	348	(30.3%)	F
Council did not borrow the anticipated external loan amounts which resulted in actual loan repayments being less than budgeted repayments.					

Notes to the Financial Statements
for the financial year ended 30 June 2011

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	1,007	2	-	31	(609)	-	431	-	(400)	31	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Roads & Traffic Facilities	1,469	777	-	97	(1,570)	-	773	20,230	(20,970)	33	-
Cycleways & Footpaths	143	-	-	4	(135)	-	12	-	-	12	-
Parking	179	1	-	6	(326)	-	(140)	147	-	7	-
Open Space - Local	1,786	726	-	117	(700)	-	1,929	22,160	(24,048)	41	-
Open Space - City Wide	340	1	-	11	(5)	-	347	-	(336)	11	-
Community Facilities	1,382	404	-	77	(150)	-	1,713	8,675	(10,353)	35	-
Other	(14)	89	-	1	(54)	-	22	1,253	(1,308)	(33)	-
S94 Contributions - under a Plan	6,292	2,000	-	344	(3,549)	-	5,087	52,465	(57,415)	137	-
S94A Levies - under a Plan	1,104	651	-	115	(187)	-	1,683				-
Total S94 Revenue Under Plans	7,396	2,651	-	459	(3,736)	-	6,770				-
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	-	-	-	-	-	-	-				
S64 Contributions	846	1,082	-	57	(759)	-	1,226				
Total Contributions	8,242	3,733	-	516	(4,495)	-	7,996	52,465	(57,415)	137	-

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - 19993 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	1,007	2	-	31	(609)	-	431	-	(400)	31	-
Roads & Traffic Facilities	288	1	-	8	(289)	-	8	-	-	8	-
Cycleways & Footpaths	143	-	-	4	(135)	-	12	-	-	12	-
Parking	179	1	-	6	(179)	-	7	-	-	7	-
Open Space - Local	368	1	-	11	(302)	-	78	-	(67)	11	-
Open Space - City Wide	340	1	-	11	(5)	-	347	-	(336)	11	-
Community Facilities	603	1	-	18	(150)	-	472	-	(454)	18	-
Other	(33)	-	-	-	-	-	(33)	-	-	(33)	-
Total	2,895	7	-	89	(1,669)	-	1,322	-	(1,257)	65	-

CONTRIBUTION PLAN NUMBER - 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	
Parking	-	-	-	-	(147)	-	(147)	147	-	-	-
Roads & Traffic Facilities	1,181	776	-	89	(1,281)	-	765	20,230	(20,970)	25	-
Open Space - Local	1,418	725	-	106	(398)	-	1,851	22,160	(23,981)	30	-
Community Facilities	779	403	-	59	-	-	1,241	8,675	(9,899)	17	-
Other	19	89	-	1	(54)	-	55	1,253	(1,308)	-	-
Total	3,397	1,993	-	255	(1,880)	-	3,765	52,465	(56,158)	72	-

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	1,104	651	-	115	(187)	-	1,683	8,150	(9,804)	29	-
Total	1,104	651	-	115	(187)	-	1,683	8,150	(9,804)	29	

S64 LEVIES - UNDER A PLAN

CONTRIBUTIONS 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	
S64 Levy	-	650	-	-	(650)	-	-	11,120	(11,120)	-	-
Total	-	650	-	-	(650)	-	-	11,120	(11,120)	-	-

CONTRIBUTIONS 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	846	432	-	57	(109)	-	1,226	4,889	(6,115)	-	-
Total	846	432	-	57	(109)	-	1,226	4,889	(6,115)	-	-

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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 \$2,067,305, of a total deficit of \$237,900,000.

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 Council's contributions to the pool and the result of insurance claims within each of the Fund Years.

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

(iii) StateCover Limited

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

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

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

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

(iv) Other Guarantees

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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.

LIABILITIES NOT RECOGNISED (continued):

The total principal owing as at 30 June 2011 is \$256,576.

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

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

Council has classified a number of privately owned properties 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 (and 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 2010/11 of \$9.2M. The works are set to commence in 2011/12 and be completed in 2012/13.

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 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 2011

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.

(iii) Loan to Finance Road Upgrade

Council has resolved to support a Bomen Industry proposal in the form of a low interest loan of \$324,000 for the upgrade of an intersection at Bomen Industry Park.

The works are a condition of consent for a development application approved by the State under Part 3A of the Environmental & Planning Assessment Act.

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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 2011	Actual 2010	Actual 2011	Actual 2010
Associated Entities	-	-	-	-
Joint Venture Entities	318	82	1,683	1,359
Total	318	82	1,683	1,359

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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	2011	2010
Riverina Regional Library Service	Public Library Service	1,683	1,359
Total Carrying Amounts - Joint Venture Entities		1,683	1,359

(b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2011	2010	2011	2010	2011	2010
Riverina Regional Library Service	57%	57%	57%	57%	24%	24%

(c) Movement in Carrying Amounts

	Riverina Regional Library Service	
	2011	2010
Opening Balance	1,359	1,243
Share in Operating Result	319	82
Adjustments to Equity	5	34
Councils Equity Share in the Joint Venture Entity	1,683	1,359

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000

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

(d) Share of Joint Ventures Assets & Liabilities

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
2011					
Riverina Regional Library Service	998	946	259	2	1,683
Totals	998	946	259	2	1,683
2010					
Riverina Regional Library Service	666	956	261	2	1,359
Totals	666	956	261	2	1,359

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

	2011			2010		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Riverina Regional Library Service	1,315	997	318	1,023	941	82
Totals	1,315	997	318	1,023	941	82

(f) Share of Joint Venture Entities Expenditure Commitments

	2011	2010
Capital Commitments	-	-
Other Expenditure Commitments	-	-
Lease Commitments	-	-

(g) Contingent Liabilities of Joint Venture Entities

	2011	2010
Share of Contingent Liabilities incurred jointly with other Participants	-	-
Share of Contingent Liabilities for which Council is severally liable	-	-

19(c) Joint Venture Operations

Council has no interest in any Joint Venture Operations.

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

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2011	Actual 2010
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		706,526	694,984
a. Correction of Prior Period Errors	20 (c)	-	-
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		5	33
d. Net Operating Result for the Year		65,449	11,509
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
g. Other Changes		-	-
Balance at End of the Reporting Period		<u>771,980</u>	<u>706,526</u>

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

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	495,077	449,054
Total	<u>495,077</u>	<u>449,054</u>

(ii). Reconciliation of movements in Reserves:

Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		449,054	443,867
- Revaluations for the year	9(a)	51,353	5,187
- Impairment of revalued assets (incl. impairment reversals)	9(a)	(5,330)	-
- Balance at End of Year		<u>495,077</u>	<u>449,054</u>
TOTAL VALUE OF RESERVES		<u>495,077</u>	<u>449,054</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 2011

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

\$ '000	Notes	Actual 2011	Actual 2010
c. Correction of Error/s relating to a Previous Reporting Period			
Correction of errors actioned in this year's financial statements.			
1. Correction to land values in Land Asset Register		(5,999)	-
2. Correction to assets that were recognised 09/10 at the incorrect value.		11,711	-
3. Correction to Industrial Assets for duplication		(127)	-
4. Correction to derecognise assets disposed in 09/10		(214)	-
5. As part of that evaluation & measurement process, the remaining useful life of each asset has been 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>			
Roads Asset Class (increase)/decrease to accumulated depreciation		30,094	
Correction of errors actioned in last year's financial statements.			
Council brought account additional Livestock Marketing Centre assets that were not previously recognised.			4,427
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 Adjustments:			
- Adjustments to Opening Equity - 1/7/09 (relating to adjustments for the 30/6/09 reporting year end and prior periods)		5,712	4,427
- Adjustments to Closing Equity - 30/6/10 (relating to adjustments for the 30/6/10 year end)		29,753	-
Total Prior Period Equity Adjustments - Prior Period Errors		35,465	4,427
- Adjustments to Closing Property, Plant & Equipment 30/6/10		35,592	
- Adjustments to Closing Industrial Land 30/06/10		(127)	
Total Prior Period Asset Adjustments - Prior Period Errors		35,465	
- Adjustments to Loss on Sale for year ended 30/06/10		341	
- Adjustments to Net Operating Result for year ended 30/06/10		(341)	

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

d. Voluntary Changes in Accounting Policies

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

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2011	Actual 2011	Actual 2011
	Water	Sewer	General ¹
Continuing Operations			
Income from Continuing Operations			
Rates & Annual Charges	-	10,518	37,165
User Charges & Fees	-	2,608	14,146
Interest & Investment Revenue	-	1,292	4,552
Other Revenues	-	73	49,304
Grants & Contributions provided for Operating Purposes	-	349	18,521
Grants & Contributions provided for Capital Purposes	-	1,098	19,164
Other Income			
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	318
Total Income from Continuing Operations	-	15,938	143,170
Expenses from Continuing Operations			
Employee Benefits & on-costs	-	1,469	30,753
Borrowing Costs	-	2,595	831
Materials & Contracts	-	4,650	24,098
Depreciation & Amortisation	-	5,836	12,976
Other Expenses	-	1,439	8,173
Net Losses from the Disposal of Assets	-	-	839
Total Expenses from Continuing Operations	-	15,989	77,670
Operating Result from Continuing Operations	-	(51)	65,500
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	-	(51)	65,500
Net Operating Result attributable to each Council Fund	-	(51)	65,500
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	-	(1,149)	46,336

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

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

Wagga Wagga City Council

Notes to the Financial Statements

as at 30 June 2011

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund \$ '000	Actual 2011	Actual 2011	Actual 2011
	Water	Sewer	General ¹
ASSETS			
Current Assets			
Cash & Cash Equivalents	-	4,991	6,189
Investments	-	-	37,384
Receivables	-	765	14,785
Inventories	-	641	2,172
Other	-	-	365
Non-current assets classified as 'held for sale'	-	-	-
Total Current Assets	-	6,397	60,895
Non-Current Assets			
Investments	-	20,891	13,766
Receivables	-	-	348
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	-	224,164	1,008,871
Investments Accounted for using the equity method	-	-	1,683
Investment Property	-	-	4,685
Intangible Assets	-	-	-
Total Non-Current Assets	-	245,055	1,029,353
TOTAL ASSETS	-	251,452	1,090,248
LIABILITIES			
Current Liabilities			
Payables	-	1,870	10,104
Borrowings	-	432	561
Provisions	-	1,870	13,774
Total Current Liabilities	-	4,172	24,439
Non-Current Liabilities			
Payables	-	-	-
Borrowings	-	34,884	3,995
Provisions	-	1,316	5,837
Total Non-Current Liabilities	-	36,200	9,832
TOTAL LIABILITIES	-	40,372	34,271
Net Assets	-	211,080	1,055,977
EQUITY			
Retained Earnings	-	66,828	705,152
Revaluation Reserves	-	144,252	350,825
Total Equity	-	211,080	1,055,977

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

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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

\$ '000

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

Note 23. Events occurring after Balance Sheet Date

Events that occur after the reporting date of 30 June 2011, 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 18/10/11.

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 2011.

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

These financial statements (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2011 and which are only indicative of conditions that arose after 30 June 2011.

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 2011

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	
		2011	2010
Quarries	2031	408	298
Sewerage Treatment Works	2014	2,708	3,908
Solid Waste Management Centres	2021	1,222	1,377
Tarcutta Street Gasworks Site	2012	9,282	7,535
Balance at End of the Reporting Period	10	13,620	13,118

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	13,118	12,939
Effect of a change in other calculation estimates used	246	(214)
Amortisation of discount (expensed to borrowing costs)	256	393
Total - Reinstatement, rehabilitation and restoration provision	13,620	13,118

Amount of Expected Reimbursements

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

Wagga Wagga City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

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**

Kerry Pascoe

COUNCILLORS

Donna Argus
Yvonne Braid
Alan Brown
Ray Goodlass
Garry Hiscock
Rodney Kendall
Kerry Pascoe
Lindsay Vidler
Kevin Wales
Clint Uden

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 2011, 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 and 28. 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.

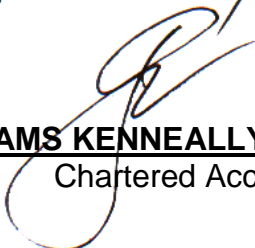
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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: 28th October 2011
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 2011, 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 \$65.45m** compared with a surplus of \$11.51m in the previous year, an increase of \$53.94m. The result for the 2011 year includes the reversal of revaluation decrements of \$46.6m and this has contributed to an increase of \$58.7m in operating revenues.

Excluding the abovementioned extraordinary revenue there was a net increase of \$12.1m (12.1%) in underlying operating revenues. This increase resulted from a higher level of rates and annual charges and a spike in capital grants and contributions resulting from flood and storm damage.

Total operating expenses increased by \$4.7m to \$93.1m. When the effect of the impairment expense in the previous year is excluded, operating expenses increased by (10.1%) This increase includes significant increases in borrowing costs (\$2.79m) and a further provision for remediation of the former gasworks site (\$1.75m) and a revaluation decrement on investment property (\$0.65m).

Depreciation expense increased by \$0.6m to \$18.8m 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 \$20.3m, for which the matching expenditure is shown in the Balance Sheet and not the Income Statement. The result before including these grants was a surplus of \$45.2m.

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.

	2011		2010		Increase/ (Decrease)	
	\$'000	% of Total	\$'000	% of Total	\$'000	% Change
Revenues						
Rates & Annual Charges	47,115	30%	43,833	44%	3,282	7.5%
User Charges & Fees	16,754	11%	16,127	16%	627	3.9%
Interest on Investments	5,844	4%	5,911	6%	(67)	(1.1%)
Grants & Contributions - Operating	18,870	12%	16,706	17%	2,164	13.0%
Capital grants & Contributions	20,262	13%	14,979	15%	5,283	35.3%
Other Revenues	49,377	31%	2,239	2%	47,138	2105.3%
Profit from Joint Ventures	318	<1%	82	<1%	236	287.8%
Total	158,540	100%	99,877	100%	58,663	58.7%
Expenditure						
Employee Costs	32,222	35%	31,161	35%	1,061	3.4%
Materials and Contracts	28,748	31%	23,758	27%	4,990	21.0%
Borrowing Costs	3,426	4%	633	<1%	2,793	441.2%
Depreciation	18,812	20%	18,208	21%	604	3.3%
Other	6,647	7%	6,598	7%	49	0.7%
	89,855		80,358		9,497	11.8%
Infrastructure Impairment	-	-	4,171	5%	(4,171)	100.0%
Loss on Disposal of assets	839	1%	3,634	4%	(2,795)	(76.9%)
Revaluation Decrements	650	1%	165	<1%	485	293.9%
Gasworks Remediation Provision	1,747	2%	40	<1%	1,707	4267.5%
Total	93,091	100%	88,368	100%	4,723	5.3%
Net Surplus/(Deficit) for the year	65,449		11,509		53,940	468.7%

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 4.9% in ordinary rate income for the year.

Total rates and annual charges levied increased by 7.4% to \$47.1m, representing 42% of Council's ordinary revenue¹.

¹ Ordinary Revenue excludes gains on sale of assets, revaluation decrement reversals and joint venture profits

Grants and Contributions

Grants and contributions, including those for capital works, totalled \$39.1m, compared to \$31.7m in 2010. The increase includes grants totalling \$11.1m for storm and flood damage to Council's infrastructure. (Additional approved Natural disaster funding of \$22.6m will be recognised as revenue when the work is carried out). Subdivision infrastructure dedications for 2010 were \$2m, compared to \$4.5m in 2010. Financial Assistance Grant (FAG) funding was \$0.96m more than the previous year.

User Charges & Fees

User Charges and Fees increased by \$0.6m (3.9%) to \$16.8m

Interest & Investment Revenues

The net interest and investment returns for 2011 of \$5.8m (compared to a budget of \$3.1m) were down slightly on the net returns 2010 of \$5.9m, reflecting lower interest yields.

Net investment revenue for 2011/12 is budgeted to be \$3.1m which appears to be conservative in light of the higher level of cash and investments held.

Employee Costs

While employee costs of \$32.2m were less than budget (\$35.6m), they were \$1.1m (3.4%) more than in 2010.

Actual Result /Budgeted Result

Income Statement Basis

The originally budgeted surplus for 2011 was \$3.6m. The actual operating result was a surplus of \$65.5m

The reversal of revaluation decrements of \$46.6m, in particular, contributed to the favourable variance against budget. Underlying total income exceeded budget by \$20m. Grants and Contributions exceeded budget by \$15.6m (including the storm damage grants of \$11.2m and subdivision dedications of \$2m). Interest and investment revenue exceeded budget by \$2.8m.

Total expenses exceeded budget by \$4.7m and including an additional provision of \$1.7m for the remediation of the former gasworks site, a revaluation decrement of \$0.7m on investment property and a net loss on disposal of infrastructure and plant of \$0.8m.

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 2011 was for a surplus of \$131,000. **The actual result was a surplus of \$260,000.**

Works funded from flood and storm damage grants have resulted in the deferral of budgeted expenditures and the surplus would have been significantly higher if not for unbudgeted transfers to internal reserves made during the year and internal restrictions applied at year end including:

- | | |
|--|--------|
| • Budget Savings identified in the February 2011 review. | \$1.6m |
| • Additional investment revenue the January 2011 review. | \$1.1m |
| • Additional Financial Assistance Grant revenue - July 2010. | \$0.4m |
| • Internal restrictions applied to receivables at year end. | \$2.5m |

In addition, transfers to reserves for “carryover” projects at year end were \$1.7m compared to \$1.6m at the end of the previous year.

Council has budgeted for a balanced budget for 2012.

- **Sewerage Fund**

Total available Sewerage funds decreased by \$0.5m to \$23.1m (Represented by cash of \$25m and other net current liabilities of \$1.9m).

FINANCIAL POSITION

Council’s net assets at 30th June 2011 were \$1,267m compared with \$1,156m at the beginning of the year.

Liquidity - Available Working Capital

Council’s **net current assets** were \$38.7m at 30th June 2011 and its **Available Working Capital was \$4.24m.**

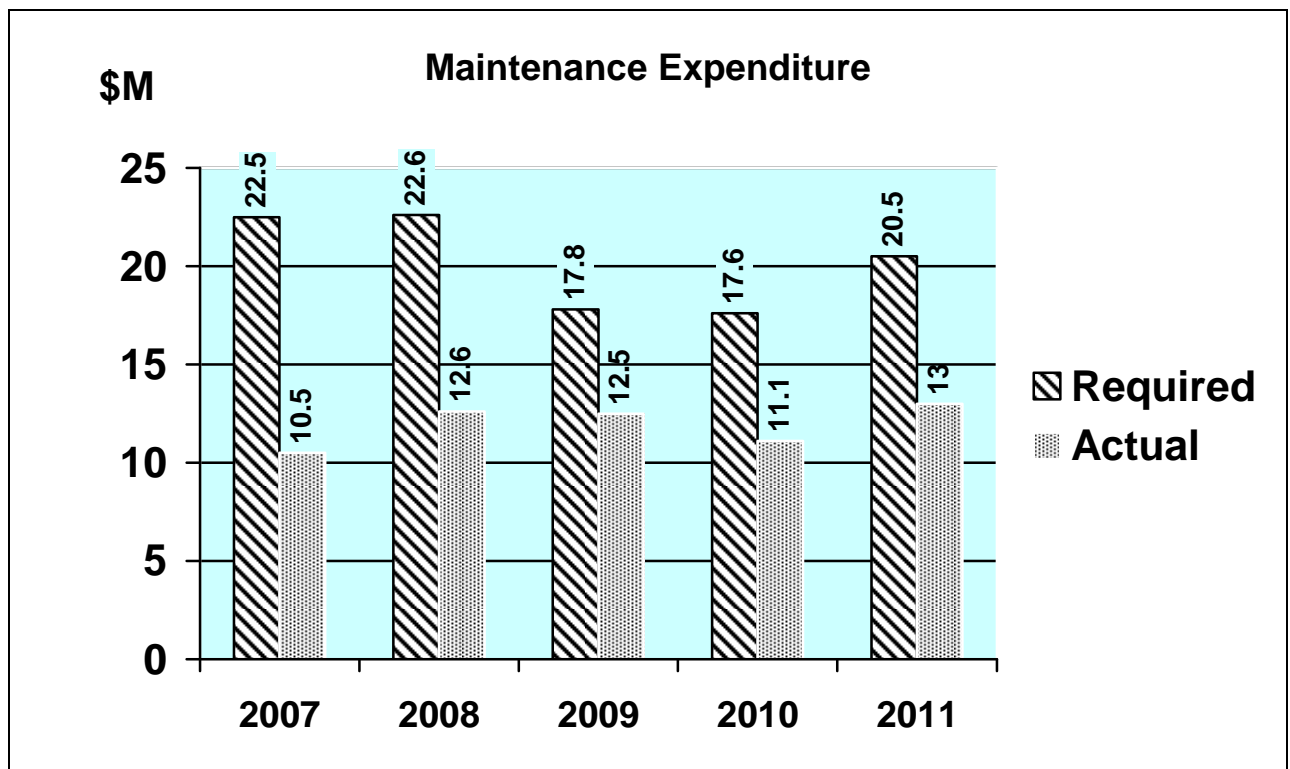
The available working capital gives an indication of Council’s working liquidity and its ability to fund unforeseen expenditures or discretionary funding deficits without using reserve funds.

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

	<u>2011</u> \$'000	<u>2010</u> \$'000
Unrestricted Cash	221	4,496
Receivables	10,214	6,318
Inventories	1,891	1,340
Other working capital assets	<u>365</u>	<u>331</u>
	12,691	12,485
Less Creditors	<u>8,447</u>	<u>8,501</u>
Available Working Capital	<u>4,244</u>	<u>3,984</u>

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

Condition of Civil Infrastructure



The annual maintenance requirement on Council's infrastructure (excluding sewerage) has been assessed by Council staff to be \$20.5m (2010 \$17.6m). The current allocations are \$13m (2010 \$11.1m). The increase in the maintenance shortfall includes the impact of maintenance requirements identified during the storm and flood events, particularly in respect of culverts.

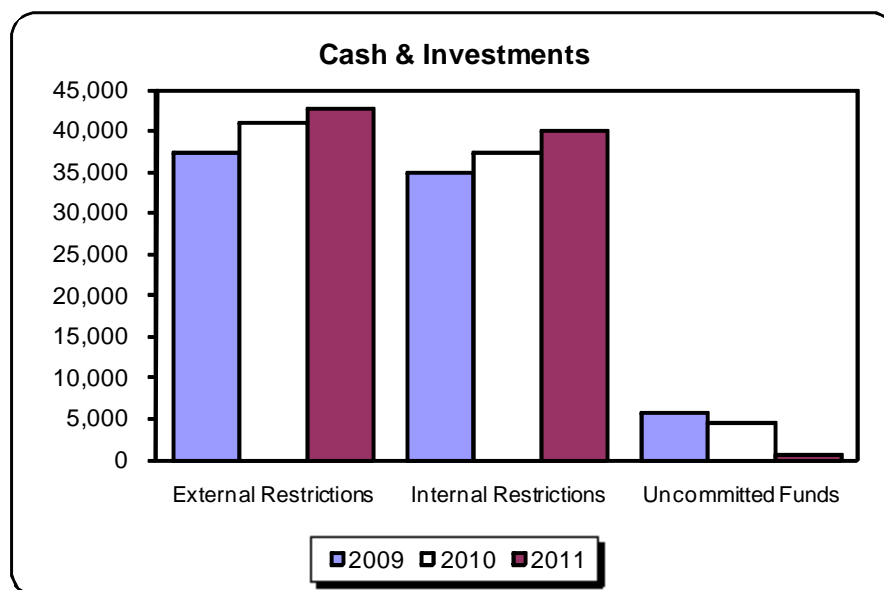
The estimated capital cost to bring Council's public works, other than sewerage infrastructure, up to a "satisfactory standard" has been assessed at \$99.7m (2010 \$66.2m; 2009 \$62m; 2008 \$58.3m;). The increase of \$33.5m in these estimates includes an increase of \$16.5m in the cost to bring levees up to a satisfactory standard and an increase of \$10m for roads. These figures are not audited².

CASH & INVESTMENTS

Council's **total cash and investments** at 30th June 2011 were **\$83.2m** compared to \$82.7m at 30th June 2010 and \$77.9m at 30th June 2009.

Total cash and investments held include:-

	<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
Externally restricted cash for:-		
Unexpended Specific Purpose Grants	3,915	3,634
Unexpended Development Contributions (Sec 94)	7,996	8,242
Other Unexpended Contributions	844	1,328
Employees Leave Entitlements - Sewerage and Domestic Waste	376	325
Domestic Waste Management Funds	4,101	2,341
Storm Water Management Funds	579	-
Sewerage Funds	<u>24,991</u>	<u>25,016</u>
	42,802	40,886
Internally restricted cash for:-		
General Fund Reserves	39,950	37,341
Unrestricted Cash – General Purposes		
	<u>469</u>	<u>4,496</u>
Total Cash & Investments	<u>83,221</u>	<u>82,723</u>



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

Bank Overdraft

While the balance of the bank overdraft in Council's accounting records at 30th June 2011 was \$248,000, 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 \$1.5m. Council **has** appropriately utilised the bank overdraft facility as part of its cash management process.

CASH FLOWS

The cash flow statement shows a **net decrease** in "cash" for the year of \$6.5m. Cash held at 30th June 2011 is shown as \$10.9m but in addition Council held investments of \$72m which do not qualify for disclosure as "cash" in the Cash Flow Statement.

Total cash and investments, net of bank overdrafts, increased by \$250,000.

Sources of funds in 2011 included a cash surplus from operations of \$32.9m.

Applications of funds included the net cost of investing in new and renewed assets of \$32.9m.

RESTRICTED CASH ASSETS

Externally Restricted Funds

Externally restricted cash funds totalled \$42.8m (2010 \$40.9m; 2009 \$37.5m). Movements in these funds for the year include 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 \$40m at 30th June 2011, compared to \$37.3m at 30th June 2010. These are funds set aside **at Council's discretion** for employee leave entitlements and for other future purposes including:

Gasworks Site Remediation

In recognition of the expected cost of \$9.3m to remediate the former gasworks site in Tarcutta Street, an additional \$1.3m has been transferred to this reserve in 2011. The cash backed reserve now stands at \$6m. In addition, a restriction of \$1m has been placed over receivables which will increase the reserve to \$7m. Council also has grant funding of \$0.5m available for the works.

Infrastructure Replacement Reserve

At 30th June 2011 the balance of this reserve was \$3.9m (2010 \$4.4m).

It is also possible that funds will need to be drawn from this reserve for the former gasworks site remediation.

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

Internal Loan Reserve

During the year, funds totalling \$1.2m were drawn from this reserve as loan advances. Loan repayments of \$0.7m were credited to the reserve together with \$0.8m in discretionary transfers. At 30th June 2011, the loan principal receivable from internal sources totalled \$5.6m (2010 \$4.8m).³

The cash balance of this reserve at 30th June 2011 was \$761,000 (2010 \$495,000) In addition a restriction of \$1.3m has been placed over receivables which will increase the cash balance of the reserve to \$2.1m.

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

³ 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.

PERFORMANCE INDICATORS

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

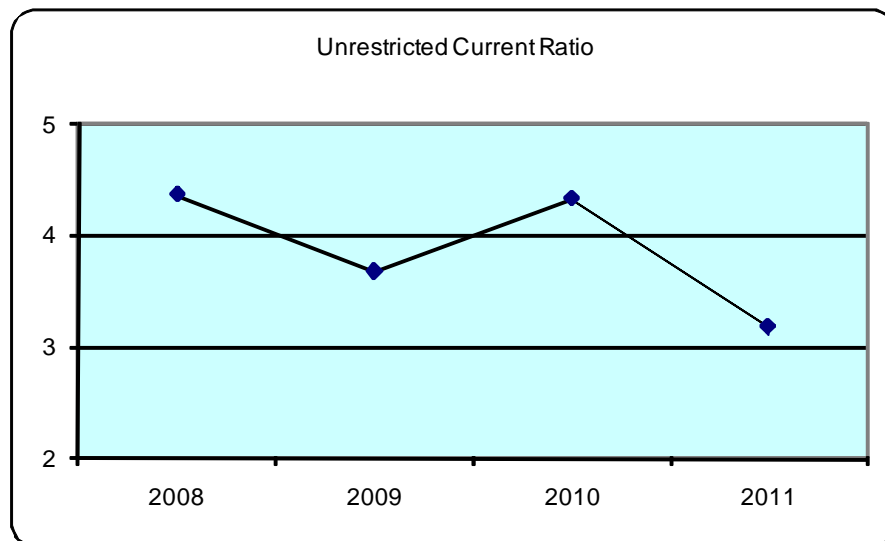
Liquidity Indicator

Unrestricted Current Ratio

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

The ratio shows Unrestricted Current Assets of \$56.9m at 3.18 times Unrestricted Current Liabilities of \$17.9m (2010 4.33 times). The reclassification of the Gasworks remediation provision to current liabilities was the principal reason for the decrease in the ratio this year.

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



The ratio continues to reflect Council's good liquidity position.

Debt Servicing Cost

The debt servicing cost ratio shows the percentage of ordinary revenue committed to the repayment of external debt. The debt servicing cost of the consolidated Council for 2010/11 was 4.49% of ordinary revenue (excluding specific purpose grants and contributions).

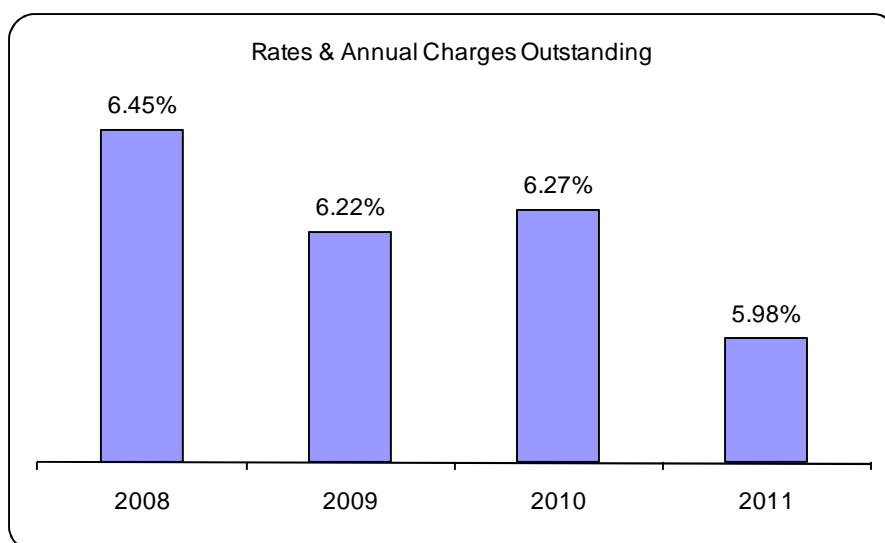
The ratio for Sewerage Fund is 22.18% as a result of the borrowings for the upgrade of Sewerage infrastructure. This level not unusually high, in the circumstances.

The ratio for General Fund is just 0.69%. When internal loan payments are added the ratio is 1.61%: this is a low level of debt servicing cost.

Rate Arrears

Arrears of rates, annual charges and extra charges were \$2.97m (2010 \$2.9m) representing 5.91% of collectable rates and annual charges.

A sale of land for overdue rates has improved the level of arrears and they are now below the 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 2011 was \$1.3m less than the notional consumption of infrastructure for the year and this is reflected in the General Fund ratio of 0.93 : 1.

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.

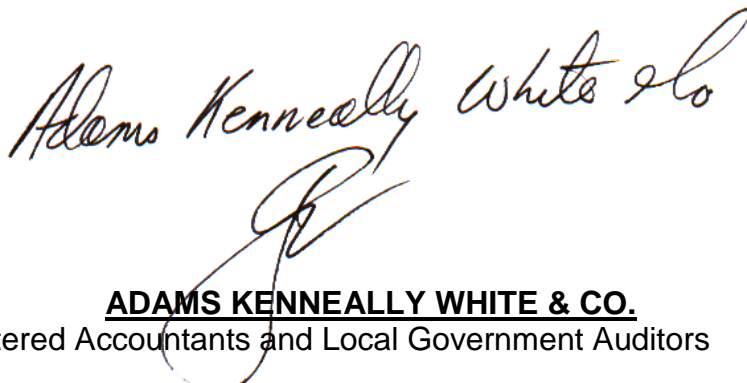
We thank Council management and staff for their co operation and assistance during our audit.

SUMMARY

Council's financial position remains healthy. Natural disaster funding has underpinned Council's operations during the 2011 year and this will continue throughout 2012, with \$20.6m of works still to be carried out as at 30th June 2011.

Funding for the remediation of the former gasworks site remains a priority as these works will be undertaken during the 2012 and 2013 financial years.

While the expenditure of the natural disaster funding may have some impact on infrastructure renewal requirements, Council will continue to face a significant funding challenge in respect of the maintenance and rehabilitation of its existing infrastructure.



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

Dated: 28th October 2011
WAGGA WAGGA

Wagga Wagga City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2011

*"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 2011

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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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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 2011

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 17 October 2011.



Kerry Pascoe
MAYOR



Ray Goodlass
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 2011

\$ '000	Actual 2011	Actual 2010	Actual 2009
Income from continuing operations			
Access charges	10,518	9,699	8,906
User charges	2,608	2,501	1,540
Liquid Trade Waste charges	-	-	-
Fees	-	-	-
Interest	1,292	1,414	137
Grants and contributions provided for non capital purposes	349	489	1,056
Profit from the sale of assets	-	-	-
Other income	73	300	85
Total income from continuing operations	14,840	14,403	11,724
Expenses from continuing operations			
Employee benefits and on-costs	1,469	1,347	1,261
Borrowing costs	2,595	16	33
Materials and contracts	4,650	4,094	4,210
Depreciation and impairment	5,836	5,408	5,156
Loss on sale of assets	-	3,399	-
Calculated taxation equivalents	51	40	41
Debt guarantee fee (if applicable)	-	-	-
Other expenses	1,439	1,197	1,250
Total expenses from continuing operations	16,040	15,501	11,951
Surplus (deficit) from Continuing Operations before capital amounts	(1,200)	(1,098)	(227)
Grants and contributions provided for capital purposes	1,098	1,515	1,969
Surplus (deficit) from Continuing Operations after capital amounts	(102)	417	1,742
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	(102)	417	1,742
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-
SURPLUS (DEFICIT) AFTER TAX	(102)	417	1,742
plus Opening Retained Profits	66,930	66,513	64,771
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	51	40	41
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	-
less:			
- Tax Equivalent Dividend paid	(51)	(40)	(41)
- Surplus dividend paid	-	-	-
Closing Retained Profits	66,828	66,930	66,513
Return on Capital %	0.6%	-0.5%	-0.1%
Subsidy from Council	10,284	12,251	11,918
Calculation of dividend payable:			
Surplus (deficit) after tax	(102)	417	1,742
less: Capital grants and contributions (excluding developer contributions)	(1,098)	(1,515)	(1,969)
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 2011

\$ '000	Livestock Marketing		Airport	
	Actual 2011	Actual 2010	Actual 2011	Actual 2010
Income from continuing operations				
Access charges	-	-	-	-
User charges	-	-	-	-
Fees	2,845	2,507	2,102	1,791
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	2	32	-	-
Profit from the sale of assets	-	-	-	-
Other income	5	4	-	-
Total income from continuing operations	2,852	2,543	2,102	1,791
Expenses from continuing operations				
Employee benefits and on-costs	579	630	412	418
Borrowing costs	3	2	347	91
Materials and contracts	266	233	94	216
Depreciation and impairment	202	199	285	155
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	8	7	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	1,479	1,114	979	976
Total expenses from continuing operations	2,537	2,185	2,117	1,856
Surplus (deficit) from Continuing Operations before capital amounts	315	358	(15)	(65)
Grants and contributions provided for capital purposes	-	-	1,117	537
Surplus (deficit) from Continuing Operations after capital amounts	315	358	1,102	472
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	315	358	1,102	472
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(95)	(107)	-	-
SURPLUS (DEFICIT) AFTER TAX	220	251	1,102	472
plus Opening Retained Profits	8,709	8,344	7,293	6,821
plus/less: Other Adjustments (Other Structures Revaluation)	12,124	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	8	7	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	95	107	-	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
Closing Retained Profits	21,155	8,709	8,395	7,293
Return on Capital %	1.7%	5.1%	1.9%	0.2%
Subsidy from Council	675	2	590	782

Wagga Wagga City Council

Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2011

\$ '000	Actual 2011	Actual 2010
ASSETS		
Current Assets		
Cash and cash equivalents	4,991	6,008
Investments	-	-
Receivables	765	960
Inventories	641	696
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	6,397	7,664
Non-Current Assets		
Investments	20,891	19,943
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	224,164	219,005
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	245,055	238,948
TOTAL ASSETS	251,452	246,612
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	1,870	2,154
Interest bearing liabilities	432	422
Provisions	1,870	1,357
Total Current Liabilities	4,172	3,933
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	34,884	35,382
Provisions	1,316	2,984
Total Non-Current Liabilities	36,200	38,366
TOTAL LIABILITIES	40,372	42,299
NET ASSETS	211,080	204,313
EQUITY		
Retained earnings	66,828	66,931
Revaluation reserves	144,252	137,382
Council equity interest	211,080	204,313
Minority equity interest	-	-
TOTAL EQUITY	211,080	204,313

Wagga Wagga City Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2011

\$ '000	Livestock Marketing Category 1		Airport Category 2	
	Actual 2011	Actual 2010	Actual 2011	Actual 2010
ASSETS				
Current Assets				
Cash and cash equivalents	16,882	4,314	665	1,818
Investments	-	-	-	-
Receivables	37	36	1,001	657
Inventories	-	-	-	-
Other	-	1	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	16,919	4,351	1,666	2,475
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	19,054	7,098	17,688	15,851
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Total Non-Current Assets	19,054	7,098	17,688	15,851
TOTAL ASSETS	35,973	11,449	19,354	18,326
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	103	155	476	250
Interest bearing liabilities	-	-	313	313
Provisions	133	126	148	135
Total Current Liabilities	236	281	937	698
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	3,995	4,308
Provisions	-	1	1	1
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	-	1	3,996	4,309
TOTAL LIABILITIES	236	282	4,933	5,007
NET ASSETS	35,737	11,167	14,421	13,319
EQUITY				
Retained earnings	21,155	8,709	8,395	7,293
Revaluation reserves	14,582	2,458	6,026	6,026
Council equity interest	35,737	11,167	14,421	13,319
Minority equity interest	-	-	-	-
TOTAL EQUITY	35,737	11,167	14,421	13,319

Wagga Wagga City Council

Special Purpose Financial Statements

for the financial year ended 30 June 2011

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 2011

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.

Category 2

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

c. Airport

Wagga Wagga City Airport Facility.

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

Wagga Wagga City Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2011

Note 1. Significant Accounting Policies (continued)

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 **\$387,000** of combined land values attracts **0%**. From \$387,001 to \$2,366,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,366,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$658,000.

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

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

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

Income Tax

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

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

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

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

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

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

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

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

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

(ii) Subsidies

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

Subsidies occur where council provides services on a less than cost recovery basis. This option is

Wagga Wagga City Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2011

Note 1. Significant Accounting Policies (continued)

exercised on a range of services in order for council to meet its community service obligations.

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

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

(iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 5.21% at 30/6/11.

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

(iv) Dividends

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

Local Government Sewerage Businesses are permitted to pay an annual dividend from its 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 2011 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 2011

Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2011

1. Calculation and Payment of Tax-Equivalents

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

(i) Calculated Tax Equivalents	51,000
(ii) No of assessments multiplied by \$3/assessment	71,814
(iii) Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	51,000
(iv) Amounts actually paid for Tax Equivalents	51,000

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)	667,140
(iii) Cumulative surplus before dividends for the 3 years to 30 June 2011, less the cumulative dividends paid for the 2 years to 30 June 2010 & 30 June 2009	(2,525,000)

2011 Surplus	(1,200,000)	2010 Surplus	(1,098,000)	2009 Surplus	(227,000)
		2010 Dividend	-	2009 Dividend	-

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

3. Required outcomes for 4 Criteria

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

(i) Completion of Strategic Business Plan (including Financial Plan)	Yes
(ii) Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
Complying charges (a) Residential [Item 2(c) in Table 1]	YES
(b) Non Residential [Item 2(c) in Table 1]	NO
(c) Trade Waste [Item 2(d) in Table 1]	NO
DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii) Complete Performance Reporting Form (by 15 September each year)	YES
(iv) a. Integrated Water Cycle Management Evaluation	NO
b. Complete and implement Integrated Water Cycle Management Strategy	NO

Wagga Wagga City Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2011

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

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)		2011
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 14,646
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000 224,164
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000 7,354
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000 5,505
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)]	% 0.65%
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 14,646
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	% 1.15%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000 5,505
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)]	% 0.65%
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 2011

Note 3. Sewerage Business

Best Practice Management disclosure requirements (continued)

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

2011

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)]	%	4.47%
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	168

- 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 2011. 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.

Dated: 28th October 2011
Wagga Wagga


ADAMS KENNEALLY WHITE & CO
Chartered Accountants

Wagga Wagga City Council

SPECIAL SCHEDULES

for the year ended 30 June 2011

*"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 2011

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- Special Schedule No. 3	Water Supply - Income Statement	n/a
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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 2011

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	642	160	-	(482)
Administration	17,570	689	432	(16,449)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	947	186	194	(567)
Beach Control	7	-	-	(7)
Enforcement of Local Govt Regs	492	875	-	383
Animal Control	324	226	-	(98)
Other	-	-	-	-
Total Public Order & Safety	1,770	1,287	194	(289)
Health	879	109	-	(770)
Environment				
Noxious Plants and Insect/Vermin Control	327	96	-	(231)
Other Environmental Protection	5,477	833	504	(4,140)
Solid Waste Management	7,114	8,542	-	1,428
Street Cleaning	33	-	-	(33)
Drainage	824	637	40	(147)
Stormwater Management	-	-	-	-
Total Environment	13,775	10,108	544	(3,123)
Community Services and Education				
Administration & Education	245	11	-	(234)
Social Protection (Welfare)	895	498	500	103
Aged Persons and Disabled	208	136	-	(72)
Childrens Services	2,401	2,370	-	(31)
Total Community Services & Education	3,749	3,015	500	(234)
Housing and Community Amenities				
Public Cemeteries	862	944	-	82
Public Conveniences	137	-	27	(110)
Street Lighting	694	-	-	(694)
Town Planning	3,224	93	1,549	(1,582)
Other Community Amenities	20	1,226	410	1,616
Total Housing and Community Amenities	4,937	2,263	1,986	(688)
Water Supplies	-	-	-	-
Sewerage Services	15,993	14,585	1,199	(209)

Wagga Wagga City Council

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

for the financial year ended 30 June 2011

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	1,912	378	-	(1,534)
Museums	862	103	-	(759)
Art Galleries	876	268	61	(547)
Community Centres and Halls	29	6	196	173
Performing Arts Venues	1,059	607	-	(452)
Other Performing Arts	-	-	-	-
Other Cultural Services	688	129	-	(559)
Sporting Grounds and Venues	1,279	175	451	(653)
Swimming Pools	3,102	1,514	-	(1,588)
Parks & Gardens (Lakes)	2,797	13	1,455	(1,329)
Other Sport and Recreation	2,129	165	-	(1,964)
Total Recreation and Culture	14,733	3,358	2,163	(9,212)
Fuel & Energy	-	-	-	-
Agriculture	-	-	-	-
Mining, Manufacturing and Construction				
Building Control	753	994	-	241
Other Mining, Manufacturing & Construction	(393)	-	-	393
Total Mining, Manufacturing and Const.	360	994	-	634
Transport and Communication				
Urban Roads (UR) - Local	3,689	2,206	9,146	7,663
Urban Roads - Regional	92	232	-	140
Sealed Rural Roads (SRR) - Local	943	-	-	(943)
Sealed Rural Roads - Regional	628	1,160	-	532
Unsealed Rural Roads (URR) - Local	914	2,885	-	1,971
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	24	150	-	126
Bridges on SRR - Local	72	-	-	(72)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	73	-	-	(73)
Footpaths	286	111	-	(175)
Aerodromes	2,100	2,102	1,117	1,119
Other Transport & Communication	2,135	43,133	2,964	43,962
Total Transport and Communication	10,956	51,979	13,227	54,250
Economic Affairs				
Camping Areas & Caravan Parks	-	13	-	13
Other Economic Affairs	7,727	4,815	17	(2,895)
Total Economic Affairs	7,727	4,828	17	(2,882)
Totals – Functions	93,091	93,375	20,262	20,546
General Purpose Revenues⁽²⁾		44,585		44,585
Share of interests - joint ventures & associates using the equity method	-	318		318
NET OPERATING RESULT⁽¹⁾	93,091	138,278	20,262	65,449

(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 2011

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfer s 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	802	39,624	40,426	-	802	-	-	2,925	745	38,879	39,624
Other	-	-	-							-	-
Total Loans	802	39,624	40,426	-	802	-	-	2,925	745	38,879	39,624
Other Long Term Debt											
Ratepayers Advances	-	-	-							-	-
Government Advances	-	-	-							-	-
Finance Leases	-	-	-							-	-
Deferred Payments	-	-	-							-	-
Total Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Total Debt	802	39,624	40,426	-	802	-	-	2,925	745	38,879	39,624

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 2011

\$'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	6,500	630	4,236
Totals	6,500	630	4,236

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

Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
Property Management	General Fund	30/06/97	31/12/97	10	30/06/07	8.00%	600	48	600
Cemetery	General Fund	30/06/06	30/06/07	10	30/06/17	6.25%	300	34	-
Human Resources & Corp. Strategy	General Fund	30/06/07	30/06/07	10	30/06/17	6.50%	500	69	98
Capital Works	General Fund	30/06/07	30/06/07	10	30/06/17	6.50%	1,725	237	1,139
Capital Works	General Fund	30/06/07	30/06/07	10	30/06/17	6.25%	760	104	510
Parks & Recreation	General Fund	30/06/09	30/06/09	10	30/06/19	5.62%	1,430	138	704
Cemetery	General Fund	30/06/11	30/06/11	10	30/06/21	6.50%	74	-	74
Parks & Recreation	General Fund	30/06/11	30/06/11	10	30/06/21	6.50%	9	-	9
Swimming Complex	General Fund	30/06/11	30/06/11	10	30/06/21	6.50%	27	-	27
Property Management	General Fund	30/06/11	30/06/11	15	30/06/26	6.00%	587	-	587
Capital Works	General Fund	30/06/11	30/06/11	10	30/06/21	6.50%	403	-	403
Library	General Fund	30/06/11	30/06/11	2	30/06/13	0.00%	5	-	5
Parks & Recreation	General Fund	30/06/11	30/06/11	1	30/06/12	0.00%	80	-	80
Totals							6,500	630	4,236

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 2011

\$'000	Actuals 2011	Actuals 2010
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	1,340	1,112
b. Engineering and Supervision	-	-
2. Operation and Maintenance expenses		
- Mains		
a. Operation expenses	598	487
b. Maintenance expenses	513	442
- Pumping Stations		
c. Operation expenses (excluding energy costs)	467	377
d. Energy costs	191	142
e. Maintenance expenses	146	89
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	3,179	2,602
g. Chemical costs	-	-
h. Energy costs	38	28
i. Effluent Management	104	136
j. Biosolids Management	-	-
k. Maintenance expenses	-	-
- Other		
l. Operation expenses	778	889
m. Maintenance expenses	-	-
3. Depreciation expenses		
a. System assets	5,836	5,408
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	2,762	136
b. Revaluation Decrements	-	-
c. Other expenses	37	214
d. Tax Equivalent Dividends (actually paid)	51	40
5. Total expenses	16,040	12,102

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 2011

\$'000	Actuals 2011	Actuals 2010
Income		
6. Residential charges (including rates)	8,975	8,299
7. Non-residential charges		
a. Access (including rates)	1,543	1,399
b. Usage charges	-	-
8. Trade Waste Charges		
a. Annual Fees	-	-
b. Usage charges	2,608	2,501
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9. Extra charges	-	-
10. Interest income	1,292	1,414
11. Other income	73	300
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	168	159
c. Other grants	-	-
13. Contributions		
a. Developer charges	650	740
b. Developer provided assets	448	775
c. Other contributions	181	331
14. Total income	<u>15,938</u>	<u>15,918</u>
15. Gain or loss on disposal of assets	-	(3,399)
16. Operating Result	<u>(102)</u>	<u>417</u>
16a. Operating Result (less grants for acquisition of assets)	(102)	417

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 2011

\$'000	Actuals 2011	Actuals 2010
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	5,505	11,409
c. Renewals	-	-
d. Plant and equipment	-	-
18. Repayment of debt		
a. Loans	489	318
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	5,994	11,727
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	4,000
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	4,000
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	21,359	22,079
b. Residential (unoccupied, ie. vacant lot)	902	1,007
c. Non-residential (occupied)	1,677	1,668
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)	\$ 598,999	\$ 601,442

Wagga Wagga City Council

Special Schedule No. 5 - Sewerage Cross Subsidies
for the financial year ended 30 June 2011

\$'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 2010/11 (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 2011

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	-	-	-
b. Special purpose grants	696	-	696
c. Accrued leave	195	-	195
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	4,100	20,891	24,991
32. Receivables			
a. Specific purpose grants	-	-	-
b. Rates and charges	573	-	573
c. Other	192	-	192
33. Inventories	641	-	641
34. Property, plant and equipment			
a. System assets	-	224,164	224,164
b. Plant and equipment	-	-	-
35. Other assets	-	-	-
36. Total Assets	6,397	245,055	251,452
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	1,870	-	1,870
39. Borrowings			
a. Loans	432	34,884	35,316
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	1,870	1,316	3,186
41. Total Liabilities	4,172	36,200	40,372
42. NET ASSETS COMMITTED	2,225	208,855	211,080
EQUITY			
42. Accumulated surplus			66,828
44. Asset revaluation reserve			144,252
45. TOTAL EQUITY			211,080
Note to system assets:			
46. Current replacement cost of system assets			310,320
47. Accumulated current cost depreciation of system assets			(86,156)
48. Written down current cost of system assets			224,164

Wagga Wagga City Council

Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2011

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 2011

\$'000	Actual ⁽¹⁾ 10/11	Forecast 11/12	Forecast 12/13	Forecast ⁽³⁾ 13/14	Forecast ⁽³⁾ 14/15
(i) RECURRENT BUDGET					
Income from continuing operations	158,540	98,879	102,614	112,234	106,602
Expenses from continuing operations	93,091	102,939	101,333	105,600	109,174
Operating Result from Continuing Operations	<u>65,449</u>	<u>(4,060)</u>	<u>1,281</u>	<u>6,634</u>	<u>(2,572)</u>
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	12,092	28,621	21,531	19,701	17,659
Replacement/Refurbishment of Existing Assets	23,553	20,845	15,797	21,789	19,582
Total Capital Budget	<u>35,645</u>	<u>49,466</u>	<u>37,328</u>	<u>41,490</u>	<u>37,241</u>
Funded by:					
- Loans	211	14,395	9,847	10,503	11,636
- Asset sales	1,150	1,359	1,026	999	1,038
- Reserves	11,374	17,037	6,628	4,293	7,689
- Grants/Contributions	17,846	8,809	8,685	14,242	4,996
- Recurrent revenue	5,005	7,866	11,142	11,453	11,882
- Other	59	-	-	-	-
	<u>35,645</u>	<u>49,466</u>	<u>37,328</u>	<u>41,490</u>	<u>37,241</u>

Notes:

(1) From 10/11 Income Statement.

(2) New Capital Works are major non-recurrent projects.



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