

# Audited Financial Statements

# WAGGAWAGGA *Diverse City*

City of Wagga Wagga Audited Financial Statements



City of  
Wagga Wagga



# Wagga Wagga City Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2010

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



# Wagga Wagga City Council

## General Purpose Financial Statements

for the financial year ended 30 June 2010

<b>Contents</b>	<b>Page</b>
<b>1. Statement by Councillors &amp; Management</b>	2
<b>2. Primary Financial Statements:</b>	
- Income Statement	3
- Statement of Comprehensive Income	4
- Balance Sheet	5
- Statement of Changes in Equity	6
- Statement of Cash Flows	7
<b>3. Notes to the Financial Statements</b>	8
<b>4. Independent Auditor's Reports:</b>	
- On the Financial Statements (Sect 417 [2])	79
- On the Conduct of the Audit (Sect 417 [3])	81

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### Overview

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

Council's Statutory Charter is specified in Section 8 of the LGA and includes;

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

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

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 05/10/10. Council has the power to amend and reissue the financial statements.
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# Wagga Wagga City Council

## General Purpose Financial Statements for the financial year ended 30 June 2010

### 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 27 September 2010.**



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Wayne Geale  
**MAYOR**




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Alan Brown  
**DEPUTY MAYOR**



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Phil Pinyon  
**GENERAL MANAGER**



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Craig Richardson  
**RESPONSIBLE ACCOUNTING OFFICER**

## Wagga Wagga City Council

## Income Statement

for the financial year ended 30 June 2010

Budget <sup>(1)</sup>			Actual	Actual
2010	\$ '000	Notes	2010	2009
<b>Income from Continuing Operations</b>				
<b>Revenue:</b>				
44,055	Rates & Annual Charges	3a	43,857	39,874
14,588	User Charges & Fees	3b	16,103	14,280
2,923	Interest & Investment Revenue	3c	5,911	1,469
623	Other Revenues	3d	2,239	2,135
14,405	Grants & Contributions provided for Operating Purposes	3e,f	16,706	16,826
4,272	Grants & Contributions provided for Capital Purposes	3e,f	14,979	13,502
<b>Other Income:</b>				
-	Net gains from the disposal of assets	5	-	1,211
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	82	29
<b>80,866</b>	<b>Total Income from Continuing Operations</b>		<b>99,877</b>	<b>89,326</b>
<b>Expenses from Continuing Operations</b>				
32,614	Employee Benefits & On-Costs	4a	31,161	29,120
12	Borrowing Costs	4b	633	872
23,988	Materials & Contracts	4c	23,758	23,979
15,455	Depreciation & Amortisation	4d	18,208	17,722
-	Impairment	4d	4,171	-
6,382	Other Expenses	4e	6,803	57,348
-	Interest & Investment Losses	3c	-	-
-	Net Losses from the Disposal of Assets	5	3,293	-
<b>78,451</b>	<b>Total Expenses from Continuing Operations</b>		<b>88,027</b>	<b>129,041</b>
<b>2,415</b>	<b>Operating Result from Continuing Operations</b>		<b>11,850</b>	<b>(39,715)</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>2,415</b>	<b>Net Operating Result for the Year</b>		<b>11,850</b>	<b>(39,715)</b>
2,415	Net Operating Result attributable to Council		11,850	(39,715)
-	Net Operating Result attributable to Minority Interests		-	-
<b>(1,857)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>(3,129)</b>	<b>(53,217)</b>

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

## Wagga Wagga City Council

### Statement of Comprehensive Income for the financial year ended 30 June 2010

\$ '000	Notes	Actual 2010	Actual 2009
Net Operating Result for the year (as per Income statement)		<b>11,850</b>	<b>(39,715)</b>
<b>Other Comprehensive Income</b>			
Gain (loss) on revaluation & impairment of I,PP&E	20b (ii)	5,187	78,317
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	-	-
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Other Movements in Reserves (Joint Ventures)	20b (ii)	33	7
<b>Total Other Comprehensive Income for the year</b>		<b>5,220</b>	<b>78,324</b>
<b>Total Comprehensive Income for the Year</b>		<b>17,070</b>	<b>38,609</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>17,070</b>	<b>38,609</b>
<b>Total Comprehensive Income attributable to Minority Interests</b>		<b>-</b>	<b>-</b>

## Wagga Wagga City Council

## Balance Sheet

as at 30 June 2010

\$ '000	Notes	Actual 2010	Actual 2009
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	17,473	29,929
Investments	6b	30,372	9,767
Receivables	7	9,505	6,822
Inventories	8	2,445	2,428
Other	8	331	237
Non-current assets classified as "held for sale"	22	-	-
<b>Total Current Assets</b>		<b>60,126</b>	<b>49,183</b>
<b>Non-Current Assets</b>			
Investments	6b	34,878	38,241
Receivables	7	212	1,212
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	1,091,258	1,071,585
Investments accounted for using the equity method	19	1,359	1,243
Investment Property	14	5,335	5,500
Intangible Assets	25	-	-
Other	8	-	-
<b>Total Non-Current Assets</b>		<b>1,133,042</b>	<b>1,117,781</b>
<b>TOTAL ASSETS</b>		<b>1,193,168</b>	<b>1,166,964</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	10,914	11,335
Borrowings	10	735	318
Provisions	10	9,659	8,554
<b>Total Current Liabilities</b>		<b>21,308</b>	<b>20,207</b>
<b>Non-Current Liabilities</b>			
Payables	10	-	-
Borrowings	10	39,691	31,804
Provisions	10	12,054	11,908
<b>Total Non-Current Liabilities</b>		<b>51,745</b>	<b>43,712</b>
<b>TOTAL LIABILITIES</b>		<b>73,053</b>	<b>63,919</b>
<b>Net Assets</b>		<b>1,120,115</b>	<b>1,103,045</b>
<b>EQUITY</b>			
Retained Earnings	20	676,773	664,890
Revaluation Reserves	20	443,342	438,155
<b>Council Equity Interest</b>		<b>1,120,115</b>	<b>1,103,045</b>
<b>Minority Equity Interest</b>		<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>1,120,115</b>	<b>1,103,045</b>



## Wagga Wagga City Council

Statement of Changes in Equity  
for the financial year ended 30 June 2010

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2010</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		664,890	433,728	1,098,618	-	1,098,618
a. Correction of Prior Period Errors	20 (c)	-	4,427	4,427	-	4,427
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/09)		<b>664,890</b>	<b>438,155</b>	<b>1,103,045</b>	<b>-</b>	<b>1,103,045</b>
<b>c. Net Operating Result for the Year</b>		<b>11,850</b>	<b>-</b>	<b>11,850</b>	<b>-</b>	<b>11,850</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Reserve	20b (ii)	-	5,187	5,187	-	5,187
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Other Movements (Joint Ventures)	20b (ii)	33	-	33	-	33
<b>Other Comprehensive Income</b>		<b>33</b>	<b>5,187</b>	<b>5,220</b>	<b>-</b>	<b>5,220</b>
<b>Total Comprehensive Income</b> (c&d)		<b>11,883</b>	<b>5,187</b>	<b>17,070</b>	<b>-</b>	<b>17,070</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>676,773</b>	<b>443,342</b>	<b>1,120,115</b>	<b>-</b>	<b>1,120,115</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2009</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		470,793	354,280	825,073	-	825,073
a. Correction of Prior Period Errors	20 (c)	233,805	5,558	239,363	-	239,363
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/08)		<b>704,598</b>	<b>359,838</b>	<b>1,064,436</b>	<b>-</b>	<b>1,064,436</b>
<b>c. Net Operating Result for the Year</b>		<b>(39,715)</b>	<b>-</b>	<b>(39,715)</b>	<b>-</b>	<b>(39,715)</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsv	20b (ii)	-	78,317	78,317	-	78,317
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	7	-	7	-	7
- Other Movements	20b (ii)	-	-	-	-	-
<b>Other Comprehensive Income</b>		<b>7</b>	<b>78,317</b>	<b>78,324</b>	<b>-</b>	<b>78,324</b>
<b>Total Comprehensive Income</b> (c&d)		<b>(39,708)</b>	<b>78,317</b>	<b>38,609</b>	<b>-</b>	<b>38,609</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>664,890</b>	<b>438,155</b>	<b>1,103,045</b>	<b>-</b>	<b>1,103,045</b>

## Wagga Wagga City Council

## Statement of Cash Flows

for the financial year ended 30 June 2010

Budget 2010	\$ '000	Notes	Actual 2010	Actual 2009
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
43,822	Rates & Annual Charges		43,579	39,826
14,823	User Charges & Fees		16,120	15,299
2,965	Investment & Interest Revenue Received		3,449	966
18,679	Grants & Contributions		26,010	28,519
619	Other		7,317	7,531
<b>Payments:</b>				
(32,662)	Employee Benefits & On-Costs		(30,800)	(28,336)
(28,602)	Materials & Contracts		(29,336)	(26,380)
(3,219)	Borrowing Costs		(7)	(15)
(1,763)	Other		(7,343)	(11,209)
14,662	<b>Net Cash provided (or used in) Operating Activities</b>	11b	28,989	26,202
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		18,135	30,637
-	Sale of Real Estate Assets		-	1,300
1,126	Sale of Infrastructure, Property, Plant & Equipment		1,241	2,637
-	Deferred Debtors Receipts		1,021	-
<b>Payments:</b>				
-	Purchase of Investment Securities		(33,329)	(36,428)
(29,177)	Purchase of Infrastructure, Property, Plant & Equipmer		(34,194)	(45,586)
-	Purchase of Real Estate Assets		9	4
-	Deferred Debtors & Advances Made		-	(39)
-	Contributions Paid to Joint Ventures & Associates		(1)	-
-	Capitalised Borrowing Costs		(2,631)	(1,914)
(28,051)	<b>Net Cash provided (or used in) Investing Activities</b>		(49,749)	(49,389)
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
4,400	Proceeds from Borrowings & Advances		8,700	32,000
<b>Payments:</b>				
(925)	Repayment of Borrowings & Advances		(396)	(56)
3,475	<b>Net Cash Flow provided (used in) Financing Activities</b>		8,304	31,944
(9,914)	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		(12,456)	8,757
41,134	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	29,929	21,172
31,220	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	17,473	29,929
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	65,250	48,008
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		82,723	77,937

This Statement should be read in conjunction with the accompanying Notes.

page 7

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

### Contents of the Notes accompanying the Financial Statements

<b>Note</b>	<b>Details</b>	<b>Page</b>
1	Summary of Significant Accounting Policies	9
2(a)	Council Functions / Activities - Financial Information	23
2(b)	Council Functions / Activities - Component Descriptions	24
3	Income from Continuing Operations	25
4	Expenses from Continuing Operations	31
5	Gains or Losses from the Disposal of Assets	34
6(a)	Cash & Cash Equivalent Assets	35
6(b)	Investments	35
6(c)	Restricted Cash, Cash Equivalents & Investments - details	37
7	Receivables	39
8	Inventories & Other Assets	40
9(a)	Infrastructure, Property, Plant & Equipment	42
9(b)	Externally Restricted Infrastructure, Property, Plant & Equipment	43
9(c)	Infrastructure, Property, Plant & Equipment - Current Year Impairments	43
10(a)	Payables, Borrowings & Provisions	44
10(b)	Description of (& movements in) Provisions	45
11	Statement of Cash Flows - Additional Information	46
12	Commitments for Expenditure	48
13a	Statement of Performance Measures - Indicators (Consolidated)	50
	Statement of Performance Measures - Graphs (Consolidated)	51
13b	Statement of Performance Measures - Indicators (by Fund)	52
14	Investment Properties	53
15	Financial Risk Management	54
16	Material Budget Variations	58
17	Statement of Developer Contributions	63
18	Contingencies and Other Liabilities/Assets not recognised	66
19	Controlled Entities, Associated Entities & Interests in Joint Ventures	69
20	Equity - Retained Earnings and Revaluation Reserves	72
21	Financial Result & Financial Position by Fund	75
22	"Held for Sale" Non Current Assets & Disposal Groups	77 n/a
23	Events occurring after Balance Sheet date	77
24	Discontinued Operations	77 n/a
25	Intangible Assets	78 n/a
26	Reinstatement, Rehabilitation & Restoration Liabilities	78

n/a - not applicable

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

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

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

###### (ii) Basis of Accounting

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

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

###### (iii) Changes in Accounting Policies

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

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

###### (iv) Critical Accounting Estimates

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

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

##### (v) Financial Statements Presentation

The Council has applied the revised **AASB 101, Presentation of Financial Statements** which became effective on 1 January 2009.

The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity.

All non-owner changes in equity must now be presented in the statement of comprehensive income.

As a consequence, the Council had to change the presentation of its financial statements.

Comparative information has been re-presented so that it is also in conformity with the revised standard.

##### (b) Revenue recognition

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

Revenue is measured on major income categories as follows:

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

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

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

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

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

Income from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, **(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 or the payment is received, whichever first occurs.

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

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

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

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

#### Interest and Rents

Rents are recognised as revenue when the payment is received.

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

#### (c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30/6/10) and **(ii)** all the related operating results (for the financial year ended the 30th June 2010).

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

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

#### (i) The Consolidated Fund

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

The Consolidated Fund and other entities through which the Council controls resources to carry on its

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

functions have been included in the financial statements forming part of this report.

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

##### (ii) The Trust Fund

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

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

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

##### (iii) Joint Venture Entities

###### Riverina Regional Library Service

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

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

##### (iv) County Councils

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

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

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

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

##### (d) Leases

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

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

###### Operating Leases

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

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

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

##### (e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

##### (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 and at the time it was acquired.

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

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

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

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

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

##### (ii) Loans and receivables

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

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

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

##### (iii) Held-to-maturity investments

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

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

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

##### (iv) Available-for-sale financial assets

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

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

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

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

#### General Accounting & Measurement of Financial Instruments:

##### (i) Initial Recognition

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

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

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 30/6/10, 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 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 Investment Order arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed (eg. managed funds and equity linked notes), however they have been retained under grandfathering provisions of the Order.

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

##### (g) Fair value estimation

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

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

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

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

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

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

##### (h) Receivables

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

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



## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

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

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

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

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

#### (i) Inventories

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

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

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

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

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

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

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

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

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

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

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

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

##### Acquisition of assets

Council's non current assets have been progressively revalued to fair value in accordance with a staged implementation as advised by the Division of Local Government.

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

- **Investment Properties** – refer Note 1(p),
- **Sewerage Networks** which are carried at Fair Value (generally based upon Depreciated Replacement Cost).
- **Operational and Community Land** (External Valuation)
- **Buildings – Specialised/Non Specialised** (External Valuation)
- **Roads, Bridges, Footpaths and Stormwater Drainage** (External Valuation)
- **Other Structures and Other Assets** (External Valuation) except for Livestock Marketing Centre Business Activity Other Structure Assets which are carried at historical cost of \$3.9m.
- **Plant and Equipment** (as approximated by depreciated historical cost)

##### Initial Recognition

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

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.

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 or sooner where appropriate.

#### 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
- land under roads	100% Capitalised

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

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

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

##### Transport Assets

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 a consumption based depreciation method, referred to as the "Advanced Straight Line Asset Management" approach.

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

Land is not depreciated.

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

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

##### Plant & Equipment

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

##### Other Equipment

- Playground equipment 5 to 15 years  
 - Benches, seats etc 10 to 20 years

##### Buildings

- Buildings : Masonry 50 to 100 years  
 - Buildings : Other 20 to 40 years

##### Stormwater Drainage

- Drains 80 to 100 years  
 - Culverts 50 to 80 years

##### Transportation Assets

- Sealed Roads : Surface 20 years  
 - Sealed Roads : Structure 50 years  
 - Unsealed roads 20 years  
 - Bridge : Concrete 100 years  
 - Bridge : Other 50 years

- Road Pavements 60 years  
 - Kerb, Gutter & Paths 40 years

##### Sewer Assets

- Dams and reservoirs 80 to 100 years  
 - Bores 20 to 40 years

- Reticulation pipes : PVC 80 years  
 - Reticulation pipes : Other 25 to 75 years  
 - Pumps and telemetry 15 to 20 years

##### Other Infrastructure Assets

- Bulk earthworks Infinite

##### Other Structures

- Other Improvements 15 to 40 years

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

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

##### Disposal and De-recognition

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

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

##### (k) Land

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

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

##### (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 there is no industry agreed basis for determining its fair valuation. This approach is in accordance with AASB 116 – Property, Plant and Equipment.

##### (m) Intangible Assets

Council has not classified any assets as Intangible.

##### (n) Crown Reserves

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

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

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

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

##### (o) Rural Fire Service assets

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

*of which the fire fighting equipment has been purchased or constructed”.*

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

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

##### (p) Investment property

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

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

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

The last full revaluation for Council's Investment Properties was dated 30/06/10.

##### (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.

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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

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

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

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

These costs are charged to the income statement.

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

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

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

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

As a result there could be significant adjustments to the provision for close down and restoration and 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 it's written down replacement cost.

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

##### (s) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

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

##### (t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

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

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

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

##### (u) Borrowing costs

Borrowing costs 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 the Council's outstanding borrowings during the year.

##### (v) Provisions

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

- Council has a present legal or constructive obligation as a result of past events;

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

Provisions are not recognised for future operating losses.

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

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

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

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

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

##### (w) Employee benefits

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

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

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

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

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

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

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

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

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

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

##### (iii) Retirement benefit obligations

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

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

##### Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair

value of the superannuation fund's assets at that date and any unrecognised past service cost.

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

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

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

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

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

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

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities amounting to around \$290 million at 30 June 2010.

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

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

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

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

##### Define Contribution Plans

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

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

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/10.

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

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

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

##### Exceptions

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

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

##### (y) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

##### Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

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

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

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

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

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

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

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

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2010. Council has not adopted any of these standards early.

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



## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

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##### **(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 2010

### 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 2010	Actual 2010	Actual 2009	Original Budget 2010	Actual 2010	Actual 2009	Original Budget 2010	Actual 2010	Actual 2009	Actual 2010	Actual 2009	Actual 2010	Actual 2009
Governance	-	156	2	592	651	852	(592)	(495)	(850)	-	-	276	4,638
Administration	711	1,395	2,395	16,905	18,666	19,619	(16,194)	(17,271)	(17,224)	-	960	54,837	57,017
Public Order & Safety	930	865	1,176	1,551	1,586	1,526	(621)	(721)	(350)	8	36	2,449	2,239
Health	174	103	680	667	809	985	(493)	(706)	(305)	-	598	885	422
Environment	-	8,712	-	11,817	10,954	-	(11,817)	(2,242)	-	1,128	-	210,143	219,799
Community Services & Education	2,442	2,711	2,600	3,473	3,621	3,495	(1,031)	(910)	(895)	2,385	2,306	2,604	2,026
Housing & Community Amenities	9,997	2,743	11,795	4,462	4,479	21,246	5,535	(1,736)	(9,451)	96	490	27,414	12,874
Sewerage Services	12,273	15,830	13,609	12,038	15,456	11,910	235	374	1,699	159	154	246,468	238,402
Recreation & Culture	2,963	5,168	4,660	13,817	13,748	12,712	(10,854)	(8,580)	(8,052)	938	1,780	205,127	202,626
Mining, Manufacturing & Construction	967	1,043	969	759	748	926	208	295	43	-	-	1,157	1,012
Transport & Communication	6,228	14,084	8,019	7,758	12,750	51,263	(1,530)	1,334	(43,244)	5,736	1,033	384,939	371,818
Economic Affairs	3,050	4,735	4,974	4,612	4,559	4,507	(1,562)	176	467	1,139	60	55,510	52,848
<b>Total Functions &amp; Activities</b>	<b>39,735</b>	<b>57,545</b>	<b>50,879</b>	<b>78,451</b>	<b>88,027</b>	<b>129,041</b>	<b>(38,716)</b>	<b>(30,482)</b>	<b>(78,162)</b>	<b>11,589</b>	<b>7,417</b>	<b>1,191,809</b>	<b>1,165,721</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	82	29	-	-	-	-	82	29	-	-	1,359	1,243
General Purpose Income <sup>1</sup>	41,131	42,250	38,418	-	-	-	41,131	42,250	38,418	9,173	10,965	-	-
<b>Operating Result from Continuing Operations</b>	<b>80,866</b>	<b>99,877</b>	<b>89,326</b>	<b>78,451</b>	<b>88,027</b>	<b>129,041</b>	<b>2,415</b>	<b>11,850</b>	<b>(39,715)</b>	<b>20,762</b>	<b>18,382</b>	<b>1,193,168</b>	<b>1,166,964</b>

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

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

#### 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, together with related administration costs.

##### **ADMINISTRATION**

Costs not otherwise attributed to other functions / activities.

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

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

##### **HEALTH**

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

##### **ENVIRONMENT**

Noxious Plants, insect/vermin control, other environmental protection, solid waste management, street cleaning, drainage and 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, domestic waste management services, other waste management services, street cleaning, other sanitation and garbage, urban stormwater drainage, environmental protection, public cemeteries, public conveniences, other community amenities.

##### **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 and pits, other.

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

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

##### **ECONOMIC AFFAIRS**

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

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2010

### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2010	Actual 2009
<b>(a). Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		17,356	15,669
Farmland		3,943	3,625
Business		7,834	7,087
<b>Total Ordinary Rates</b>		<b>29,133</b>	<b>26,381</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496 & s.501)			
Domestic Waste Management Services		4,651	4,231
Sewerage Services		9,713	8,930
Waste Management Services (non-domestic)		360	332
<b>Total Annual Charges</b>		<b>14,724</b>	<b>13,493</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>43,857</b>	<b>39,874</b>

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

## Wagga Wagga City Council

Notes to the Financial Statements  
for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>(b). User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		991	758
Sewerage Services		2,492	1,526
Waste Management Services (non-domestic)		1,254	1,198
<b>Total User Charges</b>		<b>4,737</b>	<b>3,482</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s608, 610A & 611)			
Private Works - Section 67		330	115
Regulatory/ Statutory Fees		496	424
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>826</b>	<b>539</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.610C)			
Aerodrome		1,680	1,712
Cemeteries		862	868
Corporate Services		61	97
Development Services		1,749	1,667
Family Day Care		270	250
Leaseback Fees - Council Vehicles		178	160
Livestock Marketing Centre		2,468	2,531
Oasis Swimming Complex		1,389	1,263
Parks & Sportsgrounds		264	202
Regional Civic Theatre		463	494
RTA Charges (State Roads not controlled by Council)		506	581
Tourist Information Centre		107	101
Other		543	333
<b>Total Fees &amp; Charges - Other</b>		<b>10,540</b>	<b>10,259</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>16,103</b>	<b>14,280</b>

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>(c). Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges		232	250
- Interest earned on Investments		3,631	1,219
<b>Fair Value Adjustments</b>			
- Fair Valuation movements in Investments (at FV or Held for Trading)		2,048	-
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>5,911</u></b>	<b><u>1,469</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges		232	250
General Council Cash & Investments		3,306	979
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		415	29
- Section 64		38	-
Sewerage Fund Operations		1,414	137
Other Externally Restricted Assets		146	14
<b>Restricted Investments/Funds - Internal:</b>			
Internally Restricted Assets		360	60
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<b><u>5,911</u></b>	<b><u>1,469</u></b>
<b>(d). Other Revenues</b>			
Rental Income - Investment Properties	14	434	405
Rental Income - Other Council Properties		466	511
Ex Gratia Rates		46	33
Fines		544	595
Diesel Rebate		200	62
Insurance Claim Recoveries		140	165
Sales - Miscellaneous		170	133
Sales - Oasis Swimming Complex		137	147
Other		102	84
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>2,239</u></b>	<b><u>2,135</u></b>

## Wagga Wagga City Council

Notes to the Financial Statements  
for the financial year ended 30 June 2010

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

\$ '000	2010 Operating	2009 Operating	2010 Capital	2009 Capital
<b>(e). Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance	8,810	10,615	-	-
Pensioners' Rates Subsidies - General Component	363	350	-	-
<b>Total General Purpose</b>	<b>9,173</b>	<b>10,965</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Sewerage	159	153	-	-
- Domestic Waste Management	105	102	-	-
Bushfire & Emergency Services	8	9	-	13
Community Care	119	108	-	-
Economic Development	-	-	625	-
Environmental Protection	767	824	166	63
Family Day Care	1,941	1,853	-	-
Family & Childrens Services - Other	322	335	-	-
Heritage & Cultural	398	366	3	-
Noxious Weeds	89	80	-	-
Recreation & Culture	-	-	544	-
Street Lighting	42	37	-	-
Transport (Other Roads & Bridges Funding)	851	65	4,348	1,956
Evocities	500	-	-	-
Other	56	87	546	1,366
<b>Total Specific Purpose</b>	<b>5,357</b>	<b>4,019</b>	<b>6,232</b>	<b>3,398</b>
<b>Total Grants</b>	<b>14,530</b>	<b>14,984</b>	<b>6,232</b>	<b>3,398</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	12,134	12,537	1,639	2,063
- State Funding	2,342	2,410	4,590	1,335
- Other Funding	54	37	3	-
	<b>14,530</b>	<b>14,984</b>	<b>6,232</b>	<b>3,398</b>

## Wagga Wagga City Council

Notes to the Financial Statements  
for the financial year ended 30 June 2010

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

\$ '000	2010 Operating	2009 Operating	2010 Capital	2009 Capital
<b>(f). Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the NSW LG Act):</b>				
S 94 - Contributions towards amenities/services	-	-	2,002	2,462
S 94A - Fixed Development Consent Levies	-	-	395	514
S 64 - Sewerage Service Contributions	-	-	741	1,169
S 64 - Stormwater Contributions	-	-	417	618
<b>Total Developer Contributions</b>	17 -	-	<b>3,555</b>	<b>4,763</b>
<b>Other Contributions:</b>				
Artworks Donated	-	-	296	19
Bushfire Services	178	173	-	-
Dedications (other than by S94)	-	-	4,553	3,946
Drainage	-	-	8	20
History Books Donated	-	3	-	-
Recreation & Culture	76	94	76	174
Roads & Bridges	-	-	-	196
RTA Contributions (Regional/Local, Block Grant)	1,465	1,315	9	23
Sewerage (excl. Section 64 contributions)	2	-	250	823
Other	455	257	-	140
<b>Total Other Contributions</b>	<b>2,176</b>	<b>1,842</b>	<b>5,192</b>	<b>5,341</b>
<b>Total Contributions</b>	<b>2,176</b>	<b>1,842</b>	<b>8,747</b>	<b>10,104</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>16,706</b>	<b>16,826</b>	<b>14,979</b>	<b>13,502</b>



## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000	Actual 2010	Actual 2009
<b>(g). Restrictions relating to Grants and Contributions</b>		
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the Close of the Previous Reporting Period	11,610	7,189
<b>add:</b> Grants and contributions recognised in the current period which have not been spent:	7,409	6,680
<b>less:</b> Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(4,664)	(2,259)
<b>Net Increase (Decrease) in Restricted Assets during the Current Reporting Period</b>	<b>2,745</b>	<b>4,421</b>
<b>Unexpended at the Close of this Reporting Period and held as Restricted Assets</b>	<b>14,355</b>	<b>11,610</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	4,763	4,164
- Developer Contributions	8,242	6,290
- Other Contributions	1,350	1,156
	<b>14,355</b>	<b>11,610</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2010	Actual 2009
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		24,283	22,373
Travelling		534	454
Employee Leave Entitlements (ELE)		3,860	3,629
Superannuation		2,986	2,352
Workers' Compensation Insurance		1,565	1,196
Fringe Benefit Tax (FBT)		107	70
Payroll Tax		90	45
Training Costs (other than Salaries & Wages)		378	381
Other		484	569
<b>Total Employee Costs</b>		<b>34,287</b>	<b>31,069</b>
less: Capitalised Costs		(3,126)	(1,949)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>31,161</b>	<b>29,120</b>
Number of "Equivalent Full Time" Employees at year end		<b>455</b>	<b>449</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		2,727	1,922
Interest on Advances		-	3
<b>Total Interest Bearing Liability Costs</b>		<b>2,727</b>	<b>1,925</b>
less: Capitalised Costs		(2,631)	(1,914)
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>96</b>	<b>11</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE			
- Remediation Liabilities	26	393	465
- Other Liabilities		144	396
<b>Total Other Borrowing Costs</b>		<b>537</b>	<b>861</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>633</b>	<b>872</b>

## Wagga Wagga City Council

Notes to the Financial Statements  
for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		16,066	16,002
Contractor & Consultancy Costs		6,663	6,913
Auditors Remuneration - Audit Services (Council's Auditor)		64	59
Legal Expenses - Planning & Development		166	152
Legal Expenses - Other		154	134
Legal Expenses - Debt Recovery		69	-
Operating Lease Rentals - Minimum Lease Payments <sup>(1)</sup>		576	719
<b>Total Materials &amp; Contracts</b>		<b>23,758</b>	<b>23,979</b>
less: Capitalised Costs		-	-
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>23,758</u></b>	<b><u>23,979</u></b>
<b>1. Operating Lease Payments are attributable to:</b>			
- Computers		576	719
		<b>576</b>	<b>719</b>

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2010	Actual 2009	Actual 2010	Actual 2009
<b>(d) Depreciation, Amortisation &amp; Impairment</b>					
Plant and Equipment		-	-	1,968	2,085
Office Equipment		-	-	107	119
Furniture & Fittings		-	-	87	196
Land Improvements (depreciable)		-	-	-	-
Buildings - Non Specialised		-	-	439	440
Buildings - Specialised		-	-	366	371
Other Structures		-	-	430	204
Infrastructure:					
- Roads, Bridges & Footpaths		4,171	-	7,338	7,020
- Stormwater Drainage		-	-	1,509	1,496
- Sewerage Network		-	-	5,120	4,772
Other Assets					
- Other		-	-	1,025	1,023
Asset Reinstatement Costs	9 & 26	-	-	342	421
<b>Total Depreciation &amp; Impairment Costs</b>		<b>4,171</b>	<b>-</b>	<b>18,731</b>	<b>18,147</b>
less: Capitalised Costs		-	-	(523)	(425)
less: Impairments offset in ARR (Equity)	9a	-	-	-	-
<b><u>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</u></b>		<b><u>4,171</u></b>	<b><u>-</u></b>	<b><u>18,208</u></b>	<b><u>17,722</u></b>

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Bad & Doubtful Debts		22	-
Contributions/Levies to Other Levels of Government			
- NSW Fire Brigade Levy		409	379
- Bushfire Fighting Fund		294	264
- Emergency Services Levy		25	-
- Valuation Fees		126	105
- REROC		40	39
- Riverina Regional Library		956	867
Councillor Expenses - Mayoral Fee		34	33
Councillor Expenses - Councillors' Fees		170	170
Donations, Contributions & Assistance to other organisations (Section 356)		162	164
Election Expenses		-	257
Electricity & Heating		1,580	1,425
Insurance		1,132	1,141
Provision for Land Remediation		40	7,277
Revaluation Decrements (Fair Valuation of I,PP&E Assets)	9(a)	-	42,425
Revaluation Decrements (Fair Valuation of Investment Properties)	14	165	930
Street Lighting		624	784
Subscriptions & Publications		42	40
Telephone & Communications		504	547
Water		478	501
<b>Total Other Expenses</b>		<b>6,803</b>	<b>57,348</b>
less: Capitalised Costs		-	-
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>6,803</u></b>	<b><u>57,348</u></b>

## Wagga Wagga City Council

Notes to the Financial Statements  
for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal		-	1,186
less: Carrying Amount of Property Assets Sold		-	(300)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>886</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal		1,241	1,028
less: Carrying Amount of P&E Assets Sold		(4,534)	(703)
<b>Net Gain/(Loss) on Disposal</b>		<b>(3,293)</b>	<b>325</b>
<b>Financial Assets*</b>			
Proceeds from Disposal		18,135	32,078
less: Carrying Amount of Financial Assets Sold / Redeemed		(18,135)	(32,078)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(3,293)</b>	<b>1,211</b>

## Wagga Wagga City Council

Notes to the Financial Statements  
for the financial year ended 30 June 2010

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

\$ '000	Notes	2010	2010	2009	2009
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		5,016	-	486	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		6,457	-	5,804	-
- Managed Funds		-	-	4,367	-
- Short Term Deposits		6,000	-	19,272	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>17,473</b>	<b>-</b>	<b>29,929</b>	<b>-</b>
<b>Investment Securities (Note 6b)</b>					
- Managed Funds		113	3,984	1,713	8,426
- Long Term Deposits		22,292	3,000	8,054	1,000
- Floating Rate Notes		7,967	26,309	-	27,374
- Capital Protected Asset Linked Note		-	1,585	-	1,441
<b>Total Investment Securities</b>		<b>30,372</b>	<b>34,878</b>	<b>9,767</b>	<b>38,241</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>47,845</b>	<b>34,878</b>	<b>39,696</b>	<b>38,241</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>17,473</b>	<b>-</b>	<b>29,929</b>	<b>-</b>
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**Investments**

<b>a. "At Fair Value through the Profit &amp; Loss"</b>					
- "Held for Trading"	6(b-i)	-	-	-	-
- "Designated at Fair Value on Initial Recognition"	6(b-i)	8,080	31,878	1,713	37,241
<b>b. "Held to Maturity"</b>	6(b-ii)	22,292	3,000	8,054	1,000
<b>c. "Loans &amp; Receivables"</b>	6(b-iii)	-	-	-	-
<b>d. "Available for Sale"</b>	6(b-iv)	-	-	-	-
<b>Investments</b>		<b>30,372</b>	<b>34,878</b>	<b>9,767</b>	<b>38,241</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

## Note 6b. Investments (continued)

\$ '000	2010	2010	2009	2009
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments classified as "At Fair Value through the Profit &amp; Loss"</b>				
Balance at the Beginning of the Year	1,713	37,241	42,217	-
Revaluations (through the Income Statement)	604	1,444	-	-
Additions	7,203	1,160	-	28,815
Disposals (sales & redemptions)	(9,407)	-	(32,078)	-
Transfers between Current/Non Current	7,967	(7,967)	(8,426)	8,426
<b>Balance at End of Year</b>	<b>8,080</b>	<b>31,878</b>	<b>1,713</b>	<b>37,241</b>
<b>Comprising:</b>				
- Managed Funds	113	3,984	1,713	8,426
- Floating Rate Notes	7,967	26,309	-	27,374
- Capital Protected Asset Linked Note	-	1,585	-	1,441
<b>Total</b>	<b>8,080</b>	<b>31,878</b>	<b>1,713</b>	<b>37,241</b>
<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Balance at the Beginning of the Year	8,054	1,000	-	-
Additions	21,966	3,000	8,054	1,000
Disposals (sales & redemptions)	(8,728)	-	-	-
Transfers between Current/Non Current	1,000	(1,000)	-	-
<b>Balance at End of Year</b>	<b>22,292</b>	<b>3,000</b>	<b>8,054</b>	<b>1,000</b>
<b>Comprising:</b>				
- Long Term Deposits	22,292	3,000	8,054	1,000
<b>Total</b>	<b>22,292</b>	<b>3,000</b>	<b>8,054</b>	<b>1,000</b>
<b>Note 6(b-iii)</b>				
<b>Reconciliation of Investments classified as "Loans &amp; Receivables"</b>				
Nil				
<b>Note 6(b-iv)</b>				
<b>Reconciliation of Investments classified as "Available for Sale"</b>				
Nil				

## Wagga Wagga City Council

Notes to the Financial Statements  
for the financial year ended 30 June 2010

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

\$ '000	2010	2010	2009	2009
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investment Securities</b>	<b>47,845</b>	<b>34,878</b>	<b>39,696</b>	<b>38,241</b>
<b>attributable to:</b>				
External Restrictions (refer below)	6,008	34,878	7,643	29,815
Internal Restrictions (refer below)	37,341	-	26,394	8,426
Unrestricted	4,496	-	5,659	-
	<b>47,845</b>	<b>34,878</b>	<b>39,696</b>	<b>38,241</b>

2010 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

## Details of Restrictions

**External Restrictions - Included in Liabilities**

Employee Leave - Sewer & Waste	358	4	(37)	325
<b>External Restrictions - Included in Liabilities</b>	<b>358</b>	<b>4</b>	<b>(37)</b>	<b>325</b>

**External Restrictions - Other**

Developer Contributions - General (D)	6,290	4,004	(2,052)	8,242
Specific Purpose Unexpended Grants (F)	3,797	-	(163)	3,634
Sewerage Services (G)	24,009	1,007	-	25,016
Sewerage Services - other unexpended contributions	720	194	(134)	780
Domestic Waste Management (G)	1,867	1,550	(1,076)	2,341
Other Unexpended Contributions	417	131		548
<b>External Restrictions - Other</b>	<b>37,100</b>	<b>6,886</b>	<b>(3,425)</b>	<b>40,561</b>
<b>Total External Restrictions</b>	<b>37,458</b>	<b>6,890</b>	<b>(3,462)</b>	<b>40,886</b>

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

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

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



## Wagga Wagga City Council

Notes to the Financial Statements  
for the financial year ended 30 June 2010

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

2010 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	2,941	2,239	(2,059)	3,121
Employees Leave Entitlement	2,257	1,072	(750)	2,579
Gurwood St Property	388	-	(79)	309
Robertson Oval	3,082	16	-	3,098
Estella Community Centre	179	-	-	179
Other Building Improvements	128	219	(109)	238
Commercial Land Development	390	-	(242)	148
Land Remediation	933	-	(933)	-
Industrial Land Development	4,770	-	-	4,770
Urban Salinity	106	-	-	106
Gravel Pit Restoration	222	-	-	222
Silverlite Reserve	85	-	-	85
LEP Preparation	90	-	-	90
Lake Albert Improvements	50	38	-	88
Infrastructure Improvements / Replacement	3,107	1,537	(268)	4,376
Internal Loans	46	887	(438)	495
Storm Damage	160	-	(7)	153
Kerb & Gutter	13	375	-	388
Design & Planning	50	-	-	50
Information Services E / Business	230	-	(77)	153
Other Plant & Equipment	106	3	(9)	100
Oasis Swimming Complex	449	80	(200)	329
Crematorium	202	274	(200)	276
Airport	3,270	754	(2,892)	1,132
Livestock Marketing Centre	2,849	565	(36)	3,378
Family Day Care	260	-	(61)	199
Organisation Development	82	-	(82)	-
Section 430 Recommendations	62	-	(48)	14
Project Revotes	2,251	1,589	(2,251)	1,589
Other Operational	60	112	(60)	112
Council Election	144	100	-	244
Civic Theatre Infrastructure	200	-	(200)	-
Vietnam War Memorial	11	-	(11)	-
Master Planning	200	-	(200)	-
Public Art Reserve	101	227	(52)	276
Grant Commission Reserve	2,141	2,291	(2,141)	2,291
Tarcutta Street Gasworks Remediation Reserve	3,205	1,908	-	5,113
Stormwater Drainage	-	201	-	201
Evocities	-	450	(40)	410
Civil Projects	-	228	-	228
Projects Reserve	-	801	-	801
<b>Total Internal Restrictions</b>	<b>34,820</b>	<b>15,966</b>	<b>(13,445)</b>	<b>37,341</b>
<b>TOTAL RESTRICTIONS</b>	<b>72,278</b>	<b>22,856</b>	<b>(16,907)</b>	<b>78,227</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

## Note 7. Receivables

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		2,662	-	2,384	-
Interest & Extra Charges		270	-	267	-
User Charges & Fees		1,649	-	1,352	-
Accrued Revenues					
- Interest on Investments		884	-	473	-
- Other Income Accruals		443	-	333	-
Government Grants & Subsidies		1,191	-	780	-
Deferred Debtors		115	212	136	1,212
Net GST Receivable		774	-	820	-
Evocities Grant		300	-	-	-
Storm Damage Claim - RTA Grant		1,212	-	-	-
Other Debtors		31	-	287	-
<b>Total</b>		<b>9,531</b>	<b>212</b>	<b>6,832</b>	<b>1,212</b>
<b>less: Provision for Impairment</b>					
User Charges & Fees		(26)	-	(10)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(26)</b>	<b>-</b>	<b>(10)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>9,505</u></b>	<b><u>212</u></b>	<b><u>6,822</u></b>	<b><u>1,212</u></b>
<b>Externally Restricted Receivables</b>					
<b>Sewerage Services</b>					
- Rates & Availability Charges		560	-	501	-
- Other		400	-	697	-
<b>Domestic Waste Management</b>		<b>272</b>	<b>-</b>	<b>375</b>	<b>-</b>
<b>Other</b>					
- Unexpended Grants		1,129	-	403	-
- Unexpended Contributions		21	-	20	-
<b>Total External Restrictions</b>		<b>2,382</b>	<b>-</b>	<b>1,996</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
- Livestock Marketing Centre		36	-	4	-
- Airport		654	-	112	-
- Glenfield Medical Centre		-	-	-	950
<b>Internally Restricted Receivables</b>		<b>690</b>	<b>-</b>	<b>116</b>	<b>950</b>
<b>Unrestricted Receivables</b>		<b>6,433</b>	<b>212</b>	<b>4,710</b>	<b>262</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>9,505</u></b>	<b><u>212</u></b>	<b><u>6,822</u></b>	<b><u>1,212</u></b>

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 7. Receivables

##### Purpose

##### Notes on Debtors (previous page):

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest is charged on overdue rates & charges at 9.00% (2009 10.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

#### Note 8. Inventories & Other Assets

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		408	-	417	-
Stores & Materials		1,951	-	1,927	-
Trading Stock		86	-	84	-
<b>Total Inventories</b>		<b>2,445</b>	<b>-</b>	<b>2,428</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		331	-	237	-
<b>Total Other Assets</b>		<b>331</b>	<b>-</b>	<b>237</b>	<b>-</b>
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>		<b>2,776</b>	<b>-</b>	<b>2,665</b>	<b>-</b>
<b>Details for Real Estate Development</b>					
Residential		23	-	23	-
Industrial/Commercial		385	-	394	-
<b>Total Real Estate for Resale</b>		<b>408</b>	<b>-</b>	<b>417</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	-
Other Holding Costs		257	-	266	-
<b>Total Costs</b>		<b>408</b>	<b>-</b>	<b>417</b>	<b>-</b>
less: Provision for Under Recovery		-	-	-	-
<b>Total Real Estate for Resale</b>		<b>408</b>	<b>-</b>	<b>417</b>	<b>-</b>
<b>Movements:</b>					
Real Estate assets at beginning of the year		417	-	421	-
- Purchases and other costs		(9)	-	(4)	-
<b>Total Real Estate for Resale</b>		<b>408</b>	<b>-</b>	<b>417</b>	<b>-</b>

## Wagga Wagga City Council

Notes to the Financial Statements  
for the financial year ended 30 June 2010

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

\$ '000	2010		2009	
	Current	Non Current	Current	Non Current
<b>(i) Externally Restricted Assets</b>				
<b>Sewerage</b>				
Stores & Materials	697	-	801	-
<b>Total Sewerage</b>	<b>697</b>	<b>-</b>	<b>801</b>	<b>-</b>
Total Externally Restricted Assets	697	-	801	-
Total Internally Restricted Assets	-	-	-	-
Total Unrestricted Assets	2,079	-	1,864	-
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>	<b>2,776</b>	<b>-</b>	<b>2,665</b>	<b>-</b>

**(ii) Other Disclosures****(a) 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;

	2010	2009
Real Estate for Resale	408	417
	<b>408</b>	<b>417</b>

Notes to the Financial Statements  
for the financial year ended 30 June 2010

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2009					Asset Movements during the Reporting Period						as at 30/6/2010					
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Dep'n Expense	Impairment Loss (recognised in P/L)	Adjustments & Transfers	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying	
	Cost	Fair Value	Dep'n	Impairment	Value							Cost	Fair Value	Dep'n	Impairment	Value	
Plant & Equipment	-	21,437	10,126	-	11,311	3,368	(1,132)	(1,968)	-	-	-	-	22,505	10,926	-	-	11,579
Office Equipment	-	2,186	1,795	-	391	102	(3)	(107)	-	-	-	-	2,285	1,902	-	-	383
Furniture & Fittings	-	2,415	1,841	-	574	132	-	(87)	-	-	-	-	2,547	1,929	-	-	618
<b>Land:</b>																	
- Operational Land	-	97,793	-	-	97,793	33	-	-	-	-	-	-	97,826	-	-	-	97,826
- Community Land	-	116,622	-	-	116,622	-	-	-	-	-	-	-	116,622	-	-	-	116,622
Buildings - Non Specialised	-	48,368	6,169	-	42,199	994	-	(439)	-	-	-	-	49,362	6,609	-	-	42,753
Buildings - Specialised	-	42,012	4,465	-	37,547	257	-	(366)	-	-	-	-	42,269	4,831	-	-	37,438
Other Structures	-	17,450	2,890	-	14,560	9,273	-	(430)	-	-	-	-	26,723	3,320	-	-	23,403
<b>Infrastructure:</b>																	
- Roads, Bridges, Footpaths	-	392,133	64,995	-	327,138	11,648	-	(7,338)	(4,171)	-	-	-	403,781	72,332	4,171	-	327,278
- Stormwater Drainage	-	214,582	15,621	-	198,961	2,180	-	(1,509)	-	-	-	-	216,762	17,131	-	-	199,631
- Sewerage Network	-	304,608	103,670	-	200,938	11,409	(3,399)	(5,120)	-	-	5,187	-	283,051	74,035	-	-	209,016
<b>Other Assets:</b>																	
- Artworks	-	5,468	-	-	5,468	316	-	-	-	-	-	-	5,784	-	-	-	5,784
- Other	-	19,820	4,995	-	14,825	2,462	-	(1,025)	-	-	-	-	22,283	6,021	-	-	16,262
<b>Reinstatement, Rehabilitation &amp; Restoration Assets (refer Note 26)</b>																	
- Tip Asset	-	817	235	-	582	-	-	(53)	-	113	-	-	930	288	-	-	642
- Quarry Asset	-	182	41	-	141	-	-	(7)	-	45	-	-	228	48	-	-	180
- Sewer Remediation Asset	-	3,326	789	-	2,537	-	-	(282)	-	(412)	-	-	2,914	1,071	-	-	1,843
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	-	<b>1,289,219</b>	<b>217,632</b>	-	<b>1,071,587</b>	<b>42,174</b>	<b>(4,534)</b>	<b>(18,731)</b>	<b>(4,171)</b>	<b>(254)</b>	<b>5,187</b>	-	<b>1,295,872</b>	<b>200,443</b>	<b>4,171</b>	-	<b>1,091,258</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Actual 2010				Actual 2009			
	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	151	26	-	177	145	32
Office Equipment	-	9	9	-	-	9	9	-
Furniture & Fittings	-	12	11	1	-	11	11	-
Land								
- Operational Land	-	7,975	-	7,975	-	7,975	-	7,975
Infrastructure	-	288,805	77,946	210,859	-	307,934	104,458	203,476
<b>Total Sewerage Services</b>	-	<b>296,978</b>	<b>78,117</b>	<b>218,861</b>	-	<b>316,106</b>	<b>104,623</b>	<b>211,483</b>
<b>Domestic Waste Management</b>								
Plant & Equipment	-	298	270	28	-	298	266	32
Office Equipment	-	82	42	40	-	82	34	48
Furniture & Fittings	-	3	3	-	-	3	3	-
Land								
- Operational Land	-	1,663	-	1,663	-	1,630	-	1,630
Other Structures	-	938	-	938	-	-	-	-
Other Assets	-	2,934	1,044	1,890	-	2,727	766	1,961
<b>Total DWM</b>	-	<b>5,918</b>	<b>1,359</b>	<b>4,559</b>	-	<b>4,740</b>	<b>1,069</b>	<b>3,671</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	<b>302,896</b>	<b>79,476</b>	<b>223,420</b>	-	<b>320,846</b>	<b>105,692</b>	<b>215,154</b>

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

\$ '000	Notes	Actual 2010	Actual 2009
(i) Impairment Losses recognised in the Income Statement include:			
- Roads & Bridges Impairment from Storm Damage (7/3/2010)		(4,171)	-
<b>Total Impairment Losses</b>		<b>(4,171)</b>	<b>-</b>
(ii) Reversals of Impairment Losses previously recognised in the Income Statement include:			
- Nil			
<b>IMPAIRMENT of ASSETS - GAINS/(LOSSES)</b>		<b>(4,171)</b>	<b>-</b>

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

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		4,625	-	4,942	-
Goods & Services - capital expenditure		2,785	-	2,807	-
Payments Received In Advance		694	-	557	-
Accrued Expenses:					
- Borrowings		307	-	203	-
- Salaries & Wages		5	-	357	-
- Other Expenditure Accruals		69	-	64	-
Security Bonds, Deposits & Retentions		2,367	-	2,315	-
Other		62	-	90	-
<b>Total Payables</b>		<b>10,914</b>	<b>-</b>	<b>11,335</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		735	39,691	318	31,804
<b>Total Borrowings</b>		<b>735</b>	<b>39,691</b>	<b>318</b>	<b>31,804</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		3,136	-	2,721	-
Long Service Leave		5,007	249	4,454	177
Other Leave - TOIL		107	-	-	-
Other Leave - RDO		96	-	171	-
Sub Total - Aggregate Employee Benefits		8,346	249	7,346	177
Asset Remediation/Restoration (Future Works) <sup>26</sup>		1,313	11,805	1,208	11,731
		-	-	-	-
<b>Total Provisions</b>		<b>9,659</b>	<b>12,054</b>	<b>8,554</b>	<b>11,908</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>21,308</b>	<b>51,745</b>	<b>20,207</b>	<b>43,712</b>

## (i) Liabilities relating to Restricted Assets

	2010		2009	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Domestic Waste Management	888	1,131	674	1,199
Sewer	3,933	38,366	4,971	34,867
Liabilities relating to externally restricted assets	4,821	39,497	5,645	36,066
<b>Internally Restricted Assets</b>				
Nil				
<b>Total Liabilities relating to restricted assets</b>	<b>4,821</b>	<b>39,497</b>	<b>5,645</b>	<b>36,066</b>

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

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

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000	2010	2009
<b>(ii) Current Liabilities not anticipated to be settled within the next 12 months</b>		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	5,255	4,611
	<b>5,255</b>	<b>4,611</b>

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

Class of Provision	2009			2010		Closing Balance as at 30/6/10
	Opening Balance as at 1/7/09	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	2,721	1,936	(1,489)	(32)	-	<b>3,136</b>
Long Service Leave	4,631	926	(187)	(114)	-	<b>5,256</b>
Other Leave - RDO	171	611	(579)	-	-	<b>203</b>
Asset Remediation	12,939	416	(412)	175	-	<b>13,118</b>
<b>TOTAL</b>	<b>20,462</b>	<b>3,889</b>	<b>(2,667)</b>	<b>29</b>	<b>-</b>	<b>21,713</b>

a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

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



## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	17,473	29,929
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>17,473</b>	<b>29,929</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>11,850</b>	<b>(39,715)</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		18,208	17,722
Net Losses/(Gains) on Disposal of Assets		3,293	(1,211)
Non Cash Capital Grants and Contributions		(4,835)	(3,968)
Impairment Losses Recognition - I,PP&E		4,171	-
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "@ Fair Value" or "Held for Trading"		(2,048)	-
- Investment Properties		165	930
- Write Offs relating to the Fair Valuation of I,PP&E		254	42,425
Unwinding of Discount Rates on Reinstatement Provisions		393	-
Share of Net (Profits) or Losses of Associates/Joint Ventures		(82)	(29)
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(2,720)	889
Increase/(Decrease) in Provision for Doubtful Debts		16	(6)
Decrease/(Increase) in Inventories		(26)	183
Decrease/(Increase) in Other Current Assets		(94)	19
Increase/(Decrease) in Payables		(317)	(656)
Increase/(Decrease) in accrued Interest Payable		89	(4)
Increase/(Decrease) in other accrued Expenses Payable		(347)	265
Increase/(Decrease) in Other Current Liabilities		161	316
Increase/(Decrease) in Employee Leave Entitlements		1,072	1,300
Increase/(Decrease) in Other Provisions		(214)	7,742
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>28,989</b>	<b>26,202</b>

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Developer Contributions received in kind		4,553	3,946
Art Gallery works donated		282	19
History Books donated		-	3
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>4,835</b>	<b>3,968</b>
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		500	500
Credit Cards / Purchase Cards		400	400
Undrawn Loan Facilities		-	4,000
<b>Total Financing Arrangements</b>		<b>900</b>	<b>4,900</b>
<b>Amounts utilised as at Balance Date:</b>			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		4	7
- Other		-	-
<b>Total Financing Arrangements Utilised</b>		<b>4</b>	<b>7</b>

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.  
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

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

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

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

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

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2010	Actual 2009
<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		4	917
Plant & Equipment		858	104
Parks & Sportgrounds		9	790
Sewerage Infrastructure		1,997	11,521
Waste Management Services		24	-
Other		890	241
<b>Total Commitments</b>		<b>3,782</b>	<b>13,573</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		3,782	13,573
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
<b>Total Payable</b>		<b>3,782</b>	<b>13,573</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		490	-
Externally Restricted Reserves		2,134	12,476
Internally Restricted Reserves		1,158	1,097
<b>Total Sources of Funding</b>		<b>3,782</b>	<b>13,573</b>
<b>(b) Other Expenditure Commitments (exclusive of GST)</b>			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
DWM & Recycling Services		18,082	19,942
Cleaning Services		562	533
Audit Services		210	277
Buildings		318	14
Sewerage Services		41,957	45,171
Parks & Sportgrounds		231	-
Other		2,613	664
<b>Total Commitments</b>		<b>63,973</b>	<b>66,601</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		12,411	7,655
Later than one year and not later than 5 years		33,972	32,513
Later than 5 years		17,590	26,433
<b>Total Payable</b>		<b>63,973</b>	<b>66,601</b>

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>(c) Finance Lease Commitments</b>			
Nil			
<b>(d) Operating Lease Commitments (Non Cancellable)</b>			
<b>a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:</b>			
Within the next year		581	616
Later than one year and not later than 5 years		978	1,301
Later than 5 years		-	-
<b>Total Non Cancellable Operating Lease Commitments</b>		<b>1,559</b>	<b>1,917</b>

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

Office - Computer Equipment Leases

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

**Conditions relating to Operating Leases:**

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

#### (e) Investment Property Commitments

Nil

#### (f) Remuneration Commitments

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

Within the next year	1,396	1,147
Later than one year and not later than 5 years	4,125	4,065
Later than 5 years	-	8
<b>Total Payable</b>	<b>5,521</b>	<b>5,220</b>

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

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

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Amounts 2010	Indicator 2010	Prior Periods 2009      2008	
<b>1. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(1)</sup>	<b>50,631</b>	<b>4.33 : 1</b>	<b>3.68</b>	<b>4.37</b>
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	<b>11,696</b>			
<b>2. Debt Service Ratio</b>				
Debt Service Cost	<b>3,112</b>	<b>4.02%</b>	<b>2.83%</b>	<b>0.05%</b>
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<b>77,365</b>			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>				
Rates & Annual Charges	<b>43,857</b>	<b>43.91%</b>	<b>44.64%</b>	<b>40.76%</b>
Revenue from Continuing Operations	<b>99,877</b>			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual & Extra Charges Outstanding	<b>2,932</b>	<b>6.27%</b>	<b>6.22%</b>	<b>6.45%</b>
Rates, Annual & Extra Charges Collectible	<b>46,740</b>			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>				
Asset Renewals <sup>(4)</sup> [Buildings & Infrastructure]	<b>18,760</b>	<b>99.03%</b>	<b>257.94%</b>	<b>132.15%</b>
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	<b>18,943</b>			

## Notes

(1) Refer Notes 6-8 inclusive.

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

(2) Refer to Note 10(a).

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

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

## Wagga Wagga City Council

Notes to the Financial Statements  
for the financial year ended 30 June 2010

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

\$ '000

<p><b>1. Unrestricted Current Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>4.99</td> </tr> <tr> <td>2008</td> <td>4.37</td> </tr> <tr> <td>2009</td> <td>3.68</td> </tr> <tr> <td>2010</td> <td>4.33</td> </tr> </tbody> </table>	Year	Ratio : 1	2007	4.99	2008	4.37	2009	3.68	2010	4.33	<p><b>Purpose of Unrestricted Current Ratio</b></p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p><b>Commentary on 2009/10 Result</b></p> <p><b>2009/10 Ratio 4.33 : 1</b></p> <p>Council's unrestricted ratio shows a continued strong liquidity position as at 30 June 2010. The increase in the ratio reflects a positive operating result for the year and an increase in internally restricted cash and investments.</p>
Year	Ratio : 1											
2007	4.99											
2008	4.37											
2009	3.68											
2010	4.33											
<p><b>2. Debt Service Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>0.05%</td> </tr> <tr> <td>2008</td> <td>0.05%</td> </tr> <tr> <td>2009</td> <td>2.83%</td> </tr> <tr> <td>2010</td> <td>4.02%</td> </tr> </tbody> </table>	Year	Ratio %	2007	0.05%	2008	0.05%	2009	2.83%	2010	4.02%	<p><b>Purpose of Debt Service Ratio</b></p> <p>To assess the impact of loan principal &amp; interest repayments on the discretionary revenue of council.</p>	<p><b>Commentary on 2009/10 Result</b></p> <p><b>2009/10 Ratio 4.02%</b></p> <p>The Debt Service Ratio has increased as expected this year. 2009/10 was the first full year of Council's utilisation of the Sewer 2010 loan facility (\$36.0M), coupled with the addition of the debt servicing costs related to the Airport loan of \$4.7m.</p>
Year	Ratio %											
2007	0.05%											
2008	0.05%											
2009	2.83%											
2010	4.02%											
<p><b>3. Rates &amp; Annual Charges Coverage Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>40.14%</td> </tr> <tr> <td>2008</td> <td>40.76%</td> </tr> <tr> <td>2009</td> <td>44.64%</td> </tr> <tr> <td>2010</td> <td>43.91%</td> </tr> </tbody> </table>	Year	Ratio %	2007	40.14%	2008	40.76%	2009	44.64%	2010	43.91%	<p><b>Purpose of Rates &amp; Annual Charges Coverage Ratio</b></p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p><b>Commentary on 2009/10 Result</b></p> <p><b>2009/10 Ratio 43.91%</b></p> <p>The Rates and Annual Charges Coverage Ratio has fallen slightly this year. This is mainly due to the increase in Grants &amp; Contributions and Investment Revenues as other sources of income for Council in 2009/10.</p>
Year	Ratio %											
2007	40.14%											
2008	40.76%											
2009	44.64%											
2010	43.91%											
<p><b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>5.45%</td> </tr> <tr> <td>2008</td> <td>6.45%</td> </tr> <tr> <td>2009</td> <td>6.22%</td> </tr> <tr> <td>2010</td> <td>6.27%</td> </tr> </tbody> </table>	Year	Ratio %	2007	5.45%	2008	6.45%	2009	6.22%	2010	6.27%	<p><b>Purpose of Rates &amp; Annual Charges Outstanding Ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>Commentary on 2009/10 Result</b></p> <p><b>2009/10 Ratio 6.27%</b></p> <p>This ratio has virtually remained unchanged for the past two years. Council has addressed part of this issue by resolving to sell land for unpaid rates in 2010/11. Council has a target to reduce this ratio to less than 6%.</p>
Year	Ratio %											
2007	5.45%											
2008	6.45%											
2009	6.22%											
2010	6.27%											

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000	Water 2010	Sewer 2010	General <sup>1</sup> 2010
<b>1. Unrestricted Current Ratio</b>			
Current Assets less all External Restrictions <sup>(1)</sup>	n/a	2.10 : 1	4.33 : 1
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>			
<b>2. Debt Service Ratio</b>			
Debt Service Cost	n/a	21.17%	0.26%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>			
Rates & Annual Charges	n.a	60.93%	40.68%
Revenue from Continuing Operations			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
Rates, Annual & Extra Charges Outstanding	n/a	5.49%	6.49%
Rates, Annual & Extra Charges Collectible			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>			
Asset Renewals <sup>(4)</sup> [Buildings & Infrastructure]	n/a	170.17%	70.61%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)			

#### Notes

<sup>(1)</sup> General Fund refers to all of Council's activities except for it's Water & Sewer activities which are listed separately.

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

#### Note 14. Investment Properties

\$ '000	Notes	Actual 2010	Actual 2009
<b>(a) Investment Properties at Fair value</b>			
<b>Investment Properties on Hand</b>		<b>5,335</b>	<b>5,500</b>
<b>Reconciliation of Annual Movement:</b>			
Opening Balance		5,500	6,430
- Net Gain/(Loss) from Fair Value Adjustments		(165)	(930)
<b>CLOSING BALANCE - INVESTMENT PROPERTIES</b>		<b>5,335</b>	<b>5,500</b>
<b>(b) Valuation Basis</b>			
<p>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.</p> <p>The 2010 revaluations were based on Independent Assessments made by: Bolton Connolly Property Advisory Services</p>			
<b>(c) Contractual Obligations at Reporting Date</b>			
Refer to Note 12 for disclosures relating to any Capital and Service obligations that have been contracted.			
<b>(d) Leasing Arrangements</b>			
Details of leased Investment Properties are as follows;			
Future Minimum Lease Payments receivable under non-cancellable Investment Property Operating Leases not recognised in the Financial Statements are due:			
Within 1 year		-	-
Later than 1 year but less than 5 years		-	-
Later than 5 years		-	-
<b>Total Minimum Lease Payments Receivable</b>		<b>-</b>	<b>-</b>
<b>(e) Investment Property Income &amp; Expenditure - summary</b>			
<b>Rental Income from Investment Properties:</b>			
- Minimum Lease Payments		434	396
- Other Income		-	9
<b>Direct Operating Expenses on Investment Properties:</b>			
- that generated rental income		(37)	(40)
<b>Net Revenue Contribution from Investment Properties</b>		<b>397</b>	<b>365</b>
plus:			
<b>Fair Value Movement for year</b>		<b>(165)</b>	<b>(930)</b>
<b>Total Income attributable to Investment Properties</b>		<b>232</b>	<b>(565)</b>



## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 15. Financial Risk Management

\$ '000

##### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2010	2009	2010	2009
<b>Financial Assets</b>				
Cash and Cash Equivalents	17,473	29,929	17,473	29,929
Investments				
- "Designated At Fair Value on Initial Recognition"	39,958	38,954	39,958	38,954
- "Held to Maturity"	25,292	9,054	25,292	9,054
Receivables	9,717	8,034	9,717	8,034
<b>Total Financial Assets</b>	<b>92,440</b>	<b>85,971</b>	<b>92,440</b>	<b>85,971</b>
<b>Financial Liabilities</b>				
Payables	10,220	10,778	10,220	10,778
Loans / Advances	40,426	32,122	40,426	32,122
<b>Total Financial Liabilities</b>	<b>50,646</b>	<b>42,900</b>	<b>50,646</b>	<b>42,900</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 far value through profit & loss**" or (ii) **Available for Sale** - are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and its staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2010</b>				
Possible impact of a 10% movement in Market Values	568	568	(568)	(568)
Possible impact of a 1% movement in Interest Rates	457	457	(457)	(457)
<b>2009</b>				
Possible impact of a 10% movement in Market Values	1,595	1,595	(1,595)	(1,595)
Possible impact of a 1% movement in Interest Rates	337	337	(337)	(337)

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000

#### (b) Receivables

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

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

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

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

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

Council makes suitable provision for doubtful receivables as required.

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

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

	2010	2010	2009	2009
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	-	5,591	-	2,942
Past due by up to 30 days	799	1,030	715	2,347
Past due between 31 and 180 days	1,064	217	953	317
Past due between 181 and 365 days	386	123	346	33
Past due by more than 1 year	413	120	370	21
	<u>2,662</u>	<u>7,081</u>	<u>2,384</u>	<u>5,660</u>

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

	2010	2009
Balance at the beginning of the year	10	16
+ new provisions recognised during the year	22	1
- amounts already provided for & written off this year	(3)	(7)
- amounts provided for but recovered during the year	(3)	-
<b>Balance at the end of the year</b>	<u>26</u>	<u>10</u>

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000

##### (c) Payables & Borrowings

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

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

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

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

\$ '000	Subject 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		
<b>2010</b>									
Trade/Other Payables	2,367	7,853	-	-	-	-	-	10,220	10,220
Loans & Advances	-	3,664	3,641	3,616	3,585	3,527	74,208	92,241	40,426
<b>Total Financial Liabilities</b>	<b>2,367</b>	<b>11,517</b>	<b>3,641</b>	<b>3,616</b>	<b>3,585</b>	<b>3,527</b>	<b>74,208</b>	102,461	<b>50,646</b>
<b>2009</b>									
Trade/Other Payables	2,315	8,463	-	-	-	-	-	10,778	10,778
Loans & Advances	-	2,018	2,681	2,681	2,681	2,671	64,336	77,068	32,122
<b>Total Financial Liabilities</b>	<b>2,315</b>	<b>10,481</b>	<b>2,681</b>	<b>2,681</b>	<b>2,681</b>	<b>2,671</b>	<b>64,336</b>	87,846	<b>42,900</b>

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:

	2010		2009	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	10,220	0.0%	10,778	0.0%
Loans & Advances - Fixed Interest Rate	40,426	7.3%	32,122	7.9%
Loans & Advances - Variable Interest Rate	-	-	-	-
	<u>50,646</u>		<u>42,900</u>	

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 09/10 was incorporated as part of its Management Plan and was adopted by the Council on 29 June 2009.

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.

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

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

\$ '000	2010 Budget	2010 Actual	2010 ----- Variance* -----		
<b>REVENUES</b>					
Rates & Annual Charges	44,055	43,857	(198)	(0%)	<b>U</b>
User Charges & Fees	14,588	16,103	1,515	10%	<b>F</b>

Due to allocation of budgets from Other Revenue to User Fees & Charges, the variation between the original budget and actual income was \$2,956k or 22%. Factors that contributed to the User Fess & Charges variance are identified below:

##### Development Applications - \$184k Favourable

Council experienced additional income due to a conservative original budget allocation coupled with an increase in expected number of development applications for the year.

##### Civic Theatre Hire - \$132k Unfavourable

Income was lower than anticipated for the Civic Theatre due to an overstated original budget which was increased in previous years during an unusually hire theatre activity season.

##### Oasis Swim & Survive Program - \$192k Favourable

Additional income was received due to record swim and survive participant numbers experienced at the Oasis during 2009/2010

##### Industrial Trade Waste Charges - \$1,084k Favourable

Income was higher due to the implementation of new trade waste policy and charging regime in accordance with best practice models.

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	2010 Budget	2010 Actual	2010 Variance*		
<b>REVENUES (continued)</b>					
<b>User Charges &amp; Fees (continued)</b>					
<u>Sewer: Work for Individuals - \$226k Favourable</u>					
Income was higher due to a conservative original budget and an increase in requests for work for individuals. This favourable variance is offset by increases in work for individuals expenditure.					
<u>Solid Waste: Special Waste (Medical, Asbestos) - \$104k Favourable</u>					
Income was higher due to a conservative original budget and an increase in waste disposal volumes.					
<u>Section 68 Applications Fees &amp; Charges - \$102k Favourable</u>					
A new charge required for additional Council approval separate to the development applications was implemented in 2009/10.					
<u>Sheep Vendors Hire - \$309k Favourable</u>					
The Livestock Marketing Centre (LMC) experienced an increase in income for sheep sales due to the record number of sheep levels passing through the LMC in 2009/10.					
<u>Solid Waste: Non-Sorted Waste - \$302k Favourable</u>					
Income was higher due to a conservative original budget and an increase in waste disposal volumes.					
<u>Stores Emulsion Sales - \$193k Favourable</u>					
Income was received for the sale of emulsion which was not included in original budget figures for 2009/10.					
<u>Fleet Management Sundry Income - \$63k Favourable</u>					
Income was higher than original budget due to allocation of reimbursement from NSW Rural Fire Service for a vehicle purchased by Council.					
<u>RTA Works - State Highway Maintenance - \$308k Favourable</u>					
Requests for work on RTA roads were higher than anticipated. The income is offset by a corresponding increase in RTA maintenance expenditure.					
<b>Interest &amp; Investment Revenue</b>	<b>2,923</b>	<b>5,911</b>	<b>2,988</b>	102%	<b>F</b>
Investment income was higher than original budget due to market recovery after the Global Financial Crisis.					
<b>Other Revenues</b>	<b>623</b>	<b>2,239</b>	<b>1,616</b>	259%	<b>F</b>
Due to allocation of budgets from Other Revenue to User Fees & Charges, the variation between the original budget and actual income was \$315k a 16% change. Factors that contributed to the Other Revenue variance are as follows:					
<u>Rebated Property Insurance Reimbursements - \$32k Favourable</u>					
Additional income received for risk management incentives.					

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000	2010 Budget	2010 Actual	2010 Variance* -----
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#### REVENUES (continued)

##### Other Revenues (continued)

##### Fleet Management Deisel Fuel Rebate - \$200k Favourable

Rebate received from the ATO after a fuel tax credit review was performed on the years from 2006 to December

##### Civic Theatre Insurance Claims - \$46k Favourable

Council received insurance for claims in relation to water damaged audio equipment at the Civic Theatre. This was offset by a corresponding increase in expenditure.

##### Gregadoo Recycling Centre Sales - \$23k Favourable

Income received from the Gregadoo Recycling Centre which was not included in original budget forecasts for 2009/10.

<b>Operating Grants &amp; Contributions</b>	<b>14,405</b>	<b>16,706</b>	<b>2,301</b>	<b>16%</b>	<b>F</b>
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In many instances, the actual amount of grant funds received depends on the decisions made by both State and Federal Governments after the original budget is adopted by Council.

At the time that the budget is adopted by Council, many of the decisions in relation to grant funding is yet to be made at both State and Federal levels of government. This results in major variations to original budget amounts for grants received, particularly for the following grants:

##### Roads Grants - \$367k Favourable

Council received additional funding for the Revenue Sharing Grant, Roads to Recovery and Regional Block Grant.

##### Environmental Program Grants - \$819k Favourable

Council received grant funding for environmental programs including \$85k for the REROC River Project; \$204k for flood programs and \$530k for the Murrumbidgee Catchment Management Authority Shared Values for Restoration and Rehabilitation for the Murrumbidgee River, Wollundry Lagoon and Lake Albert.

##### Family and Children's Services - \$203k Favourable

Council received an additional \$95k for Childcare Benefits with corresponding increases in expenditure, and \$108k for the Aboriginal Home & Community Care Development.

##### Evocities Better Regions Program - \$830k Favourable

Council received \$500k for the Better Regions Program; \$280k from participating regional cities and \$50k Evocities sponsorship income.

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

## Note 16. Material Budget Variations (continued)

\$ '000	2010 Budget	2010 Actual	2010 Variance*		
<b>REVENUES (continued)</b>					
<b>Capital Grants &amp; Contributions</b>	<b>4,272</b>	<b>14,979</b>	<b>10,707</b>	251%	<b>F</b>
Capital Grants and Contributions received in 2009/10 were higher than original budget. This was predominantly due to non-cash dedication of roads, stormwater and sewer assets provided by developers in as part of subdivision development.					
<u>Roads and Transport Grants - \$3,418k Favourable</u>					
Council received Storm Damage grant income of \$3,299k from the RTA for damage caused to infrastructure by the March 2010 storms.					
<u>Subdivider Dedications and S.94 Contributions - \$5,463k Favourable</u>					
Recognition of dedications and developer contributions to roads, stormwater drainage and sewer assets as part of subdivision development.					
<u>Economic Development Grants - \$625k Favourable</u>					
Council received \$625k grant funding in 2009/10 for the Bomen Infrastructure Implementation project from the NSW Department State and Regional Development.					
<u>Recreation and Culture Grants - \$544k Favourable</u>					
Council received funding from for the Netball Courts Redevelopment project from the Regional Local Community Program Round 2 (Federal).					
<u>Capital Grants - Other - \$546k Favourable</u>					
Council received grant funds from for the Airport Instrument Landing System in 2009/10 from the Regional Local Community Infrastructure Program Round 2 (Federal).					
<b>Net Gains from Disposal of Assets</b>	-	-	-		<b>F</b>
<b>Share of Net Profits - Joint Ventures &amp; Associates</b>	-	<b>82</b>	<b>82</b>		<b>F</b>
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	<b>32,614</b>	<b>31,161</b>	<b>1,453</b>	4%	<b>F</b>
<b>Borrowing Costs</b>	<b>12</b>	<b>633</b>	<b>(621)</b>	(5175%)	<b>U</b>
The unwinding of present value discounts on Employee Leave Entitlements and remediation provisions resulted in an unfavourable variance of \$621k.					
<b>Materials &amp; Contracts</b>	<b>23,988</b>	<b>23,758</b>	<b>230</b>	1%	<b>F</b>
<b>Depreciation &amp; Amortisation</b>	<b>15,455</b>	<b>18,208</b>	<b>(2,753)</b>	(18%)	<b>U</b>
Depreciation was considerably higher than budget due to the revaluation of infrastructure assets in 2009.					



## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000	2010 Budget	2010 Actual	2010 Variance* -----	
<b>EXPENSES (continued)</b>				
<b>Impairment Expenses</b>	-	4,171	(4,171)	U
The expense incurred for impairment for 2009/10 was in relation to all the infrastructure assets that were affected by damage caused by the March 2010 storms, and as such were not included in the budget.				
<b>Other Expenses</b>	6,382	6,803	(421)	(7%) U
Other expenses are over budget compared with actuals due to the following:				
<u>Water - \$298k Unfavourable</u>				
Pricing increases to the cost of water which resulted in an under estimate in water costs for the year.				
<u>Insurance - \$110k Unfavourable</u>				
Expenses in relation to insurance claims made by the Civic Theatre (\$48k) and Sewer Treatment Works (\$46k) for damages to items under their control.				
<u>Unrealised Loss on Investment - \$165k Unfavourable</u>				
An unrealised loss was recognised for the revaluation of Council investment properties as at 30 June 2010.				
<b>Budget Variations relating to Council's Cash Flow Statement include:</b>				
<b>Cash Flows from Operating Activities</b>	14,662	28,989	14,327	97.7% F
Total actual cash flows from operating activities were greater than budgeted due to the following:				
- Advance payment of the first Financial Assistance Grant payment for 2010/11				
- Increase in amounts received for other grants programs such as Environmental programs, Evocities, Roads Recovery and Family & Childrens Services.				
- Recognition of dedications and developer contributions for infrastructure assets as part of subdivision development				
<b>Cash Flows from Investing Activities</b>	(28,051)	(49,749)	(21,698)	77.4% U
Increase is principally a result of investment in cash securities for the year.				
<b>Cash Flows from Financing Activities</b>	3,475	8,304	4,829	139.0% F
Airport loan of \$4.7m not included in original budget loan figures for 2009/10.				

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

### 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	941	19	-	66	(19)	-	1,007	1	(1,008)	-	-
Roads & Traffic Facilities	1,071	736	-	77	(415)	-	1,469	19,826	(21,267)	28	-
Cycleways & Footpaths	160	4	-	12	(33)	-	143	1	(143)	1	-
Parking	173	3	-	12	(9)	-	179	1	(179)	1	-
Open Space - Local	1,118	662	-	80	(74)	-	1,786	22,886	(24,624)	48	-
Open Space - City Wide	530	16	-	37	(243)	-	340	2	(339)	3	-
Community Facilities	1,003	442	-	71	(134)	-	1,382	9,079	(10,459)	2	-
Other	(32)	120	-	1	(103)	-	(14)	1,342	(1,359)	(31)	-
<b>S94 Contributions - under a Plan</b>	<b>4,964</b>	<b>2,002</b>	-	<b>356</b>	<b>(1,030)</b>	-	<b>6,292</b>	<b>53,138</b>	<b>(59,378)</b>	<b>52</b>	-
<b>S94A Levies - under a Plan</b>	<b>797</b>	<b>395</b>	-	<b>57</b>	<b>(145)</b>	-	<b>1,104</b>				-
<b>Total S94 Revenue Under Plans</b>	<b>5,761</b>	<b>2,397</b>	-	<b>413</b>	<b>(1,175)</b>	-	<b>7,396</b>				-
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	-	-	-	-	-	-	-				-
S64 Contributions	529	1,156	-	38	(877)	-	846				-
<b>Total Contributions</b>	<b>6,290</b>	<b>3,553</b>	-	<b>451</b>	<b>(2,052)</b>	-	<b>8,242</b>	<b>53,138</b>	<b>(59,378)</b>	<b>52</b>	-

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000

#### S94 CONTRIBUTIONS - UNDER A PLAN

##### CONTRIBUTION PLAN - 1993 to 2004

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	941	19	-	66	(19)	-	1,007	1	(1,008)	-	-
Roads & Traffic Facilities	380	-	-	27	(119)	-	288	3	(261)	30	-
Cycleways & Footpaths	160	4	-	12	(33)	-	143	1	(143)	1	-
Parking	173	3	-	12	(9)	-	179	1	(179)	1	-
Open Space - Local	350	15	-	25	(22)	-	368	1	(321)	48	-
Open Space - City Wide	530	16	-	37	(243)	-	340	2	(339)	3	-
Community Facilities	563	-	-	40	-	-	603	1	(602)	2	-
Other	(46)	13	-	-	-	-	(33)	1	-	(32)	-
<b>Total</b>	<b>3,051</b>	<b>70</b>	<b>-</b>	<b>219</b>	<b>(445)</b>	<b>-</b>	<b>2,895</b>	<b>11</b>	<b>(2,853)</b>	<b>53</b>	<b>-</b>

##### CONTRIBUTION PLAN NUMBER - 2006

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads & Traffic Facilities	691	736	-	50	(296)	-	1,181	19,825	(21,006)	-	-
Open Space - Local	768	647	-	55	(52)	-	1,418	22,885	(24,303)	-	-
Community Facilities	440	442	-	31	(134)	-	779	9,078	(9,857)	-	-
Other	14	107	-	1	(103)	-	19	1,341	(1,359)	1	-
<b>Total</b>	<b>1,913</b>	<b>1,932</b>	<b>-</b>	<b>137</b>	<b>(585)</b>	<b>-</b>	<b>3,397</b>	<b>53,129</b>	<b>(56,525)</b>	<b>1</b>	<b>-</b>

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

### 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	797	395	-	57	(145)	-	1,104	8,805	(9,909)	-	-
<b>Total</b>	<b>797</b>	<b>395</b>	<b>-</b>	<b>57</b>	<b>(145)</b>	<b>-</b>	<b>1,104</b>	<b>8,805</b>	<b>(9,909)</b>	<b>-</b>	<b>-</b>

#### S64 LEVIES - UNDER A PLAN

##### CONTRIBUTION PLAN - Sewer 2007

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
S64 Levy	-	740	-	-	(740)	-	-	11,770	(11,770)	-	-
<b>Total</b>	<b>-</b>	<b>740</b>	<b>-</b>	<b>-</b>	<b>(740)</b>	<b>-</b>	<b>-</b>	<b>11,770</b>	<b>(11,770)</b>	<b>-</b>	<b>-</b>

##### CONTRIBUTION PLAN NUMBER - 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	529	416	-	38	(137)	-	846	5,377	(6,224)	(1)	-
<b>Total</b>	<b>529</b>	<b>416</b>	<b>-</b>	<b>38</b>	<b>(137)</b>	<b>-</b>	<b>846</b>	<b>5,377</b>	<b>(6,224)</b>	<b>(1)</b>	<b>-</b>

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000

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

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

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

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

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

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category and that member Councils will need to make significantly higher contributions from 2009/10 & beyond. The share of this deficit that can be broadly attributed to Council is estimated to be \$2,202,928, of a total deficit of \$286,059,000.

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

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

##### (ii) Statewide Limited

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

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

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

##### (iii) StateCover Limited

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

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

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

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

##### (iv) Other Guarantees

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

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

#### 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 Organisations**

Council has provided loans to a number of sporting groups and community associations. As at 30 June 2010, Council had not recognised an interest free loan to Wagga Netball Association for the amount of \$50,000. This was due to the report which confirmed

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

the costs of the project to resurface the Netball courts at Equex, not being presented to Council until after 30 June 2010.

The loan to Wagga Wagga Netball Association is to be repaid over a 5 year period, and Council does not expect to incur any loss arising from this, or any other sporting and community group loans.

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

#### 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 updated Infringement Notices.

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

###### (iii) Trade Waste Charges

Trade Waste charges for the quarter ending 30 June 2010 were not raised prior to year end. Council has been experiencing software problems in relation to these charges due to an upgrade of the Property & Rating System in June 2010.

Council's systems software team are currently working on the issues in relation to trade waste charges. The amount not raised for the quarter ended 30 June 2010 is approximately \$126,000.

##### ASSETS NOT RECOGNISED (continued):

###### (iv) Sale of Land

Council has entered into a contract of sale for land located on Tasman Road. The sale has not been recognised in the financial statements as the contract is awaiting registration of subdivision which cannot proceed until easements are created, therefore there is not an unconditional contract in place as at 30 June 2010, and as such no sale of asset has been recognised.

###### (v) Developer Contributions

Council has entered into Voluntary Planning Agreements (VPA's) with the owners of the Eric Weissel and Alan Staunton Oval Sites. These VPA's require the owners to contribute \$810,000 in total subject to the land being rezoned to medium density residential upon gazettal of the new Local Environmental Plan (LEP).

Council has not recognised these amounts in the 2009/2010 Financial Statements because the new LEP was not gazetted by 30 June 2010.

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000

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

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

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

##### Subsidiaries

Note 19(a)

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

##### Associated Entities & Joint Venture Entities

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

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

##### Joint Venture Operations

Note 19(c)

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

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

Note 19(d)

#### Accounting Recognition:

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

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

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2010	Actual 2009	Actual 2010	Actual 2009
Associated Entities	-	-	-	-
Joint Venture Entities	82	29	1,359	1,243
<b>Total</b>	<b>82</b>	<b>29</b>	<b>1,359</b>	<b>1,243</b>



# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000

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

Council has no interest in any Subsidiaries.

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

##### (i) ASSOCIATED ENTITIES

Council has no interest in any Associated Entities.

##### (ii) JOINT VENTURE ENTITIES

###### (a) Carrying Amounts

Name of Entity	Principal Activity	2010	2009
Riverina Regional Library Service	Public Library Service	1,359	1,243
<b>Total Carrying Amounts - Joint Venture Entities</b>		<b>1,359</b>	<b>1,243</b>

###### (b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2010	2009	2010	2009	2010	2009
Riverina Regional Library Service	57%	56%	57%	56%	24%	24%

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

	Riverina Regional Library Service	
	2010	2009
Opening Balance	1,243	1,207
Share in Operating Result	82	29
Adjustments to Equity	34	7
<b>Councils Equity Share in the Joint Venture Entity</b>	<b>1,359</b>	<b>1,243</b>

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000

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

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

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
<b>2010</b>					
Riverina Regional Library Service	666	956	261	2	1,359
<b>Totals</b>	<b>666</b>	<b>956</b>	<b>261</b>	<b>2</b>	<b>1,359</b>
<b>2009</b>					
Riverina Regional Library Service	654	808	217	2	1,243
<b>Totals</b>	<b>654</b>	<b>808</b>	<b>217</b>	<b>2</b>	<b>1,243</b>

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

	2010			2009		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Riverina Regional Library Service	1,023	941	82	989	960	29
<b>Totals</b>	<b>1,023</b>	<b>941</b>	<b>82</b>	<b>989</b>	<b>960</b>	<b>29</b>

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

	2010	2009
Capital Commitments	-	-
Other Expenditure Commitments	-	-
Lease Commitments	-	-

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

	2010	2009
Share of Contingent Liabilities incurred jointly with other Participants	-	-
Share of Contingent Liabilities for which Council is severally liable	-	-

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

Council has no interest in any Joint Venture Operations.

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

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

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
<b>a. Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		664,890	470,793
a. Correction of Prior Period Errors	20 (c)	-	233,805
b. Changes in Accounting Policies (Prior Period Effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		33	7
d. Net Operating Result for the Year		11,850	(39,715)
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
g. Other Changes		-	-
<b>Balance at End of the Reporting Period</b>		<b>676,773</b>	<b>664,890</b>

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

- Infrastructure, Property, Plant & Equipment Revaluation Reserve	443,342	438,155
<b>Total</b>	<b>443,342</b>	<b>438,155</b>

**(ii). Reconciliation of movements in Reserves:**

<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>		
- Opening Balance	438,155	359,838
- Revaluations for the year	9(a) 5,187	78,317
<b>- Balance at End of Year</b>	<b>443,342</b>	<b>438,155</b>
<b>TOTAL VALUE OF RESERVES</b>	<b>443,342</b>	<b>438,155</b>

**(iii). Nature & Purpose of Reserves****Infrastructure, Property, Plant & Equipment Revaluation Reserve**

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

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009
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#### c. Correction of Error/s relating to a Previous Reporting Period

##### Prior Year Corrections

1. As part of Council's transition to measuring all its I,PP&E at Fair Values, Council last year reviewed and brought to account Fair Values for the following Asset Classes:

- Roads
- Stormwater
- Art Gallery

As part of that evaluation & measurement process, the remaining useful life of each asset was reassessed to actual.

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

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

As a result, Council adjusted the accumulated depreciation for the following asset classes as at 30/6/09 to reflect the correct value of accumulated depreciation;

Roads	(increase)/decrease to accumulated depreciation	204,696
Stormwater Drainage	(increase)/decrease to accumulated depreciation	26,480
Art Gallery	(increase)/decrease to accumulated depreciation	108

This adjustment resulted in a net increase / (decrease) in Council's Accumulated Surplus as at 30/6/09.

2. The Fair Value Certificate for Other Assets was incorrectly transcribed resulting in an understatement of asset values.	3,652
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## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000	Notes	Actual 2010	Actual 2009												
<b>c. Correction of Error/s relating to a Previous Reporting Period (continued)</b>															
<p><b>3.</b> The revaluation increment on Other Structures revalued in 2008 was understated due to a number of Livestock Marketing Centre assets not being recognised in the externally prepared valuation report.</p> <p>As a result, Council has adjusted the revaluation reserve and the carrying amount of Other Structures as at 30 June 2008.</p> <p>Other Structure Asset Class - increase to carrying value <span style="float: right;">4,427</span></p> <p>This adjustment resulted in an equal increase in the amount in the Asset Revaluation Reserve as at 30/6/08</p> <p><b>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.</b></p> <p><b>These amounted to the following Equity Adjustments:</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">- Adjustments to Opening Equity - 1/7/08 (relating to adjustments for the 30/6/08 reporting year end and prior periods)</td> <td style="width: 10%; text-align: right;">4,427</td> <td style="width: 10%; text-align: right;">-</td> <td style="width: 10%;"></td> </tr> <tr> <td>- Adjustments to Closing Equity - 30/6/09 (relating to adjustments for the 30/6/09 year end)</td> <td style="text-align: right;">-</td> <td style="text-align: right;">234,936</td> <td></td> </tr> <tr> <td><b>Total Prior Period Adjustments - Prior Period Errors</b></td> <td style="text-align: right; border-top: 1px solid black;"><b>4,427</b></td> <td style="text-align: right; border-top: 1px solid black;"><b>234,936</b></td> <td></td> </tr> </table>				- Adjustments to Opening Equity - 1/7/08 (relating to adjustments for the 30/6/08 reporting year end and prior periods)	4,427	-		- Adjustments to Closing Equity - 30/6/09 (relating to adjustments for the 30/6/09 year end)	-	234,936		<b>Total Prior Period Adjustments - Prior Period Errors</b>	<b>4,427</b>	<b>234,936</b>	
- Adjustments to Opening Equity - 1/7/08 (relating to adjustments for the 30/6/08 reporting year end and prior periods)	4,427	-													
- Adjustments to Closing Equity - 30/6/09 (relating to adjustments for the 30/6/09 year end)	-	234,936													
<b>Total Prior Period Adjustments - Prior Period Errors</b>	<b>4,427</b>	<b>234,936</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 2010

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

<b>Income Statement by Fund</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>\$ '000</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>
<b><u>Continuing Operations</u></b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	-	9,699	34,718
User Charges & Fees	-	2,501	13,602
Interest & Investment Revenue	-	1,414	4,497
Other Revenues	-	300	1,939
Grants & Contributions provided for Operating Purposes	-	489	16,217
Grants & Contributions provided for Capital Purposes	-	1,515	13,464
<b>Other Income</b>			
Net Gains from Disposal of Assets	-	-	109
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	82
<b>Total Income from Continuing Operations</b>	<b>-</b>	<b>15,918</b>	<b>84,628</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	-	1,347	29,814
Borrowing Costs	-	16	617
Materials & Contracts	-	4,094	19,664
Depreciation & Amortisation	-	5,408	12,800
Impairment	-	-	4,171
Other Expenses	-	1,197	6,166
Interest & Investment Losses	-	-	-
Net Losses from the Disposal of Assets	-	3,399	3
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>-</b>	<b>15,461</b>	<b>73,235</b>
<b>Operating Result from Continuing Operations</b>	<b>-</b>	<b>457</b>	<b>11,393</b>
<b><u>Discontinued Operations</u></b>			
<b>Net Profit/(Loss) from Discontinued Operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the Year</b>	<b>-</b>	<b>457</b>	<b>11,393</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>-</b>	<b>457</b>	<b>11,393</b>
<b>Net Operating Result attributable to Minority Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>-</b>	<b>(1,058)</b>	<b>(2,071)</b>

<sup>1</sup> General Fund refers to all Council's activities other than Sewer.

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

## Wagga Wagga City Council

## Notes to the Financial Statements

as at 30 June 2010

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

<b>Balance Sheet by Fund</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>\$ '000</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>			
Cash & Cash Equivalents	-	6,008	11,465
Investments	-	-	30,372
Receivables	-	960	8,545
Inventories	-	696	1,749
Other	-	-	331
Non-current assets classified as "held for sale"	-	-	-
<b>Total Current Assets</b>	<b>-</b>	<b>7,664</b>	<b>52,462</b>
<b>Non-Current Assets</b>			
Investments	-	19,943	14,935
Receivables	-	-	212
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	-	219,005	872,253
Investments Accounted for using the equity method	-	-	1,359
Investment Property	-	-	5,335
Other	-	-	-
<b>Total Non-Current Assets</b>	<b>-</b>	<b>238,948</b>	<b>894,094</b>
<b>TOTAL ASSETS</b>	<b>-</b>	<b>246,612</b>	<b>946,556</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	-	2,154	8,760
Borrowings	-	422	313
Provisions	-	1,357	8,302
<b>Total Current Liabilities</b>	<b>-</b>	<b>3,933</b>	<b>17,375</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	-
Borrowings	-	35,382	4,309
Provisions	-	2,984	9,070
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>38,366</b>	<b>13,379</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>42,299</b>	<b>30,754</b>
<b>Net Assets</b>	<b>-</b>	<b>204,313</b>	<b>915,802</b>
<b>EQUITY</b>			
Retained Earnings	-	66,931	609,842
Revaluation Reserves	-	137,382	305,960
<b>Total Equity</b>	<b>-</b>	<b>204,313</b>	<b>915,802</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 2010

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

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\$ '000

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

#### Note 23. Events occurring after Balance Sheet Date

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Events that occur after the reporting date of 30 June 2010, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

**Accordingly, the "authorised for issue" date is 05/10/10.**

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2010.

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

These financial statements (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2010 and which are only indicative of conditions that arose after 30 June 2010.

Council is aware of the following "non adjusting events" that merit disclosure;

- Subsequent to 30 June 2010 a new Local Environment Plan was gazetted for the Council area. As a consequence contributions under voluntary planning agreements totally \$810,000 which were conditional on the gazettal, became receivable from the developers

#### Note 24. Discontinued Operations

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



## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### 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.

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

\$ '000

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2010	2009
Quarries	2030	298	245
Sewerage Treatment Works	2019	3,908	4,191
Solid Waste Management Centres	2021	1,377	1,226
Tarcutta Street Gasworks Site	2011	7,535	7,277
<b>Balance at End of the Reporting Period</b>	10	<b>13,118</b>	<b>12,939</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.

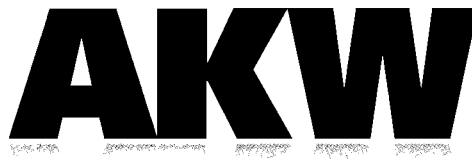
The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

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

Balance at beginning of year	12,939	6,808
Amounts capitalised to new or existing assets:		
Effect of a change in other calculation estimates used	(214)	5,666
Amortisation of discount (expensed to borrowing costs)	393	465
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>13,118</b>	<b>12,939</b>

#### Amount of Expected Reimbursements

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



**ADAMS KENNEALLY WHITE**  
CHARTERED ACCOUNTANTS

**INDEPENDENT AUDIT REPORT**

**COUNCIL OF THE CITY OF WAGGA WAGGA**

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying **general purpose financial statements** of **Wagga Wagga City Council**, which comprises the balance sheet as at 30 June 2010, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

*Responsibility of Council for the Financial Statements*

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and relevant statutory and other requirements including the Local Government Act 1993. This includes responsibility for establishing and maintaining internal control relevant to the preparation and fair presentation of the financial 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.

*Auditors' 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. Our responsibility does not extend to the original budget figures disclosed in the Income Statement, the Cash Flow Statement and in Note 2(a), or the detailed variations from the adopted budget disclosed in Note 16 nor the projected future contributions and costs disclosed in Note 17 and therefore we express no opinion on those disclosures.

Adams Kenneally White & Co  
ABN 48 035 849 620

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J W Mason CA  
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G M Obst CA  
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**Chartered Accountants**



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page 79

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

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

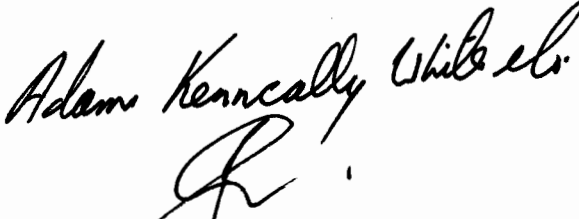
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In our opinion:

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

Dated: 5th October 2010  
Wagga Wagga

  
**ADAMS KENNEALLY WHITE & CO**  
Chartered Accountants

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

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We have completed the audit of Council's financial statements and accounting records for the year ended 30 June 2010, and now submit this report on the conduct of the audit, in accordance with Sections 417(1)&(3) of the Local Government Act 1993. This report is subject to and should be read in conjunction with our accompanying report on the General Purpose Financial Statements, of same date.

### FINANCIAL PERFORMANCE FOR THE YEAR

The operating result for the year was a **surplus from all activities of \$11.85m** compared with a \$39.72m deficit in the previous year, turnaround of \$51.57m. The previous year included revaluation decrements of \$43.4m and a provision of \$7.3m for the remediation of contaminated land.

Total operating revenues for the year increased by \$10.6m to \$99.9m.

Due to the following extra ordinary expenses total operating expenses were \$88m, a reduction of \$41m over 2009.

- Expenses for 2009 were inflated by a revaluation decrement of \$43.4 and a provision for the remediation of the former gasworks site of \$7.3m.
- Expenses for 2010 included a \$3.4m write off of replaced sewerage treatment works and an impairment charge of \$4.2m in respect of storm damaged infrastructure.

Excluding the abovementioned extraordinary expenses there was a net increase of \$1.9m (2.5%) in total underlying operating expenses.

Depreciation expense increased by \$0.5m to \$18.2m due to the overall higher base value of depreciable assets following their revaluation to fair value.

The operating result includes grants and contributions for capital works of \$14.98m, for which the matching expenditure is shown in the Balance Sheet and not the Income Statement. The result before including these grants was a deficit of \$3.1m.

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

	2010		2009		Increase/ (Decrease)	
	\$'000	% of Total	\$'000	% of Total	\$'000	% Change
<b>Revenues</b>						
Rates & Annual Charges	43,857	44%	39,874	45%	3,983	10.0%
User Charges & Fees	16,103	16%	14,280	16%	1,823	12.8%
Interest on Investments	5,911	6%	1,469	2%	4,442	302.4%
Grants & Contributions - Operating	16,706	17%	16,826	19%	(120)	(0.7%)
Capital grants & Contributions	14,979	15%	13,502	15%	1,477	10.9%
Other Revenues	2,239	2%	2,135	2%	104	4.9%
Profit from Sale of Assets	-	0%	1,211	1%	(1,211)	(100.0%)
Profit from Joint Ventures	82	<1%	29	<1%	53	182.8%
<b>Total</b>	<b>99,877</b>	<b>100%</b>	<b>89,326</b>	<b>100%</b>	<b>10,551</b>	<b>11.8%</b>
<b>Expenditure</b>						
Employee Costs	31,161	35%	29,120	23%	2,041	7.0%
Materials and Contracts	23,758	27%	23,979	19%	(221)	(0.9%)
Borrowing Costs	633	<1%	872	<1%	(239)	(27.4%)
Depreciation	18,208	21%	17,722	14%	486	2.7%
Other	6,598	7%	6,716	5%	(118)	(1.8%)
	<b>80,358</b>		<b>78,409</b>		<b>1,949</b>	<b>2.5%</b>
Infrastructure Impairment	4,171	5%	-	0%	4,171	100.0%
Loss on Disposal of assets	3,293	4%	-	0%	3,293	100.0%
Revaluation Decrements	165	<1%	43,355	34%	(43,190)	(99.6%)
Gasworks Remediation Provision	40	<1%	7,277	6%	(7,237)	(99.5%)
<b>Total</b>	<b>88,027</b>	<b>100%</b>	<b>129,041</b>	<b>100%</b>	<b>(41,014)</b>	<b>(31.8%)</b>
<b>Net Surplus/(Deficit) for the year</b>	<b>11,850</b>		<b>(39,715)</b>		<b>51,565</b>	<b>(129.8%)</b>

## Rates and Annual Charges

Ordinary rates levied increased by the permissible notional rate increase of 9.25% (Including a special rate variation). An increase in property numbers and valuation adjustments resulted in an actual increase of 10.4% in ordinary rate income for the year.

Total rates and annual charges levied increased by 10% to \$43.9m, representing 43.95% of Council's ordinary revenue<sup>1</sup>. A similar ratio (expressing the rate revenue as a percentage of total revenue) is shown in Note 13 to the financial report.

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

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## **Grants and Contributions**

Grants and contributions, including those for capital works, totalled \$31.7m as compared to \$30.3m in 2009. The increase includes a \$3.2m grant for storm damage to Council's infrastructure. Subdivision infrastructure dedications for 2010 were \$4.5m, compared to \$3.9m in 2009. Financial Assistance Grant (FAG) funding was \$1.8m less than the previous year due to an advance instalment of the 2010 Financial Assistance Grant being received and recognised as revenue in the 2009 year (four FAG instalments were received in 2010 compared to the five instalments received in 2009).

## **User Charges & Fees**

User Charges and Fees increased by \$1.8m (12.8%) to \$16.1m including an increase of \$0.97m in volume based sewerage charges

## **Interest & Investment Revenues**

The net interest and investment returns for 2010 of \$5.9m (compared to a budget of \$2.9m) were \$4.4m more than in 2009 (net returns 2009: \$1.5m) due to increases of \$2m in the value of Councils market linked investments and increases in interest yields.

Net investment revenue for 2010/11 is predicted in the budget to be \$3.1m which appears to be conservative in light of the higher levels of cash and investments and the improvement in market rates and conditions.

## **Employee Costs**

While employee costs of \$31.2m were less than budget (\$32.6m), they were \$2m (7%) more than 2009. General award and salary progression increases of 3.2%, the filling of vacant positions, and significant increases in contributions to the defined benefits superannuation scheme and the in workers compensation insurance premium, contributed to the increase.

## **Actual Result /Budgeted Result**

### Income Statement Basis

The operating surplus of \$11.85m compares favourably to the originally budgeted operating surplus of \$2.4m.

Total income exceeded budget by \$19m. Grants and Contributions exceeded budget by \$13m including subdivision dedications of \$4.6m. Interest and Investment revenue exceeded budget by \$2.99m.

Total expenses exceeded budget by \$9.6m and this was largely attributable to the impairment charge of \$4.2m and the net loss on disposal of infrastructure and plant of \$3.3m.

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

## Funding Basis

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

- **General Purposes**

The funding budget for 2010 was for a balanced result. **The actual result was a surplus of \$317,000.** This surplus would have been significantly higher if not for unbudgeted transfers to internal reserves made during the year in respect of additional investment earnings and additional transfers to internal reserves made at year end.

The total amount transferred to reserves for unspent project budgets at year end was \$2.2m compared to \$2.3m at the end of the previous year. \$1.6m of this relates to carryover projects and \$0.6m is in respect of budget expenditures that were not incurred because priority was given to storm damage works.

Council has budgeted for a small funding surplus for 2011.

- **Sewerage Fund**

Total available Sewerage funds increased by \$1.7m to \$23.6m (Represented by cash of \$25m and other net current liabilities of \$1.4m).

## **FINANCIAL POSITION**

Council's net assets at 30th June 2010 were \$1,120m compared with \$1,103m at the beginning of the year.

### **Liquidity - Available Working Capital**

Council's **net current assets** were \$38.8m at 30th June 2010 and its **Available Working Capital was \$3.98m.**

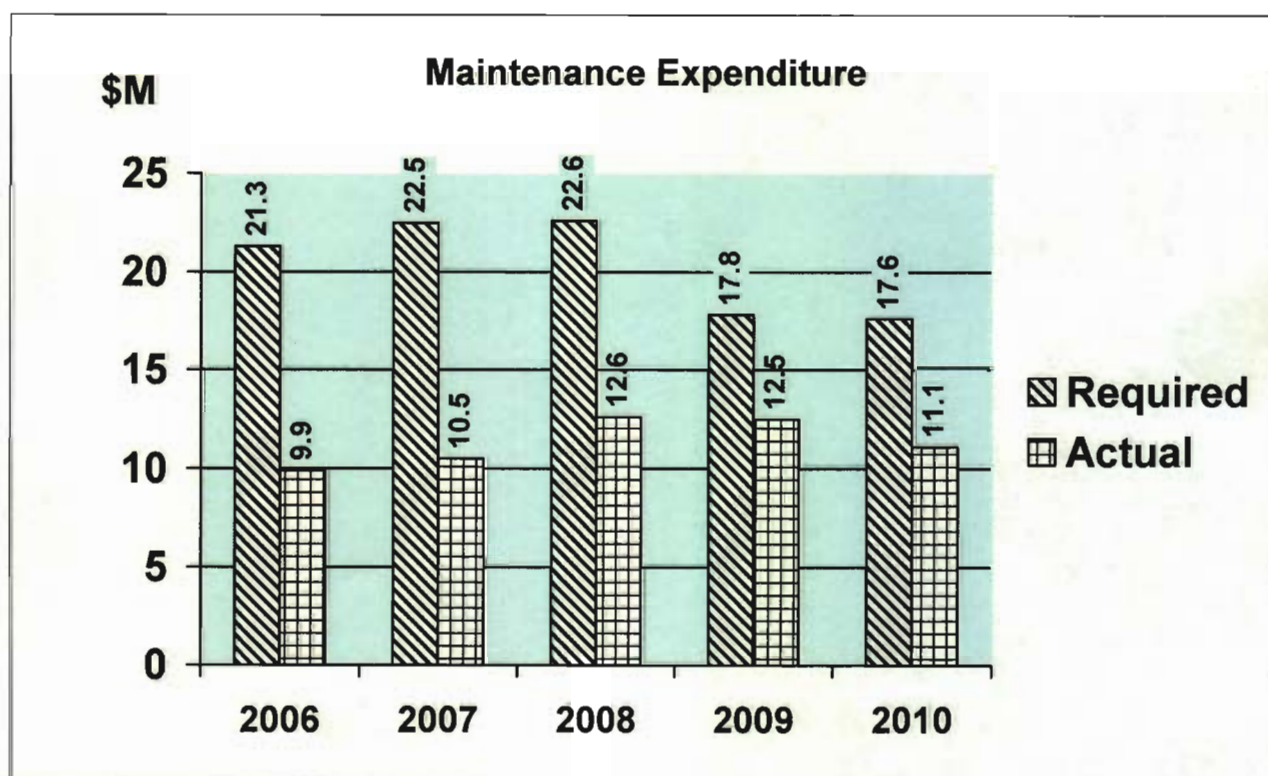
The available working capital gives an indication of Council's working liquidity and its ability to fund unforeseen expenditures or discretionary funding deficits without using reserve funds.

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

	<u>2010</u> \$'000	<u>2009</u> \$'000
Unrestricted Cash	4,496	5,660
Receivables	6,318	4,574
Inventories	1,340	1,210
Other working capital assets	<u>331</u>	<u>237</u>
	12,485	11,681
Less Creditors	<u>8,501</u>	<u>8,014</u>
<b>Available Working Capital</b>	<b><u>3,984</u></b>	<b><u>3,667</u></b>

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

#### Condition of Civil Infrastructure



The annual maintenance requirement on Council's infrastructure (excluding sewerage) has been assessed by Council staff to be \$17.6m (2009 \$17.8m). The current allocations are \$11.1m (2009 \$12.5m). The maintenance shortfall will become more apparent as the recently improved climatic conditions impact on the condition of the road network.



The estimated capital cost to bring Council's public works, other than sewerage infrastructure, up to a "satisfactory standard" has been assessed at \$66.2m (2009 \$62m; 2008 \$58.3m; 2007 \$56.1m;). These figures are not audited<sup>1</sup>.

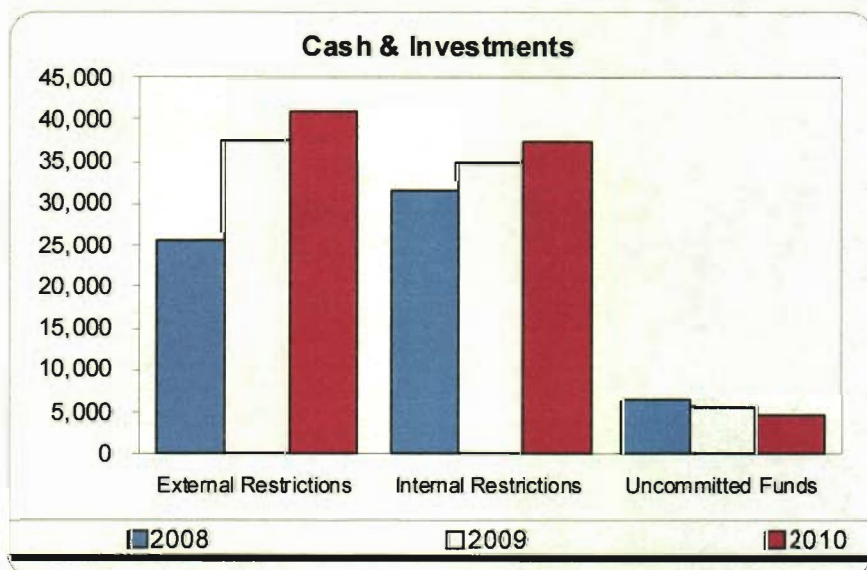
Sufficient resources must be allocated to adequately address the maintenance and rehabilitation of existing core infrastructure.

## CASH & INVESTMENTS

Council's **total cash and investments** at 30th June 2010 were **\$82.7m** compared to \$77.9m at 30th June 2009 and \$63.4m at 30th June 2008.

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

	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
<b>Externally restricted cash for:-</b>		
Unexpended Specific Purpose Grants	3,634	3,797
Unexpended Development Contributions (Sec 94)	8,242	6,290
Other Unexpended Contributions	1,328	1,137
Employees Leave Entitlements - Sewerage and Domestic Waste	325	358
Domestic Waste Management Funds	2,341	1,867
Sewerage Funds	<u>25,016</u>	<u>24,009</u>
	<b>40,886</b>	<b>37,458</b>
<b>Internally restricted cash for:-</b>		
General Fund Reserves	<b>37,341</b>	<b>34,820</b>
<b>Unrestricted Cash – General Purposes</b>	<b><u>4,496</u></b>	<b><u>5,659</u></b>
<b>Total Cash &amp; Investments</b>	<b><u>82,723</u></b>	<b><u>77,937</u></b>



<sup>1</sup> Special Schedule 7 required by the Department of Local Government (not required to be audited)

## CASH FLOWS

The cash flow statement shows a **net decrease** in "cash" for the year of \$12.5m. Cash held at 30th June 2010 is shown as \$17.5m but in addition Council held investments of \$65.3m which do not qualify for disclosure as "cash" in the Cash Flow Statement.

Total cash and investments increased by \$4.8m

Sources of funds in 2010 included a cash surplus from operations of \$29m and loan proceeds of \$8.7m.

Applications of funds included the net cost of investing in new and renewed assets of \$35.5m. Capital expenditure for the year included Civil Infrastructure of \$13.8m and Sewerage Infrastructure of \$11.4m.

## RESTRICTED CASH ASSETS

### Externally Restricted Funds

Externally restricted cash funds totalled \$40.9m (2009 \$37.5m; 2008 \$25.6m). Movements in these funds for the year included, an increase of \$2m in unexpended developer contributions and an increase of \$1m in Sewerage Funds.

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

### Internally Restricted Funds (Reserves)

Internally restricted cash reserves totalled \$37.3m at 30th June 2010, compared to \$34.8m at 30th June 2009. These are funds set aside **at Council's discretion** for employee leave entitlements and for other future purposes including:

#### Gasworks Site Remediation

In recognition of expected cost of \$7.5m to remediate the former gasworks site in Tarcutta Street, substantial additional funds have been transferred to this reserve in 2010. The reserve balance now stands at \$5.1m after an allocation of \$1m from the higher than budgeted investment returns and a transfer of \$0.9m from the residential land remediation reserve. Council also has grant funding of \$0.5m available for the works.

We recommend that, in allocating any favourable funding variances, Council give priority to this reserve. A review of existing internal reserves should also be conducted to identify any funds that could be contributed to this reserve.

### Infrastructure Replacement Reserve

At 30th June 2010 the balance of this reserve was \$4.4m (2009 \$3.1m; 2008 \$7.6m). Transfers to the reserve included \$0.89 from interest on investments and \$0.65m from the repayment by a loan debtor.

The projected expenditure from this reserve over the next two years exceeds \$2m including \$0.95m for improvements to Wollundry lagoon. It is also possible that further funds will need to be drawn from this reserve for the former gasworks site remediation.

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

### Internal Loan Reserve

During the year funds totalling \$0.42m were drawn from the reserve as loan advances for development of junior rugby league sporting facilities. Loan repayments of \$0.89m were credited to the reserve. At 30th June 2010, the loan principal receivable from internal sources totalled \$4.8m (2009 \$4.9m).<sup>2</sup>

The cash balance of this reserve at 30th June 2010 was \$495,000 (2009 \$45,000; 2008 \$400,000).

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

<sup>2</sup> For external reporting the internal loans payable and internal loans receivable are required to be offset. Therefore they are not shown as assets or liabilities of the consolidated entity in the General Purpose Financial Report.

## PERFORMANCE INDICATORS

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

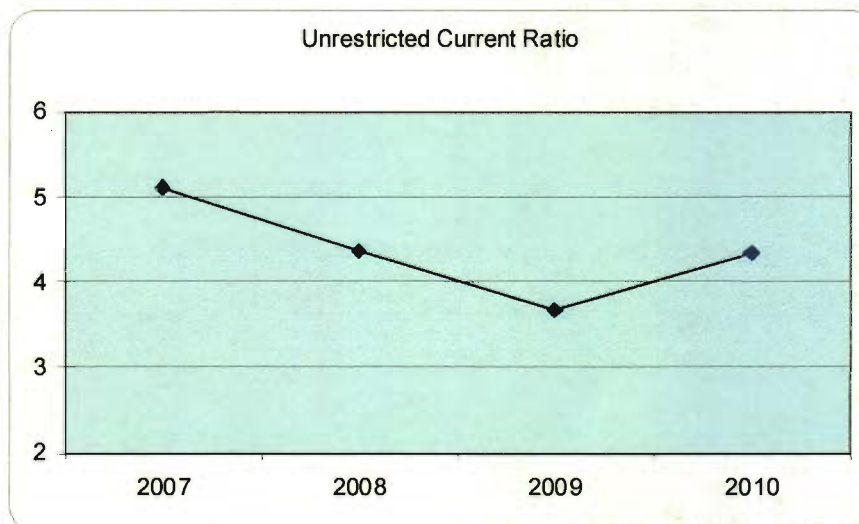
### Liquidity Indicator

#### Unrestricted Current Ratio

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

The ratio shows Unrestricted Current Assets of \$50.6m at 4.33 times Unrestricted Current Liabilities of \$11.7m (2009 3.68 times)

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



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

### Debt Servicing Cost

The debt servicing cost ratio shows the percentage of ordinary revenue committed to the repayment of external debt. The debt servicing cost of the Consolidated Fund for 2009/10 was 4.02% of ordinary revenue (excluding specific purpose grants and contributions).

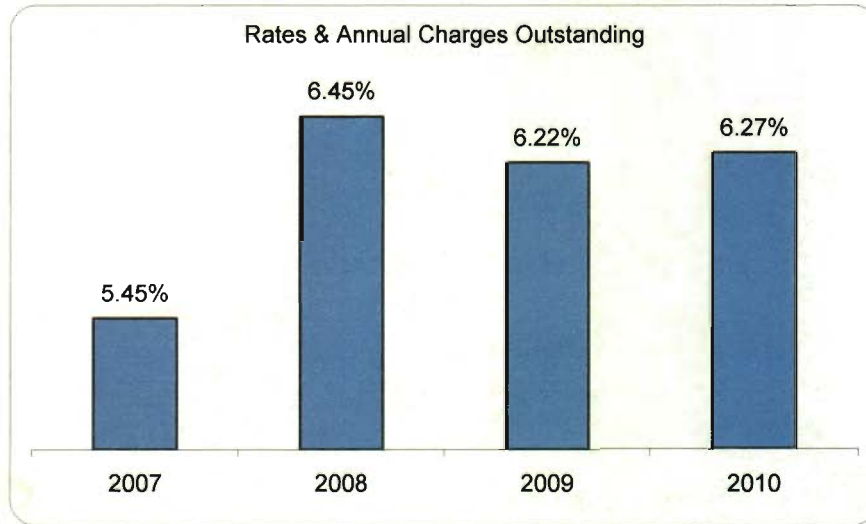
The ratio for Sewerage Fund is 21.17% as a result of the borrowings for the upgrade of Sewerage infrastructure which is not an unusually high percentage in the circumstances.

The ratio for General Fund is just 0.26% when internal loan payments are added the ratio is 1.66%: this is a low level of debt servicing cost.

## Rate Arrears

Arrears of rates, annual charges and extra charges were \$2.9m (2009 \$2.7m) representing 6.27% of collectable rates and annual charges.

A forthcoming sale of land for overdue rates will have some impact on the level of arrears but a number of large long outstanding assessments need to be settled to allow Council to meet its target of 6%.



## Building and Infrastructure Renewals Ratio

This ratio is an indicator of the rate of expenditure on asset renewals as compared to the depreciation of the assets. Now that all infrastructure assets have been revalued to fair value, it gives a comparison of the rate of renewal compared to the consumption (in replacement cost terms) of the assets. The ratio for General fund of 0.71 : 1 reflects that the expenditure on renewal of infrastructure in 2010 was \$4m less than the notional consumption of infrastructure for the year.

## OTHER MATTERS.

The Special Purpose Financial Statements comprise operating and financial position statements for the declared business activities of Council and they are prepared for the purpose of fulfilling the requirements of National Competition Policy reporting. They show the operating results for those activities after including tax equivalent payments (which in the case of Sewerage Fund resulted in a dividend payment to General Fund equal to the National Competition Policy Tax Equivalents of \$40,000) and a notional income tax expense equivalent to the corporate tax rate of 30%.

In general, the financial records of Council were well maintained and up to date and we did not note, during the conduct of the audit any specific non compliance with Division 2

of Chapter 13 of the Local Government Act or Part 9 the Local Government General Regulation.

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


## **SUMMARY**

Council's immediate financial position has improved principally as a result of higher returns on its financial investments and the financial indicators show that its current position as healthy.

The accumulation of sufficient funds to cover the cost of the remediation of the former gasworks site in Tarcutta Street should remain a priority as these works are required to be undertaken in the near future.

To achieve a sustainable future, Council must frame its financial plans to adequately address the maintenance and rehabilitation of its existing infrastructure. The Integrated Planning and Reporting requirements that apply to Council from 1 July 2011 will deliver additional information regarding the resources required to effectively manage core infrastructure.

*Adams Kenneally White & Co*



Dated: 5th October 2010  
**WAGGA WAGGA**

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

# Wagga Wagga City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2010

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



# Wagga Wagga City Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2010

Contents	Page
<b>1. Statement by Councillors &amp; Management</b>	2
<b>2. Special Purpose Financial Statements:</b>	
- Income Statement of Water Supply Business Activity	n/a
- Income Statement of Sewerage Business Activity	3
- Income Statement of Other Business Activities	4
- Balance Sheet of Water Supply Business Activity	n/a
- Balance Sheet of Sewerage Business Activity	5
- Balance Sheet of Other Business Activities	6
<b>3. Notes to the Special Purpose Financial Statements</b>	7
<b>4. Auditor's Report</b>	14

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### Background

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

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

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

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

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

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

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# Wagga Wagga City Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2010

### 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 27 September 2010.**



Wayne Geale  
MAYOR



Alan Brown  
DEPUTY MAYOR



Phil Pinyon  
GENERAL MANAGER



Craig Richardson  
RESPONSIBLE ACCOUNTING OFFICER

## Wagga Wagga City Council

## Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2010

\$ '000	Actual 2010	Actual 2009	Actual 2008
<b>Income from continuing operations</b>			
Access charges	9,699	8,906	8,188
User charges	2,501	1,540	1,198
Liquid Trade Waste Charges	-	-	-
Fees	-	-	-
Interest	1,414	137	476
Grants and contributions provided for non capital purposes	489	1,056	413
Profit from the sale of assets	-	-	-
Other income	300	85	119
<b>Total income from continuing operations</b>	<b>14,403</b>	<b>11,724</b>	<b>10,394</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	1,347	1,261	1,184
Borrowing costs	16	33	28
Materials and contracts	4,094	4,210	2,687
Depreciation and impairment	5,408	5,156	4,687
Loss on sale of assets	3,399	-	-
Calculated taxation equivalents	40	41	39
Debt guarantee fee (if applicable)	-	-	-
Other expenses	1,197	1,250	2,121
<b>Total expenses from continuing operations</b>	<b>15,501</b>	<b>11,951</b>	<b>10,746</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(1,098)</b>	<b>(227)</b>	<b>(352)</b>
Grants and contributions provided for capital purposes	1,515	1,969	2,391
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>417</b>	<b>1,742</b>	<b>2,039</b>
Surplus (deficit) from discontinued operations	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>417</b>	<b>1,742</b>	<b>2,039</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>417</b>	<b>1,742</b>	<b>2,039</b>
plus Opening Retained Profits	66,513	64,771	62,819
plus/less: Prior Period Adjustments		-	(87)
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	40	41	39
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	-
less:			
- Tax Equivalent Dividend paid	(40)	(41)	(39)
- Surplus dividend paid	-	-	-
<b>Closing Retained Profits</b>	<b>66,930</b>	<b>66,513</b>	<b>64,771</b>
<b>Return on Capital %</b>	<b>-0.5%</b>	<b>-0.1%</b>	<b>-0.2%</b>
<b>Subsidy from Council</b>	<b>12,251</b>	<b>11,918</b>	<b>12,081</b>
<b>Calculation of dividend payable:</b>			
Surplus (deficit) after tax	417	1,742	2,039
less: Capital grants and contributions (excluding developer contributions)	(1,515)	(1,969)	(2,391)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Wagga Wagga City Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2010

\$ '000	Livestock Marketing		Airport	
	Actual 2010	Actual 2009	Actual 2010	Actual 2009
<b>Income from continuing operations</b>				
Access charges	-	-	-	-
User charges	-	-	-	-
Fees	2,507	2,570	1,791	1,798
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	32	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	4	5	-	-
<b>Total income from continuing operations</b>	<b>2,543</b>	<b>2,575</b>	<b>1,791</b>	<b>1,798</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	630	617	418	323
Borrowing costs	2	5	91	3
Materials and contracts	233	191	216	145
Depreciation and impairment	199	187	155	180
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	7	7	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	1,114	900	976	998
<b>Total expenses from continuing operations</b>	<b>2,185</b>	<b>1,907</b>	<b>1,856</b>	<b>1,649</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>358</b>	<b>668</b>	<b>(65)</b>	<b>149</b>
Grants and contributions provided for capital purposes	-	-	537	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>358</b>	<b>668</b>	<b>472</b>	<b>149</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>358</b>	<b>668</b>	<b>472</b>	<b>149</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(107)	(200)	-	(45)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>251</b>	<b>468</b>	<b>472</b>	<b>104</b>
plus Opening Retained Profits	8,344	7,669	6,821	6,672
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	7	7	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	107	200	-	45
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
<b>Closing Retained Profits</b>	<b>8,709</b>	<b>8,344</b>	<b>7,293</b>	<b>6,821</b>
Return on Capital %	5.1%	8.0%	0.2%	1.6%
Subsidy from Council	2	-	782	364

## Wagga Wagga City Council

## Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2010

\$ '000	Actual 2010	Actual 2009
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	6,008	2,920
Investments	-	22,000
Receivables	960	1,198
Inventories	696	801
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>7,664</b>	<b>26,919</b>
<b>Non-Current Assets</b>		
Investments	19,943	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	219,005	211,627
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>238,948</b>	<b>211,627</b>
<b>TOTAL ASSETS</b>	<b>246,612</b>	<b>238,546</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	2,154	3,051
Interest bearing liabilities	422	401
Provisions	1,357	1,519
<b>Total Current Liabilities</b>	<b>3,933</b>	<b>4,971</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	35,382	31,721
Provisions	2,984	3,146
<b>Total Non-Current Liabilities</b>	<b>38,366</b>	<b>34,867</b>
<b>TOTAL LIABILITIES</b>	<b>42,299</b>	<b>39,838</b>
<b>NET ASSETS</b>	<b>204,313</b>	<b>198,708</b>
<b>EQUITY</b>		
Retained earnings	66,931	66,513
Revaluation reserves	137,382	132,195
Council equity interest	204,313	198,708
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<b>204,313</b>	<b>198,708</b>

## Wagga Wagga City Council

## Balance Sheet of Council's Other Business Activities

as at 30 June 2010

\$ '000	Livestock Marketing Category 1		Airport Category 2	
	Actual 2010	Actual 2009	Actual 2010	Actual 2009
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	4,314	2,466	1,818	3,845
Investments	-	-	-	-
Receivables	36	4	657	143
Inventories	-	-	-	-
Other	1	-	-	-
Non-current assets classified as held for sale	-	-	-	-
<b>Total Current Assets</b>	<b>4,351</b>	<b>2,470</b>	<b>2,475</b>	<b>3,988</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	7,098	8,464	15,851	9,317
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
<b>Total Non-Current Assets</b>	<b>7,098</b>	<b>8,464</b>	<b>15,851</b>	<b>9,317</b>
<b>TOTAL ASSETS</b>	<b>11,449</b>	<b>10,934</b>	<b>18,326</b>	<b>13,305</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	155	24	250	365
Interest bearing liabilities	-	-	313	-
Provisions	126	102	135	92
<b>Total Current Liabilities</b>	<b>281</b>	<b>126</b>	<b>698</b>	<b>457</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	-	-
Interest bearing liabilities	-	-	4,308	-
Provisions	1	6	1	1
Other Liabilities	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>1</b>	<b>6</b>	<b>4,309</b>	<b>1</b>
<b>TOTAL LIABILITIES</b>	<b>282</b>	<b>132</b>	<b>5,007</b>	<b>458</b>
<b>NET ASSETS</b>	<b>11,167</b>	<b>10,802</b>	<b>13,319</b>	<b>12,847</b>
<b>EQUITY</b>				
Retained earnings	8,709	8,344	7,293	6,821
Revaluation reserves	2,458	2,458	6,026	6,026
Council equity interest	11,167	10,802	13,319	12,847
Minority equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>11,167</b>	<b>10,802</b>	<b>13,319</b>	<b>12,847</b>

# Wagga Wagga City Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2010

### Contents of the Notes accompanying the Financial Statements

<b>Note</b>	<b>Details</b>	<b>Page</b>
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 2010

#### Note 1. Significant Accounting Policies

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

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

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

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

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

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

#### National Competition Policy

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

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

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

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

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

#### Declared Business Activities

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

##### Category 1

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

##### a. Sewerage Operations

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

##### b. Livestock Marketing Centre

Council's Livestock Marketing Centre.

##### Category 2

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

##### c. Airport

Wagga Wagga City Airport Facility.

#### Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 3 (Sewerage Best Practice Management Disclosures).

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

#### (i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties 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 2010

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

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

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

##### Notional Rate Applied %

###### Corporate Income Tax Rate – 30%

Land Tax – The first **\$376,000** of combined land values attracts **0%**. From \$376,001 to \$2,299,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,299,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.65%** on the value of taxable salaries and wages in excess of \$638,000.

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

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

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

##### Income Tax

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

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into

account of in terms of assessing the rate of return required on capital invested.

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

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

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

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

##### Local Government Rates & Charges

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

##### Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

##### (ii) Subsidies

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

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



## Wagga Wagga City Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2010

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

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

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

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

#### (iii) Return on Investments (Rate of Return)

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

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

The Rate of Return on Capital is calculated as follows:

#### Operating Result before Capital Income + Interest Expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 5.10% at 30/6/10.

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

#### (iv) Dividends

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

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

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must

not exceed either **(i)** 50% of this surplus in any one year, or **(ii)** the number of water supply or sewerage assessments at 30 June 2009 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

## Wagga Wagga City Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2010

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

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

2010

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

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

(i)	Calculated Tax Equivalents	40,000
(ii)	No of assessments multiplied by \$3/assessment	74,262
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	40,000
(iv)	Amounts actually paid for Tax Equivalents	

##### 2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	702,620
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2010, less the cumulative dividends paid for the 2 years to 30 June 2008	(1,677,000)

2010 Surplus	(1,098,000)	2009 Surplus	(227,000)	2008 Surplus	(352,000)
		2009 Dividend	-	2008 Dividend	-

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

##### 3. Required outcomes for 4 Criteria

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

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

## Wagga Wagga City Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2010

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

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2010

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

<b>NWI F2</b>	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	14,504
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	219,005
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	6,304
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	11,409
<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)]	%	1.27%
<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	11,105
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.43%
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	11,409
<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)]	%	1.27%
<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 2010

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

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

2010

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

<b>NWI F22</b>	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	4.82%
<b>NWI F23</b>	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest  Earnings before Interest & Tax (EBIT): <span style="border: 1px solid black; padding: 2px;">2,792</span> 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: <span style="border: 1px solid black; padding: 2px;">- 1,278</span> Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		> 100
<b>NWI F24</b>	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	417
<b>NWI F25</b>	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	159

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



**ADAMS KENNEALLY WHITE**  
CHARTERED ACCOUNTANTS

**INDEPENDENT AUDIT REPORT**

**COUNCIL OF THE CITY OF WAGGA WAGGA**

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**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying **special purpose financial statements** of the **Council of the City of Wagga Wagga** for the year ended 30th June 2010. The financial reports include the financial statements of the business activities of the Council, comprising, Income Statements of Business Activities, Balance Sheets of Business Activities, and a summary of significant accounting policies and other explanatory notes and the Statement by Council and Management

*Responsibility of Council for the Financial Statements*

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies described in Note 1 to the financial statements and have determined that the accounting policies therein described are appropriate to meet the financial reporting requirements to the Division of Local Government of the Department of Premier & Cabinet. Council's responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the 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.

*Auditors' 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 is free from material misstatement. We have not examined the best practice management disclosures in Note 3 for Sewerage in respect of best practice required outcomes and National Water Initiative Financial Performance Indicators and express no opinion on them.

Adams Kenneally White & Co  
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**Chartered Accountants**



Liability limited by a scheme approved under Professional Standards Legislation.  
page 14

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

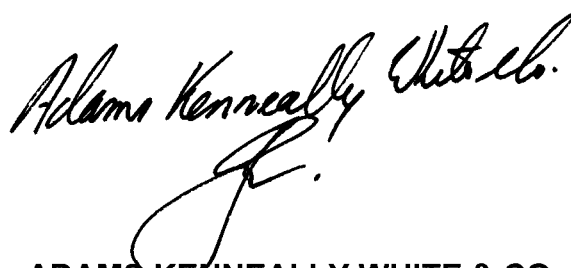
The special purpose financial reports have been prepared for distribution to the Council the Division of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial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

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

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

*Auditor's Opinion*

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



**ADAMS KENNEALLY WHITE & CO**  
Chartered Accountants

Dated: 5th October 2010  
Wagga Wagga

# Wagga Wagga City Council

SPECIAL SCHEDULES

for the year ended 30 June 2010

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



# Wagga Wagga City Council

## Special Schedules

for the financial year ended 30 June 2010

<b>Contents</b>		<b>Page</b>
<b>Special Schedules<sup>1</sup></b>		
- 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 - Income Statement	n/a
- Special Schedule No. 4	Water Supply - Balance Sheet	n/a
- Special Schedule No. 5	Sewerage Service - Income Statement	6
- Special Schedule No. 6	Sewerage Service - Balance Sheet	10
- Notes to Special Schedules No. 3 & 5		11
- Special Schedule No. 7	Condition of Public Works	12
- Special Schedule No. 8	Financial Projections	15

<sup>1</sup> Special Purpose Schedules are not audited.

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### Background

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



## Wagga Wagga City Council

Special Schedule No. 1 - Net Cost of Services  
for the financial year ended 30 June 2010

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Administration</b>	<b>19,317</b>	<b>1,134</b>	<b>417</b>	<b>(17,766)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	812	77	-	(735)
Beach Control	2	13	-	11
Enforcement of Local Govt Regs	463	595	-	132
Animal Control	309	180	-	(129)
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	<b>1,586</b>	<b>865</b>	<b>-</b>	<b>(721)</b>
<b>Health</b>	<b>809</b>	<b>103</b>	<b>-</b>	<b>(706)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	260	89	-	(171)
Other Environmental Protection	3,192	621	167	(2,404)
Solid Waste Management	6,388	7,592	-	1,204
Street Cleaning	91	-	-	(91)
Drainage	-	-	19	19
Stormwater Management	1,023	216	8	(799)
<b>Total Environment</b>	<b>10,954</b>	<b>8,518</b>	<b>194</b>	<b>(2,242)</b>
<b>Community Services and Education</b>				
Administration & Education	215	10	-	(205)
Social Protection (Welfare)	798	332	-	(466)
Aged Persons and Disabled	168	126	-	(42)
Childrens Services	2,440	2,243	-	(197)
<b>Total Community Services &amp; Education</b>	<b>3,621</b>	<b>2,711</b>	<b>-</b>	<b>(910)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	838	877	-	39
Public Conveniences	149	5	-	(144)
Street Lighting	626	-	-	(626)
Town Planning	2,829	1,249	395	(1,185)
Other Community Amenities	37	97	120	180
<b>Total Housing and Community Amenities</b>	<b>4,479</b>	<b>2,228</b>	<b>515</b>	<b>(1,736)</b>
<b>Water Supplies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sewerage Services</b>	<b>15,456</b>	<b>14,064</b>	<b>1,766</b>	<b>374</b>

## Wagga Wagga City Council

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

for the financial year ended 30 June 2010

\$'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	1,792	276	76	(1,440)
Museums	920	102	-	(818)
Art Galleries	797	176	299	(322)
Community Centres and Halls	13	5	-	(8)
Performing Arts Venues	1,016	499	-	(517)
Other Performing Arts	-	-	-	-
Other Cultural Services	431	109	442	120
Sporting Grounds and Venues	1,436	233	544	(659)
Swimming Pools	3,418	1,531	-	(1,887)
Parks & Gardens (Lakes)	2,085	61	686	(1,338)
Other Sport and Recreation	1,840	129	-	(1,711)
<b>Total Recreation and Culture</b>	<b>13,748</b>	<b>3,121</b>	<b>2,047</b>	<b>(8,580)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	703	1,043	-	340
Other Mining, Manufacturing & Construction	45	-	-	(45)
<b>Total Mining, Manufacturing and Const.</b>	<b>748</b>	<b>1,043</b>	-	<b>295</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	3,090	855	5,078	2,843
Urban Roads - Regional	251	-	-	(251)
Sealed Rural Roads (SRR) - Local	498	-	-	(498)
Sealed Rural Roads - Regional	361	1,178	-	817
Unsealed Rural Roads (URR) - Local	4,022	-	-	(4,022)
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	280	-	38	(242)
Bridges on SRR - Local	9	-	-	(9)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	27	-	-	(27)
Parking Areas	54	-	3	(51)
Footpaths	460	-	34	(426)
Aerodromes	1,839	1,791	538	490
Other Transport & Communication	1,859	845	3,724	2,710
<b>Total Transport and Communication</b>	<b>12,750</b>	<b>4,669</b>	<b>9,415</b>	<b>1,334</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	1	6	-	5
Other Economic Affairs	4,558	4,104	625	171
<b>Total Economic Affairs</b>	<b>4,559</b>	<b>4,110</b>	<b>625</b>	<b>176</b>
<b>Totals – Functions</b>	<b>88,027</b>	<b>42,566</b>	<b>14,979</b>	<b>(30,482)</b>
<b>General Purpose Revenues<sup>(1)</sup></b>		<b>42,250</b>	-	<b>42,250</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	<b>82</b>		<b>82</b>
<b>NET OPERATING RESULT FOR YEAR</b>	<b>88,027</b>	<b>84,898</b>	<b>14,979</b>	<b>11,850</b>

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

# Wagga Wagga City Council

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

for the financial year ended 30 June 2010

\$'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	318	31,804	<b>32,122</b>	8,700	396	-	-	2,716	735	39,691	<b>40,426</b>
Other	-	-	-							-	-
<b>Total Loans</b>	<b>318</b>	<b>31,804</b>	<b>32,122</b>	<b>8,700</b>	<b>396</b>	<b>-</b>	<b>-</b>	<b>2,716</b>	<b>735</b>	<b>39,691</b>	<b>40,426</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>318</b>	<b>31,804</b>	<b>32,122</b>	<b>8,700</b>	<b>396</b>	<b>-</b>	<b>-</b>	<b>2,716</b>	<b>735</b>	<b>39,691</b>	<b>40,426</b>

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

This Schedule is prepared using the Face Value of debt obligations, rather than Fair Value (as per the GPFS's).

## Wagga Wagga City Council

### Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993]

for the financial year ended 30 June 2010

\$'000

#### Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General	6,415	825	3,949
<b>Totals</b>	<b>6,415</b>	<b>825</b>	<b>3,949</b>

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

#### Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
Property Management	General Fund	30.06.97	31.12.97	10	30.06.07	8.00%	600	48	600
Recreation & Culture	General Fund	30.06.02	31.12.02	8	30.06.08	7.00%	1,100	137	-
Cemetery	General Fund	30.06.06	30.06.07	10	30.06.17	6.25%	300	41	21
Human Resources & Corp Strategy	General Fund	30.06.07	30.06.07	10	30.06.17	6.50%	500	69	143
Capital Works	General Fund	30.06.07	30.06.07	10	30.06.17	6.50%	1,725	237	1,293
Capital Works	General Fund	30.06.07	30.06.07	10	30.06.17	6.25%	760	104	578
Parks & Recreation	General Fund	30.06.09	30.06.09	10	30.06.19	5.62%	1,430	189	1,314
<b>Totals</b>							<b>6,415</b>	<b>825</b>	<b>3,949</b>

## Wagga Wagga City Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2010

\$'000	Actuals 2010	Actuals 2009
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	1,112	1,268
b. Engineering and Supervision	-	-
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	487	477
b. Maintenance expenses	442	572
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	377	289
d. Energy costs	142	108
e. Maintenance expenses	89	88
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	2,602	2,826
g. Chemical costs	-	4
h. Energy costs	28	25
i. Effluent Management	136	37
j. Biosolids Management	-	-
k. Maintenance expenses	-	-
<b>- Other</b>		
l. Operation expenses	889	680
m. Maintenance expenses	-	-
<b>3. Depreciation expenses</b>		
a. System assets	5,408	5,156
b. Plant and equipment	-	-
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	136	360
b. Revaluation Decrements	-	-
c. Other expenses	214	20
d. Tax Equivalent Dividends (actually paid)	40	41
<b>5. Total expenses</b>	<b>12,102</b>	<b>11,951</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 2010

\$'000	Actuals 2010	Actuals 2009
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	8,299	7,635
<b>7. Non-residential charges</b>		
a. Access (including rates)	1,399	1,271
b. Usage charges	-	-
<b>8. Trade Waste Charges</b>		
a. Annual Fees	-	-
b. Usage charges	2,501	1,540
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	-	-
<b>10. Interest income</b>	1,414	137
<b>11. Other income</b>	300	85
<b>12. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	159	153
c. Other grants	-	-
<b>13. Contributions</b>		
a. Developer charges	740	1,169
b. Developer provided assets	775	800
c. Other contributions	331	903
<b>14. Total income</b>	<u>15,918</u>	<u>13,693</u>
<b>15. Gain or loss on disposal of assets</b>	(3,399)	-
<b>16. Operating Result</b>	<u>417</u>	<u>1,742</u>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	417	1,742

## 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 2010

\$'000	Actuals 2010	Actuals 2009
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. Subsidised scheme	-	-
b. Other new system assets	11,409	30,835
c. Renewals	-	-
d. Plant and equipment	-	-
<b>18. Repayment of debt</b>		
a. Loans	318	20
b. Advances	-	36
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>11,727</b>	<b>30,891</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	4,000	32,000
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>4,000</b>	<b>32,000</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	22,079	21,170
b. Residential (unoccupied, ie. vacant lot)	1,007	840
c. Non-residential (occupied)	1,668	1,614
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>	\$ 601,442	\$ 597,697

## Wagga Wagga City Council

Special Schedule No. 5 - Sewerage Cross Subsidies  
for the financial year ended 30 June 2010

\$'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"/>	<input type="checkbox"/> No	
If Yes, go to 29a. If No, please report if council has removed <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, 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 2009/10 (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"/> -

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

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



## Wagga Wagga City Council

## Special Schedule No. 6 - Sewerage Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2010

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	780	780
c. Accrued leave	-	154	154
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	6,008	19,008	25,016
<b>32. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and charges	560	-	560
c. Other	400	-	400
<b>33. Inventories</b>	697	-	697
<b>34. Property, plant and equipment</b>			
a. System assets	-	219,005	219,005
b. Plant and equipment	-	-	-
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<u>7,665</u>	<u>238,947</u>	<u>246,612</u>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	2,154	-	2,154
<b>39. Borrowings</b>			
a. Loans	422	35,382	35,804
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	1,357	2,984	4,341
<b>41. Total Liabilities</b>	<u>3,933</u>	<u>38,366</u>	<u>42,299</u>
<b>42. NET ASSETS COMMITTED</b>	<u>3,732</u>	<u>200,581</u>	<u>204,313</u>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			66,931
<b>44. Asset revaluation reserve</b>			137,382
<b>45. TOTAL EQUITY</b>			<u>204,313</u>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			297,122
<b>47. Accumulated current cost</b> depreciation of system assets			(78,117)
<b>48. Written down current cost</b> of system assets			<u>219,005</u>

## Wagga Wagga City Council

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

for the financial year ended 30 June 2010

#### Administration <sup>(1)</sup>

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

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

#### Engineering and supervision <sup>(1)</sup>

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

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

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

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

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

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

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

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

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

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

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

#### Notes:

<sup>(1)</sup> Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

<sup>(2)</sup> To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.







## Wagga Wagga City Council

## Special Schedule No. 8 - Financial Projections

as at 30 June 2010

\$'000	Actual <sup>(1)</sup> 09/10	Forecast 10/11	Forecast 11/12	Forecast <sup>(3)</sup> 12/13	Forecast <sup>(3)</sup> 13/14
<b>(i) RECURRENT BUDGET</b>					
Income from continuing operations	99,877	91,991	93,893	97,527	106,539
Expenses from continuing operations	88,027	85,748	87,050	88,882	90,431
<b>Operating Result from Continuing Operations</b>	<b>11,850</b>	<b>6,243</b>	<b>6,843</b>	<b>8,645</b>	<b>16,108</b>
<b>(ii) CAPITAL BUDGET</b>					
New Capital Works <sup>(2)</sup>	6,256	16,337	19,592	14,746	10,230
Replacement/Refurbishment of Existing Assets	25,297	13,387	13,023	12,928	21,176
<b>Total Capital Budget</b>	<b>31,553</b>	<b>29,724</b>	<b>32,615</b>	<b>27,674</b>	<b>31,406</b>
<b>Funded by:</b>					
– Loans	10,044	998	5,116	4,771	583
– Asset sales	1,241	1,154	1,455	1,321	1,321
– Reserves	10,541	11,635	11,313	6,069	7,751
– Grants/Contributions	3,964	8,756	7,306	7,373	12,948
– Recurrent revenue	5,763	7,181	7,425	8,140	8,803
– Other	31,553	29,724	32,615	27,674	31,406

**Notes:**

(1) From 09/10 Income Statement.

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

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