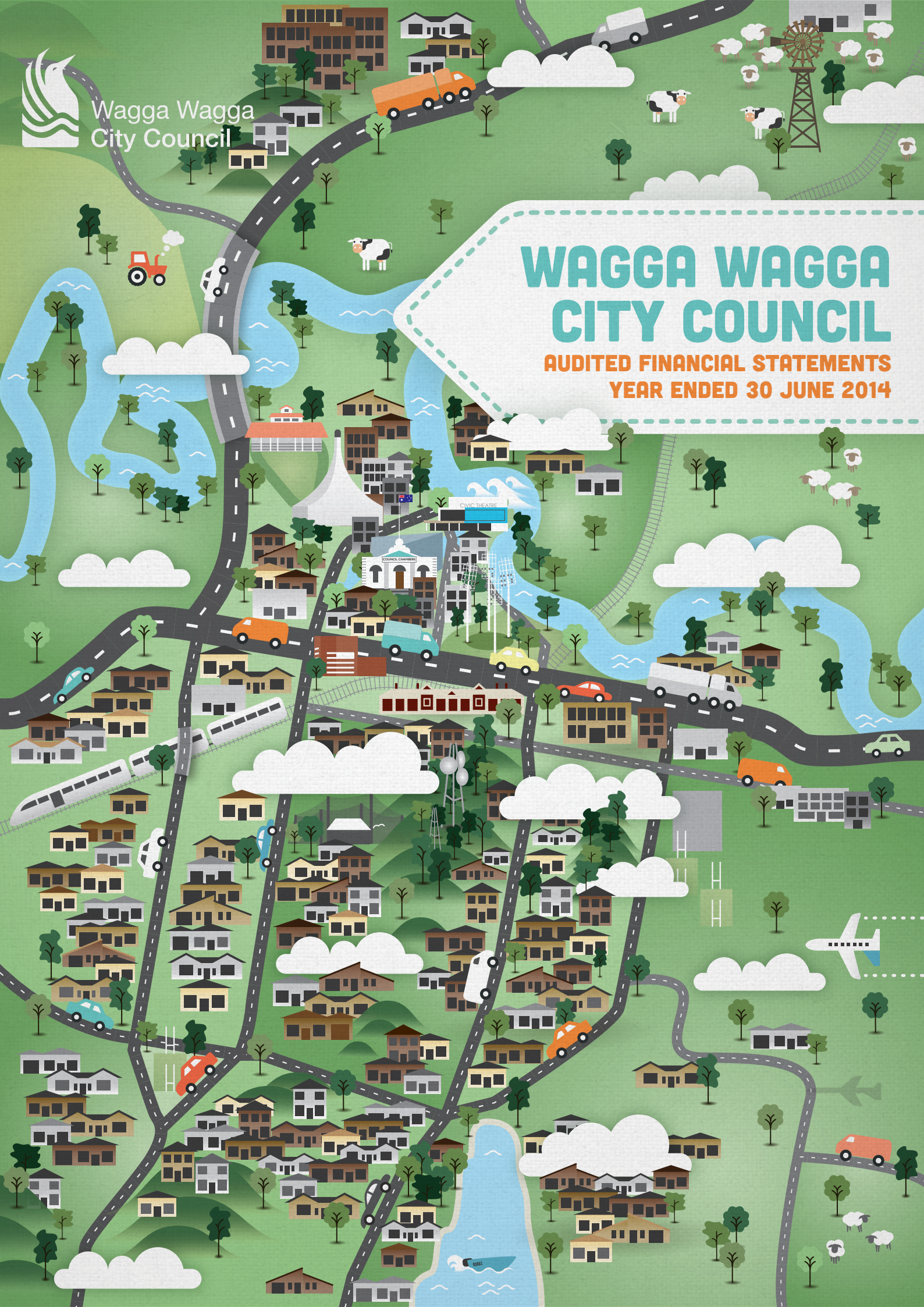




Wagga Wagga  
City Council

# WAGGA WAGGA CITY COUNCIL

AUDITED FINANCIAL STATEMENTS  
YEAR ENDED 30 JUNE 2014





# Wagga Wagga City Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2014

---

*"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 2014

Contents	Page
<b>1. Understanding Council's Financial Statements</b>	2
<b>2. Statement by Councillors &amp; Management</b>	3
<b>3. Primary Financial Statements:</b>	
- Income Statement	4
- Statement of Comprehensive Income	5
- Statement of Financial Position	6
- Statement of Changes in Equity	7
- Statement of Cash Flows	8
<b>4. Notes to the Financial Statements</b>	9
<b>5. Independent Auditor's Reports:</b>	
- On the Financial Statements (Sect 417 [2])	108
- On the Conduct of the Audit (Sect 417 [3])	110

---

### Overview

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

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

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

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 13 October 2014. Council has the power to amend and reissue these financial statements.
-

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Understanding Council's Financial Statements

---

#### Introduction

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

#### What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2014.

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

##### 1. The Income Statement

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

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

##### 2. The Statement of Comprehensive Income

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

##### 3. The Statement of Financial Position

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

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

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

##### 5. The Statement of Cash Flows

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

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

#### Who uses the Financial Statements ?

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

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

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



## Wagga Wagga City Council

### General Purpose Financial Statements for the financial year ended 30 June 2014

### 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 13 October 2014.**



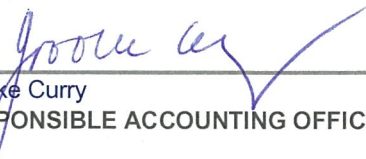
Rod Kendall  
MAYOR



Dallas Tout  
COUNCILLOR



Phil Pinyon  
GENERAL MANAGER



Brooke Curry  
RESPONSIBLE ACCOUNTING OFFICER

# Wagga Wagga City Council

## Income Statement

for the financial year ended 30 June 2014

Budget <sup>1</sup> 2014	\$ '000	Notes	Actual 2014	Actual 2013
<b>Income from Continuing Operations</b>				
<b>Revenue:</b>				
53,372	Rates & Annual Charges	3a	52,450	50,485
21,991	User Charges & Fees	3b	21,320	20,021
4,680	Interest & Investment Revenue	3c	4,141	4,988
2,817	Other Revenues	3d	3,002	3,489
14,319	Grants & Contributions provided for Operating Purposes	3e,f	22,222	22,318
12,734	Grants & Contributions provided for Capital Purposes	3e,f	15,768	14,765
<b>Other Income:</b>				
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	195	125
<b>109,913</b>	<b>Total Income from Continuing Operations</b>		<b>119,098</b>	<b>116,191</b>
<b>Expenses from Continuing Operations</b>				
39,229	Employee Benefits & On-Costs	4a	40,297	39,393
3,997	Borrowing Costs	4b	4,092	4,041
34,196	Materials & Contracts	4c	27,748	28,167
21,332	Depreciation, Amortisation & Impairment	4d	22,013	18,997
7,992	Other Expenses	4e	20,728	17,537
-	Net Losses from the Disposal of Assets	5	2,085	1,583
<b>106,747</b>	<b>Total Expenses from Continuing Operations</b>		<b>116,962</b>	<b>109,718</b>
<b>3,166</b>	<b>Operating Result from Continuing Operations</b>		<b>2,136</b>	<b>6,473</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>3,166</b>	<b>Net Operating Result for the Year</b>		<b>2,136</b>	<b>6,473</b>
3,166	Net Operating Result attributable to Council		2,136	6,473
-	Net Operating Result attributable to Non-controlling Interests		-	-
<b>(9,568)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>(13,632)</b>	<b>(8,292)</b>

<sup>1</sup> Original Budget as approved by Council - refer Note 16



# Wagga Wagga City Council

## Statement of Comprehensive Income for the financial year ended 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
<b>Net Operating Result for the year</b> (as per Income statement)		<b>2,136</b>	<b>6,473</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	6,760	(67,121)
Impairment reversal relating to I,PP&E	20b (ii)	1,405	2,426
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>8,164</b>	<b>(64,695)</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Other Movements in Equity ( <a href="#">Riverina Regional Library Service</a> )	19	(317)	(94)
<b>Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met</b>		<b>(317)</b>	<b>(94)</b>
<b>Total Other Comprehensive Income for the year</b>		<b>7,847</b>	<b>(64,789)</b>
<b>Total Comprehensive Income for the Year</b>		<b>9,983</b>	<b>(58,316)</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>9,983</b>	<b>(58,316)</b>

# Wagga Wagga City Council

## Statement of Financial Position as at 30 June 2014

\$ '000	Notes	Actual 2014	Actual 2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	15,821	20,101
Investments	6b	16,125	18,789
Receivables	7	14,955	17,772
Inventories	8	2,732	3,273
Other	8	386	1,057
Non-current assets classified as "held for sale"	22	-	100
<b>Total Current Assets</b>		<b>50,019</b>	<b>61,092</b>
<b>Non-Current Assets</b>			
Investments	6b	43,614	34,361
Receivables	7	2,730	2,239
Infrastructure, Property, Plant & Equipment	9	1,263,832	1,252,124
Investments accounted for using the equity method	19	1,744	1,867
Investment Property	14	3,955	4,580
<b>Total Non-Current Assets</b>		<b>1,315,876</b>	<b>1,295,171</b>
<b>TOTAL ASSETS</b>		<b>1,365,894</b>	<b>1,356,263</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	15,129	12,446
Borrowings	10	2,133	1,703
Provisions	10	15,093	20,798
<b>Total Current Liabilities</b>		<b>32,355</b>	<b>34,947</b>
<b>Non-Current Liabilities</b>			
Borrowings	10	55,256	53,558
Provisions	10	1,963	1,625
<b>Total Non-Current Liabilities</b>		<b>57,218</b>	<b>55,183</b>
<b>TOTAL LIABILITIES</b>		<b>89,573</b>	<b>90,130</b>
<b>Net Assets</b>		<b>1,276,321</b>	<b>1,266,133</b>
<b>EQUITY</b>			
Retained Earnings	20	782,280	779,007
Revaluation Reserves	20	494,041	487,126
Council Equity Interest		1,276,321	1,266,133
Non-controlling Interests		-	-
<b>Total Equity</b>		<b>1,276,321</b>	<b>1,266,133</b>



# Wagga Wagga City Council

## Statement of Changes in Equity for the financial year ended 30 June 2014

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2014</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		780,256	487,126	<b>1,267,382</b>	-	<b>1,267,382</b>
a. Correction of Prior Period Errors	20 (c)	205	(1,249)	<b>(1,044)</b>	-	<b>(1,044)</b>
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/13)</b>		<b>780,461</b>	<b>485,877</b>	<b>1,266,338</b>	-	<b>1,266,338</b>
<b>c. Net Operating Result for the Year</b>		<b>2,136</b>	-	<b>2,136</b>	-	<b>2,136</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	6,760	<b>6,760</b>	-	<b>6,760</b>
- Impairment reversal relating to I,PP&E	20b (ii)	-	1,405	<b>1,405</b>	-	<b>1,405</b>
- Other Movements (Joint Ventures)	20b (ii)	(317)	-	<b>(317)</b>	-	<b>(317)</b>
<b>Other Comprehensive Income</b>		<b>(317)</b>	<b>8,164</b>	<b>7,847</b>	-	<b>7,847</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>1,819</b>	<b>8,164</b>	<b>9,983</b>	-	<b>9,983</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>782,280</b>	<b>494,041</b>	<b>1,276,321</b>	-	<b>1,276,321</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
<b>2013</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		774,056	551,821	<b>1,325,877</b>	-	<b>1,325,877</b>
a. Correction of Prior Period Errors	20 (c)	(1,428)		<b>(1,428)</b>	-	<b>(1,428)</b>
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/12)</b>		<b>772,628</b>	<b>551,821</b>	<b>1,324,449</b>	-	<b>1,324,449</b>
<b>c. Net Operating Result for the Year</b>		<b>6,473</b>	-	<b>6,473</b>	-	<b>6,473</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	(67,121)	<b>(67,121)</b>	-	<b>(67,121)</b>
- Impairment reversal relating to I,PP&E	20b (ii)	-	2,426	<b>2,426</b>	-	<b>2,426</b>
- Other Movements (Joint Ventures)	20b (ii)	(94)	-	<b>(94)</b>	-	<b>(94)</b>
<b>Other Comprehensive Income</b>		<b>(94)</b>	<b>(64,695)</b>	<b>(64,789)</b>	-	<b>(64,789)</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>6,379</b>	<b>(64,695)</b>	<b>(58,316)</b>	-	<b>(58,316)</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>779,007</b>	<b>487,126</b>	<b>1,266,133</b>	-	<b>1,266,133</b>

## Wagga Wagga City Council

## Statement of Cash Flows

for the financial year ended 30 June 2014

Budget 2014	\$ '000	Notes	Actual 2014	Actual 2013
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
53,372	Rates & Annual Charges		52,774	49,888
21,991	User Charges & Fees		20,947	19,969
4,680	Investment & Interest Revenue Received		3,475	3,939
27,053	Grants & Contributions		34,473	34,290
-	Bonds, Deposits & Retention amounts received		-	56
2,817	Other		13,137	10,688
<b>Payments:</b>				
(39,229)	Employee Benefits & On-Costs		(40,036)	(38,789)
(34,196)	Materials & Contracts		(23,410)	(40,302)
(3,997)	Borrowing Costs		(4,011)	(3,859)
-	Bonds, Deposits & Retention amounts refunded		(17)	-
(7,992)	Other		(32,448)	(18,301)
<b>24,498</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>24,881</b>	<b>17,579</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		24,858	40,298
-	Sale of Investment Property		679	-
1,629	Sale of Infrastructure, Property, Plant & Equipment		1,334	1,616
-	Deferred Debtors Receipts		259	312
<b>Payments:</b>				
-	Purchase of Investment Securities		(31,118)	(19,302)
-	Purchase of Investment Property		(36)	(210)
(46,292)	Purchase of Infrastructure, Property, Plant & Equipment		(26,770)	(34,503)
-	Purchase of Real Estate Assets		-	(1)
-	Deferred Debtors & Advances Made		(441)	(2,081)
-	Contributions - Joint Ventures & Associates		(54)	-
<b>(44,663)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(31,289)</b>	<b>(13,871)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
21,534	Proceeds from Borrowings & Advances		3,892	5,187
<b>Payments:</b>				
(2,506)	Repayment of Borrowings & Advances		(1,765)	(1,402)
<b>19,028</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>2,127</b>	<b>3,785</b>
<b>(1,138)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(4,280)</b>	<b>7,493</b>
6,153	plus: Cash & Cash Equivalents - beginning of year	11a	20,101	12,608
<b>5,016</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>15,821</b>	<b>20,101</b>
	plus: Investments on hand - end of year	6b	59,739	53,150
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		<b>75,560</b>	<b>73,251</b>

Please refer to Note 11 for additional cash flow information



# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

## Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10
2(a)	Council Functions / Activities - Financial Information	27
2(b)	Council Functions / Activities - Component Descriptions	28
3	Income from Continuing Operations	29
4	Expenses from Continuing Operations	34
5	Gains or Losses from the Disposal of Assets	37
6(a)	Cash & Cash Equivalent Assets	38
6(b)	Investments	38
6(c)	Restricted Cash, Cash Equivalents & Investments - Details	40
7	Receivables	42
8	Inventories & Other Assets	43
9(a)	Infrastructure, Property, Plant & Equipment	45
9(b)	Externally Restricted Infrastructure, Property, Plant & Equipment	46
9(c)	Infrastructure, Property, Plant & Equipment - Current Year Impairments	46
10(a)	Payables, Borrowings & Provisions	47
10(b)	Description of (and movements in) Provisions	48
11	Statement of Cash Flows - Additional Information	49
12	Commitments for Expenditure	51
13	Statement of Performance Measures:	
13a (i)	Local Government Industry Indicators (Consolidated)	52
13a (ii)	Local Government Industry Graphs (Consolidated)	53
13b	Local Government Industry Indicators (by Fund)	55
14	Investment Properties	56
15	Financial Risk Management	57
16	Material Budget Variations	61
17	Statement of Developer Contributions	64
18	Contingencies and Other Liabilities/Assets not recognised	67
19	Controlled Entities, Associated Entities & Interests in Joint Ventures	70
20	Equity - Retained Earnings and Revaluation Reserves	72
21	Financial Result & Financial Position by Fund	74
22	"Held for Sale" Non Current Assets & Disposal Groups	76
23	Events occurring after the Reporting Date	77 n/a
24	Discontinued Operations	77 n/a
25	Intangible Assets	77 n/a
26	Reinstatement, Rehabilitation & Restoration Liabilities	78
27	Fair Value Measurement	79
 <b>Additional Council Disclosures</b>		
28	Financial Review	102
29	Council Information & Contact Details	107

n/a - not applicable

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

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

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

#### (a) Basis of preparation

##### (i) Background

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

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

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

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

Because AASBs are sector neutral, some standards either:

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

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

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

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

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

- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

AASB 13 Fair Value Measurement has not affected the assets or liabilities which are to be measured at fair value, however it provides detailed guidance on how to measure fair value in accordance with the accounting standards.

It introduces the concept of highest and best use for non-financial assets and has caused the Council to review their valuation methodology.

The level of disclosures regarding fair value have increased significantly and have been included in the financial statements at Note 27.

AASB 119 Employee Benefits introduced revised definitions for short-term employee benefits.

Whilst the Council has reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period, there has been no effect on the amounts disclosed as leave liabilities since Council's existing valuation policy was to discount annual leave payable more than 12 months after the end of the reporting period to present values.

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

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

##### (v) Basis of Accounting

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



# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

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

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

#### (vi) Changes in Accounting Policies

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

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

#### (vii) Critical Accounting Estimates

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

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

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

#### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future.

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

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

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

#### **Critical judgements in applying the entity's accounting policies**

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

#### (b) Revenue recognition

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

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

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

Revenue is measured on major income categories as follows:

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

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

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

A provision for the impairment on rates receivables has not been established as unpaid rates represent a

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

---

charge against the rateable property that will be recovered when the property is next sold.

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

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

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

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

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

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

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

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

#### User Charges, Fees and Other Income

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

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

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

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

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

#### Interest and Rents

Rents are recognised as revenue when the payment is received.

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

#### (c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2014) and **(ii)** all the related operating results (for the financial year ended the 30 June 2014).

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.

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

#### (i) The Consolidated Fund

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

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

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

- General Purpose Operations
- Sewerage Service

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

#### (ii) The Trust Fund

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

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

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

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

#### (iii) Joint Ventures

##### Riverina Regional Library Service

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

any one Council unilaterally dominate decision making.

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

#### (iv) County Councils

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

**Riverina Water County Council** exists for the construction, operation and maintenance of works of water supply within the Shires of Greater Hume, Lockhart and Urana and the City of Wagga Wagga.

The governing body of **Riverina Water County Council** is responsible for managing its own affairs.

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

#### (v) Additional Information

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

#### (d) Leases

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

##### Finance Leases

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

##### Operating Leases

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

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

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

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

#### (e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

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

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

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

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.



# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

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.

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 2014, there is no evidence of impairment in any group of financial assets.

##### (iii) Types of Investments

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

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

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

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments that Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

##### (g) Fair value estimation

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

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

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

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 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 Council will not be able to collect all amounts due according to the original terms of each receivable.

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

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

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

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

#### (i) Inventories

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

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

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

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

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

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

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

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

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

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

#### (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**  
(External Valuation - Depreciated Replacement Cost)
- **Operational and Community Land**  
(External Valuation – Operational Land @ Market Value;  
Community Land @ Market Value)
- **Buildings – Specialised/Non Specialised**  
(External Valuation)
- **Plant and Equipment**  
(As approximated by depreciated historical cost)
- **Roads Assets incl. Roads, Bridges & Footpaths**  
(Internal Valuation – Depreciated Replacement Cost)
- **Stormwater Drainage Assets**  
(External Valuation – Depreciated Replacement Cost)
- **Other Structures and Other Assets**  
(Internal Valuation – Depreciated Replacement Cost)

##### Initial Recognition

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

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

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

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

##### Subsequent costs

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

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

##### Asset Revaluations (including Indexation)

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

- Increases in the 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.

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

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:

<b>Land</b>	
- Council land	100% Capitalised
- Open space	100% Capitalised

<b>Plant &amp; Equipment</b>	
Office Furniture	> \$2,000
Office Equipment	> \$2,000
Other Plant & Equipment	> \$2,000

<b>Other Assets</b>	
Artworks	100% Capitalised

<b>Buildings &amp; Land Improvements</b>	
Park Furniture & Equipment	> \$2,000

<b>Building</b>	
- Construction/extensions	100% Capitalised
- Renovations	> \$10,000
Other Structures	> \$2,000

<b>Sewer Assets</b>	
Reticulation extensions	> \$5,000
Other	> \$5,000

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

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

#### Depreciation

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

consumption based method, referred to as the 'Advanced Straight Line Asset Management' approach, other than buildings which are calculated on a diminishing value method.

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

Land and artworks are not depreciated.

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

<b>Plant &amp; Equipment</b>	
- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 8 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	5 to 15 years

<b>Other Equipment</b>	
- Playground equipment	5 to 10 years
- Benches, seats etc	10 to 20 years

<b>Buildings</b>	
- Buildings : Masonry	50 to 100 years
- Buildings : Other	20 to 40 years

<b>Stormwater Drainage</b>	
- Drains	80 to 100 years
- Culverts	50 to 80 years
- Levee Banks	100 years

<b>Transportation Assets</b>	
- Sealed Roads : Surface	12 to 16 years
- Sealed Roads : Structure	50 to 96 years
- Unsealed roads	14 to 96 years
- Bridge : Concrete	114 years
- Bridge : Other	114 years

- Road Pavements	60 years
- Kerb, Gutter & Paths	18 to 68 years

<b>Sewer Assets</b>	
- Dams and reservoirs	19 to 100 years
- Bores	20 to 40 years
- Reticulation pipes : PVC	70 years
- Reticulation pipes : Other	40 to 113 years
- Pumps and telemetry	9 to 100 years



# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

<b>Other Infrastructure Assets</b>	
- Bulk earthworks	Infinite
<b>Other Structures</b>	
- Other Improvements	15 to 80 years
<b>Swimming Pools</b>	
-Outdoor Pools	36 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.

Land under roads acquired after 1 July 2008 is recorded by Council but not recognised in the financial statements as they cannot be reliably measured. This approach is in accordance with AASB116 – Property, Plant and Equipment.

#### (m) Intangible Assets

Council has not classified any assets as Intangible.

#### (n) Crown Reserves

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

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

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

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

#### (o) Rural Fire Service assets

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

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

Until such time as discussions on this matter have concluded and the legislation changed, Council will

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

---

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 June 2014.

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

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

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

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

This amortisation of the discount is disclosed as a borrowing cost in Note 4(b).

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

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

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

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date. These costs are charged to the income statement.

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

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

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

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, salaries, loan interest, security bonds, deposits and retentions provided to the

Council prior to the end of financial year which are unpaid.

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

#### **(t) Borrowings**

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

Borrowings are subsequently measured at amortised cost.

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

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

Borrowings are classified as current liabilities unless 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;

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

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

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

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

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

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

#### **(w) Employee benefits**

##### **(i) Short Term Obligations**

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

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

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

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.

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

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

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

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

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

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

##### **(iii) Retirement benefit obligations**

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

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

##### **Defined Benefit Plans**

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present



# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

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).

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

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 of which Council's share is \$1,535,052 as at 30 June 2014.

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 Council's share of the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

#### Defined Contribution Plans

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

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

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30 June 2014.

#### (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.

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

##### (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 (with the exception of accrued revenue, expenses and prepaid expenses) are stated inclusive of any applicable GST.

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

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

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

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

##### (z) New accounting standards and interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2014.

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

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

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

***AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)***

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

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

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 1. Summary of Significant Accounting Policies

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

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

**AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets** (effective for 30 June 2015 Financial Statements)

There are no changes to reported financial position or performance from AASB 2013 – 3, however additional disclosures may be required.

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

**AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards** (effective for 30 June 2015 Financial Statements for not-for-profit entities)

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

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

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

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

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

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

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

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

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

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

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

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

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

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

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

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

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

---

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a “partial disposal” concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

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

None

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

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

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 2014

## 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
	2014	2014	2013	2014	2014	2013	2014	2014	2013	2014	2013	2014	2013
Governance	34	197	93	893	1,068	1,160	(859)	(871)	(1,067)	0	(0)	193	130
Administration	1,678	1,621	1,634	10,737	13,121	10,915	(9,059)	(11,499)	(9,281)	208	153	71,528	68,821
Public Order & Safety	1,616	1,485	1,606	2,073	2,393	2,048	(456)	(908)	(442)	122	19	3,243	3,062
Health	199	632	129	4,508	7,212	3,686	(4,309)	(6,581)	(3,557)	500	-	116	129
Environment	10,737	12,099	10,800	14,769	6,891	8,548	(4,032)	5,208	2,252	1,813	666	227,672	227,438
Community Services & Education	2,634	2,453	2,458	3,684	3,541	3,603	(1,050)	(1,088)	(1,145)	2,019	1,997	5,277	5,103
Housing & Community Amenities	4,491	6,524	3,165	5,778	5,434	5,621	(1,286)	1,090	(2,456)	121	42	18,981	18,902
Sewerage Services	16,639	16,833	16,561	20,774	18,290	17,389	(4,135)	(1,457)	(828)	160	158	278,074	272,385
Recreation & Culture	3,417	4,634	5,221	17,141	18,693	18,032	(13,724)	(14,060)	(12,811)	904	792	198,728	197,338
Mining, Manufacturing & Construction	1,222	1,254	1,127	1,092	881	957	130	373	170	-	-	2,874	2,808
Transport & Communication	13,095	21,983	21,059	19,190	32,901	32,279	(6,096)	(10,918)	(11,220)	13,273	11,383	518,252	515,515
Economic Affairs	4,310	5,387	4,490	6,109	6,537	5,479	(1,799)	(1,149)	(989)	118	3	39,212	42,765
<b>Total Functions &amp; Activities</b>	<b>60,072</b>	<b>75,102</b>	<b>68,343</b>	<b>106,747</b>	<b>116,962</b>	<b>109,717</b>	<b>(46,675)</b>	<b>(41,860)</b>	<b>(41,374)</b>	<b>19,238</b>	<b>15,213</b>	<b>1,364,150</b>	<b>1,354,396</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	195	125	-	-	-	-	195	125	-	-	1,744	1,867
General Purpose Income <sup>1</sup>	49,841	43,802	47,723	-	-	-	49,841	43,802	47,723	5,225	10,257	-	-
<b>Operating Result from Continuing Operations</b>	<b>109,913</b>	<b>119,098</b>	<b>116,191</b>	<b>106,747</b>	<b>116,962</b>	<b>109,717</b>	<b>3,166</b>	<b>2,136</b>	<b>6,474</b>	<b>24,463</b>	<b>25,470</b>	<b>1,365,894</b>	<b>1,356,263</b>

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

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

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

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

##### **GOVERNANCE**

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

##### **ADMINISTRATION**

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

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

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

##### **HEALTH**

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

##### **ENVIRONMENT**

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

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

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

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

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

##### **SEWERAGE SERVICES**

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

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

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

Building control, abattoirs, quarries & pits, other.

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

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

##### **ECONOMIC AFFAIRS**

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

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 3. Income from Continuing Operations

	Actual 2014	Actual 2013
\$ '000		
<b>(a) Rates &amp; Annual Charges</b>		
<b>Ordinary Rates</b>		
Residential	21,559	20,565
Farmland	4,435	4,313
Business	9,067	8,676
<b>Total Ordinary Rates</b>	<b>35,060</b>	<b>33,554</b>
<b>Special Rates</b>		
Nil		
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic Waste Management Services	6,025	5,781
Stormwater Management Services	655	647
Sewerage Services	10,239	10,059
Waste Management Services (non-domestic)	471	444
<b>Total Annual Charges</b>	<b>17,389</b>	<b>16,931</b>
<b><u>TOTAL RATES &amp; ANNUAL CHARGES</u></b>	<b><u>52,450</u></b>	<b><u>50,485</u></b>

Council has used 2010 year valuations provided by the NSW Valuer General in calculating its rates.

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

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

\$ '000	Actual 2014	Actual 2013
<b>(b) User Charges &amp; Fees</b>		
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)		
Domestic Waste Management Services	1,412	1,148
Sewerage Services	3,992	3,896
Waste Management Services (non-domestic)	1,462	1,591
<b>Total User Charges</b>	<b>6,866</b>	<b>6,635</b>
<b>Other User Charges &amp; Fees</b>		
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)		
Private Works - Section 67	104	446
Regulatory/ Statutory Fees	516	511
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>	<b>620</b>	<b>957</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)		
Aerodrome	3,152	3,041
Cemeteries	1,092	945
Corporate Services	70	95
Development Services	1,971	1,916
Family Day Care	386	395
Leaseback Fees - Council Vehicles	256	244
Library & Art Gallery	39	32
Livestock Marketing Centre	4,292	3,279
Oasis Swimming Complex	1,516	1,528
Park & Sportsgrounds	278	259
Regional Civic Centre	523	374
Tourist Information Centre	36	53
Other	223	268
<b>Total Fees &amp; Charges - Other</b>	<b>13,834</b>	<b>12,429</b>
<b>TOTAL USER CHARGES &amp; FEES</b>	<b>21,320</b>	<b>20,021</b>

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		424	370
- Interest earned on Investments (interest & coupon payment income)		3,389	3,587
<b>Fair Value Adjustments</b>			
- Fair Valuation movements in Investments (at FV or Held for Trading)		329	1,031
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>4,141</u></b>	<b><u>4,988</u></b>

#### Interest Revenue is attributable to:

##### Unrestricted Investments/Financial Assets:

Overdue Rates & Annual Charges (General Fund)	424	370
General Council Cash & Investments	2,740	3,160

##### Restricted Investments/Funds - External:

Development Contributions		
- Section 94	106	116
- Section 64	23	27
Sewerage Fund Operations	430	668
Other Externally Restricted Assets	103	301

##### Restricted Investments/Funds - Internal:

Internally Restricted Assets	316	346
------------------------------	-----	-----

<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>	<b><u>4,141</u></b>	<b><u>4,988</u></b>
--	---------------------	---------------------

### (d) Other Revenues

Rental Income - Investment Properties	14	338	222
Rental Income - Other Council Properties		641	609
Ex Gratia Rates		36	36
Fines		993	1,147
Diesel Rebate		94	125
Insurance Claim Recoveries		193	391
Sales - Miscellaneous		432	485
Sales - Oasis Swimming Complex		117	96
Other		157	378
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>3,002</u></b>	<b><u>3,489</u></b>



# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

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

\$ '000	Notes	2014 Operating	2013 Operating	2014 Capital	2013 Capital
<b>(e) Grants</b>					
<b>General Purpose (Untied)</b>					
Financial Assistance	<sup>1</sup>	4,857	9,867	-	-
Pensioners' Rates Subsidies - General Component		368	390	-	-
<b>Total General Purpose</b>		<b>5,225</b>	<b>10,257</b>	<b>-</b>	<b>-</b>

<sup>1</sup> The Financial Assistance Grant for 13/14 reflects a one off reduction due to the fact that this grant is no longer being paid in advance by up to 50% as has occurred in previous years - it does not represent a loss of income but is instead a timing difference.

#### Specific Purpose

##### Pensioners' Rates Subsidies:

- Sewerage	160	158	-	-
- Domestic Waste Management	110	109	-	-
Airport	-	-	-	291
Bushfire & Emergency Services	50	19	72	-
Community Care	133	173	-	-
Environmental Protection	1,138	79	123	1
Family Day Care	1,571	1,553	-	-
Family & Childrens Services - Other	263	268	-	-
Heritage & Cultural	426	378	-	-
Noxious Weeds	95	87	-	-
Recreation & Culture	76	162	559	297
Street Lighting	46	46	-	-
Transport (Other Roads & Bridges Funding)	11,518	7,778	2,419	3,552
Evocities	115	-	-	-
Other	2	32	363	230
<b>Total Specific Purpose</b>	<b>15,702</b>	<b>10,842</b>	<b>3,536</b>	<b>4,371</b>
<b>Total Grants</b>	<b>20,927</b>	<b>21,099</b>	<b>3,536</b>	<b>4,371</b>

##### Grant Revenue is attributable to:

- Commonwealth Funding	6,763	11,660	1,713	2,064
- State Funding	14,127	9,427	1,822	2,305
- Other Funding	37	12	0	2
	<b>20,927</b>	<b>21,099</b>	<b>3,536</b>	<b>4,371</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	2014 Operating	2013 Operating	2014 Capital	2013 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
S 94 - Contributions towards amenities/services	-	-	3,624	2,312
S 94A - Fixed Development Consent Levies	-	-	736	653
S 64 - Sewerage Service Contributions	-	-	1,266	1,024
S 64 - Stormwater Contributions	-	-	742	428
<b>Total Developer Contributions</b>	<b>-</b>	<b>-</b>	<b>6,367</b>	<b>4,417</b>
<b>Other Contributions:</b>				
Artworks Donated	-	-	105	52
Bushfire Services	356	287	-	-
Dedications (other than by S94)	-	-	3,762	4,485
Recreation & Culture	73	73	609	332
RMS Contributions (Regional Roads, Block Grant)	718	699	1,355	1,031
Sewerage (excl. Section 64 contributions)	-	-	26	60
Airport	-	-	8	-
Other	148	160	-	17
<b>Total Other Contributions</b>	<b>1,295</b>	<b>1,219</b>	<b>5,865</b>	<b>5,977</b>
<b>Total Contributions</b>	<b>1,295</b>	<b>1,219</b>	<b>12,232</b>	<b>10,394</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>22,222</b>	<b>22,318</b>	<b>15,768</b>	<b>14,765</b>

\$ '000	Actual 2014	Actual 2013
---------	----------------	----------------

**(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	10,207	11,954
add: Grants & contributions recognised in the current period but not yet spent:	6,762	4,020
less: Grants & contributions recognised in a previous reporting period now spent:	(2,242)	(5,767)

**Net Increase (Decrease) in Restricted Assets during the Period**

**Unexpended and held as Restricted Assets**

**Comprising:**

- Specific Purpose Unexpended Grants	2,021	1,284
- Developer Contributions	11,756	8,021
- Other Contributions	950	902
	<b>14,727</b>	<b>10,207</b>

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		30,745	29,763
Travelling		716	680
Employee Leave Entitlements (ELE)		4,514	4,378
Superannuation		3,395	3,285
Workers' Compensation Insurance		1,361	1,321
Fringe Benefit Tax (FBT)		195	134
Payroll Tax		99	92
Training Costs (other than Salaries & Wages)		430	419
Other		458	492
<b>Total Employee Costs</b>		<b>41,912</b>	<b>40,564</b>
less: Capitalised Costs		(1,615)	(1,171)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>40,297</b>	<b>39,393</b>
Number of "Equivalent Full Time" Employees at year end		462	466
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		3,816	3,731
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>3,816</b>	<b>3,731</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	86	114
- Other Liabilities		190	196
<b>Total Other Borrowing Costs</b>		<b>276</b>	<b>310</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>4,092</b>	<b>4,041</b>
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		20,106	21,177
Contractor & Consultancy Costs		6,521	5,726
Auditors Remuneration <sup>(1)</sup>		68	54
Legal Expenses:			
- Legal Expenses: Planning & Development		75	100
- Legal Expenses: Debt Recovery		154	100
- Legal Expenses: Other		354	400
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments <sup>(2)</sup>		470	610
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>27,748</b>	<b>28,167</b>

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

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

\$ '000	Actual 2014	Actual 2013
<b>(c) Materials &amp; Contracts (continued)</b>		
<b>1. Auditor Remuneration</b>		
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):		
<b>(i) Audit and Other Assurance Services</b>		
- Audit & review of financial statements and compliance audits	68	54
<b>Remuneration for audit and other assurance services</b>	<b>68</b>	<b>54</b>
<b>Total Auditor Remuneration</b>	<b>68</b>	<b>54</b>
<b>2. Operating Lease Payments are attributable to:</b>		
Computers	470	610
	<b>470</b>	<b>610</b>

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2014	Actual 2013	Actual 2014	Actual 2013
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	1,558	1,888
Office Equipment		-	-	248	147
Furniture & Fittings		-	-	100	103
Buildings - Non Specialised		(13)	13	2,067	591
Buildings - Specialised		-	-	1,358	371
Other Structures		-	-	1,044	1,004
Infrastructure:					
- Roads		(1,652)	(2,046)	5,553	8,106
- Bridges		279	-	96	-
- Footpaths		-	-	2,256	-
- Stormwater Drainage		(20)	(393)	776	733
- Sewerage Network		-	-	4,783	4,768
- Swimming Pools		-	-	17	-
- Other Open Space/Recreational Assets		-	-	538	-
Other Assets					
- Other		-	-	1,734	1,494
Asset Reinstatement Costs	9 & 26	-	-	40	47
<b>Total Depreciation &amp; Impairment Costs</b>		<b>(1,405)</b>	<b>(2,426)</b>	<b>22,168</b>	<b>19,252</b>
less: Capitalised Costs		-	-	(155)	(255)
less: Impairments (to)/from ARR [Equity]	9a	1,405	2,426	-	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>-</b>	<b>22,013</b>	<b>18,997</b>

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Bad & Doubtful Debts		19	9
Contributions/Levies to Other Levels of Government			
- Bushfire Fighting Fund		351	305
- Emergency Services Levy (includes FRNSW, SES, and RFS Levies)		86	80
- NSW Fire Brigade Levy		423	413
- REROC		46	44
- Riverina Regional Library		1,134	1,080
- Valuation Fees		167	158
Councillor Expenses - Mayoral Fee		38	38
Councillor Expenses - Councillors' Fees		192	180
Donations, Contributions & Assistance to other organisations (Section 356)		185	202
Election Expenses		-	301
Electricity & Heating		2,318	2,295
Insurance		1,399	1,241
Reinstatement of Infrastructure Assets		12,182	8,967
Revaluation Decrements (Fair Valuation of Investment Properties)	14	6	35
Street Lighting		946	975
Subscriptions & Publications		53	46
Telephone & Communications		380	422
Water		803	746
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>20,728</u></b>	<b><u>17,537</u></b>



# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

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

\$ '000	Actual 2014	Actual 2013
<b>Property</b> (excl. Investment Property)		
Proceeds from Disposal - Property	98	544
less: Carrying Amount of Property Assets Sold / Written Off	(20)	(221)
<b>Net Gain/(Loss) on Disposal</b>	<b>78</b>	<b>323</b>
<b>Plant &amp; Equipment</b>		
Proceeds from Disposal - Plant & Equipment	1,097	933
less: Carrying Amount of P&E Assets Sold / Written Off	(1,115)	(1,312)
<b>Net Gain/(Loss) on Disposal</b>	<b>(18)</b>	<b>(379)</b>
<b>Infrastructure</b>		
Proceeds from Disposal - Infrastructure	-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off	(2,208)	(1,566)
<b>Net Gain/(Loss) on Disposal</b>	<b>(2,208)</b>	<b>(1,566)</b>
<b>Investment Properties</b>		
Proceeds from Disposal - Investment Properties	679	-
less: Carrying Amount of Investment Properties Sold / Written Off	(655)	-
<b>Net Gain/(Loss) on Disposal</b>	<b>24</b>	<b>-</b>
<b>Financial Assets*</b>		
Proceeds from Disposal / Redemptions / Maturities - Financial Assets	24,858	40,298
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured	(24,858)	(40,298)
<b>Net Gain/(Loss) on Disposal</b>	<b>-</b>	<b>-</b>
<b>Non Current Assets Classified as "Held for Sale"</b>		
Proceeds from Disposal - Non Current Assets "Held for Sale"	139	139
less: Carrying Amount of 'Held for Sale' Assets Sold / Written Off	(100)	(100)
<b>Net Gain/(Loss) on Disposal</b>	<b>39</b>	<b>39</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>	<b>(2,085)</b>	<b>(1,583)</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

		2014	2014	2013	2013
		Actual	Actual	Actual	Actual
\$ '000	Notes	Current	Non Current	Current	Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		9,153	-	7,551	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		13	-	5,539	-
- Short Term Deposits		6,655	-	7,011	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>15,821</b>	<b>-</b>	<b>20,101</b>	<b>-</b>
Investments (Note 6b)					
- Managed Funds		-	1,022	2,548	-
- Long Term Deposits		16,125	26,000	16,241	20,000
- Floating Rate Notes		-	16,592	-	14,361
<b>Total Investments</b>		<b>16,125</b>	<b>43,614</b>	<b>18,789</b>	<b>34,361</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>31,946</b>	<b>43,614</b>	<b>38,890</b>	<b>34,361</b>

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

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

**Cash & Cash Equivalents**

<b>a. "At Fair Value through the Profit &amp; Loss"</b>	<b>15,821</b>	<b>-</b>	<b>20,101</b>	<b>-</b>
---	---------------	----------	---------------	----------

**Investments**

<b>a. "At Fair Value through the Profit &amp; Loss"</b>				
- "Designated at Fair Value on Initial Recognition" 6(b-i)	-	17,614	2,548	14,361
<b>b. "Held to Maturity" 6(b-ii)</b>	<b>16,125</b>	<b>26,000</b>	<b>16,241</b>	<b>20,000</b>
<b>Investments</b>	<b>16,125</b>	<b>43,614</b>	<b>18,789</b>	<b>34,361</b>

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

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 6b. Investments (continued)

	2014 Actual Current	2014 Actual Non Current	2013 Actual Current	2013 Actual Non Current
\$ '000				
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments classified as "At Fair Value through the Profit &amp; Loss"</b>				
Balance at the Beginning of the Year	2,548	14,361	5,213	24,802
Revaluations (through the Income Statement)	22	307	542	489
Additions	1,000	5,993	1,514	3,567
Disposals (sales & redemptions)	(2,548)	(4,069)	(7,269)	(11,949)
Transfers between Current/Non Current	(1,022)	1,022	2,548	(2,548)
<b>Balance at End of Year</b>	<b>-</b>	<b>17,614</b>	<b>2,548</b>	<b>14,361</b>
<b>Comprising:</b>				
- Managed Funds	-	1,022	2,548	-
- Floating Rate Notes	-	16,592	-	14,361
<b>Total</b>	<b>-</b>	<b>17,614</b>	<b>2,548</b>	<b>14,361</b>
<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Balance at the Beginning of the Year	16,241	20,000	30,100	13,000
Additions	17,124	7,000	6,221	8,000
Disposals (sales & redemptions)	(18,241)	-	(21,080)	-
Transfers between Current/Non Current	1,000	(1,000)	1,000	(1,000)
<b>Balance at End of Year</b>	<b>16,125</b>	<b>26,000</b>	<b>16,241</b>	<b>20,000</b>
<b>Comprising:</b>				
- Long Term Deposits	23,125	19,000	16,241	20,000
<b>Total</b>	<b>16,125</b>	<b>26,000</b>	<b>16,241</b>	<b>20,000</b>

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

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

\$ '000	Notes	2014	2014	2013	2013
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investments</b>		<b>31,946</b>	<b>43,614</b>	<b>38,890</b>	<b>34,361</b>
<b>attributable to:</b>					
External Restrictions (refer below)		86	43,614	5,476	34,361
Internal Restrictions (refer below)		28,288	-	32,679	-
Unrestricted		3,572	-	735	-
		<b>31,946</b>	<b>43,614</b>	<b>38,890</b>	<b>34,361</b>

2014	Opening	Transfers to	Transfers from	Closing
\$ '000	Balance	Restrictions	Restrictions	Balance

#### Details of Restrictions

##### External Restrictions - Included in Liabilities

Employee Leave - Sewer & Waste	648	65	(60)	653
<b>External Restrictions - Included in Liabilities</b>	<b>648</b>	<b>65</b>	<b>(60)</b>	<b>653</b>

##### External Restrictions - Other

Developer Contributions - General (A)	8,021	6,495	(2,760)	11,756
Specific Purpose Unexpended Grants (B)	1,232	424	-	1,656
Sewerage Services (C)	20,351	-	(1,655)	18,696
Sewerage Services - Unexpended Contribution (C)	664	-	(18)	646
Domestic Waste Management (C)	7,511	1,331	(223)	8,619
Stormwater Management (C)	1,194	343	(72)	1,465
Other Unexpended Contributions	216	87	-	209
<b>External Restrictions - Other</b>	<b>39,189</b>	<b>8,680</b>	<b>(4,729)</b>	<b>43,047</b>
<b>Total External Restrictions</b>	<b>39,837</b>	<b>8,745</b>	<b>(4,788)</b>	<b>43,700</b>

- A** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- B** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- C** Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

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

2014 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	2,864	2,393	(2,412)	2,845
Employees Leave Entitlement	-	3,283	(142)	3,141
Airport	324	239	(93)	470
Bridge Replacement	227	-	-	227
CBD Carparking Facilities	540	162	-	702
Civic Theatre Operating	19	-	(19)	0
Civil Projects	230	1,589	(42)	1,777
Council Election	144	100	(8)	236
Estella Community Centre	179	-	-	179
Family Day Care	185	2	-	187
Grant Commission Reserve	5,188	-	(5,188)	0
Gravel Pit Restoration	573	153	-	726
Gurwood St Property	86	-	(36)	50
Hampden Bridge Demolition	976	-	(704)	272
Industrial Land Development	2,805	139	(580)	2,364
Information Services E / Business	93	-	-	93
Infrastructure Improvements / Replacement	1,180	652	(638)	1,194
Internal Loans	2,086	1,781	(1,435)	2,432
Kerb & Gutter	123	-	-	123
Lake Albert Improvements	324	-	(64)	260
LEP Preparation	62	25	(44)	43
Livestock Marketing Centre	5,111	34	(127)	5,018
Lloyd Environmental Projects	-	93	-	93
Oasis Building Renewal	-	22	-	22
Oasis Swimming Complex	688	110	-	798
Other Building Improvements	226	54	(80)	200
Other Operational	423	39	(74)	388
Parks & Recreation Reserve	252	59	(11)	299
Project Revotes	1,316	1,296	(1,316)	1,296
Public Art Reserve	604	92	(215)	481
Rates Advance Reserve	701	20	-	721
Robertson Oval	290	-	(204)	86
Silverlite Reserve	83	-	-	83
Storm Damage	42	-	(39)	3
Stormwater Drainage	222	130	(60)	292
Street Lighting Replacement	30	10	-	40
Subdivision Tree Planting	-	114	-	114
Tarcutta Street Gasworks Remediation Reserve	3,332	-	(3,113)	219
Unexpended External Loans	1,132	348	(668)	812
Urban Salinity	19	-	(19)	0
<b>Total Internal Restrictions</b>	<b>32,679</b>	<b>12,940</b>	<b>(17,332)</b>	<b>28,288</b>
<b>TOTAL RESTRICTIONS</b>	<b>72,516</b>	<b>21,686</b>	<b>(22,120)</b>	<b>71,988</b>



# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 7. Receivables

\$ '000	2014		2013	
	Current	Non Current	Current	Non Current
<b>Purpose</b>				
Rates & Annual Charges	3,203	-	3,527	-
Interest & Extra Charges	446	-	382	-
User Charges & Fees	4,425	-	3,952	-
Accrued Revenues				
- Interest on Investments	1,202	-	928	-
- Other Income Accruals	31	-	72	-
Government Grants & Subsidies	2,580	-	2,930	-
Deferred Debtors	326	2,547	192	2,239
Net GST Receivable	615	-	563	-
Storm Damage Claim - RMS Grant (formerly RTA Grant)	1,441	-	4,047	-
Other Debtors	715	184	1,189	-
<b>Total</b>	<b>14,984</b>	<b>2,730</b>	<b>17,782</b>	<b>2,239</b>
<b>less: Provision for Impairment</b>				
User Charges & Fees	(29)	-	(10)	-
<b>Total Provision for Impairment - Receivables</b>	<b>(29)</b>	<b>-</b>	<b>(10)</b>	<b>-</b>
<b>TOTAL NET RECEIVABLES</b>	<b>14,955</b>	<b>2,730</b>	<b>17,772</b>	<b>2,239</b>
<b>Externally Restricted Receivables</b>				
<b>Sewerage Services</b>				
- Rates & Availability Charges	857	-	893	-
- Other	2,473	-	2,158	-
<b>Domestic Waste Management</b>	870	-	414	-
<b>Stormwater Management</b>	45	-	50	-
<b>Other</b>				
- Unexpended Grants	365	-	52	-
- Unexpended Contributions	94	-	22	-
<b>Total External Restrictions</b>	<b>4,705</b>	<b>-</b>	<b>3,589</b>	<b>-</b>
<b>Internally Restricted Receivables</b>				
- Livestock Marketing Centre	56	-	34	-
- Airport	616	1,991	819	1,969
- Employee Leave Entitlements	-	-	3,080	-
<b>Internally Restricted Receivables</b>	<b>671</b>	<b>1,991</b>	<b>3,933</b>	<b>1,969</b>
<b>Unrestricted Receivables</b>	<b>9,579</b>	<b>740</b>	<b>10,250</b>	<b>270</b>
<b>TOTAL NET RECEIVABLES</b>	<b>14,955</b>	<b>2,730</b>	<b>17,772</b>	<b>2,239</b>

#### Notes on Debtors above:

- Rates & Annual Charges Outstanding are secured against the property.
- 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.
- Interest was charged on overdue rates & charges at 9.00% (2013 10.00%).  
Generally all other receivables are non interest bearing.
- Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.
- For significant deferred debtors Council holds security in various forms.

## Wagga Wagga City Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 8. Inventories &amp; Other Assets

\$ '000	2014		2013	
	Current	Non Current	Current	Non Current
<b>Inventories</b>				
Real Estate for resale (refer below)	282	-	282	-
Stores & Materials	2,354	-	2,889	-
Trading Stock	96	-	102	-
<b>Total Inventories</b>	<b>2,732</b>	<b>-</b>	<b>3,273</b>	<b>-</b>
<b>Other Assets</b>				
Prepayments	386	-	1,057	-
<b>Total Other Assets</b>	<b>386</b>	<b>-</b>	<b>1,057</b>	<b>-</b>
<b>TOTAL INVENTORIES / OTHER ASSETS</b>	<b>3,118</b>	<b>-</b>	<b>4,330</b>	<b>-</b>
<b>Externally Restricted Assets</b>				
<b>Sewerage</b>				
Stores & Materials	527	-	556	-
Prepayments	1	-	1	-
<b>Total Sewerage</b>	<b>528</b>	<b>-</b>	<b>557</b>	<b>-</b>
<b>Total Externally Restricted Assets</b>	<b>528</b>	<b>-</b>	<b>557</b>	<b>-</b>
<b>Total Internally Restricted Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Unrestricted Assets</b>	<b>2,591</b>	<b>-</b>	<b>3,773</b>	<b>-</b>
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>	<b>3,118</b>	<b>-</b>	<b>4,330</b>	<b>-</b>

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

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

\$ '000	2014		2013	
	Current	Non Current	Current	Non Current
<b>Other Disclosures</b>				
<b>(a) Details for Real Estate Development</b>				
Residential	24	-	24	-
Industrial/Commercial	258	-	258	-
<b>Total Real Estate for Resale</b>	<b>282</b>	<b>-</b>	<b>282</b>	<b>-</b>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Acquisition Costs	136	-	136	-
Development Costs	15	-	15	-
Borrowing Costs	131	-	131	-
<b>Total Costs</b>	<b>282</b>	<b>-</b>	<b>282</b>	<b>-</b>
<b>Total Real Estate for Resale</b>	<b>282</b>	<b>-</b>	<b>282</b>	<b>-</b>
<b>Movements:</b>				
Real Estate assets at beginning of the year	282	-	281	-
- Purchases and other costs	0	-	1	-
<b>Total Real Estate for Resale</b>	<b>282</b>	<b>-</b>	<b>282</b>	<b>-</b>

### (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;

	2014	2013
Real Estate for Resale	-	282
	<b>-</b>	<b>282</b>

### (c) Inventory Write Downs

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

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

Notes to the Financial Statements  
for the financial year ended 30 June 2014

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2013					Asset Movements during the Reporting Period							as at 30/6/2014				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Impairment Loss (recognised in Equity)	Impairment Reversal (via Equity)	Adjustments & Transfers	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment											Dep'n	Impairment	
Plant & Equipment	-	25,210	12,693	-	12,517	3,593	(1,115)	(1,558)	-	-	114	-	-	26,444	12,892	-	13,552
Office Equipment	-	3,021	2,280	-	741	296	-	(248)	-	-	-	-	-	3,317	2,528	-	788
Furniture & Fittings	-	2,733	2,230	-	503	20	-	(100)	-	-	-	-	-	2,753	2,330	-	423
Land:																	
- Operational Land	-	53,126	-	-	53,126	638	(20)	-	-	-	620	-	-	54,363	-	-	54,363
- Community Land	-	116,122	-	-	116,122	13	-	-	-	-	(620)	-	-	115,515	-	-	115,515
Buildings - Non Specialised	-	80,244	29,867	13	50,365	564	(20)	(2,067)	-	13	5	-	-	80,724	31,865	-	48,859
Buildings - Specialised	-	50,669	15,414	-	35,255	1,055	(352)	(1,358)	-	-	4	-	-	51,032	16,429	-	34,603
Other Structures	-	38,478	6,645	-	31,833	334	(197)	(1,044)	-	-	(12)	-	-	38,509	7,595	-	30,914
Infrastructure:																	
- Roads	-	462,037	52,041	2,688	407,310	10,657	(307)	(5,553)	(239)	1,890	464	-	-	472,631	57,373	1,035	414,223
- Bridges	-	32,958	2,946	182	29,831	795	(340)	(96)	(328)	48	-	-	-	33,289	2,917	461	29,911
- Footpaths	-	50,718	30,113	-	20,605	307	-	(2,256)	-	-	-	-	-	51,024	32,369	-	18,655
- Stormwater Drainage	-	224,498	20,112	944	203,441	2,457	(231)	(776)	-	20	8	-	-	226,730	20,886	924	204,919
- Sewerage Network	-	323,273	81,849	-	241,424	4,716	(4)	(4,783)	-	-	-	6,760	-	336,867	88,754	-	248,113
- Swimming Pools	-	1,684	103	-	1,581	-	-	(17)	-	-	-	-	-	1,684	120	-	1,564
- Other Open Space/Recreational Assets	-	9,435	4,083	-	5,352	629	-	(538)	-	-	-	-	-	10,064	4,621	-	5,443
Other Assets:																	
- Artworks	-	6,013	-	-	6,013	134	-	-	-	-	-	-	-	6,146	-	-	6,146
- Other	-	39,930	4,389	-	35,540	2,461	(758)	(1,734)	-	-	(583)	-	-	40,908	5,981	-	34,927
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26):																	
- Tip Assets	-	563	408	-	155	-	-	(19)	-	-	33	-	-	596	428	-	168
- Quarry Assets	-	509	97	-	412	-	-	(21)	-	-	354	-	-	863	117	-	746
- Sewer Remediation Asset	-	1,362	1,362	-	-	-	-	-	-	-	-	-	-	1,362	1,362	-	-
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	-	1,522,582	266,634	3,827	1,252,124	28,670	(3,343)	(22,168)	(566)	1,971	387	6,760	-	1,554,820	288,567	2,421	1,263,832

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$15,081,241) and New Assets (\$6,433,128).  
Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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

## Wagga Wagga City Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

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

\$ '000 Class of Asset	Actual 2014				Actual 2013			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Sewerage Services</b>								
Plant & Equipment	-	177	153	24	-	177	152	25
Office Equipment	-	9	9	-	-	9	9	-
Furniture & Fittings	-	12	11	1	-	12	11	1
Land								
- Operational Land	-	3,666	-	3,666	-	3,148	-	3,148
Infrastructure	-	338,229	90,115	248,114	-	324,733	83,211	241,522
Other Assets	-	46	2	44	-	46	-	46
<b>Total Sewerage Services</b>	-	342,139	90,290	251,849	-	328,125	83,383	244,742
<b>Domestic Waste Management</b>								
Plant & Equipment	-	298	286	12	-	298	282	16
Office Equipment	-	82	74	8	-	82	66	16
Furniture & Fittings	-	3	3	-	-	3	3	-
Land								
- Operational Land	-	1,495	-	1,495	-	1,495	-	1,495
Buildings	-	2,648	407	2,241	-	2,626	340	2,286
Other Assets	-	2,959	1,186	1,773	-	2,734	1,017	1,717
<b>Total DWM</b>	-	7,485	1,956	5,529	-	7,238	1,708	5,530
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	349,624	92,246	257,378	-	335,363	85,091	250,272

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(i) Impairment Losses recognised direct to Equity (ARR):</b>			
Botanic Gardens Information Centre to be demolished		-	(13)
Galvanised iron culverts to be replaced		(239)	-
Galvanised iron culverts (bridges) to be replaced		(328)	-
<b>Total Impairment Losses</b>		<b>(566)</b>	<b>(13)</b>
<b>(ii) Reversals of Impairment Losses previously recognised direct to Equity (ARR):</b>			
Roads & Bridges repaired/reassessed		1,939	2,046
North Wagga Levee repaired		20	393
Botanic Gardens Information Centre to be demolished		13	-
<b>Total Impairment Reversals</b>		<b>1,971</b>	<b>2,439</b>
<b>IMPAIRMENT of ASSETS - DIRECT to EQUITY (ARR)</b>	20 (ii)	<b>1,405</b>	<b>2,426</b>



# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

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

\$ '000	Notes	2014		2013	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		8,201	-	4,405	-
Goods & Services - capital expenditure		2,682	-	4,419	-
Payments Received In Advance		366	-	286	-
Accrued Expenses:					
- Borrowings		298	-	303	-
- Salaries & Wages		299	-	180	-
- Other Expenditure Accruals		43	-	69	-
Security Bonds, Deposits & Retentions		2,562	-	2,579	-
Other		677	-	205	-
Total Payables		15,129	-	12,446	-
Borrowings					
Loans - Secured <sup>1</sup>		2,133	55,256	1,703	53,558
Total Borrowings		2,133	55,256	1,703	53,558
Provisions					
Employee Benefits;					
Annual Leave		4,099	-	4,085	-
Long Service Leave		6,943	202	6,798	214
Other Leave - TOIL		93	-	93	-
Other Leave - RDO		92	-	98	-
Sub Total - Aggregate Employee Benefits		11,227	202	11,074	214
Asset Remediation/Restoration (Future Works)	26	3,866	1,761	9,724	1,411
Total Provisions		15,093	1,963	20,798	1,625
Total Payables, Borrowings & Provisions		32,355	57,218	34,947	55,183
(i) Liabilities relating to Restricted Assets					
		2014		2013	
		Current	Non Current	Current	Non Current
Externally Restricted Assets					
Sewer		4,047	33,396	4,075	33,931
Domestic Waste Management		2,362	-	1,056	934
Liabilities relating to externally restricted assets		6,409	33,396	5,131	34,865
Internally Restricted Assets					
Nil					
Total Liabilities relating to restricted assets		6,409	33,396	5,131	34,865
Total Liabilities relating to Unrestricted Assets		25,946	23,822	29,816	20,318
TOTAL PAYABLES, BORROWINGS & PROVISIONS		32,355	57,218	34,947	55,183

<sup>1</sup>. Council has loans with ADI's which are secured over the general rating income of Council. Council is not in default with any loan.

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 2014

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

	Actual 2014	Actual 2013
\$ '000		

#### (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	7,599	7,461
	<b>7,599</b>	<b>7,461</b>

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

Class of Provision	2013	2014				Closing Balance as at 30/6/14
	Opening Balance as at 1/7/13	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	4,085	2,156	(2,092)	(50)	-	4,099
Long Service Leave	7,012	768	(389)	(246)	-	7,145
Other Leave	191	(6)	-	-	-	185
Asset Remediation	11,135	355	(5,949)	86	-	5,627
<b>TOTAL</b>	<b>22,423</b>	<b>3,273</b>	<b>(8,430)</b>	<b>(210)</b>	<b>-</b>	<b>17,056</b>

- 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.
- 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 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	15,821	20,101
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>15,821</b>	<b>20,101</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>2,136</b>	<b>6,473</b>
Adjust for non cash items:			
Depreciation & Amortisation		22,013	18,997
Net Losses/(Gains) on Disposal of Assets		2,085	1,583
Non Cash Capital Grants and Contributions		(3,867)	(4,504)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		(329)	(1,031)
- Investment Properties		6	35
Unwinding of Discount Rates on Reinstatement Provisions		86	114
Share of Net (Profits) or Losses of Associates/Joint Ventures		(195)	(125)
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		2,748	(131)
Increase/(Decrease) in Provision for Doubtful Debts		19	9
Decrease/(Increase) in Inventories		541	22
Decrease/(Increase) in Other Assets		671	(488)
Increase/(Decrease) in Payables		3,796	(903)
Increase/(Decrease) in accrued Interest Payable		(5)	68
Increase/(Decrease) in other accrued Expenses Payable		94	(2)
Increase/(Decrease) in Other Liabilities		535	133
Increase/(Decrease) in Employee Leave Entitlements		141	807
Increase/(Decrease) in Other Provisions		(5,594)	(3,478)
<b>NET CASH PROVIDED FROM/(USED IN)</b>			
<b>OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>24,881</b>	<b>17,579</b>

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

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

\$ '000	Actual 2014	Actual 2013
<b>(c) Non-Cash Investing &amp; Financing Activities</b>		
S94 Contributions "in kind"	3,762	4,452
Art Gallery Donated	105	52
<b>Total Non-Cash Investing &amp; Financing Activities</b>	<b>3,867</b>	<b>4,504</b>
<b>(d) Financing Arrangements</b>		
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>		
Bank Overdraft Facilities <sup>(1)</sup>	500	500
Credit Cards / Purchase Cards	399	396
<b>Total Financing Arrangements</b>	<b>899</b>	<b>896</b>
<b>Amounts utilised as at Balance Date:</b>		
- Credit Cards / Purchase Cards	1	4
<b>Total Financing Arrangements Utilised</b>	<b>1</b>	<b>4</b>

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

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

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

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 12. Commitments for Expenditure

\$ '000	Actual 2014	Actual 2013
<b>(a) Capital Commitments (exclusive of GST)</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, Plant &amp; Equipment</b>		
Buildings	168	68
Plant & Equipment	-	11
Parks & Sportsgrounds	256	605
Sewerage Infrastructure	1,881	212
Waste Management Services	11	67
Infrastructure	3,019	4,399
Other	542	160
<b>Total Commitments</b>	<b>5,876</b>	<b>5,522</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	5,876	5,522
<b>Total Payable</b>	<b>5,876</b>	<b>5,522</b>
<b>Sources for Funding of Capital Commitments:</b>		
Unrestricted General Funds	70	362
Future Grants & Contributions	298	1,188
Unexpended Grants	283	-
Externally Restricted Reserves	2,725	626
Internally Restricted Reserves	1,735	2,939
New Loans (to be raised)	764	407
<b>Total Sources of Funding</b>	<b>5,876</b>	<b>5,522</b>

### (b) Finance Lease Commitments

Nil

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

#### a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:

Within the next year	181	359
Later than one year and not later than 5 years	109	290
<b>Total Non Cancellable Operating Lease Commitments</b>	<b>290</b>	<b>649</b>

#### 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.

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

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

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 20132012	
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue <sup>(1)</sup>				
(excl. Capital Grants & Contributions) - Operating Expenses	(12,065)	-11.74%	-7.81%	-1.34%
Total continuing operating revenue <sup>(1)</sup>	102,807			
(excl. Capital Grants & Contributions)				
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue <sup>(1)</sup>				
(less ALL Grants & Contributions)	80,585	67.96%	67.76%	63.19%
Total continuing operating revenue <sup>(1)</sup>	118,574			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions <sup>(2)</sup>	44,700	2.44 : 1	2.22	2.58
Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>	18,347			
4. Debt Service Cover Ratio				
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	14,040	2.40	2.79	5.25
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)	5,857			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	3,649	6.43%	7.23%	5.97%
Rates, Annual and Extra Charges Collectible	56,783			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents including All Term Deposits	57,946	6.84	6.59	6.91
Payments from cash flow of operating and financing activities	8,474			

#### Notes

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

<sup>(2)</sup> Refer Notes 6-8 inclusive.

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

<sup>(3)</sup> Refer to Note 10(a).

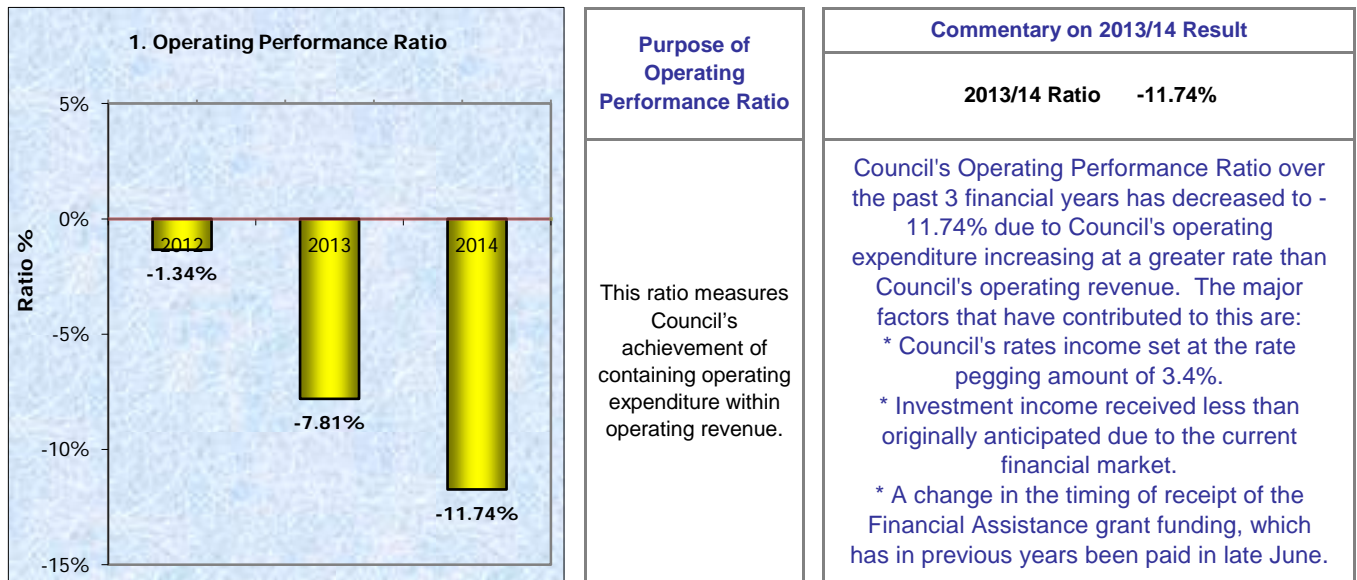
<sup>(4)</sup> Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).



# Wagga Wagga City Council

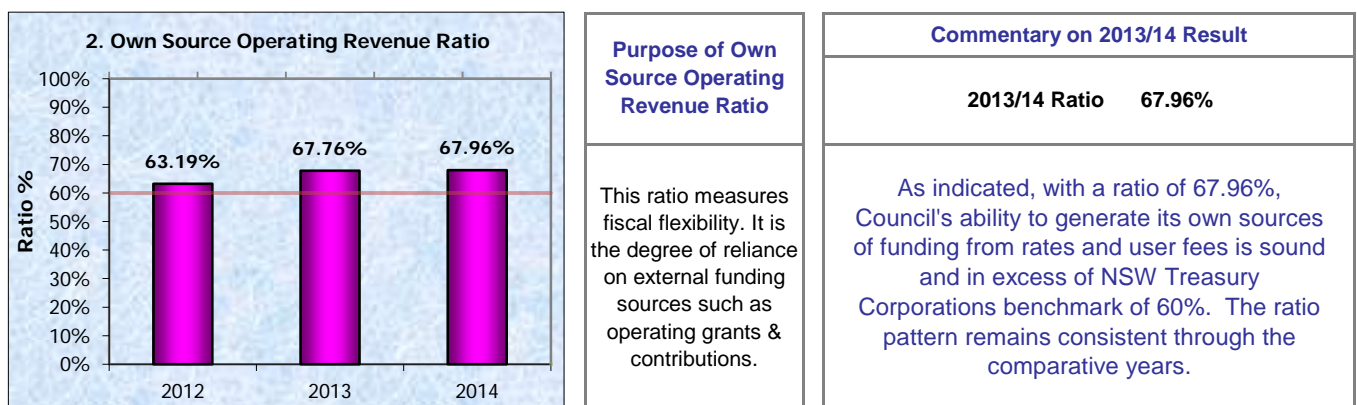
## Notes to the Financial Statements for the financial year ended 30 June 2014

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



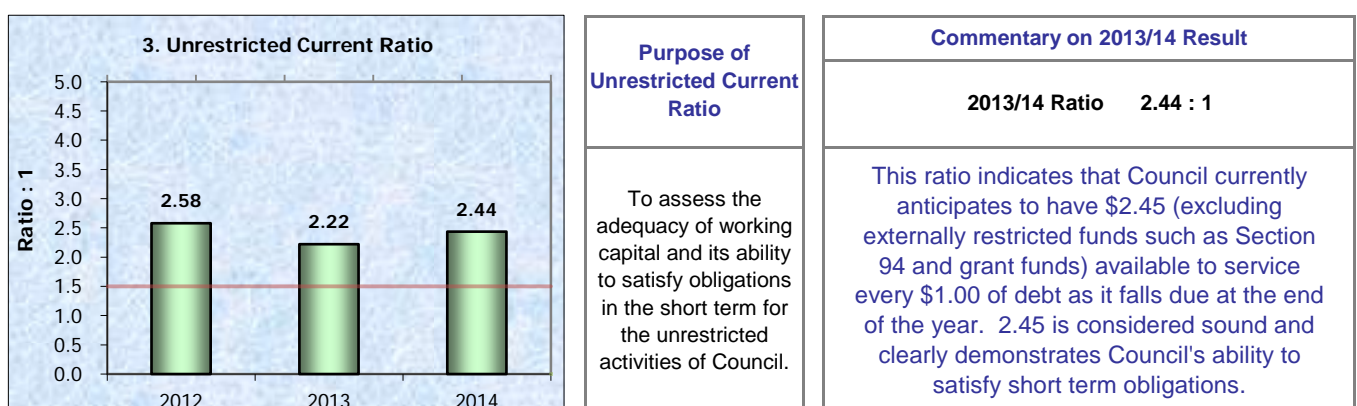
— Minimum 0.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



— Minimum 60.00%

Source for Benchmark: Code of Accounting Practice and Financial Reporting



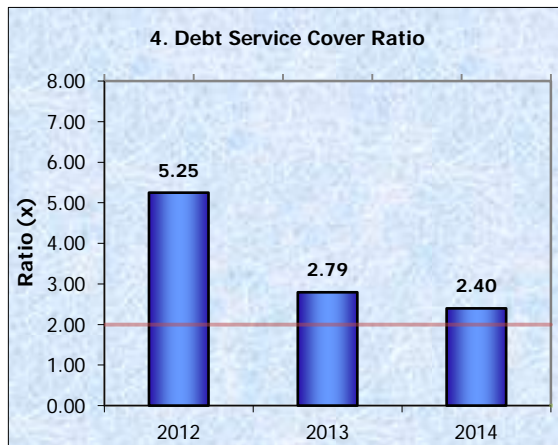
— Minimum 1.50

Source for Benchmark: Code of Accounting Practice and Financial Reporting

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

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



— Minimum 2.00

Source for Benchmark: NSW Treasury Corporation

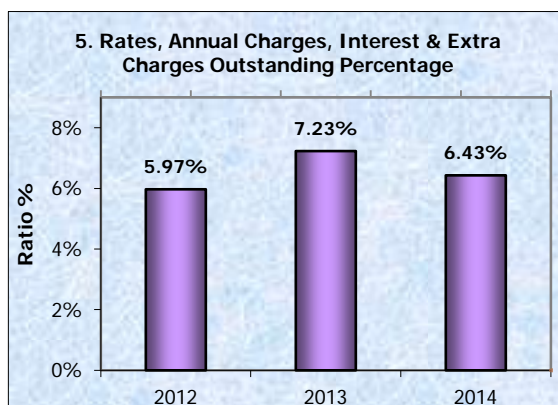
#### Purpose of Debt Service Cover Ratio

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

#### Commentary on 2013/14 Result

**2013/14 Ratio 2.40**

With a ratio of 2.40 (240%), Council's ability to generate sufficient cash to cover its debt payments is sound and in above the NSW Treasury Corporation benchmark of 2.00. The decrease in ratio from prior years is reflective of additional borrowing costs associated with Council's increase in its borrowing programme to implement Council's budgeted capital program.



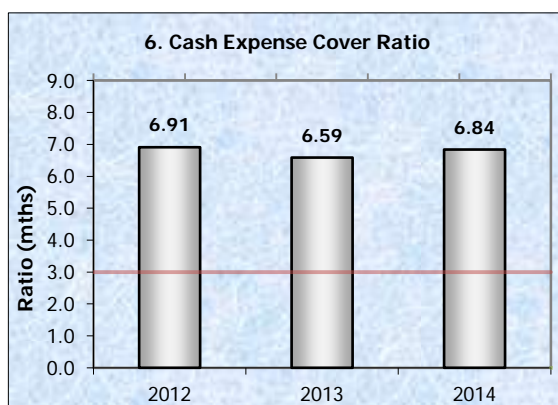
#### Purpose of Rates & Annual Charges Outstanding Ratio

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

#### Commentary on 2013/14 Result

**2013/14 Ratio 6.43%**

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



— Minimum 3.00

Source for Benchmark: Code of Accounting Practice and Financial Reporting

#### Purpose of Cash Expense Cover Ratio

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

#### Commentary on Result

**2013/14 Ratio 6.84**

As indicated with the ratio of 6.83 months, Council's ability to continue paying for its immediate expenses without additional cash inflow is sound and is in far excess of NSW Treasury Corporations benchmark of 3.00.

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

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

\$ '000	Sewer 2014	General <sup>5</sup> 2014
<b>Local Government Industry Indicators - by Fund</b>		
<b>1. Operating Performance Ratio</b>		
Total continuing operating revenue <sup>(1)</sup>		
<u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>	<b>-21.53%</b>	<b>-10.05%</b>
Total continuing operating revenue <sup>(1)</sup>		
(excl. Capital Grants & Contributions)	prior period: -15.39%	-6.40%
<b>2. Own Source Operating Revenue Ratio</b>		
Total continuing operating revenue <sup>(1)</sup>	<b>87.40%</b>	<b>64.70%</b>
(less ALL Grants & Contributions)		
Total continuing operating revenue <sup>(1)</sup>	prior period: 89.08%	63.97%
<b>3. Unrestricted Current Ratio</b>		
Current Assets less all External Restrictions <sup>(2)</sup>	<b>2.70 : 1</b>	<b>2.44 : 1</b>
<u>Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup></u>		
	prior period: 3.67	2.22
<b>4. Debt Service Cover Ratio</b>		
Operating Result <sup>(1)</sup> before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	<b>1.34</b>	<b>3.52</b>
Principal Repayments (from the Statement of Cash Flows)		
+ Borrowing Interest Costs (from the Income Statement)	prior period: 1.62	4.29
<b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>		
<u>Rates, Annual and Extra Charges Outstanding</u>	<b>8.36%</b>	<b>6.00%</b>
Rates, Annual and Extra Charges Collectible		
	prior period: 8.32%	6.87%
<b>6. Cash Expense Cover Ratio</b>		
Current Year's Cash and Cash Equivalents including All Term Deposits	<b>0.00</b>	<b>6.00</b>
Payments from cash flow of operating and financing activities	prior period: 0.00	5.26

#### Notes

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

(5) 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 2014

### Note 14. Investment Properties

\$ '000	Actual 2014	Actual 2013
<b>(a) Investment Properties at Fair value</b>		
<u>Investment Properties on Hand</u>	<u>3,955</u>	<u>4,580</u>
<b>Reconciliation of Annual Movement:</b>		
Opening Balance	4,580	4,405
- Capitalised Expenditure - this year	36	210
- Disposals during Year	(655)	-
- Net Gain/(Loss) from Fair Value Adjustments	(6)	(35)
<b>CLOSING BALANCE - INVESTMENT PROPERTIES</b>	<b>3,955</b>	<b>4,580</b>

### (b) Valuation Basis

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

The 2014 revaluations were based on Independent Assessments made by:  
Opteon (Southern Inland NSW), AAPI Certified Practising 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) Investment Property Income & Expenditure - summary

<b>Rental Income from Investment Properties:</b>		
- Minimum Lease Payments	338	222
<b>Direct Operating Expenses on Investment Properties:</b>		
- that generated rental income	(42)	(82)
<b>Net Revenue Contribution from Investment Properties</b>	<b>296</b>	<b>140</b>
plus:		
<b>Fair Value Movement for year</b>	<b>(6)</b>	<b>(35)</b>
<b>Total Income attributable to Investment Properties</b>	<b>290</b>	<b>105</b>

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

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

### 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.

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	
	2014	2013	2014	2013
<b>Financial Assets</b>				
Cash and Cash Equivalents	15,821	20,101	15,821	20,101
Investments				
- "Designated At Fair Value on Initial Recognition"	17,614	16,909	17,614	16,909
- "Held to Maturity"	42,125	36,241	42,125	36,241
Receivables	17,685	20,011	17,620	20,012
<b>Total Financial Assets</b>	<b>93,245</b>	<b>93,262</b>	<b>93,179</b>	<b>93,263</b>
<b>Financial Liabilities</b>				
Payables	14,762	12,160	14,697	12,084
Loans / Advances	57,388	55,261	57,388	55,261
<b>Total Financial Liabilities</b>	<b>72,151</b>	<b>67,421</b>	<b>72,085</b>	<b>67,345</b>

Fair Value is determined as follows:

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

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

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### 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 risks associated with the investments held are:

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2014</b>				
Possible impact of a 10% movement in Market Values	102	102	(102)	(102)
Possible impact of a 1% movement in Interest Rates	259	259	(259)	(259)
<b>2013</b>				
Possible impact of a 10% movement in Market Values	255	255	(255)	(255)
Possible impact of a 1% movement in Interest Rates	275	275	(275)	(275)



# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

#### (b) Receivables

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

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

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

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

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

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

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

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

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

	2014 Rates & Annual Charges	2014 Other Receivables	2013 Rates & Annual Charges	2013 Other Receivables
<b>(i) Ageing of Receivables - %</b>				
Current (not yet overdue)	0%	78%	0%	81%
Overdue	100%	22%	100%	19%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

#### **(ii) Ageing of Receivables - value**

Current (not yet overdue)	-	11,398	-	13,353
Past due by up to 30 days	961	986	1,058	1,079
Past due between 31 and 60 days	1,281	418	1,411	595
Past due between 61 and 90 days	464	1,357	-	-
Past due by more than 90 days	496	353	1,058	1,467
	<b>3,203</b>	<b>14,511</b>	<b>3,527</b>	<b>16,494</b>

#### **(iii) Movement in Provision for Impairment of Receivables**

	2014	2013
Balance at the beginning of the year	10	1
+ new provisions recognised during the year	29	10
- previous impairment losses reversed	(10)	(1)
<b>Balance at the end of the year</b>	<b>29</b>	<b>10</b>

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

#### (c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2014									
Trade/Other Payables	2,562	12,135	-	-	-	-	-	14,697	14,762
Loans & Advances	-	6,013	5,940	5,863	5,841	5,821	75,164	104,642	57,388
Total Financial Liabilities	2,562	18,148	5,940	5,863	5,841	5,821	75,164	119,339	72,151
2013									
Trade/Other Payables	2,579	9,505	-	-	-	-	-	12,084	12,160
Loans & Advances	-	5,510	5,461	5,387	5,387	5,366	79,737	106,849	55,261
Total Financial Liabilities	2,579	15,015	5,461	5,387	5,387	5,366	79,737	118,933	67,421

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:

	2014		2013	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	14,762	0.0%	12,160	0.0%
Loans & Advances - Fixed Interest Rate	57,388	6.9%	55,261	6.8%
	<u>72,151</u>		<u>67,421</u>	

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 13/14 was adopted by the Council on 24 June 2013.

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	2014 Budget	2014 Actual	2014 Variance*	
<b>REVENUES</b>				
<b>Rates &amp; Annual Charges</b>	<b>53,372</b>	<b>52,450</b>	<b>(922)</b>	<b>(2%) U</b>
<b>User Charges &amp; Fees</b>	<b>21,991</b>	<b>21,320</b>	<b>(671)</b>	<b>(3%) U</b>
<b>Interest &amp; Investment Revenue</b>	<b>4,680</b>	<b>4,141</b>	<b>(539)</b>	<b>(12%) U</b>
Investment income was unfavourable to budget due to lower than anticipated interest rates.				
<b>Other Revenues</b>	<b>2,817</b>	<b>3,002</b>	<b>185</b>	<b>7% F</b>
<b>Operating Grants &amp; Contributions</b>	<b>14,319</b>	<b>22,222</b>	<b>7,903</b>	<b>55% F</b>

Financial Assistance Grants - \$5,245K unfavourable

A change in the timing of receipt of the 2014/15 grant funding has resulted in a variation to budget.

Disaster Recovery - \$11,942K favourable

Council has received grants and contributions for storm damage and flood recovery claims (\$11,720K). A claim has been lodged for financial assistance for repairs of damage caused by the January 2014 Bushfires in the Local Government Area (\$222K).

Environmental and Recreational Programs - \$797K Favourable

Council has received grants and contributions for environmental programs including \$680K for remediation works, \$50K for bushfire protection and \$65K for waste disposal programs.

Community, Cultural and Heritage Programs - \$364K favourable

Council has received financial assistance for implementation or continuation of Community based programs (\$260K) and for Cultural and Heritage programs (\$104K)

Family Day Care - \$219K unfavourable

A reduction in the number of families utilising the family day care service has resulted in a decrease in the amount of grant funding received for the 2013/14 financial year.

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

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

\$ '000	2014 Budget	2014 Actual	2014 Variance*		
<b>REVENUES (continued)</b>					
<b>Capital Grants &amp; Contributions</b>	<b>12,734</b>	<b>15,768</b>	<b>3,034</b>	<b>24%</b>	<b>F</b>
<u>Roads and Transport - \$3,229K Unfavourable</u>					
Bomen RIFL project was deferred - original grant budget removed.					
<u>Recreation and Community - \$1,617K Favourable</u>					
Council received funding for development at recreational precincts including the following:					
- Wagga Riverside landscaping (\$350K).					
- Stage 1 Construction of the Wagga Equestrian Centre (\$320K).					
- Improvements to amenities at local recreational grounds (\$101K).					
- Installation of CCTV in the Wagga City (\$190K).					
- Rural village fire station construction (\$72K).					
- City Flood Protection (\$121K).					
- Donation of glass and print artworks to the Gallery (\$105K).					
<u>Subdivider Dedications and Contributions - \$4,645K Favourable</u>					
Recognition of developer dedications and contributions to roads and traffic, stormwater drainage and sewerage assets as part of subdivision development.					
<b>Share of Net Profits - Joint Ventures &amp; Associates</b>	<b>-</b>	<b>195</b>	<b>195</b>	<b>0%</b>	<b>F</b>
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	<b>39,229</b>	<b>40,297</b>	<b>(1,067)</b>	<b>(3%)</b>	<b>U</b>
<b>Borrowing Costs</b>	<b>3,997</b>	<b>4,092</b>	<b>(95)</b>	<b>(2%)</b>	<b>U</b>
<b>Materials &amp; Contracts</b>	<b>34,196</b>	<b>27,748</b>	<b>6,449</b>	<b>19%</b>	<b>F</b>
<u>Contractors &amp; Consultancy - \$5.7M Favourable</u>					
Tarcutta Street Gasworks Remediation - Budget included contractor expenses for the full financial year, however a provision for this expenditure was made in prior years.					
<b>Depreciation &amp; Amortisation</b>	<b>21,332</b>	<b>22,013</b>	<b>(681)</b>	<b>(3%)</b>	<b>U</b>
<b>Other Expenses</b>	<b>7,992</b>	<b>20,728</b>	<b>(12,735)</b>	<b>(159%)</b>	<b>U</b>
<u>Other Expenses - \$12.2M Unfavourable</u>					
Reinstatement of Infrastructure Assets expenditure not included in original budget - the budgets were carried over from 2012/13 and included in revised budget.					
<b>Net Losses from Disposal of Assets</b>	<b>-</b>	<b>2,085</b>	<b>(2,085)</b>	<b>0%</b>	<b>U</b>

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

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

\$ '000	2014 Budget	2014 Actual	2014 Variance*	
<b>Budget Variations relating to Council's Cash Flow Statement include:</b>				
<b>Cash Flows from Operating Activities</b>	<b>24,498</b>	<b>24,881</b>	<b>383</b>	<b>1.6% F</b>
The principal increase in cashflows from operating activities was due to an increase in the amount of grants and contributions received in comparison to budget. The major increase was through Flood Recovery grants that Council received from the RMS for repairs to Council infrastructure assets that were affected by the March 2012 major flood event.				
<b>Cash Flows from Investing Activities</b>	<b>(44,663)</b>	<b>(31,289)</b>	<b>13,375</b>	<b>(29.9%) F</b>
Increase is principally a result of investment in cash securities for the year.				
<b>Cash Flows from Financing Activities</b>	<b>19,028</b>	<b>2,127</b>	<b>(16,901)</b>	<b>(88.8%) U</b>
Original budget estimates include costs on internal loans which are eliminated for consolidated reporting purposes. The actual cost of financing activities for 2013/14 reflects the total amount of external loan funding that was drawn upon for the year.				

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### 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	147	-	-	1	(48)	-	100	-	(100)	-	-
Roads & Traffic Facilities	437	1,281	-	8	(176)	-	1,550	17,100	(18,642)	8	-
Cycleways & Footpaths	13	-	-	-	-	-	13	-	-	13	-
Parking	(139)	-	-	-	-	-	(139)	147	-	-	-
Open Space - Local	2,774	1,589	-	53	(85)	-	4,331	18,546	(22,868)	9	-
Open Space - City Wide	244	-	-	2	(1)	-	245	-	(180)	65	-
Community Facilities	1,584	651	-	27	(211)	-	2,051	7,073	(9,113)	11	-
Other	10	102	-	-	(93)	-	19	1,006	(1,058)	(33)	-
<b>S94 Contributions - under a Plan</b>	<b>5,070</b>	<b>3,623</b>	<b>-</b>	<b>91</b>	<b>(614)</b>	<b>-</b>	<b>8,170</b>	<b>43,872</b>	<b>(51,961)</b>	<b>81</b>	<b>-</b>
<b>S94A Levies - under a Plan</b>	<b>1,426</b>	<b>736</b>	<b>-</b>	<b>15</b>	<b>(604)</b>	<b>-</b>	<b>1,573</b>				<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>6,496</b>	<b>4,359</b>	<b>-</b>	<b>106</b>	<b>(1,218)</b>	<b>-</b>	<b>9,743</b>				<b>-</b>
S64 Contributions	1,525	2,007	-	23	(1,542)	-	2,013				
<b>Total Contributions</b>	<b>8,021</b>	<b>6,366</b>	<b>-</b>	<b>129</b>	<b>(2,760)</b>	<b>-</b>	<b>11,756</b>	<b>43,872</b>	<b>(51,961)</b>	<b>81</b>	<b>-</b>



## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

## S94 CONTRIBUTIONS - UNDER A PLAN

## CONTRIBUTION PLAN - 1993 to 2004

CONTRIBUTION PLAN - 1993 to 2004											
PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	147	-	-	1	(48)	-	100	-	(100)	-	-
Roads & Traffic Facilities	8	-	-	-	-	-	8	-	-	8	-
Cycleways & Footpaths	13	-	-	-	-	-	13	-	-	13	-
Parking	8	-	-	-	-	-	8	-	-	8	-
Open Space - Local	19	-	-	-	(10)	-	9	-	-	9	-
Open Space - City Wide	244	-	-	2	(1)	-	245	-	(180)	65	-
Community Facilities	299	-	-	2	(168)	-	133	-	(122)	11	-
Other	(33)	-	-	-	-	-	(33)	-	-	(33)	-
Total	705	-	-	5	(227)	-	483	-	(402)	81	-

## CONTRIBUTION PLAN - 2006

CONTRIBUTION PLAN - 2006											
PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads & Traffic Facilities	429	1,281	-	8	(176)	-	1,542	17,100	(18,642)	-	-
Parking	(147)	-	-	-	-	-	(147)	147	-	-	-
Open Space - Local	2,755	1,589	-	53	(75)	-	4,322	18,546	(22,868)	-	-
Community Facilities	1,285	651	-	25	(43)	-	1,918	7,073	(8,991)	-	-
Other	43	102	-	-	(93)	-	52	1,006	(1,058)	-	-
Total	4,365	3,623	-	86	(387)	-	7,687	43,872	(51,559)	-	-

## Wagga Wagga City Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## 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	1,426	736	-	15	(604)	-	1,573	6,265	(7,838)		-
<b>Total</b>	<b>1,426</b>	<b>736</b>	<b>-</b>	<b>15</b>	<b>(604)</b>	<b>-</b>	<b>1,573</b>				<b>-</b>

## S64 LEVIES - UNDER A PLAN

## CONTRIBUTION PLAN - STORMWATER 2007

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other	1,525	741	-	23	(276)	-	2,013	2,975	(4,988)	-	-
<b>Total</b>	<b>1,525</b>	<b>741</b>	<b>-</b>	<b>23</b>	<b>(276)</b>	<b>-</b>	<b>2,013</b>	<b>2,975</b>	<b>(4,988)</b>	<b>-</b>	<b>-</b>

## S64 LEVIES - UNDER A PLAN

## CONTRIBUTION PLAN - SEWER 2013

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other	-	1,266	-	-	(1,266)	-	-	6,497	(6,497)	-	-
<b>Total</b>	<b>-</b>	<b>1,266</b>	<b>-</b>	<b>-</b>	<b>(1,266)</b>	<b>-</b>	<b>-</b>	<b>6,497</b>	<b>(6,497)</b>	<b>-</b>	<b>-</b>

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

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

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

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

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

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

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions in future years. The share of this deficit that can be broadly attributed to Council is estimated to be \$1,535,052.

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

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

##### (ii) Statewide Limited

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

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

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

##### (iii) StateCover Limited

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

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

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

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

##### (iv) Other Guarantees

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

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000

#### LIABILITIES NOT RECOGNISED (continued):

##### 2. Other Liabilities

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

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

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

###### (ii) S94 Plans

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

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

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

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

###### (iii) Loans to Sporting & Community

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

###### (iii) Loans to Sporting & Community (continued)

The total principal owing as at 30 June 2014 is \$244,073.

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

###### (iv) Potential Land Acquisitions due to Planning

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

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

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

###### (v) Tarcutta Street Gasworks Site Rehabilitation

Council has recognised a total provision for the Remediation of the old gasworks site on Tarcutta Street in 2012/13 of \$1.9M. The works are set to be completed in 2014/15.

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

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

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

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

---

\$ '000

---

#### ASSETS NOT RECOGNISED:

##### (i) Land Under Roads

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

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

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

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

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

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

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### 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;

#### Associated Entities & Joint Venture Entities

**Note 19(a) (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.

#### Accounting Recognition:

(i) Joint Venture Operations disclosed at Note 19(a), are accounted for on a Line by Line Consolidation basis within the Income Statement and Statement of Financial Position.

(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 Statement of Financial Position.

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013
Associated Entities	-	-	-	-
Joint Venture Entities	195	125	1,744	1,867
<b>Total</b>	<b>195</b>	<b>125</b>	<b>1,744</b>	<b>1,867</b>



# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

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

\$ '000

#### (a) 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	2014	2013
Riverina Regional Library Service	Public Library Service	1,744	1,867
<b>Total Carrying Amounts - Joint Venture Entities</b>		<b>1,744</b>	<b>1,867</b>

#### (b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2014	2013	2014	2013	2014	2013
Riverina Regional Library Service	48%	57%	48%	57%	48%	57%

#### (c) Movement in Carrying Amounts

		Riverina Regional Library Service	
		2014	2013
Opening Balance		1,867	1,836
Share in Operating Result		195	125
Adjustments to Equity		(317)	(94)
<b>Council's Equity Share in the Joint Venture Entity</b>		<b>1,744</b>	<b>1,867</b>

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

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
<b>2014</b>					
Riverina Regional Library Service	744	1,338	336	1	1,744
<b>Totals</b>	<b>744</b>	<b>1,338</b>	<b>336</b>	<b>1</b>	<b>1,744</b>
<b>2013</b>					
Riverina Regional Library Service	662	1,550	345	-	1,867
<b>Totals</b>	<b>662</b>	<b>1,550</b>	<b>345</b>	<b>-</b>	<b>1,867</b>

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

	2014			2013		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Riverina Regional Library Service	1,356	1,161	195	1,274	1,149	125
<b>Totals</b>	<b>1,356</b>	<b>1,161</b>	<b>195</b>	<b>1,274</b>	<b>1,149</b>	<b>125</b>

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2014

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

\$ '000	Notes	Actual 2014	Actual 2013
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		780,256	774,056
a. Correction of Prior Period Errors	20 (c)	205	(1,428)
b. Other Comprehensive Income (excl. direct to Reserves transactions)		(317)	(94)
c. Net Operating Result for the Year		2,136	6,473
<b>Balance at End of the Reporting Period</b>		<b>782,280</b>	<b>779,007</b>

### (b) Reserves

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

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	494,040	487,125
<b>Total</b>	<b>494,040</b>	<b>487,125</b>

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

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

- Opening Balance		487,125	551,820
- Revaluations for the year	9(a)	6,760	(67,121)
- (Impairment of revalued assets) / Impairment reversals	9(a),(c)	1,405	2,426
- Correction of Prior Period Errors	20(c)	(1,249)	
<b>- Balance at End of Year</b>		<b>494,040</b>	<b>487,125</b>

##### TOTAL VALUE OF RESERVES

**494,040**      **487,125**

#### (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 2014

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

\$ '000	Actual 2014	Actual 2013
<b>(c) Correction of Error/s relating to a Previous Reporting Period</b>		
<b>Correction of errors as disclosed in last year's financial statements:</b>		
1. De recognition of residential land holding which was duplicated in asset register		(623)
2. Recognition of rates paid in advance	(54)	703
3. Correction of recognition of Flood Contribution	259	(259)
4. Derecognition of Community & Residential Land not owned by Council	(1,014)	
5. Recognition of land previously not recognised	1,205	
6. Correction to opening balance Other Assets	(413)	
7. Correction of Flood & Storm damage repair works incorrectly capitalised - Roads Assets Class	(907)	
8. Derecognition of pressure pumps not owned by Council	(99)	
9. Adjustment 2012/13 reported result	-	
10. Correction to opening value of Ceramic Artworks	(21)	
<b>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.</b>		
<b>These amounted to the following Equity Adjustments:</b>		
- Adjustments to Opening Equity - 1/7/12 (relating to adjustments for the 30/6/12 reporting year end and prior periods)	(1,249)	(55)
- Adjustments to Closing Equity - 30/6/13 (relating to adjustments for the 30/6/13 year end)	205	(124)
<b>Total Prior Period Adjustments - Prior Period Errors</b>	<b>(1,044)</b>	<b>(179)</b>

### (d) Voluntary Changes in Accounting Policies

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

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

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

Income Statement by Fund \$ '000	Actual 2014	Actual 2014
<b>Continuing Operations</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>		
Rates & Annual Charges	10,257	42,771
User Charges & Fees	4,187	17,328
Interest & Investment Revenue	430	3,712
Other Revenues	25	2,977
Grants & Contributions provided for Operating Purposes	186	22,036
Grants & Contributions provided for Capital Purposes	1,961	13,807
<b>Other Income</b>		
Net Gains from Disposal of Assets	-	-
Share of interests in Joint Ventures & Associates using the Equity Method	-	195
<b>Total Income from Continuing Operations</b>	<b>17,046</b>	<b>102,825</b>
<b>Expenses from Continuing Operations</b>		
Employee Benefits & on-costs	2,143	38,154
Borrowing Costs	2,494	1,598
Materials & Contracts	7,065	20,683
Depreciation & Amortisation	4,786	17,227
Impairment	-	-
Other Expenses	1,786	19,715
Net Losses from the Disposal of Assets	4	2,081
<b>Total Expenses from Continuing Operations</b>	<b>18,276</b>	<b>99,459</b>
<b>Operating Result from Continuing Operations</b>	<b>(1,230)</b>	<b>3,365</b>
<b>Discontinued Operations</b>		
Net Profit/(Loss) from Discontinued Operations	-	-
<b>Net Operating Result for the Year</b>	<b>(1,230)</b>	<b>3,365</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>(1,230)</b>	<b>3,365</b>
<b>Net Operating Result attributable to Non-controlling Interests</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>(3,190)</b>	<b>(10,442)</b>

<sup>1</sup> 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 2014

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

Statement of Financial Position by Fund \$ '000	Actual 2014	Actual 2014
<b>ASSETS</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>		
Cash & Cash Equivalents	7,086	8,735
Investments	-	16,125
Receivables	3,330	11,625
Inventories	527	2,206
Other	1	385
Non-current assets classified as 'held for sale'	-	-
<b>Total Current Assets</b>	<b>10,944</b>	<b>39,075</b>
<b>Non-Current Assets</b>		
Investments	12,256	31,358
Receivables	-	2,730
Inventories	-	-
Infrastructure, Property, Plant & Equipment	251,992	1,011,840
Investments Accounted for using the equity method	-	1,744
Investment Property	-	3,955
Intangible Assets	-	-
<b>Total Non-Current Assets</b>	<b>264,248</b>	<b>1,051,628</b>
<b>TOTAL ASSETS</b>	<b>275,192</b>	<b>1,090,703</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	1,464	13,665
Borrowings	536	1,597
Provisions	2,047	13,046
<b>Total Current Liabilities</b>	<b>4,047</b>	<b>28,308</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Borrowings	33,386	21,870
Provisions	10	1,953
<b>Total Non-Current Liabilities</b>	<b>33,396</b>	<b>23,822</b>
<b>TOTAL LIABILITIES</b>	<b>37,442</b>	<b>52,131</b>
<b>Net Assets</b>	<b>237,749</b>	<b>1,038,572</b>
<b>EQUITY</b>		
Retained Earnings	64,603	717,677
Revaluation Reserves	173,146	320,895
<b>Total Equity</b>	<b>237,749</b>	<b>1,038,572</b>

<sup>1</sup> 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 2014

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

\$ '000	2014	2014	2013	2013
	Current	Non Current	Current	Non Current
<b>(i) Non Current Assets &amp; Disposal Group Assets</b>				
<b>Non Current Assets "Held for Sale"</b>				
Land	-	-	100	-
<b>Total Non Current Assets "Held for Sale"</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>-</b>
<b>Disposal Group Assets "Held for Sale"</b>				
None				
<b><u>TOTAL NON CURRENT ASSETS CLASSIFIED AS "HELD FOR SALE"</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>100</u></b>	<b><u>-</u></b>

**(ii) Disposal Group Liabilities****Disposal Group Related Liabilities "Held for Sale"**

Nil

\$ '000	Assets "Held for Sale"	
	2014	2013
<b>(iii) Reconciliation of Non Current Assets "Held for Sale" &amp; Disposal Groups - i.e. Discontinued Operations</b>		
<b>Opening Balance</b>	100	200
<b>less: Carrying Value of Assets/Operations Sold</b>	(100)	(100)
<b>Balance still unsold after 12 months:</b>	<b>-</b>	<b>100</b>
<b>Closing Balance of "Held for Sale"</b>		
<b>Non Current Assets &amp; Operations</b>	<b>-</b>	<b>100</b>

Refer to Note 27 - Fair Value Measurement for fair value measurement information.



## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 23. Events occurring after the Reporting Date

---

\$ '000

---

Events that occur between the end of the reporting period (ending 30 June 2014) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is 13/10/14.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2014.

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

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2014 and which are only indicative of conditions that arose after 30 June 2014.

**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 2014

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

\$ '000

Notes

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2014	2013
Quarries	2034	994	625
Sewerage Treatment Works	2015	1,481	1,682
Solid Waste Management Centres	2022	1,228	1,166
Tarcutta Street Gasworks Site	2015	1,924	7,661
<b>Balance at End of the Reporting Period</b>	10(a)	<b>5,627</b>	<b>11,134</b>

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

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

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

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

Balance at beginning of year	11,134	14,499
Amounts capitalised to new or existing assets:		
Effect of a change in other calculation estimates used	355	1,040
Amortisation of discount (expensed to borrowing costs)	86	114
Expenditure incurred attributable to Provisions	(5,948)	(4,519)
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>5,627</b>	<b>11,134</b>

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 27. Fair Value Measurement

\$ '000

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

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

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

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

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

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

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

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

		Fair Value Measurement Hierarchy			Total
		Level 1	Level 2	Level 3	
		Quoted	Significant	Significant	
		prices in	observable	unobservable	
		active mkts	inputs	inputs	
2014	Date				
	of latest				
	Valuation				
<b>Recurring Fair Value Measurements</b>					
<b>Financial Assets</b>					
Investments					
- "Designated At Fair Value on Initial Recognition"	30/06/14	3,169	30,445	-	33,614
- "Held to Maturity"	30/06/14	-	42,125	-	42,125
<b>Total Financial Assets</b>		<b>3,169</b>	<b>72,570</b>	<b>-</b>	<b>75,739</b>
<b>Financial Liabilities</b>					
Payables	30/06/14	-	15,063	-	15,063
Loans / Advances	30/06/14	-	57,388	-	57,388
Other	30/06/14	-	17,056	-	17,056
<b>Total Financial Liabilities</b>		<b>-</b>	<b>89,507</b>	<b>-</b>	<b>-</b>
<b>Investment Properties</b>					
Commercial & Residential Properties	30/06/14	-	3,955	-	3,955
<b>Total Investment Properties</b>		<b>-</b>	<b>3,955</b>	<b>-</b>	<b>3,955</b>

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 27. Fair Value Measurement (continued)

\$ '000

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

2014	Date	Fair Value Measurement Hierarchy			Total
		Level 1	Level 2	Level 3	
Recurring Fair Value Measurements (continued)	of latest Valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	30/06/14	-	13,552	-	13,552
Office Equipment	30/06/14	-	-	788	788
Furniture & Fittings	30/06/14	-	-	423	423
Operational Land	30/06/13	-	54,363	-	54,363
Community Land	30/06/08	-	-	115,515	115,515
Buildings Non-Specialised	30/06/13	-	-	48,859	48,859
Buildings Specialised	30/06/13	-	-	34,603	34,603
Other Structures	30/06/08	-	-	30,914	30,914
Roads	30/06/11	-	-	414,223	414,223
Bridges	30/06/11	-	-	29,911	29,911
Footpaths	30/06/11	-	-	18,655	18,655
Stormwater Drainage	30/06/09	-	-	204,919	204,919
Sewerage Network	30/06/12	-	-	248,113	248,113
Swimming Pools	30/06/08	-	-	1,564	1,564
Other Open Space/Recreational Assets	30/06/08	-	-	5,443	5,443
Artworks	30/06/08	-	557	5,589	6,146
Other Assets	30/06/14	-	-	34,927	34,927
Tip Remediation Assets	30/06/10	-	-	168	168
Quarry Assets	30/06/10	-	-	746	746
Total Infrastructure, Property, Plant & Equipment		-	68,472	1,195,360	1,263,832

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

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

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 27. Fair Value Measurement (continued)

\$ '000

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

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

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

#### Financial Assets

Wagga Wagga City Council receives monthly valuations from RIM Securities, Commonwealth Bank and Curve Securities

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

#### Financial Liabilities

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

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

#### Investment Properties

Council currently holds 6 investment properties:

- 36-40 Gunwood Street, Wagga Wagga
- 20 Wiradjuri Crescent, Wagga Wagga
- 26 Wiradjuri Crescent, Wagga Wagga
- 28 Wiradjuri Crescent, Wagga Wagga
- 30 Wiradjuri Crescent, Wagga Wagga
- 32 Wiradjuri Crescent, Wagga Wagga

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 27. Fair Value Measurement (continued)

\$ '000

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

##### Investment Properties (continued)

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

All properties have been valued using a direct market comparison and are therefore valued using the Market Approach. The properties were valued on 30/6/2014 by Opteon (Southern Inland NSW), AAPI Certified Practising Valuers.

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

##### Infrastructure, Property, Plant & Equipment

###### Property, Plant & Equipment

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

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

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

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

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

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

\$ '000

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

##### Infrastructure, Property, Plant & Equipment (continued)

##### Roads

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

Valuations for the road and associated assets were carried out internally in 2011 referencing the methodology used by Australian Pacific Valuers (APV).

The value of the road was calculated by componentising the road into parts (Formation, Pavement and Surface) and then rolling the values together to provide an overall cost for each road segment within Council's Asset Register.

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

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

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

##### Footpaths

The footpath asset class includes all footways (footpaths, shared paths and cycleways) sealed or unsealed, and has been valued using a Depreciated Replacement Cost.

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

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

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



# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 27. Fair Value Measurement (continued)

\$ '000

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

##### Infrastructure, Property, Plant & Equipment (continued)

##### Bridges

The bridges asset class consists of all pedestrian and vehicle access bridges and have been valued using a Depreciated Replacement Cost. It was last revalued as part of the Roads and Associated Assets revaluation undertaken internally in 2011.

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

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

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

##### Operational Land

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

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

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

##### Community Land

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

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

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

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

\$ '000

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

###### Infrastructure, Property, Plant & Equipment (continued)

###### Buildings Non-Specialised

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

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

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

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

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

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 27. Fair Value Measurement (continued)

\$ '000

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

##### Infrastructure, Property, Plant & Equipment (continued)

##### Buildings Specialised

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

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

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

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

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

##### Other Structures

Council's Other Structures include fences, sports lighting, tennis courts, netball courts, hockey fields shade structures etc.

Other Structures were valued internally in 2008, using a Depreciated Replacement Cost and Level 3 inputs. The unobservable Level 3 inputs used include:

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

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

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

\$ '000

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

##### Infrastructure, Property, Plant & Equipment (continued)

##### Other Assets

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

Other Assets were valued internally in 2008, using a Depreciated Replacement Cost and Level 3 inputs. The unobservable Level 3 inputs used include:

- Gross Replacement Cost
- Asset Condition
- Residual Value

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

##### Stormwater Drainage

The Stormwater Drainage asset class includes, Drainage and Levee Banks.

Stormwater Drainage has been valued internally in 2009 using a Depreciated Replacement Cost and Level 3 inputs. The unobservable Level 3 inputs used include:

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

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

##### Sewerage Network

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

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

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

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

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 27. Fair Value Measurement (continued)

\$ '000

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

##### Infrastructure, Property, Plant & Equipment (continued)

##### Swimming Pools

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

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

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

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

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

##### Other Open Space/Recreational Assets

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

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

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

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

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 27. Fair Value Measurement (continued)

\$ '000

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

##### Infrastructure, Property, Plant & Equipment (continued)

###### Artworks

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

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

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

###### Quarry Assets

Council engaged an external consultant (Alf Grigg) to produce the Remediation Cost Estimates for the Quarry Assets in 2010. The majority of Council operated quarries are situated on private land. Council only owns and operates one quarry site, with another site recently purchased under development.

The remediation cost estimates include:

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

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

###### Tip Remediation Asset

Council engaged an external consultant (Alf Grigg) to produce the Remediation Cost Estimates for the Tip Assets in 2010. The remediation cost estimate takes into account village landfill sites, as well as the Gregadoo Waste Management Centre.

The remediation estimate includes costs such as:

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

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

## Wagga Wagga City Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

\$ '000

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

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

	Community Land	Buildings Non- Specialised	Buildings Specialised	Other Structures	Roads	Bridges	Footpaths	Stormwater Drainage	Total
<b>Opening Balance - 1/7/2012</b>	116,634	45,192	37,600	35,756	448,464	-	-	200,786	884,432
Additions	8	645	422	326	16,426	-	-	2,994	20,821
Disposals	(221)	(218)	(125)	(770)	(178)	-	-	-	(1,512)
Depreciation	-	(591)	(371)	(1,004)	(8,106)	-	-	(733)	(10,805)
Impairment Loss (Recognised in Equity)	-	(13)	-	-	-	-	-	-	(13)
Impairment Reversal (via Equity)	-	-	-	-	2,046	-	-	393	2,439
Adjustments & Transfers	-	-	763	-	-	-	-	-	763
Revaluation Decrements to Equity (ARR)	-	-	(3,034)	-	-	-	-	-	(3,034)
Revaluation Increments to Equity (ARR)	-	5,350	-	-	-	-	-	-	5,350
<b>Closing Balance - 30/6/2013</b>	<b>116,421</b>	<b>50,365</b>	<b>35,255</b>	<b>34,308</b>	<b>458,652</b>	<b>-</b>	<b>-</b>	<b>203,440</b>	<b>898,441</b>
<b>Prior Period Adjustment</b>	(300)			(2,473)	(51,342)		20,605	-	(33,510)
<b>Opening Balance - 1/7/2013</b>	<b>116,121</b>	<b>50,365</b>	<b>35,255</b>	<b>31,835</b>	<b>407,310</b>	<b>29,831</b>	<b>20,605</b>	<b>203,440</b>	<b>894,762</b>
Additions	13	564	1,055	334	10,657	795	306	2,457	16,181
Disposals	-	(20)	(352)	(197)	(307)	(340)	-	(231)	(1,447)
Depreciation	-	(2,067)	(1,358)	(1,044)	(5,553)	(96)	(2,255)	(776)	(13,150)
Impairment Loss (Recognised in Equity)	-	-	-	-	(239)	(328)	-	-	(567)
Impairment Reversal (via Equity)	-	13	-	-	1,890	48	-	20	1,972
Adjustments & Transfers	(620)	5	4	(12)	464	-	-	8	(151)
<b>Closing Balance - 30/6/2014</b>	<b>115,515</b>	<b>48,859</b>	<b>34,603</b>	<b>30,914</b>	<b>414,223</b>	<b>29,911</b>	<b>18,655</b>	<b>204,919</b>	<b>897,599</b>



## Wagga Wagga City Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

\$ '000

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

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

	Sewerage Network	Swimming Pools	Other Open Space/Rec Assets	Artworks	Other Assets	Tip Assets	Quarry Assets	Furniture & Fittings & Office Equip	Total
<b>Opening Balance - 1/7/2012</b>	273,399	-	-	5,411	33,042	171	307	1,045	313,375
Additions									
Disposals	3,553	-	-	65	9,895	-	-	457	13,970
Depreciation	(4,768)	-	-	-	(269)	-	-	(8)	(277)
Impairment Reversal (via Equity)	-	-	-	-	(1,494)	(21)	(26)	(250)	(6,559)
Adjustments & Transfers	-	-	-	-	-	-	-	-	-
Revaluation Decrements to Equity (ARR)	(36,581)	-	-	-	(763)	5	131	-	(627)
Revaluation Increments to Equity (ARR)	5,920	-	-	-	-	-	-	-	(36,581)
									5,920
<b>Closing Balance - 30/6/2013</b>	<b>241,523</b>	<b>-</b>	<b>-</b>	<b>5,476</b>	<b>40,411</b>	<b>155</b>	<b>412</b>	<b>1,244</b>	<b>289,221</b>
<b>Prior Period Adjustment</b>	(99)	1,581	5,352	(21)	(4,872)				1,941
<b>Opening Balance - 1/7/2013</b>	<b>241,424</b>	<b>1,581</b>	<b>5,352</b>	<b>5,455</b>	<b>35,539</b>	<b>155</b>	<b>412</b>	<b>1,244</b>	<b>291,162</b>
Additions	4,716	-	629	134	2,461	-	-	315	8,255
Disposals	(4)	-	-	-	(758)	-	-	-	(762)
Depreciation	(4,783)	(17)	(538)	-	(1,734)	(19)	(21)	(348)	(7,460)
Impairment Reversal (via Equity)	-	-	-	-	-	-	-	-	-
Adjustments & Transfers	-	-	-	-	(583)	33	354	-	(196)
Revaluation Increments to Equity (ARR)	6,760	-	-	-	-	-	-	-	6,760
<b>Closing Balance - 30/6/2014</b>	<b>248,113</b>	<b>1,564</b>	<b>5,443</b>	<b>5,589</b>	<b>34,927</b>	<b>168</b>	<b>746</b>	<b>1,211</b>	<b>297,761</b>

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

\$ '000

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

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

	Investment Property 36-40 Gurwood St	Investment Property 20 Wiradjuri Crescent	Investment Property 26 Wiradjuri Crescent	Investment Property 28 Wiradjuri Crescent	Investment Property 30 Wiradjuri Crescent	Investment Property 32 Wiradjuri Crescent	Total Total
<b>Opening Balance - 1/7/2013</b>	<b>2,825</b>	<b>230</b>	<b>220</b>	<b>220</b>	<b>220</b>	<b>210</b>	<b>3,925</b>
FV Gains - Income Statement	(25)	20	10	10	5	10	30
<b>Closing Balance - 30/6/2014</b>	<b>2,800</b>	<b>250</b>	<b>230</b>	<b>230</b>	<b>225</b>	<b>220</b>	<b>3,955</b>

<sup>1</sup> FV Gains recognised in the Income Statement relating to assets still on hand at year end total:  
YE 13/14

(25) 20 10 10 5 10 30

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

\$ '000

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

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

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

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
Buildings Non-Specialised	48,859	Market Value	Unit Rate Cost  Asset Condition  Remaining useful life of Asset  Residual Value  Components	Unit Rates vary from asset to asset  1-5 (Excellent to Very Poor)  Remaining useful life: 0 -57 years 50% - Structure Whole Building, Structure, Internal Finishes, Electrical, Mechanical, Fire/Security, Transportation, Roof	Any changes to the Gross Replacement Cost, Asset Condition, Remaining Useful Life or Residual Value will affect the fair value of Buildings asset class.

## Wagga Wagga City Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

\$ '000

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

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
Buildings Specialised  I, PP&E (continued)	34,603	Depreciated Replacement Cost	Unit Rate Cost	Unit Rates vary from asset to asset	Any changes to the Gross Replacement Cost, Asset Condition, Remaining Useful Life or Residual Value will affect the fair value of Buildings asset class.
			Asset Condition  Remaining useful life of Asset  Residual Value  Components	1-5 (Excellent to Very Poor) Remaining useful life: 0-57 years 50% - Structure Whole Building, Structure, Internal Finishes, Electrical, Mechanical, Fire/Security, Transportation, Roof	
Other Structures	30,914	Depreciated Replacement Cost	Unit Rate Cost	Unit Rates vary from asset to asset: \$6000-\$18,710,714	Any changes to Gross Replacement Cost, Asset Condition or Residual Value will affect the fair value of the Other Structures asset class.
			Asset Condition  Estimated useful life of the Asset  Residual Value	1-5 (Excellent to Very Poor) 15-80 years 0-30 years	

page 95

## Wagga Wagga City Council

Notes to the Financial Statements  
for the financial year ended 30 June 2014

## Note 27. Fair Value Measurement (continued)

\$ '000

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

Class	Fair Value Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I, PP&E (continued)					
Bridges	29,911	Depreciated Replacement Cost	Unit Rate Cost	Unit Rates : \$1600.00 - \$2100.00	Any changes to Gross Replacement Cost, Asset Condition or Residual Value will affect the fair value of the Bridge asset class.
			Asset Condition	1-5 (Excellent to Very Poor)	
			Estimated useful life of the Asset	Concrete : 100 years	
			Residual Value	Other: 100 years 40%	
Footpaths	18,655	Depreciated Replacement Cost	Unit Rate Cost	Unit Rates : \$9.00 - \$135.00	Any changes to Gross Replacement Cost, Asset Condition or Residual Value will affect the fair value of the Footpath asset class
			Asset Condition	vary from asset to asset	
			Estimated useful life of the Asset	1-5 (Excellent to Very Poor)	
			Residual Value	70 years 0-35%	

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2014

#### Note 27. Fair Value Measurement (continued)

\$ '000

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

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
I, PP&E (continued)					
Stormwater Drainage	204,919	Depreciated Replacement Cost	Unit Rate Cost  Asset Condition  Estimated useful life of the Asset  Residual Value	Unit Rates for Drain segments: \$100 - \$1,120,000 Unit Rates for Levee Banks: \$1000/m  Drains : 1-5 (Excellent to Very Poor) Levee Banks: 1-5 (Excellent to Very Poor)  Drains: 80-100 years Drains: 0% Levee Banks: 50%	Any changes to Gross Replacement Cost, Asset Condition or Residual Value will affect the fair value of the Stormwater Drainage asset class.





# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 27. Fair Value Measurement (continued)

\$ '000

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

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
Swimming Pools	1,564	Depreciated Replacement Cost	Unit Rate Cost	Unit Rates: \$384,000 - \$1,300,000	Any changes to Gross Replacement Cost, Asset Condition or Residual Value will affect the fair value of the Swimming Pools asset class.
			Asset Condition	1-5 (Excellent to Very Poor)	
			Estimated useful life of the Asset Residual Value	36 years 10 years	
Furniture & Fittings, Office Equip	1,211	Depreciated Historical Cost	Unit Rate Cost	Varies from asset to asset	Any changes to Gross Replacement Cost, Asset Condition or Residual Value will affect the fair value of the Furniture & Fittings, Office Equip asset class.
			Estimated useful life of the Asset	Office Equipment: 5-10 years Office Furniture: 10-20 years Computer Equipment: 4 years Vehicles: 5-8 years	
			Residual Value	Varies from asset to asset	

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 27. Fair Value Measurement (continued)

\$ '000

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

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
<b>I, PP&amp;E (continued)</b>					
Other Open Space / Recreational Assets	5,443	Depreciated Replacement Cost	Unit Rate Cost  Asset Condition  Remaining useful life of Asset	Varies from asset to asset \$1500- \$2,900,000  1-5 (Excellent to Very Poor) 1-15 years	Any changes to Gross Replacement Cost, Asset Condition or Residual Value will affect the fair value of the Other Open Space/Recreational Asset class.
	34,927	Depreciated Replacement Cost	Unit Rate Cost  Asset Condition  Residual Value	Varies from asset to asset \$1500 - \$2,386,800  1-5 (Excellent to Very Poor) 1-51 years Varies from asset to asset	Any changes to Gross Replacement Cost, Asset Condition or Residual Value will affect the fair value of the Other Assets asset class.
	115,515	Market Value	Unit Rates per square metre or hectare	Unit Rates vary from asset to asset	Increase or decrease in the price per square metre or hectare
Community Land	6,146	Market Value	Insurable Value	Costs varies from asset to asset	Increases or decreases in the insurable value will affect the fair value of the Artworks asset class.
Artworks					

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 27. Fair Value Measurement (continued)

\$ '000

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

Class	Fair Value (30/6/14) \$'000	Valuation Technique/s	Unobservable Inputs	Range of Inputs (incl. probable)	Relationship of unobservable inputs to Fair Value
<b>I, PP&amp;E (continued)</b>					
Quarry Assets	746	Discounted Net Present Value	Value of future expenditure for remediation	Costs varies from asset to asset	Changes to the condition of the required future remediation, and also increase/decreases in the price of the remediation will affect the fair value of the Quarry Asset
Tip Remediation Assets	168	Discounted Net Present Value	Value of future expenditure for remediation	Costs varies from asset to asset	Changes to the condition of the required future remediation, and also increase/decreases in the price of the remediation will affect the fair value of the Tip Remediation Asset

#### (5). Highest and best use

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

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 28. Financial Review

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 20132012	
TCorp Performance Measures - Consolidated				
a. Operating Performance				
Operating Revenue <sup>1</sup> (excl. Capital Grants & Contributions)				
- Operating Expenses	(13,955)	-13.55%	-9.25%	-1.32%
Operating Revenue <sup>1</sup> (excl. Capital Grants & Contributions)	103,001			
b. Own Source Operating Revenue				
Rates & Annual Charges + User Charges & Fees	73,770	62.11%	61.22%	56.33%
Total Operating Revenue <sup>1</sup> (incl. Capital Grants & Contributions)	118,769			
c. Unrestricted Current Ratio				
Current Assets less all External Restrictions	44,700	2.44	2.22	2.58
Current Liabilities less Specific Purpose Liabilities	18,347			
d. Debt Service Cover Ratio				
Operating Result <sup>1</sup> before Interest & Depreciation (EBITDA)	12,150	2.07	2.53	5.25
Principal Repayments (from the Statement of Cash Flows)	5,857			
+ Borrowing Interest Costs (from the Income Statement)				
e. Capital Expenditure Ratio				
Annual Capital Expenditure	25,326	1.15	1.80	2.24
Annual Depreciation	22,013			
f. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	78,322	0.08	0.10	0.11
Total value of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	1,037,204			
g. Asset Maintenance Ratio				
Actual Asset Maintenance	16,733	0.59	0.70	0.73
Required Asset Maintenance	28,575			
h. Building & Infrastructure Renewals Ratio				
Asset Renewals	15,081	0.94	1.36	0.83
Depreciation of Building and Infrastructure Assets	16,039			
i. Cash Expense Cover Ratio				
Current Year's Cash & Cash Equivalents	15,821	2.09	2.78	1.80
(Total Expenses - Depreciation - Interest Costs) x12	7,571			
j. Interest Cover Ratio				
Operating Results before Interest & Depreciation (EBITDA)	12,150	2.97	3.40	6.44
Borrowing Interest Costs (from the income statement)	4,092			

<sup>1</sup> Excludes fair value adjustments and reversal of revaluation decrements

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 28. Financial Review (continued)

<p><b>a. Operating Performance</b></p> <p>Ratio %</p> <p>2012: -1.32%</p> <p>2013: -9.25%</p> <p>2014: -13.55%</p> <p>— Minimum 4.00%</p>	<p><b>Purpose of Operating Performance Ratio</b></p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p><b>Commentary on 2013/14 Result</b></p> <p><b>2013/14 Ratio -13.55%</b></p> <p>The ratio illustrates Council heavy reliance on capital grants and contributions to fund the organisations many projects each year. It highlights the fact that Council's operations are not sustainable at the current levels.</p>
Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)		
<p><b>b. Own Source Operating Revenue</b></p> <p>Ratio %</p> <p>2012: 56.33%</p> <p>2013: 61.22%</p> <p>2014: 62.11%</p> <p>— Minimum 60.00%</p>	<p><b>Purpose of Own Source Operating Revenue Ratio</b></p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants &amp; contributions.</p>	<p><b>Commentary on 2013/14 Result</b></p> <p><b>2013/14 Ratio 62.11%</b></p> <p>The ratio illustrates Council reliance on rates revenue to fund much of the organisations operations each year.</p>
Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)		
<p><b>c. Unrestricted Current Ratio</b></p> <p>Ratio (x)</p> <p>2012: 2.58</p> <p>2013: 2.22</p> <p>2014: 2.44</p> <p>— Minimum 1.50</p>	<p><b>Purpose of Unrestricted Current Ratio</b></p> <p>To assess the adequacy of unrestricted working capital and Council's ability to meet short term obligations as they fall due.</p>	<p><b>Commentary on 2013/14 Result</b></p> <p><b>2013/14 Ratio 2.44</b></p> <p>Council's Unrestricted Current Ratio for 2013/14 still represents a relatively strong liquidity. The graph does however highlight that the ratio has been on the decline since 2010. This is a reflection of a reduction in Council's cash and investments over the years.</p>
Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)		
<p><b>d. Debt Service Cover Ratio</b></p> <p>Ratio (x)</p> <p>2012: 5.25</p> <p>2013: 2.53</p> <p>2014: 2.07</p> <p>— Minimum 2.00</p>	<p><b>Purpose of Debt Service Cover Ratio</b></p> <p>This ratio measures the availability of operating cash to service debt including interest, principal and lease payments</p>	<p><b>Commentary on 2013/14 Result</b></p> <p><b>2013/14 Ratio 2.07 x</b></p> <p>The graph illustrates the decline in operating revenue available to cover Council's debt servicing obligations.</p>
Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)		



# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 28. Financial Review (continued)

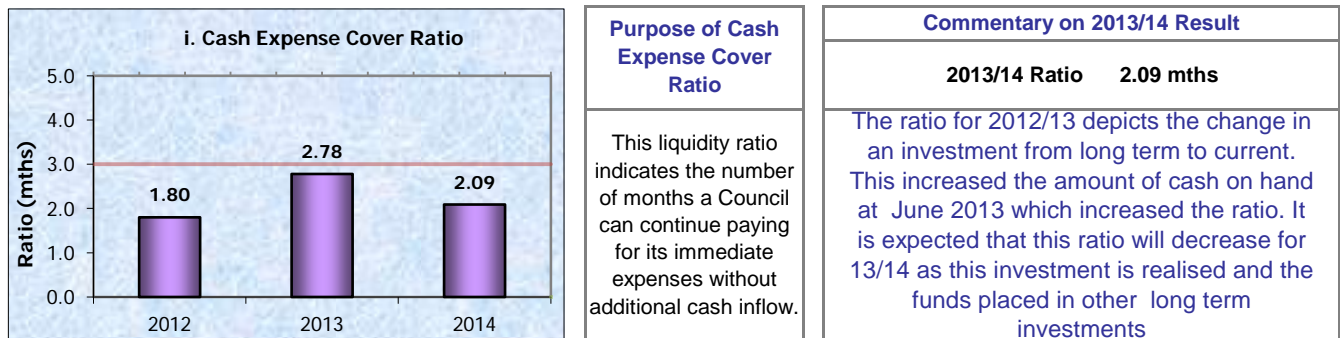
<p><b>e. Capital Expenditure Ratio</b></p> <p>Ratio (x)</p> <p>2012 2.24 2013 1.80 2014 1.15</p> <p>— Minimum 1.10</p>	<p><b>Purpose of Capital Expenditure Ratio</b></p> <p>This ratio assesses the extent to which a Council is expanding its asset base with capital expenditure (on new assets, replacement &amp; renewal of existing assets).</p>	<p><b>Commentary on 2013/14 Result</b></p> <p><b>2013/14 Ratio 1.15 x</b></p> <p>This ratio highlights the decrease in annual capital expenditure in comparison to the previous year due mainly to a decrease in the amount spent on roads, bridges and footpaths of \$4.7M.</p>
<p>Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)</p>		
<p><b>f. Infrastructure Backlog Ratio</b></p> <p>Ratio (x)</p> <p>2012 0.11 2013 0.10 2014 0.08</p> <p>— Minimum 0.01 — Maximum 0.02</p>	<p><b>Purpose of Infrastructure Backlog Ratio</b></p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p><b>Commentary on 2013/14 Result</b></p> <p><b>2013/14 Ratio 0.08 x</b></p> <p>Council's infrastructure backlog remains relatively static when comparing the two years. It reinforces the current issue in Local Government of not being able to maintain infrastructure assets to a satisfactory standard within a constrained revenue environment.</p>
<p>Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)</p>		
<p><b>g. Asset Maintenance Ratio</b></p> <p>Ratio (x)</p> <p>2012 0.73 2013 0.70 2014 0.59</p> <p>— Minimum 1.00</p>	<p><b>Purpose of Asset Maintenance Ratio</b></p> <p>Compares actual vs. required annual asset maintenance. A ratio of &gt; 1.0x indicates enough has been spent to stop the Infrastructure Backlog from growing.</p>	<p><b>Commentary on 2013/14 Result</b></p> <p><b>2013/14 Ratio 0.59 x</b></p> <p>The Asset Maintenance Ratio depicts the funding constraints that Council operates within. Council is currently maintaining the same level of funding for asset maintenance that it has previously.</p>
<p>Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)</p>		
<p><b>h. Building &amp; Infrastructure Renewals Ratio</b></p> <p>Ratio (x)</p> <p>2012 0.83 2013 1.36 2014 0.94</p> <p>— Minimum 1.00</p>	<p><b>Purpose of Asset Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on 2013/14 Result</b></p> <p><b>2013/14 Ratio 0.94 x</b></p> <p>This ratio has decreased for 2013/14 mainly due to the fact that there has been considerable works undertaken for reinstatement of flood damaged assets. Council is committed to improving the condition of infrastructure assets via the Asset Management Strategy and the Long Term Financial Plan.</p>
<p>Source for Benchmark: TCorp Sustainability Review of NSW Local Govt. (2013)</p>		



# Wagga Wagga City Council

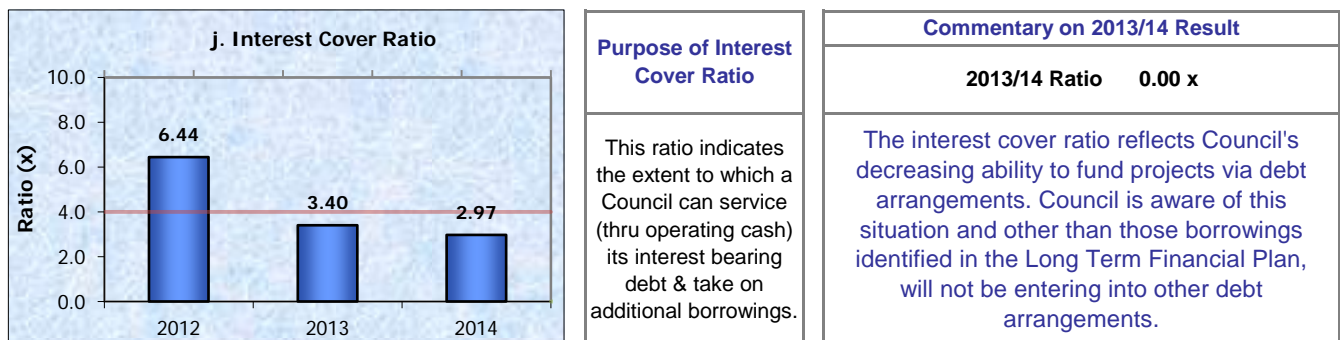
## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 28. Financial Review (continued)



— Minimum 3.00

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



— Minimum 4.00

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

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2014

### Note 28. Financial Review (continued)

\$ '000	Water 2014	Sewer 2014	General <sup>1</sup> 2014
<b>TCorp Performance Measures - by Fund</b>			
<b>a. Operating Performance</b>			
Operating Revenue (excl. Capital Grants & Contributions) - Operating Expenses	n/a	-21.53%	-12.18%
Operating Revenue (excl. Capital Grants & Contributions)			
<b>b. Own Source Operating Revenue</b>			
Rates & Annual Charges + User Charges & Fees	n/a	84.74%	58.32%
Total Operating Revenue (incl. Capital Grants & Contributions)			
<b>c. Unrestricted Current Ratio</b>			
Current Assets less all External Restrictions	n/a	2.70	1.84
Current Liabilities less Specific Purpose Liabilities			
<b>d. Debt Service Cover Ratio</b>			
Operating Result before Interest & Depreciation (EBITDA)	n/a	7.41	-3.61
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)			
<b>e. Capital Expenditure Ratio</b>			
Annual Capital Expenditure	n/a	0.99	1.20
Annual Depreciation			
<b>f. Infrastructure Backlog Ratio</b>			
Estimated Cost to bring Assets to a Satisfactory Condition (from Special Schedule 7)	n/a	0.01	0.10
Total value of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets			
<b>g. Asset Maintenance Ratio</b>			
Actual Asset Maintenance	n/a	1.03	0.40
Required Asset Maintenance			
<b>h. Building and Infrastructure Renewals Ratio</b>			
Asset Renewals	n/a	0.00	1.34
Depreciation of Building and Infrastructure Assets			
<b>i. Cash Expense Cover Ratio</b>			
Current Year's Cash & Cash Equivalents	n/a	7.71	1.31
(Total Expenses - Depreciation - Interest Costs) x12			
<b>j. Interest Cover Ratio</b>			
Operating Results before Interest & Depreciation (EBITDA)	n/a	1.61	5.16
Borrowing Interest Costs (from the income statement)			

#### Notes

(<sup>1</sup>) 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 2014

### Note 29. Council Information & Contact Details

---

#### Principal Place of Business:

Cnr Morrow and Baylis Streets  
Wagga Wagga NSW 2650

#### Contact Details

##### Mailing Address:

PO Box 20  
Wagga Wagga NSW 2650

##### Opening Hours:

Mon - Fri 8.30am to 5.00pm

**Telephone:** 1300 292442

**Facsimile:** 02 69269 199

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

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

#### Officers

##### GENERAL MANAGER

Phil Pinyon

##### RESPONSIBLE ACCOUNTING OFFICER

Brooke Curry

##### PUBLIC OFFICER

Craig Richardson

##### AUDITORS

Crowe Horwath  
491 Smollett Street  
Albury NSW 2640

#### Elected Members

##### MAYOR

Rod Kendall

##### COUNCILLORS

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

#### Other Information

**ABN:** 56 044 159 537

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

### **SCOPE**

We have audited the accompanying financial statements of Wagga Wagga City Council ('the Council'), which comprises the statement of financial position as at 30 June 2014 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 29 and the Statement by Councillors and Management of the Council. The financial statements and Council's statement are in the approved form as required by Section 413(2) (a) and (c) of the Local Government Act, 1993.

### **COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Councillors and management of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, Local Government Act 1993 (as amended) and the Regulations made there under and the Local Government Code of Accounting Practice and Financial Reporting. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

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

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

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

## **INDEPENDENCE**

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

## **AUDITOR'S OPINION**

In our opinion:

- a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993 Chapter 13, Part 3, Division 2;
- b) the Council's financial statements:
  - have been properly prepared in accordance with the requirements of this Division;
  - are consistent with the Council's accounting records;
  - present fairly the Council's financial position and result of its operations; and
  - are in accordance with applicable Accounting Standards.
- c) all information relevant to the conduct of the audit has been obtained; and
- d) there are no material deficiencies in the accounting records or financial statements that have come to light during the course of the audit.



**CROWE HORWATH AUSWILD**



**BRADLEY D BOHUN**

Partner

Dated at Albury this 16<sup>th</sup> day of October 2014.

# Report on the Conduct of the Audit

Wagga Wagga City Council

Year Ended 30 June 2014

# Contents

1	Report on the Conduct of the Audit .....	3
2	Operating Result .....	4
3	Financial Position .....	5
4	Performance Indicators .....	6
5	Specific Balance Sheet Items.....	8
6	Other Matters .....	11



# 1 Report on the Conduct of the Audit

We have completed our audit of the financial statements for Wagga Wagga City Council (Council) for the year ended 30 June 2014, in accordance with Section 415 of the Local Government Act, 1993. Our audit opinion under Section 417(2) has been issued to Council.

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

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

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

## 2 Operating Result

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

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

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

The Council achieved a surplus in net operating result from continuing operations (including capital contributions) of \$2,136k (2013: \$6,473k) for the year ended 30 June 2014. The net operating deficit for the year before grants and contributions provided for capital purposes is \$13,632k (2013: \$8,292k).

Significant income and expense items in the current year were:

	2014 \$'000	2013 \$'000	2012 \$'000
Rates and annual charges	52,450	50,485	50,170
User charges and fees	21,320	20,021	18,310
Grants and contributions - operating	22,222	22,318	31,620
Grants and contributions - capital	15,768	14,765	12,957
Employee costs	40,297	39,379	38,495
Materials and contracts	27,748	28,167	26,312
Depreciation and amortisation	22,013	18,997	19,796

The size of Council's operations has remained relatively consistent over the past three years with increases in rates and annual charges being attributable to the annual permissible increase (3.4% in 2013/2014). Grants and contributions have also remained fairly consistent during the period, despite a timing difference on the receipt of financial assistance grants by Council. Historically these were paid six months in advance but this has ceased, hence a 50% reduction in the financial assistance grant income recorded in the 2014 year. This decrease has been offset by an increase in transport related grants.

Employee costs have risen due to the award increase of 3.25%, but is offset by a small decrease in full time equivalent employees.

Depreciation is higher in 2014 due to the revaluation of buildings as at 30 June 2013, which resulted in a higher fair value.

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

## 3 Financial Position

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

	2014 \$'000	2013 \$'000
Cash and Liquid Investments	31,946	38,890
External Restrictions - included in liabilities	(86)	(5,476)
- not included in liabilities	-	-
Internal Restrictions - included in liabilities	(3,141)	-
- not included in liabilities	(25,147)	(32,679)
<b>Unrestricted Cash and Investments</b>	<b>3,572</b>	<b>735</b>
Other Net Current Assets / (Liabilities) excluding anticipated LSL Provision & restrictions included in liabilities	(6,651)	(8,995)
<b>Unrestricted Working Capital</b>	<b>(3,079)</b>	<b>(8,260)</b>

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

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

We note the improvement compared to the 2013 result and highlight that the internal restriction included in liabilities pertaining to employee leave entitlements that was reintroduced in 2014 of \$3,141k amounts for the deficit as reported.

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

## 4 Performance Indicators

Refer to Note 13 of the financial statements.

### 4.1 Operating Performance Ratio

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

Council's Operating Performance Ratio over the past 3 financial years has decreased to -11.74% due to Council's operating expenditure increasing at a greater rate than Council's operating revenue. One of the major factors that has contributed to this is the change in the timing of receipt of the Financial Assistance grant funding during 2014, which has in previous years been paid in advance.

### 4.2 Own Source Operating Revenue Ratio

This ratio measures fiscal flexibility and shows the degree of reliance on external funding sources such as operating grants and contributions.

With a ratio of 67.96%, Council's ability to generate its own sources of funding from rates and user fees is in excess of NSW Treasury Corporations benchmark of 60%. The ratio pattern remains consistent through the comparative years.

### 4.3 Liquidity (Unrestricted Current) Ratio

This ratio is used to assess the adequacy of working capital and Council's ability to satisfy its obligations in the short term for the unrestricted activities of Council.

This ratio indicates that Council currently anticipates having \$2.44 (excluding externally restricted funds such as Section 94 and grant funds) available to service every \$1.00 of debt as it falls due at the end of the year which clearly demonstrates Council's ability to satisfy short term obligations.

### 4.4 Debt Service Ratio

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

With a ratio of 2.40 (240%), Council's ability to generate sufficient cash to cover its debt payments is sound and is above the NSW Treasury Corporation benchmark of 2.00. The decrease in the reported result from prior years is reflective of additional borrowing costs associated with Council's increase in its borrowing programme to implement Council's budgeted capital program.

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

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

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

#### 4.6 Cash Expense Cover Ratio

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

As indicated with the ratio of 6.84 months, Council's ability to continue paying for its immediate expenses without additional cash inflow is sufficient and exceeds the NSW Treasury Corporations benchmark of 3.00.

## 5 Specific Balance Sheet Items

### 5.1 Receivables

The total current receivables at 30 June 2014, net of allowance for impairment was \$14,955k (2013: \$17,772k).

This balance consists of user charges and fees of \$4,425k (2013: \$3,952k) and rates and annual charges of \$3,203k (2013: \$3,527k). The percentage of rates and annual charges outstanding is referred to at Section 4.5 of this report.

The allowance for impairment at 30 June 2014 was \$29k (2013: \$10k). The allowance is specifically matched against rates and annual charges and user charges and fees outstanding. An assessment of the collectability of the receivables balance indicated that the allowance for impairment was sufficient.

### 5.2 Capital Expenditure

During the reporting period Council spent \$28,670k (2013: \$37,277k) on items of an infrastructure, property, plant or equipment nature. The primary areas of capital expenditure were as follows:

	2014 \$'000	2013 \$'000	2012 \$'000
Land & improvements	651	52	471
Buildings & other structures	1,953	1,393	5,529
Plant and equipment	3,593	2,442	4,938
Office equipment and furnishings	316	457	220
Roads, bridges and footpaths	11,759	16,426	12,783
Stormwater drainage	2,457	2,994	3,587
Sewerage network	4,716	3,553	5,705
Other	3,225	9,960	13,503
	<u>28,670</u>	<u>37,277</u>	<u>46,736</u>

### 5.3 Fair Value of Roads, Bridges, Footpaths, Bulk Earthworks and Stormwater Drainage

In 2014 Council did not perform any revaluations despite land under roads being on the following cycle plan for valuations as per NSW Council Guidelines:

1. Land under roads (if applicable) – 30 June 2014
2. Roads, bridges, footpaths, drainage, bulk earthworks – 30 June 2015
3. Community land, other assets, land improvements – 30 June 2016
4. Water & sewer – 30 June 2017
5. PPE, operational land, buildings – 30 June 2018

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 116 *Property, Plant & Equipment*. Council has also not recognised land under roads acquired post 1 July 2008 as it cannot be reliably measured. Land under roads acquired post 1 July 2008 consists of a number of sub divisions as a result of developer contributions. The valuation of land under roads will now be combined with the roads valuation as at 30 June 2015.

All asset classes in Note 9 are now at 'fair value'.

### 5.4 Borrowings

Borrowings have increased by \$2,127k due to the net effect of new borrowings of \$3,892k and repayments of \$1,765k.

### 5.5 Flood damaged assets

Flood damage to infrastructure assets occurred during the 2012 financial year where there was a flood event which occurred and resulted in damage to Council's infrastructure assets. During the current period there has been a reinstatement of the previous impairment adjustment (\$1,971K). This is due to the completion of the repair work on these assets.



## 5.6 New Standards and Interpretations Not Yet Adopted

Certain new accounting standards have been published that are not mandatory for the 30 June 2014 reporting period as follows:

- *AASB 9 Financial Instruments, AASB 2009 11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017).*
- *AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2014)*
- *AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective for Council's 30 June 2015 financial statements)*

Council is of the view that AASB 9 and AASB 10 will not significantly affect any of the amounts recognised in the financial statements, however they may impact certain information otherwise disclosed, or the format in which information is disclosed.

## 6 Other Matters

Several performance improvement observations were noted during our audit and reported in an interim management letter. A report to the Audit and Risk Committee has been issued pertaining to the year end audit visit. There were no major control deficiencies noted in Council's systems from our post balance date testing performed.

### 6.1 Independence

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

### 6.2 Reliance on the Report

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

## Contact Us

Crowe Horwath Auswild

491 Smollett Street  
Albury NSW 2640 Australia  
Tel +61 2 6021 1111  
Fax +61 2 6041 1892  
[www.crowehorwath.com.au](http://www.crowehorwath.com.au)

### Disclaimer

Crowe Horwath is a member of Crowe Horwath International, a Swiss verein. Each member firm of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

# Wagga Wagga City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2014

---

*"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 2014

Contents	Page
<b>1. Statement by Councillors &amp; Management</b>	<b>2</b>
<b>2. Special Purpose Financial Statements:</b>	
Income Statement - Water Supply Business Activity	n/a
Income Statement - Sewerage Business Activity	3
Income Statement - Other Business Activities	4
Statement of Financial Position - Water Supply Business Activity	n/a
Statement of Financial Position - Sewerage Business Activity	5
Statement of Financial Position - Other Business Activities	6
<b>3. Notes to the Special Purpose Financial Statements</b>	<b>7</b>
<b>4. Auditor's Report</b>	<b>14</b>

---

### 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 2014

### 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:**

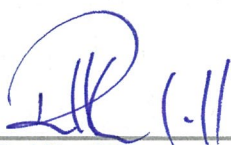
- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- 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 13 October 2014.**



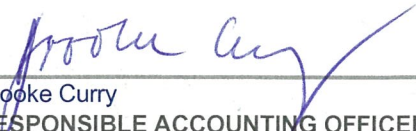
Rod Kendall  
MAYOR



Dallas Tout  
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 2014

\$ '000	Actual 2014	Actual 2013
<b>Income from continuing operations</b>		
Access charges	10,257	10,077
User charges	4,187	3,974
Liquid Trade Waste charges	-	-
Fees	-	-
Interest	430	668
Grants and contributions provided for non capital purposes	186	252
Profit from the sale of assets	-	-
Other income	25	773
<b>Total income from continuing operations</b>	<b>15,085</b>	<b>15,744</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,143	2,062
Borrowing costs	2,494	2,528
Materials and contracts	7,065	7,023
Depreciation and impairment	4,786	4,769
Loss on sale of assets	4	-
Calculated taxation equivalents	57	50
Debt guarantee fee (if applicable)	-	-
Other expenses	1,786	1,734
<b>Total expenses from continuing operations</b>	<b>18,332</b>	<b>18,166</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(3,247)</b>	<b>(2,422)</b>
Grants and contributions provided for capital purposes	1,961	1,647
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(1,286)</b>	<b>(775)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(1,286)</b>	<b>(775)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(1,286)</b>	<b>(775)</b>
plus Opening Retained Profits	65,890	66,665
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	57	50
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	(57)	(50)
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>64,604</b>	<b>65,890</b>
<b>Return on Capital %</b>	<b>-0.3%</b>	<b>0.0%</b>
<b>Subsidy from Council</b>	<b>9,725</b>	<b>9,126</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(1,286)	(775)
less: Capital grants and contributions (excluding developer contributions)	(695)	(622)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>



## Wagga Wagga City Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2014

	Livestock Marketing		Airport	
	Category 1		Category 1	
\$ '000	Actual 2014	Actual 2013	Actual 2014	Actual 2013
<b>Income from continuing operations</b>				
Access charges	-	-	-	-
User charges	-	-	-	-
Fees	4,320	3,312	3,289	3,151
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	17	5	-	-
<b>Total income from continuing operations</b>	<b>4,337</b>	<b>3,317</b>	<b>3,289</b>	<b>3,151</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	783	645	480	382
Borrowing costs	3	3	639	696
Materials and contracts	339	261	113	131
Depreciation and impairment	609	574	808	400
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	24	24	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	3,121	1,752	1,812	1,801
<b>Total expenses from continuing operations</b>	<b>4,880</b>	<b>3,259</b>	<b>3,853</b>	<b>3,410</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(543)</b>	<b>58</b>	<b>(563)</b>	<b>(259)</b>
Grants and contributions provided for capital purposes	-	-	8	291
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(543)</b>	<b>58</b>	<b>(555)</b>	<b>32</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(543)</b>	<b>58</b>	<b>(555)</b>	<b>32</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(17)	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(543)</b>	<b>41</b>	<b>(555)</b>	<b>32</b>
<b>plus Opening Retained Profits</b>	<b>21,971</b>	<b>21,330</b>	<b>8,239</b>	<b>9,237</b>
<b>plus/less: Other Adjustments (Asset Revaluation Reserve Movements)</b>	<b>-</b>	<b>559</b>	<b>165</b>	<b>(1,030)</b>
<b>plus Adjustments for amounts unpaid:</b>				
- Taxation equivalent payments	24	24	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	-	17	-	-
<b>add:</b>				
- Subsidy Paid/Contribution To Operations	-	-	-	-
<b>less:</b>				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
<b>Closing Retained Profits</b>	<b>21,452</b>	<b>21,971</b>	<b>7,849</b>	<b>8,239</b>
<b>Return on Capital %</b>	<b>-3.0%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>1.4%</b>
<b>Subsidy from Council</b>	<b>1,184</b>	<b>641</b>	<b>985</b>	<b>523</b>

## Wagga Wagga City Council

## Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2014

\$ '000	Actual 2014	Actual 2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	7,086	11,347
Investments	-	-
Receivables	3,330	3,051
Inventories	527	556
Other	1	1
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>10,944</b>	<b>14,955</b>
<b>Non-Current Assets</b>		
Investments	12,256	10,025
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	251,992	244,885
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>264,248</b>	<b>254,910</b>
<b>TOTAL ASSETS</b>	<b>275,192</b>	<b>269,865</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	1,464	1,250
Interest bearing liabilities	536	498
Provisions	2,047	2,327
<b>Total Current Liabilities</b>	<b>4,047</b>	<b>4,075</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	33,386	33,922
Provisions	10	9
<b>Total Non-Current Liabilities</b>	<b>33,396</b>	<b>33,931</b>
<b>TOTAL LIABILITIES</b>	<b>37,442</b>	<b>38,006</b>
<b>NET ASSETS</b>	<b>237,749</b>	<b>231,859</b>
<b>EQUITY</b>		
Retained earnings	64,603	65,890
Revaluation reserves	173,146	165,969
Council equity interest	237,749	231,859
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>237,749</b>	<b>231,859</b>

## Wagga Wagga City Council

## Statement of Financial Position - Council's Other Business Activities

as at 30 June 2014

	Livestock Marketing		Airport	
	Category 1		Category 1	
\$ '000	Actual 2014	Actual 2013	Actual 2014	Actual 2013
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	3,635	3,527	-	-
Investments	-	-	-	-
Receivables	56	34	2,616	2,788
Inventories	-	-	-	-
Other	-	0	-	-
Non-current assets classified as held for sale	-	-	-	-
<b>Total Current Assets</b>	<b>3,691</b>	<b>3,562</b>	<b>2,616</b>	<b>2,788</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	18,084	18,621	29,804	30,449
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
<b>Total Non-Current Assets</b>	<b>18,084</b>	<b>18,621</b>	<b>29,804</b>	<b>30,449</b>
<b>TOTAL ASSETS</b>	<b>21,774</b>	<b>22,183</b>	<b>32,420</b>	<b>33,237</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Bank Overdraft	-	-	7,889	7,645
Payables	106	55	502	372
Interest bearing liabilities	-	-	567	578
Provisions	209	153	170	119
<b>Total Current Liabilities</b>	<b>315</b>	<b>208</b>	<b>9,128</b>	<b>8,714</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	-	-
Interest bearing liabilities	-	-	10,612	11,286
Provisions	8	5	0	1
Other Liabilities	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>8</b>	<b>5</b>	<b>10,612</b>	<b>11,287</b>
<b>TOTAL LIABILITIES</b>	<b>322</b>	<b>212</b>	<b>19,739</b>	<b>20,001</b>
<b>NET ASSETS</b>	<b>21,452</b>	<b>21,971</b>	<b>12,681</b>	<b>13,236</b>
<b>EQUITY</b>				
Retained earnings	6,312	9,289	7,685	8,239
Revaluation reserves	15,140	12,682	4,996	4,997
Council equity interest	<b>21,452</b>	<b>21,971</b>	<b>12,681</b>	<b>13,236</b>
Non-controlling equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>21,452</b>	<b>21,971</b>	<b>12,681</b>	<b>13,236</b>

## Wagga Wagga City Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2014

#### 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 2014

#### Note 1. Significant Accounting Policies

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

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

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

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

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

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

#### National Competition Policy

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

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

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

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing

and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

#### Declared Business Activities

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

##### Category 1

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

##### a. Sewerage Operations

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

##### b. Livestock Marketing Centre

Council's Livestock Marketing Centre.

##### c. Airport

Wagga Wagga City Airport Facility

##### Category 2

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

#### Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 3 (Sewerage Best Practice Management Disclosures).

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Notes 2 and 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 2014

#### Note 1. Significant Accounting Policies

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

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

##### Notional Rate Applied %

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

Land Tax – The first **\$412,000** of combined land values attracts **0%**. From \$412,001 to \$2,519,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,519,000, a premium marginal rate of **2.0%** applies.

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

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

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

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

##### Income Tax

An income tax equivalent has been applied on the profits of each reported Business Activity.

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

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

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

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

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

##### Local Government Rates & Charges

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

##### Loan & Debt Guarantee Fees

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

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

##### (ii) Subsidies

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

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

## Wagga Wagga City Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

#### Note 1. Significant Accounting Policies

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 each reported Business Activity.

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

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

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

The Rate of Return on Capital is calculated as follows:

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

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.56% at 30/6/14.

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 is permitted to pay an annual dividend from its sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2014 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

# Wagga Wagga City Council

## Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

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

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

2014

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

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

(i)	Calculated Tax Equivalents	56,749
(ii)	No of assessments multiplied by \$3/assessment	76,800
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	56,749
(iv)	Amounts actually paid for Tax Equivalents	56,749

#### 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)	711,251
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2014, less the cumulative dividends paid for the 2 years to 30 June 2013 & 30 June 2012	(4,954,370)

2014 Surplus	(1,981,094)	2013 Surplus	(1,397,277)	2012 Surplus	(1,576,000)
		2013 Dividend	-	2012 Dividend	-

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

#### 3. Required outcomes for 4 Criteria

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

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	Complying charges (a) Residential [Item 2(c) in Table 1]	YES
	(b) Non Residential [Item 2(c) in Table 1]	YES
	(c) Trade Waste [Item 2(d) in Table 1]	YES
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	YES
(iii)	Complete Performance Reporting Form (by 15 September each year)	YES
(iv)	a. Integrated Water Cycle Management Evaluation	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 2014

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

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

2014

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

<b>NWI F2</b>	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	16,616
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	251,992
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	10,953
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	4,720
<b>NWI F18</b>	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	0.35%
<b>NWI F27</b>	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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

<b>NWI F3</b>	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	16,613
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.96%
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	4,720
<b>NWI F19</b>	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	0.35%
<b>NWI F20</b>	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
<b>NWI F21</b>	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

# Wagga Wagga City Council

## Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2014

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

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

2014

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

<b>NWI F22</b>	Net Debt to Equity (Water & Sewerage)	%	6.13%
	Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]		
<b>NWI F23</b>	Interest Cover (Water & Sewerage)		0
	Earnings before Interest & Tax (EBIT) divided by Net Interest		
	Earnings before Interest & Tax (EBIT):		878
	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:		2,095
	Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		
<b>NWI F24</b>	Net Profit After Tax (Water & Sewerage)	\$'000	(1,343)
	Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))		
<b>NWI F25</b>	Community Service Obligations (Water & Sewerage)	\$'000	160
	Grants for Pensioner Rebates (w11b + s12b)		

- 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.

# Wagga Wagga City Council

SPECIAL SCHEDULES

for the year ended 30 June 2014

---

*"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 2014

## Contents

Page

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

- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	5
- Special Schedule No. 3	Water Supply Operations - incl. Income Statement	n/a
- Special Schedule No. 4	Water Supply - Statement of Financial Position	n/a
- Special Schedule No. 5	Sewerage Service Operations - incl. Income Statement	7
- Special Schedule No. 6	Sewerage Service - Statement of Financial Position	11
- Note to Special Schedule No. 5		12
- Special Schedule No. 7	Report on Infrastructure Assets (as at 30 June 2014)	13
- Special Schedule No. 8	Financial Projections	19
- Special Schedule No. 9	Permissible Income Calculation	20

<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 9).

### Background

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

# Wagga Wagga City Council

## Special Schedule No. 1 - Net Cost of Services for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Governance</b>	<b>1,068</b>	<b>197</b>	<b>-</b>	<b>(871)</b>
<b>Administration</b>	<b>13,121</b>	<b>696</b>	<b>925</b>	<b>(11,499)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	1,288	184	72	(1,032)
Beach Control	0	-	-	(0)
Enforcement of Local Govt. Regulations	651	1,029	-	378
Animal Control	402	200	-	(202)
Other	52	-	-	(52)
<b>Total Public Order &amp; Safety</b>	<b>2,393</b>	<b>1,413</b>	<b>72</b>	<b>(908)</b>
<b>Health</b>	<b>7,212</b>	<b>632</b>	<b>-</b>	<b>(6,581)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	489	97	-	(393)
Other Environmental Protection	(3,727)	269	123	4,119
Solid Waste Management	8,897	9,715	-	818
Street Cleaning	37	-	-	(37)
Drainage	776	764	1,131	1,119
Stormwater Management	418	-	-	(418)
<b>Total Environment</b>	<b>6,891</b>	<b>10,846</b>	<b>1,254</b>	<b>5,208</b>
<b>Community Services and Education</b>				
Administration & Education	316	12	-	(304)
Social Protection (Welfare)	2,149	320	-	(1,829)
Aged Persons and Disabled	186	140	-	(45)
Children's Services	890	1,981	-	1,090
<b>Total Community Services &amp; Education</b>	<b>3,541</b>	<b>2,453</b>	<b>-</b>	<b>(1,088)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	945	1,103	-	158
Public Conveniences	367	28	101	(238)
Street Lighting	946	-	-	(946)
Town Planning	3,171	931	4,360	2,120
Other Community Amenities	5	-	-	(5)
<b>Total Housing and Community Amenities</b>	<b>5,434</b>	<b>2,063</b>	<b>4,461</b>	<b>1,090</b>
<b>Water Supplies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sewerage Services</b>	<b>18,290</b>	<b>14,846</b>	<b>1,987</b>	<b>(1,457)</b>

## Wagga Wagga City Council

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

for the financial year ended 30 June 2014

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	2,220	290	-	(1,930)
Museums	834	100	-	(734)
Art Galleries	821	174	105	(542)
Community Centres and Halls	54	11	-	(43)
Performing Arts Venues	1,215	659	-	(556)
Other Performing Arts	-	-	-	-
Other Cultural Services	553	12	-	(541)
Sporting Grounds and Venues	2,110	280	4	(1,825)
Swimming Pools	3,732	1,663	47	(2,021)
Parks & Gardens (Lakes)	1,306	91	71	(1,144)
Other Sport and Recreation	5,848	189	937	(4,722)
<b>Total Recreation and Culture</b>	<b>18,693</b>	<b>3,469</b>	<b>1,165</b>	<b>(14,060)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	1,324	1,254	-	(70)
Other Mining, Manufacturing & Construction	(443)	-	-	443
<b>Total Mining, Manufacturing and Const.</b>	<b>881</b>	<b>1,254</b>	-	<b>373</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	14,756	113	4,241	(10,401)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	1,763	-	-	(1,763)
Sealed Rural Roads (SRR) - Regional	419	-	939	520
Unsealed Rural Roads (URR) - Local	1,166	-	-	(1,166)
Unsealed Rural Roads (URR) - Regional	113	-	-	(113)
Bridges on UR - Local	725	-	-	(725)
Bridges on SRR - Local	136	-	-	(136)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	21	-	-	(21)
Parking Areas	73	-	-	(73)
Footpaths	384	11	90	(283)
Aerodromes	3,835	3,282	8	(545)
Other Transport & Communication	9,510	1,567	11,731	3,787
<b>Total Transport and Communication</b>	<b>32,901</b>	<b>4,974</b>	<b>17,009</b>	<b>(10,918)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	6,537	5,387	-	(1,149)
<b>Total Economic Affairs</b>	<b>6,537</b>	<b>5,387</b>	-	<b>(1,149)</b>
<b>Totals – Functions</b>	<b>116,962</b>	<b>48,229</b>	<b>26,873</b>	<b>(41,860)</b>
<b>General Purpose Revenues <sup>(2)</sup></b>		<b>43,802</b>		<b>43,802</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	<b>195</b>		<b>195</b>
<b>NET OPERATING RESULT <sup>(1)</sup></b>	<b>116,962</b>	<b>92,225</b>	<b>26,873</b>	<b>2,136</b>

(1) As reported in the Income Statement

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

## Wagga Wagga City Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)  
for the financial year ended 30 June 2014

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	1,703	53,558	55,261	3,892	1,765	-	-	3,812	2,133	55,256	57,388
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>1,703</b>	<b>53,558</b>	<b>55,261</b>	<b>3,892</b>	<b>1,765</b>	<b>-</b>	<b>-</b>	<b>3,812</b>	<b>2,133</b>	<b>55,256</b>	<b>57,388</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>1,703</b>	<b>53,558</b>	<b>55,261</b>	<b>3,892</b>	<b>1,765</b>	<b>-</b>	<b>-</b>	<b>3,812</b>	<b>2,133</b>	<b>55,256</b>	<b>57,388</b>

Notes: Excludes (i) Internal Loans &amp; (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).

Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993]  
for the financial year ended 30 June 2014

\$'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 Water Sewer Domestic Waste Management Gas Other	9,482	1,651	4,791
<b>Totals</b>	<b>9,482</b>	<b>1,651</b>	<b>4,791</b>

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



## Wagga Wagga City Council

Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993] (continued)  
for the financial year ended 30 June 2014

\$'000

## Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
Property Management	General Fund	30/06/97	31/12/97	10	30/06/07	8.00%	600	379	251
Capital Works	General Fund	30/06/07	30/06/07	10	30/06/17	6.50%	1,725	237	613
Capital Works	General Fund	30/06/07	30/06/07	10	30/06/17	6.25%	760	104	278
Parks & Recreation	General Fund	30/06/07	30/06/09	10	30/06/19	5.62%	1,430	189	292
Cemetery	General Fund	30/06/11	30/06/11	10	30/06/21	6.50%	204	28	155
Parks & Recreation	General Fund	30/06/11	30/06/11	10	30/06/21	0.00%	149	21	126
Swimming Complex	General Fund	30/06/11	30/06/11	10	30/06/21	6.50%	176	24	134
Property Management	General Fund	30/06/11	30/06/11	15	30/06/26	6.00%	684	70	590
Capital Works	General Fund	30/06/11	30/06/11	10	30/06/21	6.50%	403	55	308
Information Technology	General Fund	30/06/12	30/06/12	5	30/06/17	0.00%	32	10	30
Information Technology	General Fund	30/06/12	30/06/12	5	30/06/17	0.00%	75	18	48
Parks & Recreation	General Fund	30/06/13	30/06/13	10	30/06/23	2.75%	200	10	192
Information Technology	General Fund	30/06/13	30/06/13	4	30/06/17	2.75%	450	-	450
Buildings	General Fund	30/06/13	30/06/13	2	30/06/15	0.00%	88	50	38
Parks & Recreation	General Fund	30/06/13	30/06/13	1	30/06/14	0.00%	230	230	-
Capital Works	General Fund	30/06/13	30/06/13	1	30/06/14	0.00%	38	38	-
Capital Works	General Fund	30/06/13	30/06/13	2	30/06/15	0.00%	200	-	200
Parks & Recreation	General Fund	30/06/13	30/06/13	1	30/06/14	0.00%	15	15	-
Parks & Recreation	General Fund	30/06/13	30/06/13	1	30/06/14	0.00%	172	172	-
Economic Development	General Fund	30/06/14	30/06/14	1	30/06/15	0.00%	51	-	51
Economic Development	General Fund	30/06/14	30/06/14	1	30/06/15	0.00%	58	-	58
Capital Works	General Fund	30/06/14	30/06/14	2	30/06/16	0.00%	1,553	-	787
Civic Theatre	General Fund	30/06/14	30/06/14	1	30/06/15	0.00%	50	-	50
Parks & Recreation	General Fund	30/06/14	30/06/14	1	30/06/15	0.00%	90	-	90
Regulatory Services	General Fund	30/06/14	30/06/14	1	30/06/15	0.00%	49	-	49
<b>Totals</b>							<b>9,482</b>	<b>1,651</b>	<b>4,791</b>

# Wagga Wagga City Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>A Expenses and Income</b> <b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	1,829	1,603
b. Engineering and Supervision	-	-
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	824	681
b. Maintenance expenses	766	914
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	646	628
d. Energy costs	275	213
e. Maintenance expenses	124	113
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	5,524	5,296
g. Chemical costs	-	-
h. Energy costs	48	50
i. Effluent Management	109	158
j. Biosolids Management	-	-
k. Maintenance expenses	-	-
<b>- Other</b>		
l. Operation expenses	807	1,100
m. Maintenance expenses	-	-
<b>3. Depreciation expenses</b>		
a. System assets	4,786	4,769
b. Plant and equipment	-	-
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	2,524	2,584
b. Revaluation Decrements	-	-
c. Other expenses	10	6
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	57	50
<b>5. Total expenses</b>	<b>18,329</b>	<b>18,165</b>

## Wagga Wagga City Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2014

\$'000	Actuals 2014	Actuals 2013
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	9,986	9,813
<b>7. Non-residential charges</b>		
a. Access (including rates)	271	263
b. Usage charges	4,187	3,974
<b>8. Trade Waste Charges</b>		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	-	-
<b>10. Interest income</b>	430	668
<b>11. Other income</b>	25	773
<b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>	-	-
<b>12. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	160	158
c. Other grants	-	-
<b>13. Contributions</b>		
a. Developer charges	1,266	1,024
b. Developer provided assets	695	624
c. Other contributions	26	93
<b>14. Total income</b>	<b>17,046</b>	<b>17,390</b>
<b>15. Gain (or loss) on disposal of assets</b>	(4)	-
<b>16. Operating Result</b>	<b>(1,286)</b>	<b>(775)</b>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	(1,286)	(775)

# 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 2014

\$'000	Actuals 2014	Actuals 2013
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	2,849	1,621
c. Renewals	1,871	1,978
d. Plant and equipment	-	-
<b>18. Repayment of debt</b>		
a. Loans	498	464
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>5,218</b>	<b>4,063</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>-</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	22,890	22,697
b. Residential (unoccupied, ie. vacant lot)	940	927
c. Non-residential (occupied)	1,770	1,743
d. Non-residential (unoccupied, ie. vacant lot)	-	-
<b>26. Number of ETs for which developer charges were received</b>	- ET	- ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 589,583	\$ 601,496

## Wagga Wagga City Council

# Special Schedule No. 5 - Sewerage Cross Subsidies

for the financial year ended 30 June 2014

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>28. Annual charges</b>			
<b>a.</b> Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
If Yes, go to 29a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 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>b.</b> Cross-subsidy <b>to</b> non-residential customers (page 45 of Guidelines)			<input type="text"/>
<b>c.</b> Cross-subsidy <b>to</b> trade waste discharges (page 46 of Guidelines)			<input type="text"/>
<b>29. Developer charges</b>			
<b>a.</b> Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
<b>b.</b> Total cross-subsidy in sewerage developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>30. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (28b + 28c + 29b)</b>			<input type="text" value="-"/>

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

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

## Wagga Wagga City Council

## Special Schedule No. 6 - Sewerage Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2014

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	298	-	298
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	6,788	12,256	19,045
<b>32. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	857	-	857
c. User Charges	-	-	-
d. Other	2,473	-	2,473
<b>33. Inventories</b>	527	-	527
<b>34. Property, plant and equipment</b>			
a. System assets	-	251,992	251,992
b. Plant and equipment	-	-	-
<b>35. Other assets</b>	1	-	1
<b>36. Total Assets</b>	<b>10,944</b>	<b>264,248</b>	<b>275,192</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	1,464	-	1,464
<b>39. Borrowings</b>			
a. Loans	536	33,386	33,922
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	2,047	10	2,057
<b>41. Total Liabilities</b>	<b>4,047</b>	<b>33,396</b>	<b>37,442</b>
<b>42. NET ASSETS COMMITTED</b>	<b>6,897</b>	<b>230,852</b>	<b>237,749</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			64,603
<b>44. Asset revaluation reserve</b>			173,146
<b>45. TOTAL EQUITY</b>			<b>237,749</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			251,992
<b>47. Accumulated current cost</b> depreciation of system assets			-
<b>48. Written down current cost</b> of system assets			<b>251,992</b>

## Wagga Wagga City Council

### Note to Special Schedule No. 5 for the financial year ended 30 June 2014

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

(item 1a of Special Schedule 5) comprises the following:

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

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

(item 1b of Special Schedule 5) comprises the following:

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

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

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

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

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

**Impairment Losses** (item 4d & 4e of Special Schedule 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

**Aboriginal Communities Sewerage Program** (item 4f of Special Schedule 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Sewerage Program. Similarly, income for item 12a of Special Schedule 5 is for services provided to the Aboriginal Communities Sewerage Program and is not part of Council's sewerage revenue.

**Residential charges** <sup>(2)</sup> (item 6 of Special Schedules 5) include all income from residential charges.

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

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

**Other income** (item 11 of Special Schedule 5) include all income not recorded elsewhere.

**Other contributions** (item 13c of Special Schedule 5) incl. capital contributions for sewerage services received by Council under Section 565 of the Local Government Act.

#### Notes:

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

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

## Wagga Wagga City Council

Special Schedule No. 7 - Report on Infrastructure Assets  
as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard <sup>(1)</sup>	Required Annual Maintenance <sup>(2)</sup>	Actual Maintenance 2013/14 <sup>(3)</sup>	Written Down Value (WDV) <sup>(4)</sup>	Assets in Condition as a % of WDV <sup>(4), (5)</sup>				
						1	2	3	4	5
Buildings	Council Offices / Administration Centres	-	-	171	28,222	99%	1%	0%	0%	0%
	Council Works Depot	40	-	30	1,269	0%	100%	0%	0%	0%
	Council Public Halls	-	-	11	4,041	37%	18%	32%	13%	0%
	Cultural Facilities	-	177	45	3,579	0%	0%	99%	1%	0%
	Other Buildings	1,504	-	18	4,476	29%	9%	59%	3%	0%
	Specialised Buildings	556	420	28	34,603	70%	13%	15%	2%	0%
	Other		1,332	136	7,271	26%	14%	48%	12%	0%
	<b>sub total</b>	<b>2,100</b>	<b>1,929</b>	<b>439</b>	<b>83,462</b>	<b>68.0%</b>	<b>9.8%</b>	<b>19.5%</b>	<b>2.7%</b>	<b>0.0%</b>
Other Structures	Other Structures	-	2,776	50	30,914	11%	51%	37%	0%	0%
	<b>sub total</b>	<b>-</b>	<b>2,776</b>	<b>50</b>	<b>30,914</b>	<b>11.1%</b>	<b>51.5%</b>	<b>37.4%</b>	<b>0.0%</b>	<b>0.0%</b>
Roads	Sealed Roads Surface	22,603	5,833	3,701	173,524	16%	37%	34%	10%	3%
	Unsealed Roads	9,225	2,960	1,266	54,335	4%	59%	22%	8%	7%
	Bridges	698	700	146	29,911	7%	67%	25%	1%	0%
	Footpaths	17,595	388	259	17,559	15%	22%	38%	25%	0%
	Cycle ways	961	-	23	1,096	10%	37%	47%	5%	1%
	Kerb and Gutter	10,717	-	225	152,579	23%	53%	22%	2%	1%
	Other Road Assets	186	99	-	249	79%	17%	4%	0%	0%
	Carparks	-	-	37	3,348	12%	30%	55%	3%	0%
	Culverts	3,622	2,002	367	24,395	7%	53%	29%	9%	1%
	Other	-	42	373	5,794	100%	0%	0%	0%	0%
	<b>sub total</b>	<b>65,607</b>	<b>12,024</b>	<b>6,397</b>	<b>462,789</b>	<b>16.6%</b>	<b>46.4%</b>	<b>27.6%</b>	<b>7.2%</b>	<b>2.2%</b>



## Wagga Wagga City Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard <sup>(1)</sup>	Required Annual Maintenance <sup>(2)</sup>	Actual Maintenance 2013/14 <sup>(3)</sup>	Written Down Value (WDV) <sup>(4)</sup>	Assets in Condition as a % of WDV <sup>(4), (5)</sup>				
						1	2	3	4	5
<b>Sewerage Network</b>	Mains	-	1,819	2,107	152,967	8%	0%	81%	10%	1%
	Pumping Station/s	-	1,082	1,082	16,940	36%	29%	28%	7%	0%
	Treatment	2,104	5,558	5,558	73,170	86%	12%	2%	0%	0%
	Buildings	70	-	-	-					
	Ancillary	-	-	-	353	13%	0%	87%	0%	0%
	Reservoirs	-	-	-	4,684	1%	10%	88%	1%	0%
	<b>sub total</b>	<b>2,174</b>	<b>8,459</b>	<b>8,747</b>	<b>248,113</b>	<b>32.6%</b>	<b>5.8%</b>	<b>54.0%</b>	<b>6.9%</b>	<b>0.7%</b>
<b>Stormwater Drainage</b>	Stormwater Conduits	8,441	1,332	868	167,724	85%	8%	7%	0%	0%
	Levee Banks	-	488	-	34,861	95%	0%	5%	0%	0%
	Other	-	-	-	2,334	23%	0%	77%	0%	0%
	<b>sub total</b>	<b>8,441</b>	<b>1,820</b>	<b>868</b>	<b>204,919</b>	<b>85.6%</b>	<b>6.4%</b>	<b>7.7%</b>	<b>0.2%</b>	<b>0.0%</b>

# Wagga Wagga City Council

## Special Schedule No. 7 - Report on Infrastructure Assets (continued) as at 30 June 2014

\$'000

Asset Class	Asset Category	Estimated cost to bring up to a satisfactory standard <sup>(1)</sup>	Required <sup>(2)</sup> Annual Maintenance	Actual <sup>(3)</sup> Maintenance 2013/14	Written Down Value (WDV) <sup>(4)</sup>	Assets in Condition as a % of WDV <sup>(4), (5)</sup>				
						1	2	3	4	5
Open Space/ Recreational Assets	Swimming Pools	-	14	174	1,566	100%	0%	0%	0%	0%
	Playgrounds	-	118	50	1,586	10%	5%	85%	0%	0%
	Other	-	1,435	8	3,854	7%	28%	64%	0%	0%
	sub total	-	1,567	232	7,006	28.6%	16.7%	54.7%	0.0%	0.0%
	<b>TOTAL - ALL ASSETS</b>	78,322	28,575	16,733	1,037,204	38.1%	25.8%	29.8%	5.1%	1.1%

### Notes:

- (1). Satisfactory is defined as "satisfying expectations or needs, leaving no room for complaint, causing satisfaction, adequate".  
The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard.  
This estimated cost should not include any planned enhancements (ie.to heighten, intensify or improve the facilities).
- (2). Required Annual Maintenance is "what should be spent to maintain assets in a satisfactory standard.
- (3). Actual Maintenance is what has been spent in the current year to maintain the assets.  
Actual Maintenance may be higher or lower than the required annual maintenance due to the timing of when the maintenance actually occurs.
- (4). Written Down Value is in accordance with Note 9 of Council's General Purpose Financial Statements

### (5). Infrastructure Asset Condition Assessment "Key"

1	Excellent	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average	Maintenance work required
4	Poor	Renewal required
5	Very Poor	Urgent renewal/upgrading required

## Wagga Wagga City Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2014

\$ '000	Amounts 2014	Indicator 2014	Prior Periods 20132012	
Infrastructure Asset Performance Indicators Consolidated				
1. Building and Infrastructure Renewals Ratio				
Asset Renewals (Building and Infrastructure) <sup>(1)</sup>	15,081	94.03%	138.00%	83.00%
Depreciation, Amortisation & Impairment	16,039			
2. Infrastructure Backlog Ratio				
Estimated Cost to bring Assets to a Satisfactory Condition	78,322	0.08	0.10	0.11
Total value <sup>(2)</sup> of Infrastructure, Building, Other Structures & depreciable Land Improvement Assets	1,037,204			
3. Asset Maintenance Ratio				
Actual Asset Maintenance	16,733	0.59	0.70	0.73
Required Asset Maintenance	28,575			
4. Capital Expenditure Ratio				
Annual Capital Expenditure	25,326	1.15	1.80	2.24
Annual Depreciation	22,013			

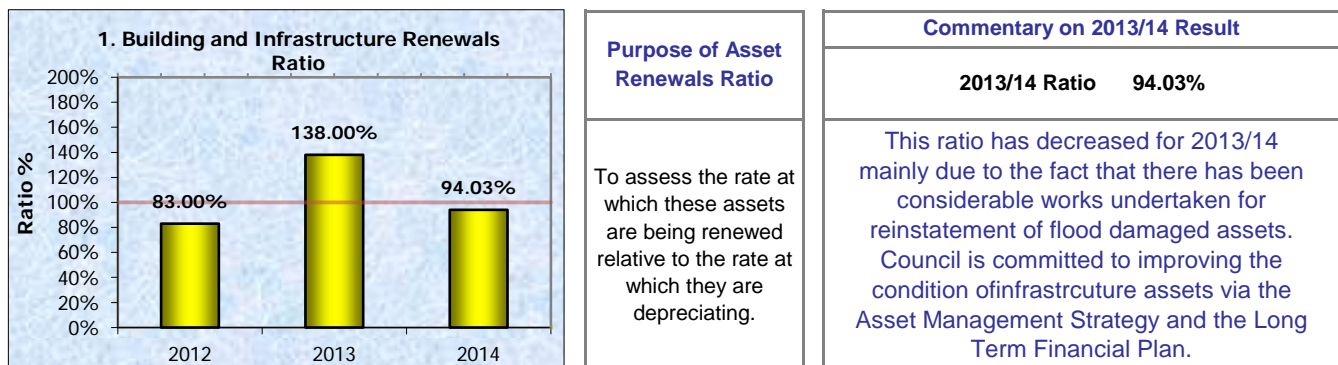
## Notes

<sup>(1)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

<sup>(2)</sup> Written down value

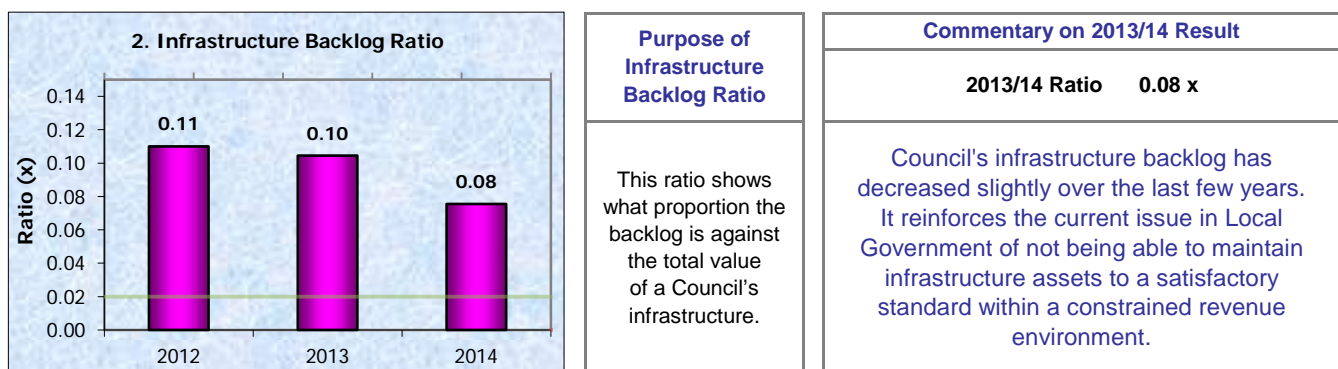
# Wagga Wagga City Council

## Special Schedule No. 7 - Report on Infrastructure Assets (continued) for the financial year ended 30 June 2014



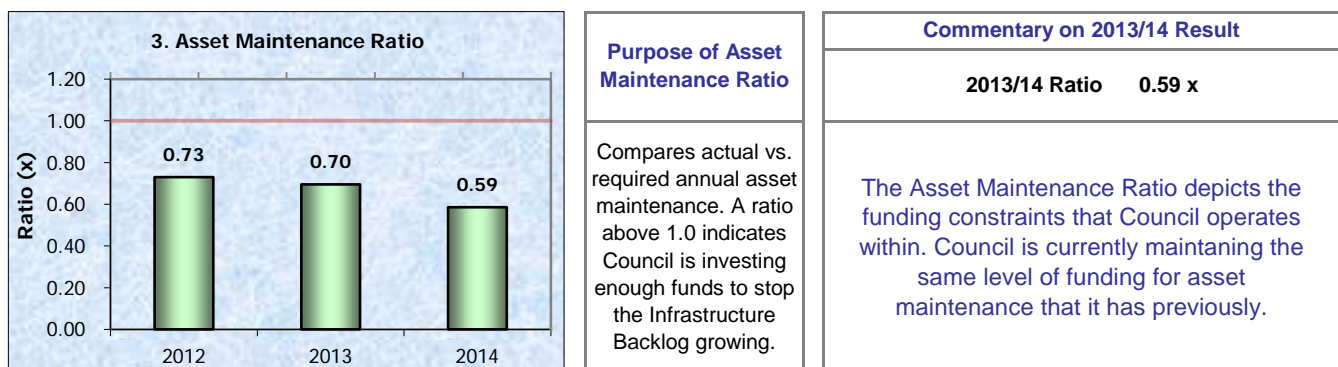
— Minimum 100.00%

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



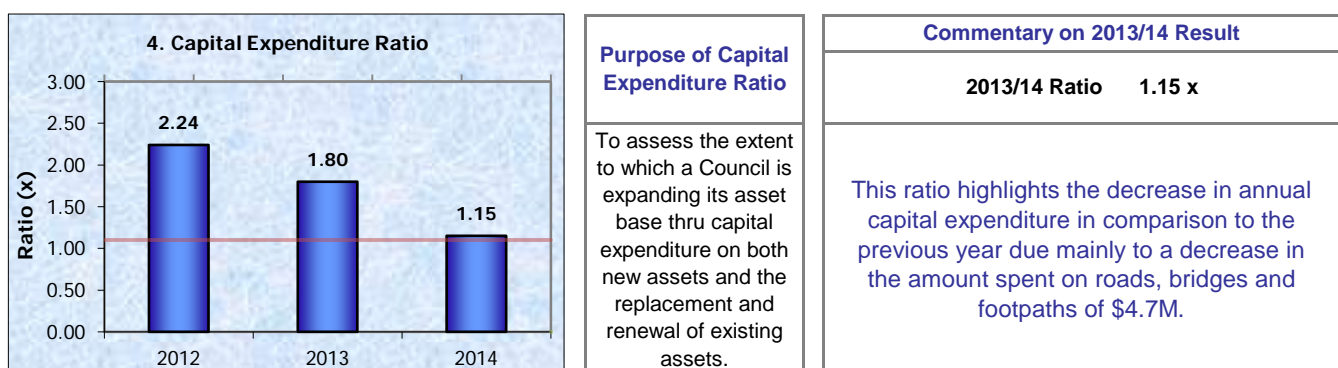
— Maximum .02

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



— Minimum 1.00

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



— Minimum 1.10

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

## Wagga Wagga City Council

Special Schedule No. 7 - Report on Infrastructure Assets (continued)  
for the financial year ended 30 June 2014

\$ '000	Sewer 2014	General <sup>(1)</sup> 2014
<b>Infrastructure Asset Performance Indicators By Fund</b>		
<b>1. Building and Infrastructure Renewals Ratio</b>		
<u>Asset Renewals (Building and Infrastructure) <sup>(1)</sup></u>	<b>0.00%</b>	<b>133.98%</b>
Depreciation, Amortisation & Impairment		
prior period:	0.00%	227.21%
<b>2. Infrastructure Backlog Ratio</b>		
<u>Estimated Cost to bring Assets to a Satisfactory Condition</u>	<b>0.01</b>	<b>0.10</b>
Total value <sup>(3)</sup> of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets		
prior period:	0.00	0.14
<b>3. Asset Maintenance Ratio</b>		
<u>Actual Asset Maintenance</u>	<b>1.03</b>	<b>0.40</b>
Required Asset Maintenance		
prior period:	0.00	0.70
<b>4. Capital Expenditure Ratio</b>		
<u>Annual Capital Expenditure</u>	<b>0.99</b>	<b>1.20</b>
Annual Depreciation		
prior period:	0.75	2.37

## Notes

<sup>(1)</sup> General Fund refers to all of Council's activities except for its Sewer activities which is listed separately.

<sup>(2)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

<sup>(3)</sup> Written down value

# Wagga Wagga City Council

## Special Schedule No. 8 - Financial Projections

as at 30 June 2014

	Actual <sup>(1)</sup>	Forecast <sup>(3)</sup>	Forecast <sup>(3)</sup>	Forecast <sup>(3)</sup>	Forecast <sup>(3)</sup>	Forecast <sup>(3)</sup>	Forecast <sup>(3)</sup>	Forecast <sup>(3)</sup>	Forecast <sup>(3)</sup>	Forecast <sup>(3)</sup>	Forecast <sup>(3)</sup>
\$'000	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	Forecast <sup>(3)</sup> 23/24
(i) OPERATING BUDGET											
Income from continuing operations	119,098	110,795	116,866	112,093	115,785	119,773	123,441	127,455	131,395	135,183	138,964
Expenses from continuing operations	116,962	106,122	108,437	112,081	116,128	121,663	124,957	131,026	135,465	140,017	144,861
Operating Result from Continuing Operations	2,136	4,673	8,429	12	(343)	(1,890)	(1,516)	(3,571)	(4,070)	(4,834)	(5,897)
(ii) CAPITAL BUDGET											
New Capital Works <sup>(2)</sup>	13,492	38,739	36,455	14,307	12,077	6,286	9,124	3,808	3,338	478	2,024
Replacement/Refurbishment of Existing Assets	11,951	13,857	15,006	14,423	15,507	15,661	15,770	17,882	18,134	18,656	19,162
Total Capital Budget	25,443	52,596	51,461	28,730	27,584	21,947	24,894	21,690	21,472	19,134	21,186
Funded by:											
– Loans	1,638	16,063	11,644	4,230	3,388	3,156	1,055	286	2,410	-	-
– Asset sales	1,097	1,438	7,888	949	1,050	1,050	1,050	1,050	1,050	1,050	1,050
– Reserves	12,687	15,945	9,006	10,301	6,186	4,851	9,105	4,331	4,324	4,744	6,261
– Grants/Contributions	5,159	11,367	15,328	4,550	8,081	3,642	3,594	5,705	3,115	2,343	2,392
– Recurrent revenue	4,862	7,783	7,595	8,700	8,879	9,248	10,090	10,318	10,573	10,997	11,483
– Other	-	-	-	-	-	-	-	-	-	-	-
	25,443	52,596	51,461	28,730	27,584	21,947	24,894	21,690	21,472	19,134	21,186

### Notes:

- (1) From 13/14 Income Statement.
- (2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.
- (3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.

# Wagga Wagga City Council

## Special Schedule No. 9 - Permissible Income Calculation for the financial year ended 30 June 2015

\$'000		Calculation 2013/14	Calculation 2014/15
<b>Notional General Income Calculation <sup>(1)</sup></b>			
Last Year Notional General Income Yield	a	34,755	36,199
Plus or minus Adjustments <sup>(2)</sup>	b	259	444
<b>Notional General Income</b>	c	<b>35,014</b>	<b>36,644</b>
<b>Permissible Income Calculation</b>			
Special variation percentage <sup>(3)</sup>	d		
or Rate peg percentage	e	3.40%	2.30%
or Crown land adjustment incl. rate peg percentage	f		
less expiring Special variation amount	g	-	-
plus Special variation amount	h = c x d	-	-
or plus Rate peg amount	i = c x e	1,190	843
or plus Crown land adjustment and rate peg amount	j = c x f	-	-
<b>sub-total</b>	k = (c+g+h+i+j)	<b>36,204</b>	<b>37,487</b>
plus (or minus) last year's Carry Forward Total	l	-	5
less Valuation Objections claimed in the previous year	m	-	-
<b>sub-total</b>	n = (l + m)	<b>-</b>	<b>5</b>
<b>Total Permissible income</b>	o = k + n	<b>36,204</b>	<b>37,491</b>
less Notional General Income Yield	p	36,199	37,468
<b>Catch-up or (excess) result</b>	q = o - p	<b>5</b>	<b>24</b>
plus Income lost due to valuation objections claimed <sup>(4)</sup>	r	-	-
less Unused catch-up <sup>(5)</sup>	s	-	-
<b>Carry forward to next year</b>	t = q + r - s	<b>5</b>	<b>24</b>

### Notes

- <sup>1</sup> The Notional General Income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- <sup>2</sup> Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation of Land Act 1916.
- <sup>3</sup> The Special Variation Percentage is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- <sup>4</sup> Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- <sup>5</sup> Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.



## Wagga Wagga City Council

### Special Schedule No. 9 - Independent Auditors Report for the financial year ended 30 June 2015

---

#### Report on Special Schedule No. 9

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Wagga Wagga City Council for the year ending 30 June 2015.

#### Responsibility of Council for Special Schedule No. 9

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 22. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditors' Responsibility

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

#### Independence

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



**WAGGA WAGGA CITY COUNCIL - SPECIAL SCHEDULE NO. 9 - INDEPENDENT  
AUDITORS REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015***Report on Special Schedule No. 9*

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Wagga Wagga City Council for the year ending 30 June 2015.

*Responsibility of Council for Special Schedule No. 9*

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 22. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 9 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

Our responsibility is to express an opinion on Special Schedule No. 9 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 9.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

### *Independence*

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

### *Audit Opinion*

In our opinion, Special Schedule No. 9 of Wagga Wagga City Council for 2014/15 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

### *Basis of Accounting*

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose.



**CROWE HORWATH AUSWILD**



**BRADLEY D BOHUN**

Partner

Dated at Albury this 16<sup>th</sup> day of October 2014.



# CONTACT US

GENERAL ENQUIRIES?  
REQUESTS?  
FEEDBACK?

**THERE ARE MANY WAYS  
YOU CAN GET FURTHER  
INFORMATION OR PROVIDE  
FEEDBACK ON THIS REPORT:**

## **TALK WITH US**

Phone 1300 292 442 or (02) 6926 9100,  
or chat online with a Council representative.

## **EMAIL US**

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

## **WRITE TO US**

PO BOX 20, Wagga Wagga NSW 2650

## **COME SEE US**

Corner Baylis Street and Morrow Street  
Wagga Wagga NSW 2650

## **SEND US A FAX**

(02) 6926 9199

## **VISIT OUR WEBSITE**

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

## **FOLLOW US ON TWITTER**

Follow @waggacouncil to get the news, events  
and emergency information straight from the source.