

# Wagga Wagga City Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2013

---

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



# Wagga Wagga City Council

## General Purpose Financial Statements

for the financial year ended 30 June 2013

Contents	Page
<b>1. Understanding Council's Financial Statements</b>	2
<b>2. Statement by Councillors &amp; Management</b>	3
<b>3. Primary Financial Statements:</b>	
- Income Statement	4
- Statement of Comprehensive Income	5
- Statement of Financial Position	6
- Statement of Changes in Equity	7
- Statement of Cash Flows	8
<b>4. Notes to the Financial Statements</b>	9
<b>5. Independent Auditor's Reports:</b>	
- On the Financial Statements (Sect 417 [2])	83
- On the Conduct of the Audit (Sect 417 [3])	85

---

### Overview

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

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

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

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

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

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### Understanding Council's Financial Statements

---

#### Introduction

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

#### What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2013.

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

##### 1. The Income Statement

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

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

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

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

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

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

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

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

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

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

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

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

In NSW, the Auditor provides 2 audit reports:

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

#### Who uses the Financial Statements ?

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

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

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

# Wagga Wagga City Council

## General Purpose Financial Statements for the financial year ended 30 June 2013

### 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:**

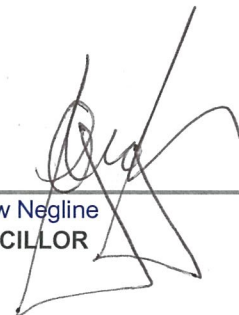
- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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

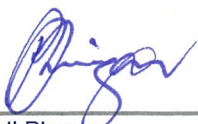
**Signed in accordance with a resolution of Council made on 21 October 2013.**



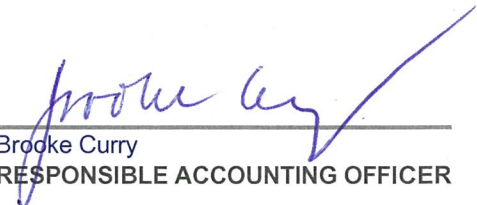
Rod Kendall  
MAYOR



Andrew Negline  
COUNCILLOR



Phil Pinyon  
GENERAL MANAGER



Brodke Curry  
RESPONSIBLE ACCOUNTING OFFICER

## Wagga Wagga City Council

## Income Statement

for the financial year ended 30 June 2013

Budget <sup>(1)</sup> 2013	\$ '000	Notes	Actual 2013	Actual 2012
<b>Income from Continuing Operations</b>				
<i>Revenue:</i>				
51,977	Rates & Annual Charges	3a	50,485	50,170
20,413	User Charges & Fees	3b	20,021	18,310
4,600	Interest & Investment Revenue	3c	4,988	5,064
1,201	Other Revenues	3d	3,489	3,176
14,449	Grants & Contributions provided for Operating Purposes	3e,f	22,318	31,620
13,909	Grants & Contributions provided for Capital Purposes	3e,f	14,765	12,957
<i>Other Income:</i>				
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	125	111
106,549	<b>Total Income from Continuing Operations</b>		<b>116,191</b>	<b>121,408</b>
<b>Expenses from Continuing Operations</b>				
37,374	Employee Benefits & On-Costs	4a	39,379	38,495
3,685	Borrowing Costs	4b	4,041	3,378
33,526	Materials & Contracts	4c	31,795	26,312
20,213	Depreciation & Amortisation	4d	18,997	19,796
-	Impairment	4d	-	-
6,766	Other Expenses	4e	13,923	21,874
-	Net Losses from the Disposal of Assets	5	1,583	36
101,564	<b>Total Expenses from Continuing Operations</b>		<b>109,718</b>	<b>109,891</b>
<b>4,985</b>	<b>Operating Result from Continuing Operations</b>		<b>6,473</b>	<b>11,517</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>4,985</b>	<b>Net Operating Result for the Year</b>		<b>6,473</b>	<b>11,517</b>
4,985	Net Operating Result attributable to Council		6,473	11,517
-	Net Operating Result attributable to Non-controlling Interests		-	-
<b>(8,924)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>(8,292)</b>	<b>(1,440)</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 2013

\$ '000	Notes	Actual 2013	Actual 2012
<b>Net Operating Result for the year</b> (as per Income statement)		<b>6,473</b>	<b>11,517</b>
<b>Other Comprehensive Income:</b>			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	(67,121)	57,665
Impairment (loss) reversal relating to I,PP&E	20b (ii)	2,426	(922)
Other Movements in reserves (Joint Venture)	20b (ii)	(94)	42
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>(64,789)</b>	<b>56,785</b>
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
<b>Total Other Comprehensive Income for the year</b>		<b>(64,789)</b>	<b>56,785</b>
<b>Total Comprehensive Income for the Year</b>		<b>(58,316)</b>	<b>68,302</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>(58,316)</b>	<b>68,302</b>
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		<b>-</b>	<b>-</b>

## Wagga Wagga City Council

Statement of Financial Position  
as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	20,101	13,024
Investments	6b	18,789	35,313
Receivables	7	17,773	17,582
Inventories	8	3,274	3,295
Other	8	1,057	569
Non-current assets classified as "held for sale"	22	100	200
<b>Total Current Assets</b>		<b>61,094</b>	<b>69,983</b>
<b>Non-Current Assets</b>			
Investments	6b	34,361	37,802
Receivables	7	2,239	540
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	1,253,371	1,303,004
Investments accounted for using the equity method	19	1,867	1,836
Investment Property	14	4,580	4,405
Intangible Assets	25	-	-
<b>Total Non-Current Assets</b>		<b>1,296,418</b>	<b>1,347,587</b>
<b>TOTAL ASSETS</b>		<b>1,357,512</b>	<b>1,417,570</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	12,446	14,999
Borrowings	10	1,703	1,729
Provisions	10	20,798	18,242
<b>Total Current Liabilities</b>		<b>34,947</b>	<b>34,970</b>
<b>Non-Current Liabilities</b>			
Payables	10	-	-
Borrowings	10	53,558	50,164
Provisions	10	1,625	6,738
<b>Total Non-Current Liabilities</b>		<b>55,183</b>	<b>56,902</b>
<b>TOTAL LIABILITIES</b>		<b>90,130</b>	<b>91,872</b>
<b>Net Assets</b>		<b>1,267,382</b>	<b>1,325,698</b>
<b>EQUITY</b>			
Retained Earnings	20	780,256	773,877
Revaluation Reserves	20	487,126	551,821
Council Equity Interest		1,267,382	1,325,698
Non-controlling Interests		-	-
<b>Total Equity</b>		<b>1,267,382</b>	<b>1,325,698</b>

## Wagga Wagga City Council

Statement of Changes in Equity  
for the financial year ended 30 June 2013

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2013</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		774,056	551,821	1,325,877	-	1,325,877
a. Correction of Prior Period Errors	20 (c)	(179)	-	(179)	-	(179)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/12)</b>		<b>773,877</b>	<b>551,821</b>	<b>1,325,698</b>	<b>-</b>	<b>1,325,698</b>
<b>c. Net Operating Result for the Year</b>		<b>6,473</b>	<b>-</b>	<b>6,473</b>	<b>-</b>	<b>6,473</b>
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	(67,121)	(67,121)	-	(67,121)
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	2,426	2,426	-	2,426
- Other Movements	20b (ii)	(94)	-	(94)	-	(94)
<b>Other Comprehensive Income</b>		<b>(94)</b>	<b>(64,695)</b>	<b>(64,789)</b>	<b>-</b>	<b>(64,789)</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>6,379</b>	<b>(64,695)</b>	<b>(58,316)</b>	<b>-</b>	<b>(58,316)</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>780,256</b>	<b>487,126</b>	<b>1,267,382</b>	<b>-</b>	<b>1,267,382</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2012</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		771,982	495,077	1,267,059	-	1,267,059
a. Correction of Prior Period Errors	20 (c)	(9,664)	-	(9,664)	-	(9,664)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/11)</b>		<b>762,318</b>	<b>495,077</b>	<b>1,257,395</b>	<b>-</b>	<b>1,257,395</b>
<b>c. Net Operating Result for the Year</b>		<b>11,517</b>	<b>-</b>	<b>11,517</b>	<b>-</b>	<b>11,517</b>
<b>d. Other Comprehensive Income</b>						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	57,665	57,665	-	57,665
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(921)	(921)	-	(921)
- Other Movements (Joint Ventures)	20b (ii)	42	-	42	-	42
<b>Other Comprehensive Income</b>		<b>42</b>	<b>56,744</b>	<b>56,786</b>	<b>-</b>	<b>56,786</b>
<b>Total Comprehensive Income (c&amp;d)</b>		<b>11,559</b>	<b>56,744</b>	<b>68,303</b>	<b>-</b>	<b>68,303</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>773,877</b>	<b>551,821</b>	<b>1,325,698</b>	<b>-</b>	<b>1,325,698</b>



## Wagga Wagga City Council

## Statement of Cash Flows

for the financial year ended 30 June 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
51,977	Rates & Annual Charges		49,888	49,808
20,413	User Charges & Fees		19,969	19,176
4,600	Investment & Interest Revenue Received		3,939	4,996
14,449	Grants & Contributions		34,290	42,969
-	Bonds, Deposits & Retention amounts received		56	45
1,201	Other		10,688	8,108
<b>Payments:</b>				
(37,374)	Employee Benefits & On-Costs		(38,789)	(33,437)
(33,526)	Materials & Contracts		(40,302)	(38,408)
(3,685)	Borrowing Costs		(3,859)	(3,237)
(6,766)	Other		(18,301)	(21,644)
11,289	<b>Net Cash provided (or used in) Operating Activities</b>	11b	17,579	28,376
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		40,298	64,072
1,026	Sale of Infrastructure, Property, Plant & Equipment		1,616	2,275
-	Deferred Debtors Receipts		312	74
<b>Payments:</b>				
-	Purchase of Investment Securities		(19,302)	(64,934)
-	Purchase of Investment Property		(210)	-
(45,030)	Purchase of Infrastructure, Property, Plant & Equipment		(34,503)	(39,975)
-	Deferred Debtors & Advances Made		(2,081)	(65)
(44,004)	<b>Net Cash provided (or used in) Investing Activities</b>		(13,871)	(38,553)
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
13,172	Proceeds from Borrowings & Advances		5,187	12,612
<b>Payments:</b>				
(1,943)	Repayment of Borrowings & Advances		(1,402)	(760)
11,229	<b>Net Cash Flow provided (used in) Financing Activities</b>		3,785	11,852
(21,486)	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		7,493	1,675
(7,388)	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	12,608	10,932
(28,874)	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	20,101	12,607
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	53,150	73,115
<b>Total Cash, Cash Equivalents &amp; Investments</b>			73,251	85,722

Please refer to Note 11 for additional cash flow information

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10
2(a)	Council Functions / Activities - Financial Information	25
2(b)	Council Functions / Activities - Component Descriptions	26
3	Income from Continuing Operations	27
4	Expenses from Continuing Operations	32
5	Gains or Losses from the Disposal of Assets	36
6(a)	Cash & Cash Equivalent Assets	37
6(b)	Investments	37
6(c)	Restricted Cash, Cash Equivalents & Investments - Details	39
7	Receivables	41
8	Inventories & Other Assets	42
9(a)	Infrastructure, Property, Plant & Equipment	44
9(b)	Externally Restricted Infrastructure, Property, Plant & Equipment	45
9(c)	Infrastructure, Property, Plant & Equipment - Current Year Impairments	45
10(a)	Payables, Borrowings & Provisions	46
10(b)	Description of (and movements in) Provisions	47
11	Statement of Cash Flows - Additional Information	48
12	Commitments for Expenditure	50
13	Statement of Performance Measures:	
	13a (i) Local Government Industry Indicators (Consolidated)	51
	13a (ii) Local Government Industry Graphs (Consolidated)	53
	13b Local Government Industry Indicators (by Fund)	56
14	Investment Properties	58
15	Financial Risk Management	59
16	Material Budget Variations	64
17	Statement of Developer Contributions	67
18	Contingencies and Other Liabilities/Assets not recognised	70
19	Controlled Entities, Associated Entities & Interests in Joint Ventures	73
20	Equity - Retained Earnings and Revaluation Reserves	75
21	Financial Result & Financial Position by Fund	77
22	"Held for Sale" Non Current Assets & Disposal Groups	79
23	Events occurring after the Reporting Period	80 n/a
24	Discontinued Operations	80 n/a
25	Intangible Assets	80 n/a
26	Reinstatement, Rehabilitation & Restoration Liabilities	81
<b>Additional Council Disclosures</b>		
27	Council Information & Contact Details	82

n/a - not applicable

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

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

##### (a) Basis of preparation

###### (i) Background

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

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

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

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

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

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

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2012.

###### (v) Basis of Accounting

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

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

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

###### (vi) Changes in Accounting Policies

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

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

###### (vii) Critical Accounting Estimates

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

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

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

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

Council makes estimates and assumptions concerning the future.

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

The estimates and assumptions that have a significant risk of causing a material adjustment to

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

the carrying amounts of assets and liabilities within the next financial year are set out below.

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

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

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

#### **(b) Revenue recognition**

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

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

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

Revenue is measured on major income categories as follows:

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

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

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the

rateable property or, where earlier, upon receipt of the rates.

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

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

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

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

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

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

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

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

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

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 1. Summary of Significant Accounting Policies

#### User Charges, Fees and Other Income

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

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

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

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

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

#### Interest and Rents

Rents are recognised as revenue or the payment is received.

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

#### (c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any Entities (or operations) that it **controls** (as at 30 June 2013) and **(ii)** all the related operating results (for the financial year ended the 30th June 2013).

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

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

#### (i) The Consolidated Fund

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

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

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

- General Purpose Operations
- Sewerage Service

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

#### (ii) The Trust Fund

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

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

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

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

#### (iii) Joint Ventures

##### Riverina Regional Library Service

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

any one Council unilaterally dominate decision making.

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

#### (iv) County Councils

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

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

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

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

#### (v) Additional Information

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

#### (d) Leases

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

##### Finance Leases

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

##### Operating Leases

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

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.

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

#### (e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

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

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

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

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

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

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

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

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

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

##### **(ii) Loans and receivables**

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

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

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

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

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

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

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

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

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

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

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

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

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

##### **(i) Initial Recognition**

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

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

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

##### **(ii) Subsequent Measurement**

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

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

When securities classified as **“available-for-sale”** are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

#### Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. As at 30 June 2013, there is no evidence of impairment in any group of financial assets.

#### (iii) Types of Investments

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

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

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

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

#### (g) Fair value estimation

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

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

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

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

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

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

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

#### (h) Receivables

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

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

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

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



## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

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

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

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

#### (i) Inventories

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

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

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

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

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

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

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

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

When development is completed borrowing costs and other holding charges are expensed as incurred. Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made.

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

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

##### Acquisition of assets

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

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

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

##### Initial Recognition

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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.

##### Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

##### Land

- Council land	100% Capitalised
- Open space	100% Capitalised
- Land under roads (post July 1 2008)	100% Capitalised

##### Plant & Equipment

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

##### Buildings & Land Improvements

Park Furniture & Equipment	> \$2,000
Building	
- Construction/extensions	100% Capitalised
- Renovations	> \$10,000
Other Structures	> \$2,000

##### Sewer Assets

Reticulation extensions	> \$5,000
Other	> \$5,000

##### Stormwater Assets

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

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

Land is not depreciated.

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

##### Plant & Equipment

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

##### Other Equipment

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

##### Buildings

- Buildings : Masonry	50 to 80 years
- Buildings : Other	20 to 40 years

##### Stormwater Drainage

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

##### Transportation Assets

- Sealed Roads : Surface	12 to 16 years
- Sealed Roads : Structure	60 years
- Unsealed roads	14 years
- Bridge : Concrete	100 years
- Bridge : Other	100 years
- Road Pavements	60 years
- Kerb, Gutter & Paths	70 years

##### Sewer Assets

- Dams and reservoirs	80 to 100 years
- Bores	20 to 40 years
- Reticulation pipes : PVC	70 years
- Reticulation pipes : Other	40 to 100 years
- Pumps and telemetry	15 to 100 years

##### Other Infrastructure Assets

- Bulk earthworks	Infinite
-------------------	----------

##### Other Structures

- Other Improvements	15 to 80 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 2013

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

---

##### (l) Land under roads

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

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

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

##### (m) Intangible Assets

Council has not classified any assets as Intangible.

##### (n) Crown Reserves

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

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

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

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

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

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

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

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

##### (p) Investment property

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

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

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

Full revaluations are carried out every year.

The last full revaluation for Council's Investment Properties was dated 30/06/13.

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

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

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

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

Costs are estimated on the basis of a closure plan.

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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 its written down replacement cost.

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

##### (s) Payables

These amounts represent liabilities and include goods and services, salaries, loan interest, security bonds, deposits and retentions provided to the Council prior to the end of financial year which are unpaid.

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

##### (t) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

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

##### (u) Borrowing costs

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

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

##### (v) Provisions

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

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

Provisions are not recognised for future operating losses.

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

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

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

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

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

##### (w) Employee benefits

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

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

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

employee benefit obligations disclosed under payables.

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

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

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

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

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

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

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

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

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

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

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

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

#### **Defined Benefit Plans**

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

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

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

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

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

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

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities of which Council's share is \$1.78M as at 30 June 2013.

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

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

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

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

#### Defined Contribution Plans

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

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

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/13.

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

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

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

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



## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

---

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 2013.

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

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

##### **(aa) Rounding of amounts**

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

##### **(ab) Comparative Figures**

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

##### **(ac) Disclaimer**

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2013	2013	2012	2013	2013	2012	2013	2013	2012	2013	2012	2013	2012
Governance	-	93	458	-	1,160	911	-	(1,067)	(453)	-	-	130	132
Administration	1,098	1,634	1,816	12,143	10,915	11,683	(11,045)	(9,281)	(9,867)	153	345	68,821	64,145
Public Order & Safety	1,511	1,606	1,709	2,021	2,048	1,920	(510)	(442)	(211)	19	174	3,062	2,631
Health	141	129	138	3,091	3,686	1,990	(2,950)	(3,557)	(1,852)	-	-	129	440
Environment	10,667	10,800	11,029	14,169	8,548	12,116	(3,502)	2,252	(1,087)	666	1,111	227,453	226,374
Community Services & Education	2,821	2,458	2,798	3,718	3,603	3,754	(897)	(1,145)	(956)	1,997	2,382	5,103	6,882
Housing & Community Amenities	2,455	3,165	2,911	5,520	5,621	5,211	(3,065)	(2,456)	(2,300)	42	16	18,902	22,224
Sewerage Services	15,144	16,561	17,600	18,930	17,389	17,757	(3,786)	(828)	(157)	158	158	271,969	309,216
Recreation & Culture	3,370	5,221	5,332	16,536	18,032	15,814	(13,166)	(12,811)	(10,482)	792	1,040	198,056	215,367
Mining, Manufacturing & Construction	1,055	1,127	1,064	1,071	957	1,067	(16)	170	(3)	-	-	2,808	2,281
Transport & Communication	13,308	21,059	23,394	18,272	32,279	31,692	(4,964)	(11,220)	(8,298)	11,383	15,504	516,447	523,368
Economic Affairs	4,417	4,490	3,854	6,093	5,479	5,976	(1,676)	(989)	(2,122)	3	12	42,765	42,674
<b>Total Functions &amp; Activities</b>	<b>55,987</b>	<b>68,343</b>	<b>72,103</b>	<b>101,564</b>	<b>109,717</b>	<b>109,891</b>	<b>(45,577)</b>	<b>(41,374)</b>	<b>(37,788)</b>	<b>15,213</b>	<b>20,742</b>	<b>1,355,645</b>	<b>1,415,734</b>
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	125	111	-	-	-	-	125	111	-	-	1,867	1,836
General Purpose Income <sup>1</sup>	50,562	47,723	49,194	-	-	-	50,562	47,723	49,194	10,257	12,952	-	-
<b>Operating Result from Continuing Operations</b>	<b>106,549</b>	<b>116,191</b>	<b>121,408</b>	<b>101,564</b>	<b>109,717</b>	<b>109,891</b>	<b>4,985</b>	<b>6,474</b>	<b>11,517</b>	<b>25,470</b>	<b>33,694</b>	<b>1,357,512</b>	<b>1,417,570</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 2013

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

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

##### **GOVERNANCE**

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

##### **ADMINISTRATION**

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

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

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

##### **HEALTH**

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

##### **ENVIRONMENT**

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

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

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

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

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

##### **SEWERAGE SERVICES**

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

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

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

Building control, abattoirs, quarries & pits, other.

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

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

##### **ECONOMIC AFFAIRS**

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

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2013

### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		20,565	19,795
Farmland		4,313	4,157
Business		8,676	8,293
<b>Total Ordinary Rates</b>		<b>33,554</b>	<b>32,245</b>
<b>Special Rates</b>			
Nil			
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		5,781	5,504
Stormwater Management Services		647	640
Sewerage Services		10,059	11,354
Waste Management Services (non-domestic)		444	427
<b>Total Annual Charges</b>		<b>16,931</b>	<b>17,925</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>50,485</b>	<b>50,170</b>

Council has used 2013 year valuations provided by the NSW Valuer General in calculating its rates.

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		1,148	1,226
Sewerage Services		3,896	3,606
Waste Management Services (non-domestic)		1,591	1,844
<b>Total User Charges</b>		<b>6,635</b>	<b>6,676</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Private Works - Section 67		446	109
Regulatory/ Statutory Fees		511	556
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>957</b>	<b>665</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges</b> (per s.608)			
Aerodrome		3,041	2,069
Cemeteries		945	983
Corporate Services		95	50
Development Services		1,916	1,578
Family Day Care		395	376
Leaseback Fees - Council Vehicles		244	201
Livestock Marketing Centre		3,279	3,160
Oasis Swimming Complex		1,528	1,386
Park & Sportsgrounds		259	208
Regional Civic Centre		374	614
Tourist Information Centre		53	27
Other		300	317
<b>Total Fees &amp; Charges - Other</b>		<b>12,429</b>	<b>10,969</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>20,021</b>	<b>18,310</b>

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		370	301
- Interest earned on Investments (interest & coupon payment income)		3,587	4,551
<b>Fair Value Adjustments</b>			
- Fair Valuation movements in Investments (at FV or Held for Trading)		1,031	212
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>4,988</u></b>	<b><u>5,064</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		370	301
General Council Cash & Investments		3,160	3,292
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		116	142
- Section 64		27	26
Sewerage Fund Operations		668	814
Other Externally Restricted Assets		301	129
<b>Restricted Investments/Funds - Internal:</b>			
Internally Restricted Assets		346	360
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<b><u>4,988</u></b>	<b><u>5,064</u></b>
<b>(d) Other Revenues</b>			
Rental Income - Investment Properties	14	222	119
Rental Income - Other Council Properties		609	597
Ex Gratia Rates		36	45
Fines		1,147	1,046
Diesel Rebate		125	75
Insurance Claim Recoveries		391	589
Sales - Miscellaneous		485	500
Sales - Oasis Swimming Complex		96	104
Other		378	101
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>3,489</u></b>	<b><u>3,176</u></b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance	9,867	12,591	-	-
Pensioners' Rates Subsidies - General Component	390	361	-	-
<b>Total General Purpose</b>	<b>10,257</b>	<b>12,952</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Sewerage	158	158	-	-
- Domestic Waste Management	109	108	-	-
Airport	-	-	291	-
Airport ILS	-	-	-	650
Bushfire & Emergency Services	19	10	-	-
Community Care	173	137	-	-
Environmental Protection	79	267	1	582
Family Day Care	1,553	1,781	-	-
Family & Childrens Services - Other	216	395	-	-
Heritage & Cultural	378	427	-	-
Noxious Weeds	87	86	-	-
Recreation & Culture	162	236	255	484
Street Lighting	46	44	-	-
Transport (Other Roads & Bridges Funding)	7,778	12,735	3,552	2,351
Other	84	88	272	203
<b>Total Specific Purpose</b>	<b>10,842</b>	<b>16,472</b>	<b>4,371</b>	<b>4,270</b>
<b>Total Grants</b>	<b>21,099</b>	<b>29,424</b>	<b>4,371</b>	<b>4,270</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	11,660	14,479	2,064	2,887
- State Funding	9,427	14,899	2,305	1,383
- Other Funding	12	46	2	-
	<b>21,099</b>	<b>29,424</b>	<b>4,371</b>	<b>4,270</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
S 94 - Contributions towards amenities/services	-	-	2,312	2,493
S 94A - Fixed Development Consent Levies	-	-	653	522
S 64 - Sewerage Service Contributions	-	-	1,024	989
S 64 - Stormwater Contributions	-	-	428	696
<b>Total Developer Contributions</b>	<b>17</b>	<b>-</b>	<b>4,417</b>	<b>4,700</b>
<b>Other Contributions:</b>				
Artworks Donated	-	-	52	89
Bushfire Services	287	205	-	-
Dedications (other than by S94)	-	-	4,485	2,288
Recreation & Culture	73	70	296	54
RMS Contributions (Regional Roads, Block Grant)	699	1,712	1,031	1,306
Sewerage (excl. Section 64 contributions)	-	-	60	11
Voluntary Planning Agreements	-	-	-	(61)
Other	160	209	53	300
<b>Total Other Contributions</b>	<b>1,219</b>	<b>2,196</b>	<b>5,977</b>	<b>3,987</b>
<b>Total Contributions</b>	<b>1,219</b>	<b>2,196</b>	<b>10,394</b>	<b>8,687</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>22,318</b>	<b>31,620</b>	<b>14,765</b>	<b>12,957</b>

\$ '000	Actual 2013	Actual 2012
---------	----------------	----------------

**(g) Restrictions relating to Grants and Contributions**

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

Unexpended at the Close of the Previous Reporting Period	11,954	13,044
add: Grants & contributions recognised in the current period but not yet spent:	4,020	5,608
less: Grants & contributions recognised in a previous reporting period now spent:	(5,767)	(6,698)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>(1,747)</b>	<b>(1,090)</b>
<b>Unexpended and held as Restricted Assets</b>	<b>10,207</b>	<b>11,954</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	1,284	2,861
- Developer Contributions	8,021	7,780
- Other Contributions	902	1,313
	<b>10,207</b>	<b>11,954</b>



## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		29,763	29,117
Travelling		680	679
Employee Leave Entitlements (ELE)		4,378	4,392
Superannuation		3,285	3,162
Workers' Compensation Insurance		1,321	1,205
Fringe Benefit Tax (FBT)		134	137
Payroll Tax		92	75
Training Costs (other than Salaries & Wages)		419	507
Other		478	476
<b>Total Employee Costs</b>		<b>40,550</b>	<b>39,750</b>
less: Capitalised Costs		(1,171)	(1,255)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>39,379</b>	<b>38,495</b>
Number of "Equivalent Full Time" Employees at year end		<b>466</b>	<b>476</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		3,731	2,898
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>3,731</b>	<b>2,898</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	114	204
- Other Liabilities		196	276
<b>Total Other Borrowing Costs</b>		<b>310</b>	<b>480</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>4,041</b>	<b>3,378</b>

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		21,330	18,252
Contractor & Consultancy Costs		9,206	6,873
Auditors Remuneration <sup>(1)</sup>		54	73
Legal Expenses:			
- Legal Expenses: Planning & Development		103	101
- Legal Expenses: Debt Recovery		100	65
- Legal Expenses: Other		392	281
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments <sup>(2)</sup>		610	667
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>31,795</u></b>	<b><u>26,312</u></b>
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>(i) Audit and Other Assurance Services</b>			
- Audit & review of financial statements: Council's Auditor		54	73
<b>Remuneration for audit and other assurance services</b>		<b><u>54</u></b>	<b><u>73</u></b>
<b>Total Auditor Remuneration</b>		<b><u>54</u></b>	<b><u>73</u></b>
<b>2. Operating Lease Payments are attributable to:</b>			
Computers		610	667
		<b><u>610</u></b>	<b><u>667</u></b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>(d) Depreciation, Amortisation &amp; Impairment</b>					
Plant and Equipment		-	-	1,888	2,071
Office Equipment		-	-	147	123
Furniture & Fittings		-	-	103	103
Buildings - Non Specialised		13	-	591	563
Buildings - Specialised		-	-	371	452
Other Structures		-	-	1,004	997
Infrastructure:					
- Roads, Bridges & Footpaths		(2,046)	2,862	8,106	8,245
- Stormwater Drainage		(393)	1,337	733	718
- Sewerage Network		-	-	4,768	5,732
Other Assets					
- Other		-	-	1,494	1,351
Asset Reinstatement Costs	9 & 26	-	-	47	141
<b>Total Depreciation &amp; Impairment Costs</b>		<b>(2,426)</b>	<b>4,199</b>	<b>19,252</b>	<b>20,496</b>
less: Capitalised Costs		-	-	(255)	(700)
less: Impairments (to)/from ARR [Equity]	9a	2,426	(4,199)	-	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>-</b>	<b>18,997</b>	<b>19,796</b>

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Bad & Doubtful Debts		9	(33)
Contributions/Levies to Other Levels of Government			
- Bushfire Fighting Fund		305	308
- Emergency Services Levy		80	62
- NSW Fire Brigade Levy		413	420
- REROC		44	42
- Riverina Regional Library		1,080	1,040
- Valuation Fees		158	146
Councillor Expenses - Mayoral Fee		38	36
Councillor Expenses - Councillors' Fees		180	174
Donations, Contributions & Assistance to other organisations (Section 356)		202	177
Election Expenses		301	-
Electricity & Heating		2,295	2,028
Insurance		1,241	1,320
Provision for Land Remediation		(3,614)	946
Reinstatement of Infrastructure Assets		8,967	13,094
Revaluation Decrements (Fair Valuation of Investment Properties)	14	35	280
Street Lighting		975	793
Subscriptions & Publications		46	48
Telephone & Communications		422	501
Water		746	492
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>13,923</u></b>	<b><u>21,874</u></b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal - Property		544	660
less: Carrying Amount of Property Assets Sold / Written Off		(221)	(660)
<b>Net Gain/(Loss) on Disposal</b>		<b>323</b>	<b>-</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		933	1,615
less: Carrying Amount of P&E Assets Sold / Written Off		(1,312)	(1,448)
<b>Net Gain/(Loss) on Disposal</b>		<b>(379)</b>	<b>167</b>
<b>Infrastructure</b>			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(1,566)	(203)
<b>Net Gain/(Loss) on Disposal</b>		<b>(1,566)</b>	<b>(203)</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		40,298	64,072
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(40,298)	(64,072)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>-</b>
<b>Non Current Assets Classified as "Held for Sale"</b>			
Proceeds from Disposal - Non Current Assets "Held for Sale"		139	-
less: Carrying Amount of 'Held for Sale' Assets Sold / Written Off		(100)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>39</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(1,583)</b>	<b>(36)</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	2013	2013	2012	2012
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		7,551	-	1,281	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		5,539	-	5,630	-
- Short Term Deposits		7,011	-	6,113	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>20,101</b>	<b>-</b>	<b>13,024</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Managed Funds		2,548	-	64	3,163
- Long Term Deposits		16,241	20,000	30,099	13,000
- Floating Rate Notes		-	14,361	4,210	20,739
- Capital Protected Asset Linked Note		-	-	940	900
<b>Total Investments</b>		<b>18,789</b>	<b>34,361</b>	<b>35,313</b>	<b>37,802</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>38,890</b>	<b>34,361</b>	<b>48,337</b>	<b>37,802</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**

a. "At Fair Value through the Profit & Loss"		<b>20,101</b>	<b>-</b>	<b>13,024</b>	<b>-</b>
--	--	---------------	----------	---------------	----------

**Investments**

a. "At Fair Value through the Profit & Loss"					
- "Designated at Fair Value on Initial Recognition"	6(b-i)	2,548	14,361	5,213	24,802
b. "Held to Maturity"	6(b-ii)	16,241	20,000	30,100	13,000
<b>Investments</b>		<b>18,789</b>	<b>34,361</b>	<b>35,313</b>	<b>37,802</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 6b. Investments (continued)

\$ '000	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 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	5,213	24,802	13,261	18,657
Revaluations (through the Income Statement)	542	489	106	106
Additions	1,514	3,567	(2,175)	11,979
Disposals (sales & redemptions)	(7,269)	(11,949)	(11,192)	(727)
Transfers between Current/Non Current	2,548	(2,548)	5,213	(5,213)
<b>Balance at End of Year</b>	<b>2,548</b>	<b>14,361</b>	<b>5,213</b>	<b>24,802</b>
<b>Comprising:</b>				
- Managed Funds	2,548	-	64	3,163
- Floating Rate Notes	-	14,361	2,208	22,740
- Capital Protected Asset Linked Note	-	-	2,941	(1,101)
<b>Total</b>	<b>2,548</b>	<b>14,361</b>	<b>5,213</b>	<b>24,802</b>
<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Balance at the Beginning of the Year	30,100	13,000	24,123	16,000
Additions	6,221	8,000	53,130	2,000
Disposals (sales & redemptions)	(21,080)	-	(52,153)	-
Transfers between Current/Non Current	1,000	(1,000)	5,000	(5,000)
<b>Balance at End of Year</b>	<b>16,241</b>	<b>20,000</b>	<b>30,100</b>	<b>13,000</b>
<b>Comprising:</b>				
- Long Term Deposits	16,241	20,000	-	-
- Other Long Term Financial Assets	-	-	30,100	13,000
<b>Total</b>	<b>16,241</b>	<b>20,000</b>	<b>30,100</b>	<b>13,000</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 2013

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

\$ '000	2013	2013	2012	2012
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investments</b>	<b>38,890</b>	<b>34,361</b>	<b>48,337</b>	<b>37,802</b>
<b>attributable to:</b>				
External Restrictions (refer below)	5,476	34,361	2,738	37,802
Internal Restrictions (refer below)	32,679	-	43,324	-
Unrestricted	735	-	2,275	-
	<b>38,890</b>	<b>34,361</b>	<b>48,337</b>	<b>37,802</b>

2013	Opening	Transfers to	Transfers from	Closing
\$ '000	Balance	Restrictions	Restrictions	Balance

## Details of Restrictions

**External Restrictions - Included in Liabilities**

Employee Leave - Sewer & Waste	537	111	-	648
<b>External Restrictions - Included in Liabilities</b>	<b>537</b>	<b>111</b>	<b>-</b>	<b>648</b>

**External Restrictions - Other**

Developer Contributions - General (A)	7,780	4,557	(4,316)	8,021
Specific Purpose Unexpended Grants (B)	2,559	-	(1,327)	1,232
Sewerage Services (C)	21,536	-	(1,185)	20,351
Sewerage Services - Unexpended Contributions	690	69	(95)	664
Domestic Waste Management (C)	5,956	1,809	(254)	7,511
Stormwater Management (C)	905	321	(32)	1,194
Other Unexpended Contributions	577	-	(361)	216
<b>External Restrictions - Other</b>	<b>40,003</b>	<b>6,756</b>	<b>(7,570)</b>	<b>39,189</b>
<b>Total External Restrictions</b>	<b>40,540</b>	<b>6,867</b>	<b>(7,570)</b>	<b>39,837</b>

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



## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	2,269	2,109	(1,514)	2,864
Employees Leave Entitlement	2,873	721	(3,594)	-
Airport	2,817	325	(2,818)	324
Bridge Replacement	227	-	-	227
CBD Carparking Facilities	294	270	(24)	540
Civic Theatre Operating	-	19	-	19
Civil Projects	230	-	-	230
Council Election	380	100	(336)	144
Design & Planning	43	-	(43)	-
Estella Community Centre	179	-	-	179
Family Day Care	259	-	(74)	185
Grant Commission Reserve	5,128	5,187	(5,127)	5,188
Gravel Pit Restoration	386	187	-	573
Gurwood St Property	296	-	(210)	86
Hampden Bridge Demolition	1,200	-	(224)	976
Industrial Land Development	2,803	196	(194)	2,805
Information Services E / Business	43	50	-	93
Infrastructure Improvements / Replacement	3,257	343	(2,420)	1,180
Internal Loans	1,807	1,339	(1,060)	2,086
Kerb & Gutter	293	-	(170)	123
Lake Albert Improvements	258	66	-	324
LEP Preparation	65	-	(3)	62
Livestock Marketing Centre	4,481	656	(26)	5,111
Oasis Swimming Complex	428	260	-	688
Other Building Improvements	272	54	(100)	226
Other Operational	365	247	(189)	423
Parks & Recreation Reserve	-	470	(218)	252
Projects Reserve	326	-	(326)	-
Project Revotes	1,369	1,316	(1,369)	1,316
Public Art Reserve	539	208	(143)	604
Rates Advance Reserve	-	701	-	701
Robertson Oval	3,039	-	(2,749)	290
Silverlite Reserve	83	-	-	83
Storm Damage	42	-	-	42
Stormwater Drainage	224	-	(2)	222
Street Lighting Replacement	-	30	-	30
Tarcutta Street Gasworks Remediation Reserve	5,703	-	(2,371)	3,332
Urban Salinity	106	-	(87)	19
Unexpended External Loans	1,240	561	(669)	1,132
<b>Total Internal Restrictions</b>	<b>43,324</b>	<b>15,415</b>	<b>(26,060)</b>	<b>32,679</b>
<b>TOTAL RESTRICTIONS</b>	<b>83,864</b>	<b>22,282</b>	<b>(33,630)</b>	<b>72,516</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 7. Receivables

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		3,527	-	2,930	-
Interest & Extra Charges		382	-	263	-
User Charges & Fees		3,952	-	2,505	-
Accrued Revenues					
- Interest on Investments		928	-	1,029	-
- Other Income Accruals		72	-	372	-
Government Grants & Subsidies		2,931	-	3,533	-
Deferred Debtors		192	2,239	122	540
Net GST Receivable		563	-	1,569	-
Storm Damage Claim - RMS (formerly RTA) Grant		4,047	-	4,562	-
Other Debtors		1,189	-	697	-
<b>Total</b>		<b>17,783</b>	<b>2,239</b>	<b>17,582</b>	<b>540</b>
<b>less: Provision for Impairment</b>					
User Charges & Fees		(10)	-	(1)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(10)</b>	<b>-</b>	<b>(1)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>17,773</u></b>	<b><u>2,239</u></b>	<b><u>17,581</u></b>	<b><u>540</u></b>
<b>Externally Restricted Receivables</b>					
<b>Sewerage Services</b>					
- Rates & Availability Charges		893	-	655	-
- Other		2,158	-	1,459	-
<b>Domestic Waste Management</b>		<b>414</b>	<b>-</b>	<b>322</b>	<b>-</b>
<b>Stormwater Management</b>		<b>50</b>	<b>-</b>	<b>41</b>	<b>-</b>
- Unexpended Grants		52	-	302	-
- Unexpended Contributions		22	-	46	-
<b>Total External Restrictions</b>		<b>3,589</b>	<b>-</b>	<b>2,825</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
- Livestock Marketing Centre		34	-	17	-
- Airport		819	1,969	425	-
- Employee Leave Entitlements		3,080	-	-	-
<b>Internally Restricted Receivables</b>		<b>3,933</b>	<b>1,969</b>	<b>442</b>	<b>-</b>
<b>Unrestricted Receivables</b>		<b>10,251</b>	<b>270</b>	<b>14,314</b>	<b>540</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>17,773</u></b>	<b><u>2,239</u></b>	<b><u>17,581</u></b>	<b><u>540</u></b>

**Notes on Debtors above:**

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 10.00% (2012 11.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 8. Inventories &amp; Other Assets

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		282	-	281	-
Stores & Materials		2,890	-	2,950	-
Trading Stock		102	-	64	-
<b>Total Inventories</b>		<b>3,274</b>	<b>-</b>	<b>3,295</b>	<b>-</b>
<b>Other Assets</b>					
Prepayments		1,057	-	569	-
<b>Total Other Assets</b>		<b>1,057</b>	<b>-</b>	<b>569</b>	<b>-</b>
<b>TOTAL INVENTORIES/OTHER ASSETS</b>		<b>4,331</b>	<b>-</b>	<b>3,864</b>	<b>-</b>
<b>Externally Restricted Assets</b>					
<b>Water</b>					
Nil					
<b>Sewerage</b>					
Stores & Materials		556	-	604	-
Prepayments		1	-	2	-
<b>Total Sewerage</b>		<b>557</b>	<b>-</b>	<b>606</b>	<b>-</b>
<b>Domestic Waste Management</b>					
Nil					
<b>Other</b>					
Nil					
Total Externally Restricted Assets		557	-	606	-
Total Internally Restricted Assets		-	-	-	-
Total Unrestricted Assets		3,774	-	3,258	-
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>		<b>4,331</b>	<b>-</b>	<b>3,864</b>	<b>-</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013		2012	
	Current	Non Current	Current	Non Current
<b>(i) Other Disclosures</b>				
<b>(a) Details for Real Estate Development</b>				
Residential	24	-	23	-
Industrial/Commercial	258	-	258	-
<b>Total Real Estate for Resale</b>	<b>282</b>	<b>-</b>	<b>281</b>	<b>-</b>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Acquisition Costs	136	-	136	-
Development Costs	15	-	15	-
Borrowing Costs	131	-	130	-
<b>Total Costs</b>	<b>282</b>	<b>-</b>	<b>281</b>	<b>-</b>
<b>Total Real Estate for Resale</b>	<b>282</b>	<b>-</b>	<b>281</b>	<b>-</b>
<b>Movements:</b>				
Real Estate assets at beginning of the year	281	-	281	-
- Purchases and other costs	1	-	-	-
<b>Total Real Estate for Resale</b>	<b>282</b>	<b>-</b>	<b>281</b>	<b>-</b>

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

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

	2013	2012
Real Estate for Resale	282	281
	<b>282</b>	<b>281</b>

Notes to the Financial Statements

for the financial year ended 30 June 2013

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2012					Asset Movements during the Reporting Period								as at 30/6/2013				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Impairment Loss (recognised in Equity)	Impairment Reversal (via Equity)	Adjustments & Transfers	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment												Dep'n	Impairment	
Plant & Equipment	-	25,206	11,933	-	13,273	2,442	(1,310)	(1,888)	-	-	-	-	-	-	25,210	12,693	-	12,517
Office Equipment	-	2,582	2,134	-	448	439	-	(147)	-	-	-	-	-	-	3,020	2,280	-	740
Furniture & Fittings	-	2,725	2,128	-	597	18	(8)	(103)	-	-	-	-	-	-	2,734	2,230	-	504
<b>Land:</b>																		
- Operational Land	-	91,367	-	-	91,367	44	-	-	-	-	-	(38,776)	-	-	52,636	-	-	52,635
- Community Land	-	116,634	-	-	116,634	8	(221)	-	-	-	-	-	-	-	116,422	-	-	116,421
Buildings - Non Specialised	-	52,517	7,325	-	45,192	645	(218)	(591)	(13)	-	-	-	5,350	-	80,244	29,867	13	50,365
Buildings - Specialised	-	43,073	5,473	-	37,600	422	(125)	(371)	-	-	763	(3,034)	-	-	50,669	15,414	-	35,255
Other Structures	-	41,738	5,982	-	35,756	326	(770)	(1,004)	-	-	-	-	-	-	41,237	6,931	-	34,308
<b>Infrastructure:</b>																		
- Roads, Bridges, Footpaths	-	529,514	76,136	4,914	448,464	16,426	(178)	(8,106)	-	2,046	-	-	-	-	545,713	84,193	2,869	458,652
- Stormwater Drainage	-	221,503	19,380	1,337	200,786	2,994	-	(733)	-	393	-	-	-	-	224,498	20,114	944	203,440
- Sewerage Network	-	306,037	32,638	-	273,399	3,553	-	(4,768)	-	-	-	(36,581)	5,920	-	323,372	81,849	-	241,523
<b>Other Assets:</b>																		
- Artworks	-	5,968	-	-	5,968	65	-	-	-	-	-	-	-	-	6,033	-	-	6,033
- Other	-	40,811	7,769	-	33,042	9,895	(269)	(1,494)	-	-	(763)	-	-	-	48,702	8,291	-	40,411
<b>Reinstatement, Rehabilitation &amp; Restoration Assets (refer Note 26)</b>																		
- Tip Asset	-	558	387	-	171	-	-	(21)	-	-	5	-	-	-	563	408	-	155
- Quarry Asset	-	378	71	-	307	-	-	(26)	-	-	131	-	-	-	509	97	-	412
- Sewer Remediation Asset	-	1,362	1,362	-	-	-	-	-	-	-	-	-	-	-	1,362	1,362	-	-
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>-</b>	<b>1,481,973</b>	<b>172,718</b>	<b>6,251</b>	<b>1,303,004</b>	<b>37,277</b>	<b>(3,099)</b>	<b>(19,252)</b>	<b>(13)</b>	<b>2,439</b>	<b>136</b>	<b>(78,391)</b>	<b>11,270</b>	<b>-</b>	<b>1,522,924</b>	<b>265,729</b>	<b>3,826</b>	<b>1,253,371</b>

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$16,757) and New Assets (\$7,608). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Actual 2013				Actual 2012			
	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	152	25	-	177	152	25
Office Equipment	-	9	9	-	-	9	9	-
Furniture & Fittings	-	12	11	1	-	12	11	1
Land								
- Operational Land	-	3,148	-	3,148	-	8,435	-	8,435
Infrastructure	-	324,733	83,211	241,522	-	307,428	34,000	273,428
Other Assets	-	46	-	46	-	-	-	-
<b>Total Sewerage Services</b>	-	<b>328,125</b>	<b>83,383</b>	<b>244,742</b>	-	<b>316,061</b>	<b>34,172</b>	<b>281,889</b>
<b>Domestic Waste Management</b>								
Plant & Equipment	-	298	282	16	-	298	278	20
Office Equipment	-	82	66	16	-	82	58	24
Furniture & Fittings	-	3	3	-	-	3	3	-
Land								
- Operational Land'	-	1,495	-	1,495	-	1,663	-	1,663
Buildings	-	2,626	340	2,286	-	-	-	-
Other Assets	-	2,734	1,017	1,717	-	4,127	1,628	2,499
<b>Total DWM</b>	-	<b>7,238</b>	<b>1,708</b>	<b>5,530</b>	-	<b>6,173</b>	<b>1,967</b>	<b>4,206</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	-	<b>335,363</b>	<b>85,091</b>	<b>250,272</b>	-	<b>322,234</b>	<b>36,139</b>	<b>286,095</b>

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

\$ '000	Notes	Actual 2013	Actual 2012
(i) Impairment Losses recognised direct to Equity (ARR) include:			
Roads, Bridges & Culverts impaired in March 2012 Floods		-	(2,862)
North Wagga Levee impaired in March 2012 Floods		-	(1,337)
Botanic Gardens Information Centre to be demolished		(13)	-
<b>Total Impairment Losses</b>		<b>(13)</b>	<b>(4,199)</b>
(ii) Reversals of Impairment Losses previously recognised direct to Equity (ARR) include:			
Roads & Bridges repaired/reassessed		2,046	3,124
Buildings - Non specialised repaired		-	14
Other Assets repaired		-	139
North Wagga Levee repaired		393	-
<b>Total Impairment Reversals</b>		<b>2,439</b>	<b>3,277</b>
<b>IMPAIRMENT of ASSETS - DIRECT to EQUITY (ARR)</b>		<b>2,426</b>	<b>(922)</b>

20 (ii)

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		4,405	-	5,308	-
Goods & Services - capital expenditure		4,419	-	6,268	-
Payments Received In Advance		286	-	286	-
Accrued Expenses:					
- Borrowings		303	-	235	-
- Salaries & Wages		180	-	183	-
- Other Expenditure Accruals		69	-	68	-
Security Bonds, Deposits & Retentions		2,579	-	2,523	-
Other		205	-	128	-
<b>Total Payables</b>		<b>12,446</b>	<b>-</b>	<b>14,999</b>	<b>-</b>
<b>Borrowings</b>					
Bank Overdraft		-	-	417	-
Loans - Secured <sup>1</sup>		1,703	53,558	1,312	50,164
<b>Total Borrowings</b>		<b>1,703</b>	<b>53,558</b>	<b>1,729</b>	<b>50,164</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		4,085	-	3,811	-
Long Service Leave		6,798	214	6,258	196
Other Leave - TOIL		93	-	116	-
Other Leave - RDO		98	-	100	-
Sub Total - Aggregate Employee Benefits		11,074	214	10,285	196
Asset Remediation/Restoration (Future Works) 26		9,724	1,411	7,957	6,542
<b>Total Provisions</b>		<b>20,798</b>	<b>1,625</b>	<b>18,242</b>	<b>6,738</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>34,947</b>	<b>55,183</b>	<b>34,970</b>	<b>56,902</b>
<b>(i) Liabilities relating to Restricted Assets</b>					
		2013		2012	
		Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>					
Sewer		4,075	33,931	3,300	35,348
Domestic Waste Management		1,056	934	895	1,022
Liabilities relating to externally restricted assets		5,131	34,865	4,195	36,370
<b>Internally Restricted Assets</b>					
Nil					
<b>Total Liabilities relating to restricted assets</b>		5,131	34,865	4,195	36,370
<b>Total Liabilities relating to Unrestricted Assets</b>		29,816	20,318	30,775	20,532
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>		<b>34,947</b>	<b>55,183</b>	<b>34,970</b>	<b>56,902</b>

<sup>1</sup>. Loans are secured over the 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 2013

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

\$ '000	Actual 2013	Actual 2012
---------	----------------	----------------

#### (ii) Current Liabilities not anticipated to be settled within the next 12 months

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

Provisions - Employees Benefits	7,461	6,738
	<u>7,461</u>	<u>6,738</u>

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

Class of Provision	2012		2013			Closing Balance as at 30/6/13
	Opening Balance as at 1/7/12	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	3,811	2,369	(2,045)	(50)	-	4,085
Long Service Leave	6,454	935	(232)	(145)	-	7,012
Other Leave	216	(25)	-	-	-	191
Asset Remediation	14,499	1,041	(4,519)	114	-	11,135
<b>TOTAL</b>	<b>24,980</b>	<b>4,320</b>	<b>(6,796)</b>	<b>(81)</b>	<b>-</b>	<b>22,423</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 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	20,101	13,024
Less Bank Overdraft	10	-	(417)
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>20,101</b>	<b>12,607</b>
<b>(a) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>6,473</b>	<b>11,517</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		18,997	19,796
Net Losses/(Gains) on Disposal of Assets		1,583	36
Non Cash Capital Grants and Contributions		(4,504)	(2,260)
<b>Losses/(Gains) recognised on Fair Value Re-measurements through the P&amp;L:</b>			
- Investments classified as "At Fair Value" or "Held for Trading"		(1,031)	(212)
- Investment Properties		35	280
Unwinding of Discount Rates on Reinstatement Provisions		114	204
Share of Net (Profits) or Losses of Associates/Joint Ventures		(125)	(111)
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(131)	(2,198)
Increase/(Decrease) in Provision for Doubtful Debts		9	(34)
Decrease/(Increase) in Inventories		22	(482)
Decrease/(Increase) in Other Assets		(488)	(204)
Increase/(Decrease) in Payables		(903)	(441)
Increase/(Decrease) in accrued Interest Payable		68	(63)
Increase/(Decrease) in other accrued Expenses Payable		(2)	136
Increase/(Decrease) in Other Liabilities		133	162
Increase/(Decrease) in Employee Leave Entitlements		807	1,304
Increase/(Decrease) in Other Provisions		(3,478)	946
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>17,579</b>	<b>28,376</b>

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Non-Cash Investing &amp; Financing Activities</b>			
S94 Contributions "in kind"		4,452	2,171
Art Gallery Donated		52	89
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>4,504</b>	<b>2,260</b>
<b>(b) 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
<b>Total Financing Arrangements</b>		<b>900</b>	<b>900</b>
<b>Amounts utilised as at Balance Date:</b>			
- Credit Cards / Purchase Cards		4	8
<b>Total Financing Arrangements Utilised</b>		<b>4</b>	<b>8</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 charge over future years income.

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2013	Actual 2012
<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		68	53
Plant & Equipment		11	297
Parks & Sportsgrounds		605	1,485
Sewerage Infrastructure		212	491
Waste Management Services		67	31
Infrastructure		4,399	7,419
Other		160	89
<b>Total Commitments</b>		<b>5,522</b>	<b>9,865</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		5,522	9,865
<b>Total Payable</b>		<b>5,522</b>	<b>9,865</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		361	2,579
Future Grants & Contributions		1,188	26
Unexpended Grants		-	127
Externally Restricted Reserves		626	5,953
Internally Restricted Reserves		2,939	1,180
New Loans (to be raised)		407	-
<b>Total Sources of Funding</b>		<b>5,522</b>	<b>9,865</b>

#### (b) Finance Lease Commitments

Nil

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

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

Within the next year	359	573
Later than one year and not later than 5 years	290	617
<b>Total Non Cancellable Operating Lease Commitments</b>	<b>648</b>	<b>1,190</b>

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

Office - Computer Leases

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

##### Conditions relating to Operating Leases:

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

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Amounts	Indicator	Prior Periods	
	2013	2013	2012	2011
<b>Local Government Industry Indicators - Consolidated</b>				
<b>1. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(1)</sup>	<b>51,190</b>	<b>2.22 : 1</b>	2.58	3.18
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	<b>23,043</b>			
<b>2. Debt Service Ratio</b>				
Debt Service Cost	<b>5,134</b>	<b>5.74%</b>	4.07%	4.49%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	<b>89,365</b>			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>				
Rates & Annual Charges	<b>50,485</b>	<b>43.45%</b>	41.32%	42.09%
Income from Continuing Operations	<b>116,191</b>			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual & Extra Charges Outstanding	<b>3,909</b>	<b>7.23%</b>	5.97%	5.91%
Rates, Annual & Extra Charges Collectible	<b>54,048</b>			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>				
Asset Renewals <sup>(4)</sup>	<b>16,486</b>	<b>113.06%</b>	82.70%	93.56%
Depreciation, Amortisation & Impairment	<b>14,582</b>			

## Notes

<sup>(1)</sup> Refer Notes 6-8 inclusive.

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

<sup>(2)</sup> Refer to Note 10(a).

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

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

## Wagga Wagga City Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

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

\$ '000	Amounts 2013	Indicator 2013	Prior Periods	
			2012	2011
<b>TCorp Performance Measures - Consolidated</b>				
<b>a. Operating Performance</b>				
Operating Revenue (excl. Capital Grants & Contributions)				
<u>- Operating Expenses</u>	<u>(9,288)</u>			
Operating Revenue (excl. Capital Grants & Contributions)	100,395	-9.25%	-1.32%	
<b>b. Own Source Operating Revenue</b>				
<u>Rates &amp; Annual Charges + User Charges &amp; Fees</u>	<u>70,506</u>			
Total Operating Revenue (incl. Capital Grants & Contributions)	115,160	61.22%	56.33%	
<b>c. Unrestricted Current Ratio</b>				
<u>Current Assets less all External Restrictions</u>	<u>51,190</u>			
Current Liabilities less Specific Purpose Liabilities	23,043	2.22	2.58	3.18
<b>d. Debt Service Cover Ratio</b>				
<u>Operating Result before Interest &amp; Depreciation (EBITDA)</u>	<u>13,750</u>			
Principal Repayments (from the Statement of Cash Flows)	5,443	2.53	5.25	
+ Borrowing Interest Costs (from the Income Statement)				
<b>e. Capital Expenditure Ratio</b>				
<u>Annual Capital Expenditure</u>	<u>34,178</u>			
Annual Depreciation	18,997	1.80	2.24	
<b>f. Infrastructure Backlog Ratio</b>				
<u>Estimated Cost to bring Assets to a Satisfactory Condition</u>	<u>107,298</u>			
Total value of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	1,023,543	0.10	0.11	
<b>g. Asset Maintenance Ratio</b>				
<u>Actual Asset Maintenance</u>	<u>15,801</u>			
Required Asset Maintenance	22,731	0.70	0.73	
<b>h. Building &amp; Infrastructure Renewals Ratio</b>				
<u>Asset Renewals</u>	<u>16,486</u>			
Depreciation of Building and Infrastructure Assets	12,143	1.36	0.83	
<b>i. Cash Expense Cover Ratio</b>				
<u>Current Year's Cash &amp; Cash Equivalents</u> x12	<u>20,101</u>			
(Total Expenses - Depreciation - Interest Costs)	7,223	2.78	1.80	
<b>j. Interest Cover Ratio</b>				
<u>Operating Results before Interest &amp; Depreciation (EBITDA)</u>	<u>13,750</u>			
Borrowing Interest Costs (from the income statement)	4,041	3.40	6.44	

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2013

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

<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>2010</td> <td>4.33</td> </tr> <tr> <td>2011</td> <td>3.18</td> </tr> <tr> <td>2012</td> <td>2.58</td> </tr> <tr> <td>2013</td> <td>2.22</td> </tr> </tbody> </table>	Year	Ratio : 1	2010	4.33	2011	3.18	2012	2.58	2013	2.22	<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 2012/13 Result</b></p> <p><b>2012/13 Ratio 2.22 : 1</b></p> <p>Council's Unrestricted Current Ratio for 2012/13 still represents a relatively strong liquidity. The graph does however highlight that the ratio has been on the decline since 2010. This is a reflection of a the reduction in Council's cash and investments over the year.</p>
Year	Ratio : 1											
2010	4.33											
2011	3.18											
2012	2.58											
2013	2.22											
<p><b>2. Debt Service Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>4.02%</td> </tr> <tr> <td>2011</td> <td>4.49%</td> </tr> <tr> <td>2012</td> <td>4.07%</td> </tr> <tr> <td>2013</td> <td>5.74%</td> </tr> </tbody> </table>	Year	Ratio %	2010	4.02%	2011	4.49%	2012	4.07%	2013	5.74%	<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 2012/13 Result</b></p> <p><b>2012/13 Ratio 5.74%</b></p> <p>The debt service ratio reflects the increase in Council's reliance on the use of external loan funding for those capital projects as identified in the 2012/13 operational plan.</p>
Year	Ratio %											
2010	4.02%											
2011	4.49%											
2012	4.07%											
2013	5.74%											
<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>2010</td> <td>43.91%</td> </tr> <tr> <td>2011</td> <td>42.09%</td> </tr> <tr> <td>2012</td> <td>41.32%</td> </tr> <tr> <td>2013</td> <td>43.45%</td> </tr> </tbody> </table>	Year	Ratio %	2010	43.91%	2011	42.09%	2012	41.32%	2013	43.45%	<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 2012/13 Result</b></p> <p><b>2012/13 Ratio 43.45%</b></p> <p>The change in this ratio for 2012/13 is due to a decrease in revenue from other sources. In particular operational grant funding revenue is lower in comparison to the previous year as Council finalises the repair work to damaged roads and infrastructure assets from the 2010 and 2012 flood events.</p>
Year	Ratio %											
2010	43.91%											
2011	42.09%											
2012	41.32%											
2013	43.45%											
<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>2010</td> <td>6.27%</td> </tr> <tr> <td>2011</td> <td>5.91%</td> </tr> <tr> <td>2012</td> <td>5.97%</td> </tr> <tr> <td>2013</td> <td>7.23%</td> </tr> </tbody> </table>	Year	Ratio %	2010	6.27%	2011	5.91%	2012	5.97%	2013	7.23%	<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 2012/13 Result</b></p> <p><b>2012/13 Ratio 7.23%</b></p> <p>Council's outstanding debtors ratio has increased in comparison to previous years and is currently above Council's benchmark of 6%. This has occurred due to resourcing and the overall economic climate.</p>
Year	Ratio %											
2010	6.27%											
2011	5.91%											
2012	5.97%											
2013	7.23%											
<p><b>5. Building &amp; Infrastructure Renewals Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>99.03%</td> </tr> <tr> <td>2011</td> <td>93.56%</td> </tr> <tr> <td>2012</td> <td>82.70%</td> </tr> <tr> <td>2013</td> <td>113.06%</td> </tr> </tbody> </table>	Year	Ratio %	2010	99.03%	2011	93.56%	2012	82.70%	2013	113.06%	<p><b>Purpose of Asset Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 113.06%</b></p> <p>This ratio has increased for 2012/13 mainly due to the fact that there has been no impairment of assets this year for floods or other natural disasters. Council is committed to improving the condition of infrastructure assets via the Asset Management Strategy and the Long Term Financial Plan.</p>
Year	Ratio %											
2010	99.03%											
2011	93.56%											
2012	82.70%											
2013	113.06%											

# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2013

### Note 13a(ii). TCorp Performance Measures - Graphs (Consolidated)

<p><b>a. Operating Performance</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>0.00%</td> </tr> <tr> <td>2012</td> <td>-1.32%</td> </tr> <tr> <td>2013</td> <td>-9.25%</td> </tr> </tbody> </table>	Year	Ratio %	2011	0.00%	2012	-1.32%	2013	-9.25%	<p><b>Purpose of Operating Performance Ratio</b></p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio -9.25%</b></p> <p>The ratio illustrates Council heavy reliance on capital grants and contributions to fund the organisations many projects each year. It highlights the fact that Council's operations are not sustainable at the current levels.</p>
Year	Ratio %									
2011	0.00%									
2012	-1.32%									
2013	-9.25%									
<p><b>b. Own Source Operating Revenue</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>0.00%</td> </tr> <tr> <td>2012</td> <td>56.33%</td> </tr> <tr> <td>2013</td> <td>61.22%</td> </tr> </tbody> </table>	Year	Ratio %	2011	0.00%	2012	56.33%	2013	61.22%	<p><b>Purpose of Own Source Operating Revenue Ratio</b></p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants &amp; contributions.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 61.22%</b></p> <p>The ratio illustrates Council reliance on rates revenue to fund much of the organisations operations each year.</p>
Year	Ratio %									
2011	0.00%									
2012	56.33%									
2013	61.22%									
<p><b>c. Unrestricted Current Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>3.18</td> </tr> <tr> <td>2012</td> <td>2.58</td> </tr> <tr> <td>2013</td> <td>2.22</td> </tr> </tbody> </table>	Year	Ratio (x)	2011	3.18	2012	2.58	2013	2.22	<p><b>Purpose of Unrestricted Current Ratio</b></p> <p>To assess the adequacy of unrestricted working capital and Council's ability to meet short term obligations as they fall due.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 2.22</b></p> <p>Council's Unrestricted Current Ratio for 2012/13 still represents a relatively strong liquidity. The graph does however highlight that the ratio has been on the decline since 2010. This is a reflection of a the reduction in Council's cash and investments over the year.</p>
Year	Ratio (x)									
2011	3.18									
2012	2.58									
2013	2.22									
<p><b>d. Debt Service Cover Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>0.00</td> </tr> <tr> <td>2012</td> <td>5.25</td> </tr> <tr> <td>2013</td> <td>2.53</td> </tr> </tbody> </table>	Year	Ratio (x)	2011	0.00	2012	5.25	2013	2.53	<p><b>Purpose of Debt Service Cover Ratio</b></p> <p>This ratio measures the availability of operating cash to service debt including interest, principal and lease payments</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 2.53 x</b></p> <p>The graph illustrates the decline in operating revenue available to cover Council's debt servicing obligations.</p>
Year	Ratio (x)									
2011	0.00									
2012	5.25									
2013	2.53									
<p><b>e. Capital Expenditure Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>0.00</td> </tr> <tr> <td>2012</td> <td>2.24</td> </tr> <tr> <td>2013</td> <td>1.80</td> </tr> </tbody> </table>	Year	Ratio (x)	2011	0.00	2012	2.24	2013	1.80	<p><b>Purpose of Capital Expenditure Ratio</b></p> <p>This ratio assesses the extent to which a Council is expanding its asset base with capital expenditure (on new assets, replacement &amp; renewal of existing assets).</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 1.80 x</b></p> <p>This ratio highlights the decrease in annual capital expenditure in comparison to the previous year. Whilst there was a \$4M increase in the amount spent on roads, bridges and footpaths, there was a decrease in most other asset classes for the year.</p>
Year	Ratio (x)									
2011	0.00									
2012	2.24									
2013	1.80									

Wagga Wagga City Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

Note 13a(ii). TCorp Performance Measures - Graphs (Consolidated) continued

<p><b>f. Infrastructure Backlog Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>0.00</td> </tr> <tr> <td>2012</td> <td>0.11</td> </tr> <tr> <td>2013</td> <td>0.10</td> </tr> </tbody> </table>	Year	Ratio (x)	2011	0.00	2012	0.11	2013	0.10	<p><b>Purpose of Infrastructure Backlog Ratio</b></p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 0.10 x</b></p> <p>Council's infrastructure backlog remains relatively static when comparing the two years. It reinforces the current issue in Local Government of not being able to maintain infrastructure assets to a satisfactory standard within a constrained revenue environment.</p>
Year	Ratio (x)									
2011	0.00									
2012	0.11									
2013	0.10									
<p><b>g. Asset Maintenance Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>0.00</td> </tr> <tr> <td>2012</td> <td>0.73</td> </tr> <tr> <td>2013</td> <td>0.70</td> </tr> </tbody> </table>	Year	Ratio (x)	2011	0.00	2012	0.73	2013	0.70	<p><b>Purpose of Asset Maintenance Ratio</b></p> <p>Compares actual vs. required annual asset maintenance. A ratio of &gt; 1.0x indicates enough has been spent to stop the Infrastructure Backlog from growing.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 0.70 x</b></p> <p>The Asset Maintenance Ratio depicts the funding constraints that Council operates within. Council is currently maintaining the same level of funding for asset maintenance that it has previously.</p>
Year	Ratio (x)									
2011	0.00									
2012	0.73									
2013	0.70									
<p><b>h. Building &amp; Infrastructure Renewals Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>0.00</td> </tr> <tr> <td>2012</td> <td>0.83</td> </tr> <tr> <td>2013</td> <td>1.36</td> </tr> </tbody> </table>	Year	Ratio (x)	2011	0.00	2012	0.83	2013	1.36	<p><b>Purpose of Asset Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 1.36 x</b></p> <p>This ratio has increased for 2012/13 mainly due to the fact that there has been no impairment of assets this year for floods or other natural disasters. Council is committed to improving the condition of infrastructure assets via the Asset Management Strategy and the Long Term Financial Plan.</p>
Year	Ratio (x)									
2011	0.00									
2012	0.83									
2013	1.36									
<p><b>i. Cash Expense Cover Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (mths)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>0.00</td> </tr> <tr> <td>2012</td> <td>1.80</td> </tr> <tr> <td>2013</td> <td>2.78</td> </tr> </tbody> </table>	Year	Ratio (mths)	2011	0.00	2012	1.80	2013	2.78	<p><b>Purpose of Cash Expense Cover Ratio</b></p> <p>This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 2.78 mths</b></p> <p>The ratio for 2012/13 depicts the change in an investment from long term to current. This increased the amount of cash on hand at June 2013 which increased the ratio. It is expected that this ratio will decrease for 13/14 as this investment is realised and the funds placed in other long term investments</p>
Year	Ratio (mths)									
2011	0.00									
2012	1.80									
2013	2.78									
<p><b>j. Interest Cover Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>0.00</td> </tr> <tr> <td>2012</td> <td>6.44</td> </tr> <tr> <td>2013</td> <td>3.40</td> </tr> </tbody> </table>	Year	Ratio (x)	2011	0.00	2012	6.44	2013	3.40	<p><b>Purpose of Interest Cover Ratio</b></p> <p>This ratio indicates the extent to which a Council can service (thru operating cash) its interest bearing debt &amp; take on additional borrowings.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 3.40 x</b></p> <p>The interest cover ratio reflects Council's decreasing ability to fund projects via debt arrangements. Council is aware of this situation and other than those borrowings identified in the Long Term Financial Plan, will not be entering into other debt arrangements.</p>
Year	Ratio (x)									
2011	0.00									
2012	6.44									
2013	3.40									



# Wagga Wagga City Council

## Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000	Water 2013	Sewer 2013	General <sup>1</sup> 2013
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Unrestricted Current Ratio</b>			
Current Assets less all External Restrictions <sup>(1)</sup>	<b>n/a</b>	<b>3.67 : 1</b>	<b>2.22 : 1</b>
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>			
prior period:	n/a	5.25 : 1	2.52 : 1
<b>2. Debt Service Ratio</b>			
Debt Service Cost	<b>n/a</b>	<b>19.36%</b>	<b>2.82%</b>
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)			
prior period:	n/a	19.34%	0.76%
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>			
Rates & Annual Charges	<b>n.a</b>	<b>57.94%</b>	<b>40.90%</b>
Income from Continuing Operations			
prior period:	n/a	64.25%	37.24%
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
Rates, Annual & Extra Charges Outstanding	<b>n/a</b>	<b>8.32%</b>	<b>6.87%</b>
Rates, Annual & Extra Charges Collectible			
prior period:	n/a	5.48%	6.05%
<b>5. Building &amp; Infrastructure Renewals Ratio</b>			
Asset Renewals (Building & Infrastructure assets)	<b>n/a</b>	<b>56.06%</b>	<b>187.29%</b>
Depreciation, Amortisation & Impairment			
prior period:	n/a	85.15%	81.70%

#### Notes

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

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Water 2013	Sewer 2013	General <sup>1</sup> 2013
<b>TCorp Performance Measures - by Fund</b>			
<b>a. Operating Performance</b>			
Operating Revenue (excl. Capital Grants & Contributions) - Operating Expenses	n/a	-15.39%	-8.11%
Operating Revenue (excl. Capital Grants & Contributions)			
	prior period:		
<b>b. Own Source Operating Revenue</b>			
Rates & Annual Charges + User Charges & Fees	n/a	80.79%	57.74%
Total Operating Revenue (incl. Capital Grants & Contributions)			
	prior period:		
<b>c. Unrestricted Current Ratio</b>			
Current Assets less all External Restrictions	n/a	3.67	2.22
Current Liabilities less Specific Purpose Liabilities			
	prior period:		
<b>d. Debt Service Cover Ratio</b>			
Operating Result before Interest & Depreciation (EBITDA)	n/a	7.58	-3.90
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)			
	prior period:		
<b>e. Capital Expenditure Ratio</b>			
Annual Capital Expenditure	n/a	0.75	2.15
Annual Depreciation			
	prior period:		
<b>f. Infrastructure Backlog Ratio</b>			
Estimated Cost to bring Assets to a Satisfactory Condition (from Special Schedule 7)	n/a	0.04	0.12
Total value of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets			
	prior period:		
<b>g. Asset Maintenance Ratio</b>			
Actual Asset Maintenance	n/a	0.78	0.69
Required Asset Maintenance			
	prior period:		
<b>h. Building and Infrastructure Renewals Ratio</b>			
Asset Renewals	n/a	0.56	-0.36
Depreciation of Building and Infrastructure Assets			
	prior period:		
<b>i. Cash Expense Cover Ratio</b>			
Current Year's Cash & Cash Equivalents	n/a	12.59	3.18
(Total Expenses - Depreciation - Interest Costs) x12			
	prior period:		
<b>j. Interest Cover Ratio</b>			
Operating Results before Interest & Depreciation (EBITDA)	n/a	8.94	-6.41
Borrowing Interest Costs (from the income statement)			
	prior period:		

## Notes

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 14. Investment Properties

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Investment Properties at Fair value</b>			
<u>Investment Properties on Hand</u>		<u>4,580</u>	<u>4,405</u>
<b>Reconciliation of Annual Movement:</b>			
Opening Balance		4,405	4,685
- Capitalised Expenditure - this year		210	-
- Net Gain/(Loss) from Fair Value Adjustments		(35)	(280)
<b>CLOSING BALANCE - INVESTMENT PROPERTIES</b>		<b><u>4,580</u></b>	<b><u>4,405</u></b>

#### (b) Valuation Basis

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

The 2013 revaluations were based on Independent Assessments made by:  
Craig J Barrett, Certified Practising Valuer - Opteon (Australia's Property Advisors)

#### (c) Contractual Obligations at Reporting Date

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

#### (d) Investment Property Income & Expenditure - summary

<b>Rental Income from Investment Properties:</b>			
- Minimum Lease Payments		222	119
<b>Direct Operating Expenses on Investment Properties:</b>			
- that generated rental income		(82)	(67)
<b>Net Revenue Contribution from Investment Properties</b>		<b><u>140</u></b>	<b><u>52</u></b>
plus:			
<b>Fair Value Movement for year</b>		<b><u>(35)</u></b>	<b><u>(280)</u></b>
<b>Total Income attributable to Investment Properties</b>		<b><u>105</u></b>	<b><u>(228)</u></b>

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

### 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	
	2013	2012	2013	2012
<b>Financial Assets</b>				
Cash and Cash Equivalents	20,101	13,024	20,101	13,024
Investments				
- "Designated At Fair Value on Initial Recognition"	16,909	30,015	16,909	30,015
- "Held to Maturity"	36,241	43,100	36,241	43,100
Receivables	20,012	18,121	20,012	18,121
<b>Total Financial Assets</b>	<b>93,263</b>	<b>104,260</b>	<b>93,263</b>	<b>104,260</b>
<b>Financial Liabilities</b>				
Bank Overdraft	-	417	-	417
Payables	12,160	14,713	12,084	14,713
Loans / Advances	55,261	51,476	55,261	51,476
<b>Total Financial Liabilities</b>	<b>67,421</b>	<b>66,606</b>	<b>67,345</b>	<b>66,606</b>

Fair Value is determined as follows:

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

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000

##### (a) Fair Value Measurements

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

AASB 7 Financial Instruments: Disclosures, requires the disclosure of how fair valuations have been arrived at for all financial assets and financial liabilities that have been measured at fair value.

Arriving at fair values for financial assets & liabilities can be broken up into 3 distinct measurement hierarchies:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities

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

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

The following table presents the financial assets and financial liabilities that have been measured & recognised at fair values:

<b>2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>				
Investments				
- "Designated At Fair Value on Initial Recognition"	16,909	-	-	16,909
<b>Total Financial Assets</b>	<b>16,909</b>	<b>-</b>	<b>-</b>	<b>16,909</b>
<b>2012</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>				
Investments				
- "Designated At Fair Value on Initial Recognition"	-	-	-	-
<b>Total Financial Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

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

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

Council's Finance area manages the Cash & Investments portfolio with the assistance of independent advisors.

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

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

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

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

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

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

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2013</b>				
Possible impact of a 10% movement in Market Values	255	255	(255)	(255)
Possible impact of a 1% movement in Interest Rates	275	275	(275)	(275)
<b>2012</b>				
Possible impact of a 10% movement in Market Values	506	506	(506)	(506)
Possible impact of a 1% movement in Interest Rates	314	314	(314)	(314)

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

##### (c) Receivables

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

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

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

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

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

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

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

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

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

	2013	2013	2012	2012
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	-	13,354	-	10,584
Past due by up to 30 days	1,058	1,079	879	2,158
Past due between 31 and 180 days	1,411	595	1,172	679
Past due between 181 and 365 days	511	372	425	1,381
Past due by more than 1 year	547	1,095	454	390
	<b>3,527</b>	<b>16,495</b>	<b>2,930</b>	<b>15,192</b>

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

	2013	2012
Balance at the beginning of the year	1	35
+ new provisions recognised during the year	10	-
- previous impairment losses reversed	(1)	(34)
<b>Balance at the end of the year</b>	<b>10</b>	<b>1</b>

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

##### (d) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2013</b>									
Trade/Other Payables	2,579	9,505	-	-	-	-	-	12,084	12,160
Loans & Advances	-	5,510	5,461	5,387	5,387	5,366	79,737	106,849	55,261
<b>Total Financial Liabilities</b>	<b>2,579</b>	<b>15,015</b>	<b>5,461</b>	<b>5,387</b>	<b>5,387</b>	<b>5,366</b>	<b>79,737</b>	<b>118,933</b>	<b>67,421</b>
<b>2012</b>									
Bank Overdraft	417	-	-	-	-	-	-	417	417
Trade/Other Payables	2,523	12,190	-	-	-	-	-	14,713	14,713
Loans & Advances	-	4,929	4,907	4,859	4,783	4,783	80,293	104,554	51,476
<b>Total Financial Liabilities</b>	<b>2,940</b>	<b>17,119</b>	<b>4,907</b>	<b>4,859</b>	<b>4,783</b>	<b>4,783</b>	<b>80,293</b>	<b>119,684</b>	<b>66,606</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:

	2013		2012	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Bank Overdraft	-	0.0%	417	0.0%
Trade/Other Payables	12,160	0.0%	14,713	0.0%
Loans & Advances - Fixed Interest Rate	55,261	6.8%	51,476	6.6%
	<b>67,421</b>		<b>66,606</b>	



## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 12/13 was adopted by the Council on 24 June 2013.

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

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

**Note that for Variations\* of Budget to Actual :**

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

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

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----	
<b>REVENUES</b>				
<b>Rates &amp; Annual Charges</b>	<b>51,977</b>	<b>50,485</b>	<b>(1,492)</b>	(3%) <b>U</b>
<b>User Charges &amp; Fees</b>	<b>20,413</b>	<b>20,021</b>	<b>(392)</b>	(2%) <b>U</b>
The allocation of income between User Charges and Other Revenue has resulted in a variance. The actual user charges and fees variance is \$20K				
<b>Interest &amp; Investment Revenue</b>	<b>4,600</b>	<b>4,988</b>	<b>388</b>	8% <b>F</b>
Investment income was higher than anticipated due to market recovery and a conservative original budget.				
<b>Other Revenues</b>	<b>1,201</b>	<b>3,489</b>	<b>2,288</b>	191% <b>F</b>
The allocation of income between User Charges and Other Revenue has resulted in a variance. The actual variance for Other Revenues is \$1,500K or 57% Favourable. Factors contributing to the positive variation to Other Revenues for 12/13 are as follows:				
<u>Insurance Claims - \$349K Favourable</u>				
Council processed a number of insurance claims throughout the year. \$289K was received as a result of substantial damage to a Council Grader during the January 2013 Tarcutta Fire Event.				
<u>Traffic Parking Fines - \$358K Favourable</u>				
The installation of new traffic parking technology resulted in a favourable income variation for the year.				
<u>Investment Property Lease - \$221K Unfavourable</u>				
Lease rental vacancies for Council properties during the year resulted in an unfavourable outcome				
<u>Creditors - \$208K Favourable</u>				
Council received a bank guarantee for \$208K for the payment of damages sustained from the liquidation of a creditor who was carrying out works for the Robertson Oval Lighting				

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 16. Material Budget Variations (continued)

\$ '000	2013 Budget	2013 Actual	2013 Variance*	
<b>REVENUES (continued)</b>				
<b>Operating Grants &amp; Contributions</b>	<b>14,449</b>	<b>22,318</b>	<b>7,869</b>	54% <b>F</b>
In many instances the actual amount of grant funds received depends on decisions made by State and Federal Governments after the operational plan is adopted. In particular major variations from original budget for grants received are as follows:				
<u>Financial Assistance Grants - \$395K Unfavourable</u>				
Grant funding received for 2012/13 was \$395K lower than anticipated due to the actual CPI figures and population numbers being lower than anticipated.				
<u>Flood and Storm Recovery - \$8,051K Favourable</u>				
Council received grant funding for storm damage and flood recovery claims.				
<u>Family Assistance Grants - \$313K Unfavourable</u>				
A reduction in the Educator to Child Ratios has resulted in a decrease to the number of children cared for in Family Day Care Centres. This resulted in a decrease in the amount of grant funding received for 2012/13.				
<b>Capital Grants &amp; Contributions</b>	<b>13,909</b>	<b>14,765</b>	<b>856</b>	6% <b>F</b>
<b>Share of Net Profits - Joint Ventures &amp; Associates</b>	-	<b>125</b>	<b>125</b>	0% <b>F</b>
<b>EXPENSES</b>				
<b>Employee Benefits &amp; On-Costs</b>	<b>37,374</b>	<b>39,379</b>	<b>(2,005)</b>	(5%) <b>U</b>
<b>Borrowing Costs</b>	<b>3,685</b>	<b>4,041</b>	<b>(356)</b>	(10%) <b>U</b>
The borrowing costs associated with the present value calculation of all of Council's employee leave entitlement provisions as per statutory reporting requirements. These costs are not accounted for in the 2012/13 original budget given the difficulty of accurately calculating their cost.				
<b>Materials &amp; Contracts</b>	<b>33,526</b>	<b>31,795</b>	<b>1,731</b>	5% <b>F</b>
The allocation of budgets between materials and contracts and other expenditure has affected the materials and contracts variance. The actual variance for materials and contracts is \$5,579K or 13% unfavourable. This is due to the following:				
<u>Flood and Storm Events - \$6,930K Unfavourable</u>				
Due to the unpredictable nature, storm and flood events are not budgeted for. Previous years major flood events have revised budgets carried over from prior years that do not appear in the original budget.				
<b>Depreciation &amp; Amortisation</b>	<b>20,213</b>	<b>18,997</b>	<b>1,216</b>	6% <b>F</b>
<b>Other Expenses</b>	<b>6,766</b>	<b>13,923</b>	<b>(7,157)</b>	(106%) <b>U</b>
The allocation of budgets between materials and contracts and other expenditure has resulted in a variance. The actual variance for Other Expenses is \$2,84K or 29%				
<u>Tarcutta Street Gasworks - Provision for Remediation - \$2,878K Favourable</u>				
An additional provision was made in 2012/13.				
<u>Electricity (including street lighting), Gas and Water - \$687K Unfavourable</u>				
Pricing increases and an increase in consumption has resulted in this unfavourable variation				
<b>Net Losses from Disposal of Assets</b>	-	<b>1,583</b>	<b>(1,583)</b>	0% <b>U</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 16. Material Budget Variations (continued)

\$ '000	2013 Budget	2013 Actual	2013 Variance*		
<b>Budget Variations relating to Council's Cash Flow Statement include:</b>					
<b>Cash Flows from Operating Activities</b>	<b>11,289</b>	<b>17,579</b>	<b>6,290</b>	55.7%	<b>F</b>
The principal increase in cashflows from operating activities was due to an increase in the amount of grants and contributions received in comparison to budget. The major increase was through Flood Recovery grants that Council received from the RMS for repairs to Council infrastructure assets that were affected by the March 2012 major flood event.					
<b>Cash Flows from Investing Activities</b>	<b>(44,004)</b>	<b>(13,871)</b>	<b>30,133</b>	(68.5%)	<b>F</b>
Increase is principally a result of investment in cash securities for the year.					
<b>Cash Flows from Financing Activities</b>	<b>11,229</b>	<b>3,785</b>	<b>(7,444)</b>	(66.3%)	<b>U</b>
Original budget estimates include costs on internal loans which are eliminated for consolidated reporting purposes. The actual cost of financing activities for 12/13 reflects the total amount of external loan funding that was drawn upon for the year.					

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### 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	202	-	-	3	(58)	-	147	-	(147)	-	-
Roads & Traffic Facilities	531	809	-	10	(913)	-	437	18,389	(18,818)	8	-
Cycleways & Footpaths	13	-	-	-	-	-	13	-	-	13	-
Parking	(139)	-	-	-	-	-	(139)	147	-	8	-
Open Space - Local	1,908	1,015	-	35	(184)	-	2,774	20,188	(22,943)	19	-
Open Space - City Wide	266	-	-	3	(25)	-	244	-	(237)	7	-
Community Facilities	2,208	420	-	39	(1,083)	-	1,584	7,749	(9,305)	28	-
Other	(16)	68	-	-	(42)	-	10	1,108	(1,151)	(33)	-
<b>S94 Contributions - under a Plan</b>	<b>4,973</b>	<b>2,312</b>	<b>-</b>	<b>90</b>	<b>(2,305)</b>	<b>-</b>	<b>5,070</b>	<b>47,581</b>	<b>(52,601)</b>	<b>50</b>	<b>-</b>
<b>S94A Levies - under a Plan</b>	<b>1,481</b>	<b>652</b>	<b>-</b>	<b>25</b>	<b>(732)</b>	<b>-</b>	<b>1,426</b>				<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>6,454</b>	<b>2,964</b>	<b>-</b>	<b>115</b>	<b>(3,037)</b>	<b>-</b>	<b>6,496</b>				<b>-</b>
S64 Contributions	1,326	1,451	-	27	(1,279)	-	1,525				
<b>Total Contributions</b>	<b>7,780</b>	<b>4,415</b>	<b>-</b>	<b>142</b>	<b>(4,316)</b>	<b>-</b>	<b>8,021</b>	<b>47,581</b>	<b>(52,601)</b>	<b>50</b>	<b>-</b>

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

### 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	202	-	-	3	(58)	-	147	-	(147)	-	-
Roads & Traffic Facilities	8	-	-	-	-	-	8	-	-	8	-
Cycleways & Footpaths	13	-	-	-	-	-	13	-	-	13	-
Parking	8	-	-	-	-	-	8	-	-	8	-
Open Space - Local	19	-	-	-	-	-	19	-	-	19	-
Open Space - City Wide	266	-	-	3	(25)	-	244	-	(237)	7	-
Community Facilities	461	-	-	6	(168)	-	299	-	(271)	28	-
Other	(33)	-	-	-	-	-	(33)	-	-	(33)	-
<b>Total</b>	<b>944</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>(251)</b>	<b>-</b>	<b>705</b>	<b>-</b>	<b>(655)</b>	<b>50</b>	<b>-</b>

##### CONTRIBUTION PLAN - 2006

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Roads & Traffic Facilities	523	809	-	10	(913)	-	429	18,389	(18,818)	-	-
Parking	(147)	-	-	-	-	-	(147)	147	-	-	-
Open Space - Local	1,889	1,015	-	35	(184)	-	2,755	20,188	(22,943)	-	-
Community Facilities	1,747	420	-	33	(915)	-	1,285	7,749	(9,034)	-	-
Other	17	68	-	-	(42)	-	43	1,108	(1,151)	-	-
<b>Total</b>	<b>4,029</b>	<b>2,312</b>	<b>-</b>	<b>78</b>	<b>(2,054)</b>	<b>-</b>	<b>4,365</b>	<b>47,581</b>	<b>(51,946)</b>	<b>-</b>	<b>-</b>

# Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

#### S94A LEVIES - UNDER A PLAN

##### CONTRIBUTION PLAN - 2006

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Section 94A Levy	1,481	652	-	25	(732)	-	1,426	6,941	(8,367)		-
<b>Total</b>	<b>1,481</b>	<b>652</b>	<b>-</b>	<b>25</b>	<b>(732)</b>	<b>-</b>	<b>1,426</b>				<b>-</b>

#### S64 LEVIES - UNDER A PLAN

##### CONTRIBUTION PLAN - STORMWATER 2007

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other	1,326	428	-	27	(256)	-	1,525	3,739	(5,264)	-	-
<b>Total</b>	<b>1,326</b>	<b>428</b>	<b>-</b>	<b>27</b>	<b>(256)</b>	<b>-</b>	<b>1,525</b>	<b>3,739</b>	<b>(5,264)</b>	<b>-</b>	<b>-</b>

##### CONTRIBUTION PLAN - SEWER 2007

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Other	-	1,023	-	-	(1,023)	-	-	9,108	(9,108)	-	-
<b>Total</b>	<b>-</b>	<b>1,023</b>	<b>-</b>	<b>-</b>	<b>(1,023)</b>	<b>-</b>	<b>-</b>	<b>9,108</b>	<b>(9,108)</b>	<b>-</b>	<b>-</b>

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

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

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

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

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

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

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions in future years. The share of this deficit that can be broadly attributed to Council is estimated to be \$1,784,247.

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

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

##### (ii) Statewide Limited

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

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

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

##### (iii) StateCover Limited

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

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

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

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

##### (iv) Other Guarantees

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

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

##### 2. Other Liabilities

##### (i) Third Party Claims

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

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

##### (ii) S94 Plans

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

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

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

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

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

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

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

The total principal owing as at 30 June 2013 is \$130,109.

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

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

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

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

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

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

Council has recognised a total provision for the Remediation of the old gasworks site on Tarcutta Street in 2012/13 of \$7.7M. The works are set to be completed by 2013/14.

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

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



## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

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

---

\$ '000

---

##### **ASSETS NOT RECOGNISED:**

##### **(i) Land Under Roads**

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

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

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

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

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

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### 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 Statement of Financial Position.

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

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
Associated Entities	-	-	-	-
Joint Venture Entities	125	111	1,867	1,836
<b>Total</b>	<b>125</b>	<b>111</b>	<b>1,867</b>	<b>1,836</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

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

Council has no interest in any Subsidiaries.

## (b) Associated Entities &amp; 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	2013	2012
Riverina Regional Library Service	Public Library Service	1,867	1,836
<b>Total Carrying Amounts - Joint Venture Entities</b>		<b>1,867</b>	<b>1,836</b>

## (b) Relevant Interests

Name of Entity	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
	2013	2012	2013	2012	2013	2012
Riverina Regional Library Service	57%	59%	57%	59%	57%	59%

## (c) Movement in Carrying Amounts

	2013	2012
Opening Balance	1,836	1,683
Share in Operating Result	125	111
Adjustments to Equity	(94)	42
<b>Council's Equity Share in the Joint Venture Entity</b>	<b>1,867</b>	<b>1,836</b>

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

	Assets		Liabilities		Net Assets
	Current	Non Current	Current	Non Current	
<b>2013</b>					
Riverina Regional Library Service	662	1,550	345	-	1,867
<b>Totals</b>	<b>662</b>	<b>1,550</b>	<b>345</b>	<b>-</b>	<b>1,867</b>
<b>2012</b>					
Riverina Regional Library Service	909	1,217	290	-	1,836
<b>Totals</b>	<b>909</b>	<b>1,217</b>	<b>290</b>	<b>-</b>	<b>1,836</b>

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

	2013			2012		
	Revenues	Expenses	Result	Revenues	Expenses	Result
Riverina Regional Library Service	1,274	1,149	125	1,181	1,070	111
<b>Totals</b>	<b>1,274</b>	<b>1,149</b>	<b>125</b>	<b>1,181</b>	<b>1,070</b>	<b>111</b>

## Wagga Wagga City Council

## Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		774,056	771,982
a. Correction of Prior Period Errors	20 (c)	(179)	(9,664)
b. Other Comprehensive Income (excl. direct to Reserves transactions)		(94)	42
c. Net Operating Result for the Year		6,473	11,517
<b>Balance at End of the Reporting Period</b>		<b><u>780,256</u></b>	<b><u>773,877</u></b>
<b>(b) Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		487,125	551,820
<b>Total</b>		<b><u>487,125</u></b>	<b><u>551,820</u></b>
<b>(ii) Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		551,820	495,077
- Revaluations for the year	9(a)	(67,121)	57,665
- Impairment of revalued assets (incl. impairment reversals)	9(a),(c)	2,426	(922)
<b>- Balance at End of Year</b>		<b><u>487,125</u></b>	<b><u>551,820</u></b>
<b>TOTAL VALUE OF RESERVES</b>		<b><u>487,125</u></b>	<b><u>551,820</u></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 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Correction of Error/s relating to a Previous Reporting Period</b>			
<b>Correction of errors as disclosed in last year's financial statements:</b>			
1. Recognition of land not previously recognised			590
2. Correction of Flood & Storm damage repair works incorrectly capitalised			
- Roads Asset Class			(9,919)
- Non Specialised Building Asset Class			(280)
3. Correction of classifications of Flood & Storm Damage compensation between operating and capital grants			
- Reduction: Transport Grants Capital			(9,156)
- Increase: Transport Grants Operating			9,156
4. De recognition of residential land holding which was duplicated in asset register		(623)	
5. Recognition of rates paid in advance		703	
6. Correction of recognition of Flood Contribution		(259)	
<b>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.</b>			
<b>These amounted to the following Equity Adjustments:</b>			
- Adjustments to Opening Equity - 1/7/11 (relating to adjustments for the 30/6/11 reporting year end and prior periods)		(55)	590
- Adjustments to Closing Equity - 30/6/12 (relating to adjustments for the 30/6/12 year end)		(124)	(10,199)
<b>Total Prior Period Adjustments - Prior Period Errors</b>		<b>(179)</b>	<b>(9,609)</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 2013

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

Income Statement by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
<u>Continuing Operations</u>	<u>Water</u>	<u>Sewer</u>	<u>General<sup>1</sup></u>
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	-	10,077	40,971
User Charges & Fees	-	3,974	16,123
Interest & Investment Revenue	-	668	4,320
Other Revenues	-	773	2,716
Grants & Contributions provided for Operating Purposes	-	252	22,066
Grants & Contributions provided for Capital Purposes	-	1,647	13,118
<b>Other Income</b>			
Net Gains from Disposal of Assets	-	-	-
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	125
<b>Total Income from Continuing Operations</b>	<b>-</b>	<b>17,391</b>	<b>99,439</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	-	2,062	37,317
Borrowing Costs	-	2,528	1,513
Materials & Contracts	-	7,023	24,772
Depreciation & Amortisation	-	4,769	14,228
Impairment	-	-	-
Other Expenses	-	1,734	12,828
Interest & Investment Losses	-	-	-
Net Losses from the Disposal of Assets	-	-	1,583
<b>Total Expenses from Continuing Operations</b>	<b>-</b>	<b>18,116</b>	<b>92,241</b>
<b>Operating Result from Continuing Operations</b>	<b>-</b>	<b>(725)</b>	<b>7,198</b>
<b>Discontinued Operations</b>			
Net Profit/(Loss) from Discontinued Operations	-	-	-
<b>Net Operating Result for the Year</b>	<b>-</b>	<b>(725)</b>	<b>7,198</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>-</b>	<b>(725)</b>	<b>7,198</b>
<b>Net Operating Result attributable to Non-controlling 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>(2,372)</b>	<b>(5,920)</b>

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

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

## Wagga Wagga City Council

## Notes to the Financial Statements

as at 30 June 2013

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

Statement of Financial Position by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013
	Water	Sewer	General <sup>1</sup>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	-	11,347	8,754
Investments	-	-	18,789
Receivables	-	3,051	14,722
Inventories	-	556	2,718
Other	-	1	1,056
Non-current assets classified as 'held for sale'	-	-	100
<b>Total Current Assets</b>	<b>-</b>	<b>14,955</b>	<b>46,139</b>
<b>Non-Current Assets</b>			
Investments	-	10,025	24,336
Receivables	-	-	2,239
Inventories	-	-	-
Infrastructure, Property, Plant & Equipment	-	244,885	1,008,486
Investments Accounted for using the equity method	-	-	1,867
Investment Property	-	-	4,580
Intangible Assets	-	-	-
Other	-	-	-
<b>Total Non-Current Assets</b>	<b>-</b>	<b>254,910</b>	<b>1,041,508</b>
<b>TOTAL ASSETS</b>	<b>-</b>	<b>269,865</b>	<b>1,087,647</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	-	1,250	11,196
Borrowings	-	498	1,205
Provisions	-	2,327	18,471
<b>Total Current Liabilities</b>	<b>-</b>	<b>4,075</b>	<b>30,872</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	-
Borrowings	-	33,922	19,636
Provisions	-	9	1,616
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>33,931</b>	<b>21,252</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>38,006</b>	<b>52,124</b>
<b>Net Assets</b>	<b>-</b>	<b>231,859</b>	<b>1,035,523</b>
<b>EQUITY</b>			
Retained Earnings	-	65,890	714,366
Revaluation Reserves	-	165,969	321,157
<b>Total Equity</b>	<b>-</b>	<b>231,859</b>	<b>1,035,523</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 2013

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

\$ '000	2013	2013	2012	2012
	Current	Non Current	Current	Non Current
<b>(i) Non Current Assets &amp; Disposal Group Assets</b>				
<b>Non Current Assets "Held for Sale"</b>				
Land	100	-	200	-
<b>Total Non Current Assets "Held for Sale"</b>	<b>100</b>	<b>-</b>	<b>200</b>	<b>-</b>
<b>Disposal Group Assets "Held for Sale"</b>				
None				
<b><u>TOTAL NON CURRENT ASSETS CLASSIFIED AS "HELD FOR SALE"</u></b>	<b><u>100</u></b>	<b><u>-</u></b>	<b><u>200</u></b>	<b><u>-</u></b>

\$ '000	Assets "Held for Sale"	
	2013	2012
<b>(ii) Reconciliation of Non Current Assets "Held for Sale" &amp; Disposal Groups - i.e. Discontinued Operations</b>		
<b>Opening Balance</b>	200	-
<b>less: Carrying Value of Assets/Operations Sold</b>	(100)	-
<b>Balance still unsold after 12 months:</b>	<b>100</b>	<b>-</b>
<b>plus New Transfers in:</b>		
- Assets "Held for Sale"	-	200
<b>Closing Balance of "Held for Sale" Non Current Assets &amp; Operations</b>	<b><u>100</u></b>	<b><u>200</u></b>



## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

---

\$ '000

---

Events that occur between the end of the reporting period (ending 30 June 2013) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

Accordingly, the "authorised for issue" date is dd/mm/yy.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2013.

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

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2013 and which are only indicative of conditions that arose after 30 June 2013.

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

#### Note 24. Discontinued Operations

---

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

#### Note 25. Intangible Assets

---

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

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

## Wagga Wagga City Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### 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	
		2013	2012
Quarries	2025	625	481
Sewerage Treatment Works	2014	1,682	2,352
Solid Waste Management Centres	2021	1,166	1,127
Tarcutta Street Gasworks Site	2014	7,661	10,539
<b>Balance at End of the Reporting Period</b>		<b>11,134</b>	<b>14,499</b>

10(a)

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

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

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

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

Balance at beginning of year	14,499	13,620
Amounts capitalised to new or existing assets:		
Effect of a change in other calculation estimates used	1,040	675
Amortisation of discount (expensed to borrowing costs)	114	204
Expenditure incurred attributable to Provisions	(4,519)	-
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>11,134</b>	<b>14,499</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.

## Wagga Wagga City Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

#### Note 27. Council Information & Contact Details

---

**Principal Place of Business:**

Cnr Morrow and Baylis Streets  
Wagga Wagga NSW 2650

**Contact Details**

**Mailing Address:**

PO Box 20  
Wagga Wagga NSW 2650

**Opening Hours:**

Mon - Fri 8.30am to 5.00pm

**Telephone:** 1300 292442

**Facsimile:** 02 69269 199

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

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

**Officers**

**GENERAL MANAGER**

Phil Pinyon

**RESPONSIBLE ACCOUNTING OFFICER**

Brooke Curry

**PUBLIC OFFICER**

Craig Richardson

**AUDITORS**

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

**Elected Members**

**MAYOR**

Rod Kendall

**COUNCILLORS**

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

**Other Information**

**ABN:** 56 044 159 537

## INDEPENDENT AUDIT REPORT

### COUNCIL OF THE CITY OF WAGGA WAGGA

---

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying **general purpose financial statements** of **Wagga Wagga City Council**, which comprise the statement of financial position as at 30 June 2013, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

#### ***Responsibility of Council for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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


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

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

### ***Opinion***

In our opinion:

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

*Adams Kenneally White & Co*  


Dated: 31st October 2013  
Wagga Wagga

**ADAMS KENNEALLY WHITE & CO**  
Chartered Accountants

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

---

We have completed the audit of Council's financial statements and accounting records for the year ended 30 June 2013, and now submit this report on the conduct of the audit, in accordance with Sections 417(1)&(3) of the Local Government Act 1993. This report is subject to and should be read in conjunction with of our accompanying report on the General Purpose Financial Statements, of same date.

### FINANCIAL PERFORMANCE FOR THE YEAR

The operating result for the year was a **surplus from all activities of \$6.5M** compared with a surplus of \$11.5M in the previous year.

Operating revenues of \$116.2M were \$5.2M less than the previous year. The principal reason of this decline was a lower level of flood and storm damage grants.

Total operating expenses were relatively stable at \$109.7M (2012 \$109.9M).

Depreciation expense of \$19M was \$0.8M less than the previous year due principally to the reassessment of the end of life residual value for sewerage infrastructure.

The operating result includes grants and contributions for capital works of \$14.8M. The matching expenditure for these grants is not shown in the Income Statement but is added to the Infrastructure, Property, Plant & Equipment asset in the Statement of Financial Position. The result before including these grants was a deficit of \$8.3M.

Adams Kenneally White & Co  
ABN 48 035 849 620

Partners  
J W Mason CA  
M J Wakeling CA  
G M Obst CA  
M K Potts CA  
J A Harris CA

Wagga Office  
85 Johnston Street  
PO Box 485  
Wagga Wagga NSW 2650  
t 02 6937 7900  
f 02 6937 7999  
e wagga@akw.com.au  
w www.akw.com.au

Tumut 02 6947 6947  
Gundagai 02 6944 1522  
Griffith 02 6961 8600  
Lake Cargelligo 02 6898 1102  
Henty 02 6929 3204  
Batlow 02 6949 1163



**Chartered  
Accountants**



Liability limited by a scheme  
approved under Professional  
Standards Legislation.

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.

	2013		2012		Increase/ (Decrease)	
	\$'000	% of Total	\$'000	% of Total	\$'000	% Change
<b>Revenues</b>						
Rates & Annual Charges	50,485	43%	50,170	41%	315	0.6%
User Charges & Fees	20,021	17%	18,310	15%	1,711	9.3%
Interest on Investments	4,988	4%	5,064	4%	(76)	(1.5%)
Grants & Contributions - Operating	22,318	19%	31,620	26%	(9,302)	(29.4%)
Capital grants & Contributions	14,765	13%	12,957	11%	1,808	14.0%
Other Revenues	3,489	3%	3,176	3%	313	9.9%
	116,066		121,297		(5,231)	
Profit from Joint Ventures	125	<1%	111	<1%	14	12.6%
<b>Total</b>	<b>116,191</b>	<b>100%</b>	<b>121,408</b>	<b>100%</b>	<b>(5,217)</b>	<b>(4.3%)</b>
<b>Expenditure</b>						
Employee Costs	39,379	36%	38,495	35%	884	2.3%
Materials and Contracts	31,795	29%	26,312	24%	5,483	20.8%
Borrowing Costs	4,041	4%	3,378	3%	663	19.6%
Depreciation	18,997	17%	19,796	18%	(799)	(4.0%)
Other	8,535	8%	7,554	7%	981	13.0%
	102,747		95,535		7,212	7.5%
Repair of Flood & Storm Damage	8,967	8%	13,094	12%	(4,127)	100.0%
Loss on Disposal of assets	1,583	1%	36	0%	1,547	4297.2%
Revaluation Decrements	35	<1%	280	0%	(245)	(87.5%)
Provision for Land Remediation	(3,614)	-3%	946	1%	(4,560)	(482.0%)
<b>Total</b>	<b>109,718</b>	<b>100%</b>	<b>109,891</b>	<b>100%</b>	<b>(173)</b>	<b>(0.2%)</b>
<b>Net Surplus/(Deficit) for the year</b>	<b>6,473</b>		<b>11,517</b>		<b>(5,044)</b>	<b>(43.8%)</b>

### Rates and Annual Charges

Ordinary rates levied increased by the permissible notional rate increase of 3.6%. An increase in property numbers and valuation adjustments resulted in an actual increase of 4.1% in ordinary rate income for the year.

Total rates and annual charges levied increased to \$50.5M, representing 43.5% of Council's revenue.

## Grants and Contributions

Grants and contributions, including those for capital works, totalled \$37.1M, compared to \$44.6M in 2012.

- The Financial Assistance Grant (FAG) of \$9.9M was \$2M less than the previous year due to the early payment of an additional instalment of the funding in the previous year. In real terms the 2013 funding of \$9.9M compares to \$9.67M in 2012. Total advance instalments held as internally restricted assets at 30<sup>th</sup> June were \$5.2M (2012 \$5.1M).
- Grants and contributions of \$8.8M for storm and flood damage to Council's infrastructure were \$4.4M less than the previous year.
- The Commonwealth Government Roads to Recovery Grant of \$1.9M was \$0.2M less than the 2012 grant.

## User Charges & Fees

User Charges and Fees increased by \$1.7M (9.3%) to \$20M. The changes are set out below.

	2013	2012	Increase/ (Decrease)	%
	\$'000	\$'000	\$'000	Change
<b>User Charges &amp; Fees</b>				
Domestic Waste	1,148	1,226	(78)	(6.4%)
Commercial Waste	1,591	1,844	(253)	(13.7%)
Sewerage Services	3,896	3,606	290	8.0%
Airport	3,041	2,069	972	47.0%
Planning & Building	1,916	1,578	338	21.4%
Other Regulatory Fees	511	556	(45)	(8.1%)
Livestock Marketing Centre	3,279	3,160	119	3.8%
Oasis Swimming Complex	1,528	1,386	142	10.2%
Civic Theatre	374	614	(240)	(39.1%)
Cementries	945	983	(38)	(3.9%)
Other	1,792	1,288	504	39.1%
<b>Total</b>	<b>20,021</b>	<b>18,310</b>	<b>1,711</b>	<b>9.3%</b>

## Interest & Investment Revenues

Total interest and investment revenue was budgeted at \$4.6M. The actual revenue for 2012 was \$5M compared to \$5.1M in 2012.

Net investment revenue for 2013/14 is budgeted to be \$4.4M.



## **Employee Costs**

Employee costs of \$39.4M were \$0.9M (2.3%) more than the previous year. There were 466 full time equivalent staff at year end (2012, 476; 2011, 467).

## **Actual Result /Budgeted Result**

### Income Statement Basis

The originally budgeted deficit for 2013 was \$5M. The actual operating result was a surplus of \$6.5M.

Total income exceeded budget by \$9.6M. Grants and Contributions exceeded budget by \$8.7M including storm damage grants (\$8.8M) and unbudgeted subdivision dedications (\$4.5M).

Total expenses exceeded budget by \$8.1M. 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 2013 included the consumption of \$13.2M of new external loans, \$200,000 of working capital and \$3M of cash reserves – a total budgeted consumption of \$16.4M.

**The actual movements** included the consumption of \$5.3M of new loans, \$1.2M of working capital and a net increase in internal reserves of \$3m – a net \$3.5M consumption of funds.

- **Sewerage Fund**

Total available Sewerage funds decreased by \$1M to \$21M (Represented by cash of \$20.4M and other net current assets of \$0.6M).

## FINANCIAL POSITION

Council's net assets at 30th June 2013 were \$1,267M compared with \$1,326M at the beginning of the year. The decrease includes a net revaluation decrement of \$67.1M on Council's land, building and infrastructure assets.

### Liquidity - Available Working Capital

Council's **net current assets** were \$26.1M at 30th June 2013 compared to \$35M at 30<sup>th</sup> June 2012.

Available working capital is calculated on Councils unrestricted funds and it gives an indication of Council's working liquidity. We set out below a summary of the calculation of general purpose available working capital, at year end:

	<u>2013</u> <u>\$'000</u>	<u>2012</u> <u>\$000</u>
Unrestricted Cash	735	2,275
Receivables	10,059	14,192
Inventories	2,436	2,410
Other working capital assets	<u>1,156</u>	<u>766</u>
	14,386	19,643
Less: Creditors & Remediation Provisions	<u>15,210</u>	<u>15,539</u>
<b>Available Working Capital / (Deficiency)</b>	<u><b>(824)</b></u>	<u><b>4,104</b></u>

At 30 June 2013 there was an apparent **Deficiency of Available Working Capital of \$0.8M**. This deficiency is not of immediate concern as Council's financial plans include projected borrowings of \$4.3M for the former gasworks site remediation which, if taken up, will increase available working capital to \$3.5M.

General purpose available working capital at \$3.5M would be, on its own, inadequate to fund Council's operations. Working capital cash is however supported by discretionary cash reserves and it is projected, in Council's long term financial plan, that sufficient internally restricted funds will continue to be available, over the next ten years.

Ideally, working capital should be increased to an adequate level.

## CASH & INVESTMENTS

Council's **total cash and investments** at 30th June 2013 were **\$73.3M** compared to \$86.1M at 30th June 2012 and \$83.2M at 30th June 2011.

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

	<u>2013</u> <u>\$'000</u>	<u>2012</u> <u>\$'000</u>
<b>Externally restricted cash for:-</b>		
Unexpended Specific Purpose Grants	1,232	2,559
Unexpended Development Contributions (Sec 94)	8,021	7,780
Other Unexpended Contributions	880	1,267
Employees Leave Entitlements - Sewerage and Domestic Waste	648	537
Domestic Waste Management Funds	7,511	5,956
Storm Water Management Funds	1,194	905
Sewerage Funds	<u>20,351</u>	<u>21,536</u>
	<b>39,837</b>	<b>40,540</b>
<b>Internally restricted cash for:-</b>		
General Fund Reserves	<b>32,679</b>	<b>43,324</b>
<b>Unrestricted Cash – General Purposes</b>	<u>735</u>	<u>2,275</u>
<b>Total Cash &amp; Investments</b>	<u><b>73,251</b></u>	<u><b>86,139</b></u>

### Bank Overdraft

Council **has** appropriately utilised its bank overdraft facility of \$500,000 as part of its cash management process.

## CASH FLOWS

The Statement of Cash Flows shows a **net increase** in "cash" for the year of \$7.5M.

Sources of funds in 2013 included a cash surplus from operations of \$17.6M, borrowings of \$5.2M and net redemption of investments of \$21M.

Applications of funds included the net cost of investing in new and renewed assets of \$33.1M and net advances to deferred debtors of \$1.8M.

Cash held at 30th June 2013 is shown as \$20.1M but in addition Council held investments of \$53.2M which do not qualify for disclosure as "cash" in the Cash Flow Statement. Total cash and investments, net of bank overdrafts, decreased by \$12.5M over the year.

---

## RESTRICTED CASH ASSETS

### Externally Restricted Funds

Externally restricted cash funds totalled \$39.8M (2012 \$40.5M; 2011 \$42.8M). Movements in these funds for the year include decreases in Sewerage Fund funds of \$1.2M and \$1.3M in Unexpended Grants and an increase of \$1.6m in Domestic Waste Management Funds.

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

### Internally Restricted Funds (Reserves)

Internally restricted cash reserves totalled \$32.7M at 30th June 2013, compared to \$43.3M at 30th June 2012. A full list of reserves is included in note 6(c) of the financial report.

These are funds set aside **at Council's discretion** for future purposes including:

#### Gasworks Site Remediation

The total project costs for the remediation are estimated to be \$11.8M (including contingencies of \$2.5M) of which \$4.2M has already been expended. Council now holds internally restricted cash funds for the project of \$3.3M against a potential remaining required \$7.6M. Council plans to fund the balance of the remediation costs from borrowings.

#### Infrastructure Replacement Reserve

During the year interest of \$0.3M was added to the reserve and expenditure totalling \$2.4M was funded from the reserve. At 30th June 2013 the balance of this reserve was \$1.2M (2012 \$3.3M).

#### Internal Loan Reserve

During the year, funds totalling \$1.1M were drawn from this reserve as loan advances and principal repayments and interest of \$1.3M were credited to the reserve. At 30th June 2013, the loan principal receivable from internal sources totalled \$6.9M (2012 \$6.4M).<sup>1</sup>

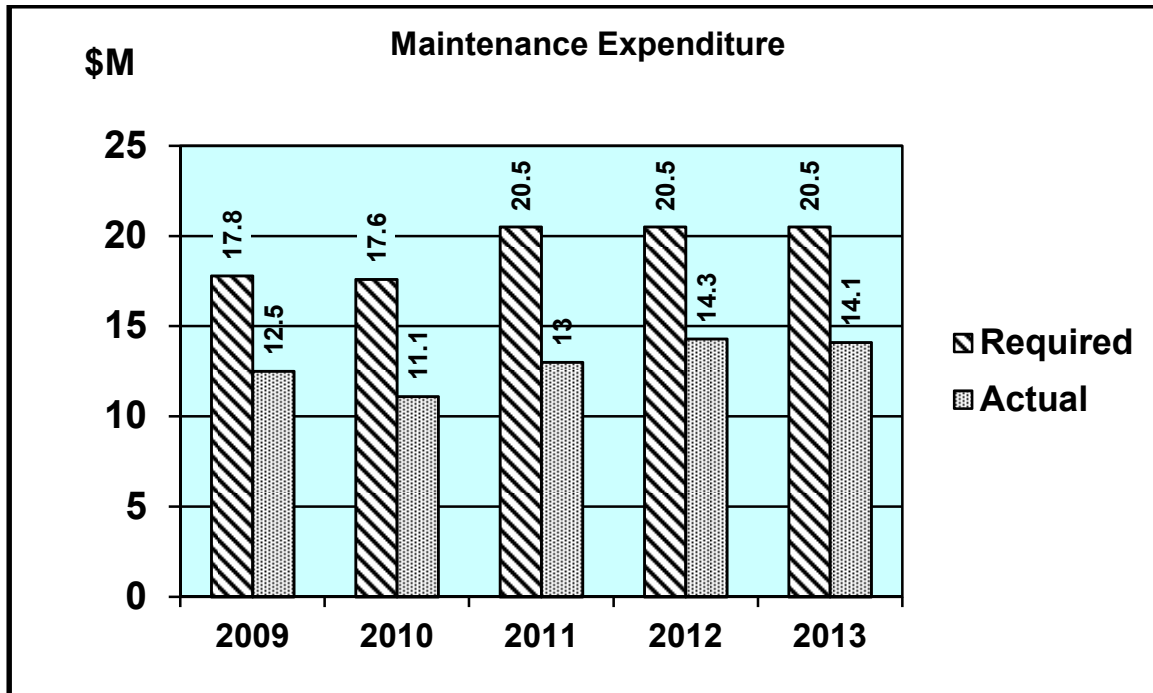
The cash balance of this reserve at 30th June 2013 was \$2.1M (2012 \$1.8M).

Notionally there was an additional \$3m of internal reserves (for employees leave entitlements) which was not cashed backed at balance date, because the cash was in use for working capital purposes.

---

<sup>1</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 Statements.

## Condition of Civil Infrastructure



The annual maintenance requirement on Council's infrastructure (excluding sewerage) has been assessed by Council staff to be \$20.5M (2012 \$20.5M). The current allocations are \$14.1M (2012 \$14.3M).

The estimated capital cost to bring Council's public works, other than sewerage infrastructure, up to a "satisfactory standard" has been assessed at \$99.4M (2012 \$99.7M).

These figures are not audited<sup>2</sup>.

Council continues to face a significant challenge to balance its resourcing strategy with the expenditure required for the maintenance and rehabilitation of its existing infrastructure. Current and projected maintenance expenditure levels have been assessed by Council staff to be insufficient to meet the currently assessed service level requirements and the long term financial plan shows the rate of renewal of infrastructure at an unsustainable level.

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

## PERFORMANCE INDICATORS

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

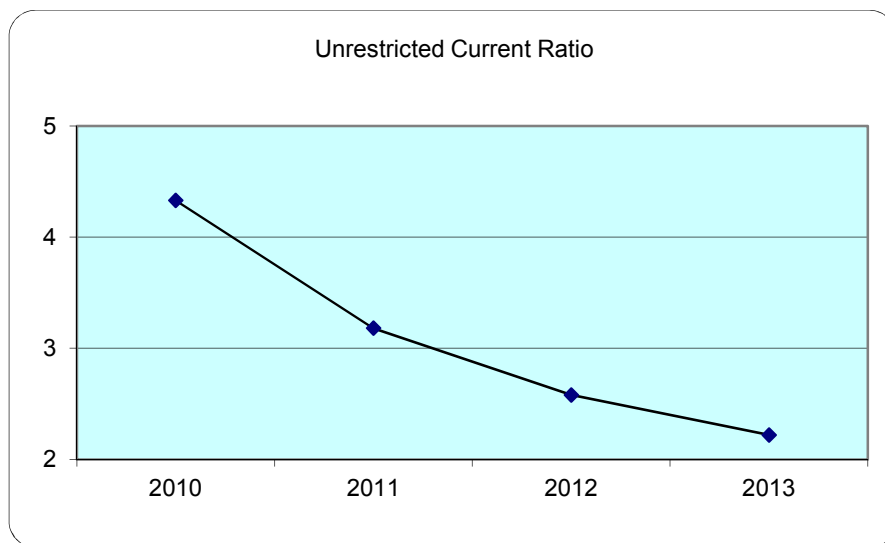
### Liquidity Indicator

#### Unrestricted Current Ratio

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

The ratio shows Unrestricted Current Assets of \$51.2M at 2.22x (times) (2012 2.58x) Unrestricted Current Liabilities of \$23M.

For the Local Government sector a ratio of 2 times or better is regarded as good and the recent T Corp financial sustainability report on NSW Local Government adopted a ratio of 1.5 times or above, as the benchmark.



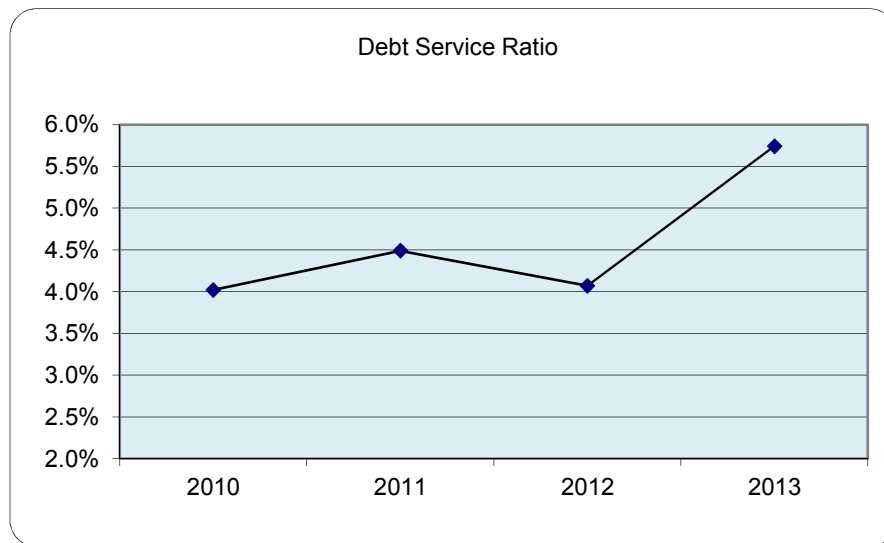
The ratio reflects a good liquidity position at 30th June 2013 but the projections contained in Council's long term financial plan are that the ratio will fall below 1.5x in 2013/14 and fall to an unsustainable level in the medium term.

## Debt Servicing Cost

The debt servicing cost ratio shows the percentage of ordinary revenue committed to the repayment of external debt. The 2012/13 debt servicing cost of \$5.1M for the consolidated Council was 5.74% of ordinary revenue (excluding specific purpose grants and contributions). The ratio for the General Fund was 2.82.

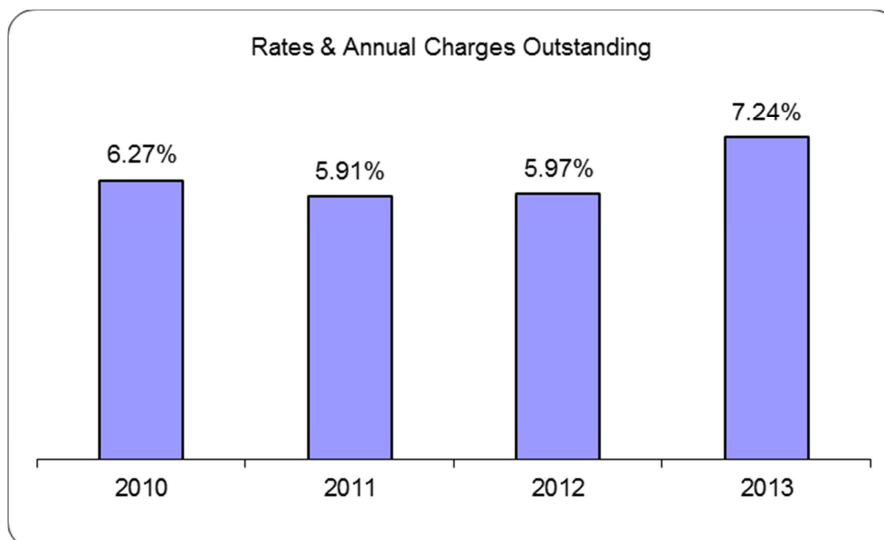
As a result of borrowings to upgrade infrastructure, the ratio for Sewerage Fund was 19.36%. This level is acceptable for this specific purpose fund.

Total external borrowings are now \$55.3M. Council has planned a substantial borrowing program of \$32M over the 2014 and 2015 financial years which will add a further \$4.5M to the debt servicing cost and increase the ratio to around 10% by 2016.



## Rate Arrears

Arrears of rates, annual charges and extra charges were \$3.9M (2012 \$3.19M) representing 7.23% of collectable rates and annual charges. The ratio exceeds Council's targeted maximum of 6%.



## Building and Infrastructure Renewals Ratio

This ratio is an indicator of the rate of expenditure on asset renewals as compared to the consumption of those assets (in replacement cost terms). Expenditure on renewal of infrastructure in 2013 exceeded the notional consumption for the year and this is reflected in the renewals ratio percentage of 113%.

## 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 \$50,000) and a notional income tax expense equivalent to the corporate tax rate of 30%.

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

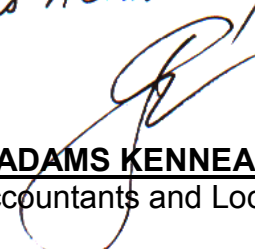
We thank Council management and staff for their co operation and assistance during our audit.

## SUMMARY

Council's immediate financial position is satisfactory however, its medium to longer term financial plans indicate that the financial position will be eroded as it commits a higher proportion of its general purpose revenue to servicing new debt.

The projections for the liquidity ratio, in the short to medium term, clearly show that Council will need to modify its financial plans to preserve its solvency.

Council also continues to face a significant challenge in achieving a sustainable position in respect of the maintenance and renewal of its existing infrastructure.

*Adams Kennelly White & Co*  


Dated: 31 October 2013  
**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 2013

---

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



# Wagga Wagga City Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2013

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

---

### Background

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

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

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

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

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

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

---

# Wagga Wagga City Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2013

### 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 21 October 2013.**



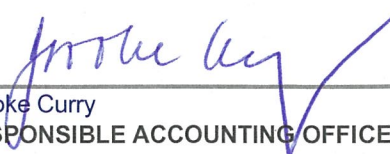
Rod Kendall  
MAYOR



Andrew Negline  
COUNCILLOR



Phil Pinyon  
GENERAL MANAGER



Brooke Curry  
RESPONSIBLE ACCOUNTING OFFICER

## Wagga Wagga City Council

## Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>Income from continuing operations</b>		
Access charges	10,077	11,374
User charges	3,974	3,612
Liquid Trade Waste charges	-	-
Fees	-	-
Interest	668	814
Grants and contributions provided for non capital purposes	252	369
Profit from the sale of assets	-	-
Other income	773	61
<b>Total income from continuing operations</b>	<b>15,744</b>	<b>16,230</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,062	1,718
Borrowing costs	2,528	2,553
Materials and contracts	7,023	6,547
Depreciation and impairment	4,769	5,818
Loss on sale of assets	-	-
Calculated taxation equivalents	50	50
Debt guarantee fee (if applicable)	-	-
Other expenses	1,734	1,120
<b>Total expenses from continuing operations</b>	<b>18,166</b>	<b>17,806</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(2,422)</b>	<b>(1,576)</b>
Grants and contributions provided for capital purposes	1,647	1,473
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(775)</b>	<b>(103)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(775)</b>	<b>(103)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(775)</b>	<b>(103)</b>
plus Opening Retained Profits	66,665	66,768
plus/less: Prior Period Adjustments	-	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	50	50
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
less:		
- Tax Equivalent Dividend paid	(50)	(50)
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>65,890</b>	<b>66,665</b>
<b>Return on Capital %</b>	<b>0.0%</b>	<b>0.3%</b>
<b>Subsidy from Council</b>	<b>9,126</b>	<b>7,568</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(775)	(103)
less: Capital grants and contributions (excluding developer contributions)	(1,647)	(1,473)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

## Wagga Wagga City Council

## Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2013

\$ '000	Livestock Marketing		Airport	
	Category 1		Category 1	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>Income from continuing operations</b>				
Access charges	-	-	-	-
User charges	-	-	-	-
Fees	3,312	3,189	3,151	2,179
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	5	5	-	-
<b>Total income from continuing operations</b>	<b>3,317</b>	<b>3,194</b>	<b>3,151</b>	<b>2,179</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	645	643	382	522
Borrowing costs	3	4	696	341
Materials and contracts	261	220	131	133
Depreciation and impairment	574	568	400	390
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	24	7	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	1,752	1,585	1,801	979
<b>Total expenses from continuing operations</b>	<b>3,259</b>	<b>3,027</b>	<b>3,410</b>	<b>2,365</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>58</b>	<b>167</b>	<b>(259)</b>	<b>(186)</b>
Grants and contributions provided for capital purposes	-	-	291	650
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>58</b>	<b>167</b>	<b>32</b>	<b>464</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>58</b>	<b>167</b>	<b>32</b>	<b>464</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(17)	(50)	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>41</b>	<b>117</b>	<b>32</b>	<b>464</b>
plus Opening Retained Profits	21,330	21,156	9,237	8,395
plus/less: Prior Period Adjustments	-	-	-	-
plus/less: Other Adjustments (Asset Revaluation Reserve Movements)	559	-	(1,030)	-
plus/less: Other Adjustments	-	-	-	378
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	24	7	-	-
- Corporate taxation equivalent	17	50	-	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
<b>Closing Retained Profits</b>	<b>21,971</b>	<b>21,330</b>	<b>8,239</b>	<b>9,237</b>
Return on Capital %	0.3%	0.9%	1.7%	0.6%
Subsidy from Council	641	393	523	571

## Wagga Wagga City Council

## Statement of Financial Position - Council's Sewerage Business Activity

as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	11,347	12,630
Investments	-	-
Receivables	3,051	2,115
Inventories	556	604
Other	1	2
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>14,955</b>	<b>15,351</b>
<b>Non-Current Assets</b>		
Investments	10,025	9,877
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	244,885	282,003
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>254,910</b>	<b>291,880</b>
<b>TOTAL ASSETS</b>	<b>269,865</b>	<b>307,231</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	1,250	852
Interest bearing liabilities	498	464
Provisions	2,327	1,984
<b>Total Current Liabilities</b>	<b>4,075</b>	<b>3,300</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	33,922	34,420
Provisions	9	928
<b>Total Non-Current Liabilities</b>	<b>33,931</b>	<b>35,348</b>
<b>TOTAL LIABILITIES</b>	<b>38,006</b>	<b>38,648</b>
<b>NET ASSETS</b>	<b>231,859</b>	<b>268,583</b>
<b>EQUITY</b>		
Retained earnings	65,890	66,665
Revaluation reserves	165,969	201,918
Council equity interest	231,859	268,583
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>231,859</b>	<b>268,583</b>

## Wagga Wagga City Council

## Statement of Financial Position - Council's Other Business Activities

as at 30 June 2013

\$ '000	Livestock Marketing		Airport	
	Category 1		Category 1	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	18,663	17,549	(2,649)	3,173
Investments	-	-	-	-
Receivables	34	17	2,788	454
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
<b>Total Current Assets</b>	<b>18,697</b>	<b>17,566</b>	<b>139</b>	<b>3,627</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	18,621	18,614	25,453	23,957
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
<b>Total Non-Current Assets</b>	<b>18,621</b>	<b>18,614</b>	<b>25,453</b>	<b>23,957</b>
<b>TOTAL ASSETS</b>	<b>37,318</b>	<b>36,180</b>	<b>25,592</b>	<b>27,584</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Bank Overdraft	-	-	-	-
Payables	51	101	372	2,122
Interest bearing liabilities	-	-	578	557
Provisions	153	166	119	189
<b>Total Current Liabilities</b>	<b>204</b>	<b>267</b>	<b>1,069</b>	<b>2,868</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	-	-
Interest bearing liabilities	-	-	11,286	9,453
Provisions	5	1	1	-
Other Liabilities	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>5</b>	<b>1</b>	<b>11,287</b>	<b>9,453</b>
<b>TOTAL LIABILITIES</b>	<b>209</b>	<b>268</b>	<b>12,356</b>	<b>12,321</b>
<b>NET ASSETS</b>	<b>37,109</b>	<b>35,912</b>	<b>13,236</b>	<b>15,263</b>
<b>EQUITY</b>				
Retained earnings	21,971	21,330	8,239	9,237
Revaluation reserves	15,138	14,582	4,997	6,026
Council equity interest	<b>37,109</b>	<b>35,912</b>	<b>13,236</b>	<b>15,263</b>
Non-controlling equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>37,109</b>	<b>35,912</b>	<b>13,236</b>	<b>15,263</b>

# Wagga Wagga City Council

## Special Purpose Financial Statements

for the financial year ended 30 June 2013

### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	8
2	Water Supply Business Best Practice Management disclosure requirements	n/a
3	Sewerage Business Best Practice Management disclosure requirements	11



## Wagga Wagga City Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Significant Accounting Policies

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

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

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

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

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

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

#### National Competition Policy

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

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

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

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

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

#### Declared Business Activities

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

##### Category 1

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

##### a. Sewerage Operations

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

##### b. Livestock Marketing Centre

Council's Livestock Marketing Centre.

##### c. Airport

Wagga Wagga City Airport Facility

##### Category 2

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

#### Monetary Amounts

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

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

#### (i) Taxation Equivalent Charges

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

## Wagga Wagga City Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Significant Accounting Policies

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

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

##### Notional Rate Applied %

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

Land Tax – The first **\$406,000** of combined land values attracts **0%**. From \$406,001 to \$2,482,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,482,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$689,000.

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

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

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

##### Income Tax

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

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

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

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

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

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

##### Local Government Rates & Charges

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

##### Loan & Debt Guarantee Fees

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

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

##### (ii) Subsidies

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

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

## Wagga Wagga City Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Significant Accounting Policies

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

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

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

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

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

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

The Rate of Return on Capital is calculated as follows:

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

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.77% at 30/6/13.

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

#### (iv) Dividends

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

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

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either:

- (i) 50% of this surplus in any one year, or
- (ii) the number of sewerage assessments at 30 June 2013 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

## Wagga Wagga City Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

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

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

2013

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

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

(i)	Calculated Tax Equivalents	50,000
(ii)	No of assessments multiplied by \$3/assessment	76,101
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	50,000
(iv)	Amounts actually paid for Tax Equivalents	50,000

##### 2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	711,010
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	(5,258,000)

2013 Surplus	(2,422,000)	2012 Surplus	(1,576,000)	2011 Surplus	(1,260,000)
		2012 Dividend	-	2011 Dividend	-

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

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

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

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

## Wagga Wagga City Council

Notes to the Special Purpose Financial Statements  
for the financial year ended 30 June 2013Note 3. Sewerage Business  
Best Practice Management disclosure requirements (continued)

---

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2013


---

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

<b>NWI F2</b>	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)	\$'000	16,722
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	244,885
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	10,756
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	3,599
<b>NWI F18</b>	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	0.49%
<b>NWI F27</b>	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

---

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

<b>NWI F3</b>	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	16,722
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.94%
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	3,599
<b>NWI F19</b>	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	0.49%
<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 2013

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

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

2013

#### 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)]	%	5.63%
<b>NWI F23</b>	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest  Earnings before Interest & Tax (EBIT): Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)  Net Interest: Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		-
<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	(825)
<b>NWI F25</b>	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	158

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

## INDEPENDENT AUDIT REPORT

### COUNCIL OF THE CITY OF WAGGA WAGGA

---

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying **special purpose financial statements** of **Wagga Wagga City Council** for the year ended 30th June 2013. The financial statements include the financial statements of the business activities of the Council, comprising, Income Statements of Business Activities, Statement of Financial Position of Business Activities, and a summary of significant accounting policies and other explanatory notes and the Statement by Council and Management

#### *Responsibility of Council for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have not examined the disclosures in Note 3 for Sewerage Services in respect of best practice required outcomes and National Water Initiative Financial Performance Indicators and accordingly we express no opinion on them. Also our audit did not involve an analysis of the prudence of business decisions made by Council or management.

Adams Kenneally White & Co  
ABN 48 035 849 620

Partners  
J W Mason CA  
M J Wakeling CA  
G M Obst CA  
M K Potts CA  
J A Harris CA

Wagga Office  
85 Johnston Street  
PO Box 485  
Wagga Wagga NSW 2650  
t 02 6937 7900  
f 02 6937 7999  
e wagga@akw.com.au  
w www.akw.com.au

Tumut 02 6947 6947  
Gundagai 02 6944 1522  
Griffith 02 6961 8600  
Lake Cargelligo 02 6898 1102  
Henty 02 6929 3204  
Batlow 02 6949 1163



**Chartered Accountants**



Liability limited by a scheme approved under Professional Standards Legislation.

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

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

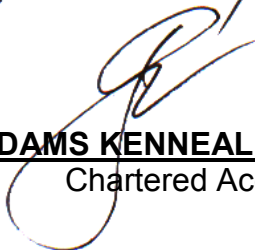
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

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

### ***Basis of Accounting***

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

*Adams Kenneally White & Co*  


Dated: 31st October 2013  
Wagga Wagga

**ADAMS KENNEALLY WHITE & CO**  
Chartered Accountants



# Wagga Wagga City Council

SPECIAL SCHEDULES

for the year ended 30 June 2013

---

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



# Wagga Wagga City Council

## Special Schedules

for the financial year ended 30 June 2013

### Contents

Page

#### Special Schedules<sup>1</sup>

- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	5
- Special Schedule No. 3	Water Supply - Income Statement	n/a
- Special Schedule No. 4	Water Supply - Statement of Financial Position	n/a
- Special Schedule No. 5	Sewerage Service - Income Statement	7
- Special Schedule No. 6	Sewerage Service - Statement of Financial Position	11
- Note to Special Schedule No. 5		12
- Special Schedule No. 7	Condition of Public Works	13
- Special Schedule No. 8	Financial Projections	16

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

---

#### Background

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

## Wagga Wagga City Council

Special Schedule No. 1 - Net Cost of Services  
for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from. Continuing. Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
<b>Governance</b>	<b>1,160</b>	<b>93</b>	<b>-</b>	<b>(1,067)</b>
<b>Administration</b>	<b>10,915</b>	<b>1,085</b>	<b>549</b>	<b>(9,281)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	1,094	218	-	(876)
Beach Control	1	-	-	(1)
Enforcement of Local Govt. Regulations	567	1,182	-	615
Animal Control	386	206	-	(180)
Other	-	-	-	-
<b>Total Public Order &amp; Safety</b>	<b>2,048</b>	<b>1,606</b>	<b>-</b>	<b>(442)</b>
<b>Health</b>	<b>3,686</b>	<b>129</b>	<b>-</b>	<b>(3,557)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	376	87	-	(289)
Other Environmental Protection	(1,063)	165	(1)	1,227
Solid Waste Management	7,372	9,510	-	2,138
Street Cleaning	84	-	-	(84)
Drainage	1,453	647	392	(414)
Stormwater Management	326	-	-	(326)
<b>Total Environment</b>	<b>8,548</b>	<b>10,409</b>	<b>391</b>	<b>2,252</b>
<b>Community Services and Education</b>				
Administration & Education	320	29	-	(291)
Social Protection (Welfare)	2,234	278	-	(1,956)
Aged Persons and Disabled	188	180	-	(8)
Children's Services	861	1,971	-	1,110
<b>Total Community Services &amp; Education</b>	<b>3,603</b>	<b>2,458</b>	<b>-</b>	<b>(1,145)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	872	945	-	73
Public Conveniences	224	-	30	(194)
Street Lighting	975	-	-	(975)
Town Planning	3,519	1,035	735	(1,749)
Other Community Amenities	31	-	420	389
<b>Total Housing and Community Amenities</b>	<b>5,621</b>	<b>1,980</b>	<b>1,185</b>	<b>(2,456)</b>
<b>Water Supplies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sewerage Services</b>	<b>17,389</b>	<b>14,820</b>	<b>1,741</b>	<b>(828)</b>

## Wagga Wagga City Council

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

for the financial year ended 30 June 2013

\$'000

Function or Activity	Expenses from Continuing Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
<b>Recreation and Culture</b>				
Public Libraries	2,125	322	-	(1,803)
Museums	834	90	-	(744)
Art Galleries	889	179	52	(658)
Community Centres and Halls	109	9	12	(88)
Performing Arts Venues	982	485	-	(497)
Other Performing Arts	-	-	-	-
Other Cultural Services	652	64	-	(588)
Sporting Grounds and Venues	1,241	264	484	(493)
Swimming Pools	3,473	1,657	150	(1,666)
Parks & Gardens (Lakes)	2,492	148	1,130	(1,214)
Other Sport and Recreation	5,235	144	31	(5,060)
<b>Total Recreation and Culture</b>	<b>18,032</b>	<b>3,362</b>	<b>1,859</b>	<b>(12,811)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	1,334	1,127	-	(207)
Other Mining, Manufacturing & Construction	(377)	-	-	377
<b>Total Mining, Manufacturing and Const.</b>	<b>957</b>	<b>1,127</b>	-	<b>170</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	12,092	16	6,640	(5,436)
Urban Roads - Regional	1	-	-	(1)
Sealed Rural Roads (SRR) - Local	1,295	-	-	(1,295)
Sealed Rural Roads (SRR) - Regional	1,662	120	613	(929)
Unsealed Rural Roads (URR) - Local	1,347	-	-	(1,347)
Unsealed Rural Roads (URR) - Regional	2,562	-	-	(2,562)
Bridges on UR - Local	32	-	-	(32)
Bridges on SRR - Local	281	-	-	(281)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	20	-	-	(20)
Parking Areas	53	-	-	(53)
Footpaths	292	14	94	(184)
Aerodromes	3,392	3,148	291	47
Other Transport & Communication	9,250	1,423	8,700	873
<b>Total Transport and Communication</b>	<b>32,279</b>	<b>4,721</b>	<b>16,338</b>	<b>(11,220)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	-	-	-	-
Other Economic Affairs	5,479	4,490	-	(989)
<b>Total Economic Affairs</b>	<b>5,479</b>	<b>4,490</b>	-	<b>(989)</b>
<b>Totals – Functions</b>	<b>109,717</b>	<b>46,280</b>	<b>22,063</b>	<b>(41,374)</b>
<b>General Purpose Revenues<sup>(2)</sup></b>		<b>47,723</b>		<b>47,723</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	<b>125</b>		<b>125</b>
<b>NET OPERATING RESULT<sup>(1)</sup></b>	<b>109,717</b>	<b>94,128</b>	<b>22,063</b>	<b>6,474</b>

(1) As reported in the Income Statement

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

# Wagga Wagga City Council

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

for the financial year ended 30 June 2013

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	1,312	50,164	<b>51,476</b>	5,187	1,402	-	-	3,732	1,703	53,558	<b>55,261</b>
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>1,312</b>	<b>50,164</b>	<b>51,476</b>	<b>5,187</b>	<b>1,402</b>	<b>-</b>	<b>-</b>	<b>3,732</b>	<b>1,703</b>	<b>53,558</b>	<b>55,261</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>1,312</b>	<b>50,164</b>	<b>51,476</b>	<b>5,187</b>	<b>1,402</b>	<b>-</b>	<b>-</b>	<b>3,732</b>	<b>1,703</b>	<b>53,558</b>	<b>55,261</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** (which are reported in the GPFS).

# Wagga Wagga City Council

## Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993] for the financial year ended 30 June 2013

\$'000

### Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General	7,230	1,129	4,766
Water			
Sewer			
Domestic Waste Management			
Gas			
Other			
<b>Totals</b>	<b>7,230</b>	<b>1,129</b>	<b>4,766</b>

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

# Wagga Wagga City Council

## Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993] (continued) for the financial year ended 30 June 2013

\$'000

### Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
Property Management	General Fund	30/06/97	31/12/97	10	30/06/07	8.00%	600	48	600
Human Resources & Corporate Strategy	General Fund	30/06/07	30/06/07	10	30/06/17	6.50%	500	69	-
Capital Works	General Fund	30/06/07	30/06/07	10	30/06/17	6.50%	1,725	237	799
Capital Works	General Fund	30/06/07	30/06/07	10	30/06/17	6.25%	760	105	360
Parks & Recreation	General Fund	30/06/07	30/06/09	10	30/06/19	5.62%	1,430	189	437
Cemetery	General Fund	30/06/11	30/06/11	10	30/06/21	6.50%	204	28	173
Parks & Recreation	General Fund	30/06/11	30/06/11	10	30/06/21	0.00%	149	21	138
Swimming Complex	General Fund	30/06/11	30/06/11	10	30/06/21	6.50%	176	24	149
Property Management	General Fund	30/06/11	30/06/11	15	30/06/26	6.00%	684	70	623
Capital Works	General Fund	30/06/11	30/06/11	10	30/06/21	6.50%	403	55	342
Library	General Fund	30/06/11	30/06/11	2	30/06/13	0.00%	70	-	-
Parks & Recreation	General Fund	30/06/11	30/06/11	1	30/06/12	0.00%	167	-	-
Capital Works	General Fund	30/06/12	30/06/12	1	30/06/13	0.00%	63	63	-
Information Technology	General Fund	30/06/12	30/06/12	5	30/06/17	0.00%	32	10	40
Parks & Recreation	General Fund	30/06/12	30/06/12	1	30/06/13	0.00%	125	125	-
Property Management	General Fund	30/06/12	30/06/12	1	30/06/13	0.00%	51	51	-
Information Technology	General Fund	30/06/12	30/06/12	5	30/06/17	0.00%	75	18	62
Capital Works	General Fund	30/06/12	30/06/12	1	30/06/13	0.00%	16	16	-
Parks & Recreation	General Fund	30/06/13	30/06/13	10	30/06/23	2.75%	88	-	88
Information Technology	General Fund	30/06/13	30/06/13	4	30/06/17	2.75%	435	-	435
Civic Theatre	General Fund	30/06/13	30/06/13	2	30/06/15	0.00%	88	-	88
Parks & Recreation	General Fund	30/06/13	30/06/13	1	30/06/14	0.00%	18	-	18
Capital Works	General Fund	30/06/13	30/06/13	1	30/06/14	0.00%	38	-	38
Capital Works	General Fund	30/06/13	30/06/13	2	30/06/15	0.00%	200	-	200
Parks & Recreation	General Fund	30/06/13	30/06/13	1	30/06/14	0.00%	4	-	4
Parks & Recreation	General Fund	30/06/13	30/06/13	1	30/06/14	0.00%	172	-	172
<b>Totals</b>							<b>8,273</b>	<b>1,129</b>	<b>4,766</b>

## Wagga Wagga City Council

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

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	1,603	1,453
b. Engineering and Supervision	-	-
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	681	653
b. Maintenance expenses	914	891
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	628	467
d. Energy costs	213	220
e. Maintenance expenses	113	66
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	5,296	4,894
g. Chemical costs	-	-
h. Energy costs	50	42
i. Effluent Management	158	89
j. Biosolids Management	-	-
k. Maintenance expenses	-	-
<b>- Other</b>		
l. Operation expenses	1,100	494
m. Maintenance expenses	-	-
<b>3. Depreciation expenses</b>		
a. System assets	4,769	5,818
b. Plant and equipment	-	-
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	2,584	2,666
b. Revaluation Decrements	-	-
c. Other expenses	6	3
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
d. Tax Equivalent Dividends (actually paid)	50	50
<b>5. Total expenses</b>	<b>18,165</b>	<b>17,806</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 2013

\$'000	Actuals 2013	Actuals 2012
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	9,813	9,769
<b>7. Non-residential charges</b>		
a. Access (including rates)	263	1,605
b. Usage charges	-	-
<b>8. Trade Waste Charges</b>		
a. Annual Fees	-	-
b. Usage charges	3,974	3,612
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	-	-
<b>10. Interest income</b>	668	814
<b>11. Other income</b>	773	61
<b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>	-	-
<b>12. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	158	158
c. Other grants	-	-
<b>13. Contributions</b>		
a. Developer charges	1,024	989
b. Developer provided assets	624	484
c. Other contributions	93	211
<b>14. Total income</b>	<u>17,390</u>	<u>17,703</u>
<b>15. Gain (or loss) on disposal of assets</b>	-	-
<b>16. Operating Result</b>	<u>(775)</u>	<u>(103)</u>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	(775)	(103)

## 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 2013

\$'000	Actuals 2013	Actuals 2012
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	-
b. New Assets for Growth	1,621	6,165
c. Renewals	1,978	-
d. Plant and equipment	-	-
<b>18. Repayment of debt</b>		
a. Loans	464	432
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>4,063</b>	<b>6,597</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>-</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	22,697	21,990
b. Residential (unoccupied, ie. vacant lot)	927	985
c. Non-residential (occupied)	1,743	1,726
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>	\$ 601,496	\$ 607,100

## Wagga Wagga City Council

Special Schedule No. 5 - Sewerage Cross Subsidies  
for the financial year ended 30 June 2013

\$'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"/>	
If Yes, go to 29a.			
If No, please report if council has removed <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
<b>b.</b> Cross-subsidy <b>to</b> non-residential customers (page 45 of Guidelines)			<input type="text"/>
<b>c.</b> Cross-subsidy <b>to</b> trade waste discharges (page 46 of Guidelines)			<input type="text"/>
<b>29. Developer charges</b>			
<b>a.</b> Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>b.</b> Total cross-subsidy in sewerage developer charges for 2012/13 (page 47 of Guidelines)			<input type="text"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>30. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (28b + 28c + 29b)</b>			<input type="text" value="-"/>

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

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

## Wagga Wagga City Council

## Special Schedule No. 6 - Sewerage Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2013

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	-	-	-
b. Special purpose grants	-	-	-
c. Accrued leave	357	-	357
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	10,990	10,025	21,015
<b>32. Receivables</b>			
a. Specific purpose grants	-	-	-
b. Rates and Availability Charges	893	-	893
c. User Charges	-	-	-
d. Other	2,158	-	2,158
<b>33. Inventories</b>	556	-	556
<b>34. Property, plant and equipment</b>			
a. System assets	-	244,885	244,885
b. Plant and equipment	-	-	-
<b>35. Other assets</b>	1	-	1
<b>36. Total Assets</b>	<b>14,955</b>	<b>254,910</b>	<b>269,865</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	1,250	-	1,250
<b>39. Borrowings</b>			
a. Loans	498	33,922	34,420
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	2,327	9	2,336
<b>41. Total Liabilities</b>	<b>4,075</b>	<b>33,931</b>	<b>38,006</b>
<b>42. NET ASSETS COMMITTED</b>	<b>10,880</b>	<b>220,979</b>	<b>231,859</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			65,889
<b>44. Asset revaluation reserve</b>			165,970
<b>45. TOTAL EQUITY</b>			<b>231,859</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			244,885
<b>47. Accumulated current cost</b> depreciation of system assets			-
<b>48. Written down current cost</b> of system assets			<b>244,885</b>

## Wagga Wagga City Council

### Note to Special Schedule No. 5 for the financial year ended 30 June 2013

#### 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.

**Impairment Losses** (item 4d & 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

**Aboriginal Communities Water and Sewerage Program** (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

**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) incl. 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 2013

\$'000	Actual <sup>(1)</sup> 12/13	Forecast <sup>(3)</sup> 13/14	Forecast <sup>(3)</sup> 14/15	Forecast <sup>(3)</sup> 15/16	Forecast <sup>(3)</sup> 16/17	Forecast <sup>(3)</sup> 17/18	Forecast <sup>(3)</sup> 18/19	Forecast <sup>(3)</sup> 19/20	Forecast <sup>(3)</sup> 20/21	Forecast <sup>(3)</sup> 21/22	Forecast <sup>(3)</sup> 22/23
<b>(i) OPERATING BUDGET</b>											
Income from continuing operations	116,191	110,108	111,468	114,514	118,240	122,644	126,360	129,078	133,798	138,658	143,255
Expenses from continuing operations	109,718	107,231	107,310	113,606	116,884	120,307	124,878	129,054	133,960	137,651	140,174
<b>Operating Result from Continuing Operations</b>	<b>6,473</b>	<b>2,877</b>	<b>4,158</b>	<b>908</b>	<b>1,356</b>	<b>2,337</b>	<b>1,482</b>	<b>24</b>	<b>(162)</b>	<b>1,007</b>	<b>3,081</b>
<b>(ii) CAPITAL BUDGET</b>											
New Capital Works <sup>(2)</sup>	19,454	33,108	19,067	2,304	3,907	18,674	1,231	8,653	6,289	-	318
Replacement/Refurbishment of Existing Assets	13,954	16,513	25,184	23,735	20,456	21,132	21,401	16,518	17,139	17,196	17,883
<b>Total Capital Budget</b>	<b>33,408</b>	<b>49,622</b>	<b>44,251</b>	<b>26,039</b>	<b>24,363</b>	<b>39,806</b>	<b>22,632</b>	<b>25,171</b>	<b>23,427</b>	<b>17,196</b>	<b>18,201</b>
<b>Funded by:</b>											
- Loans	1,487	18,080	11,721	3,833	1,433	2,263	1,440	-	-	-	-
- Asset sales	937	999	1,038	1,148	949	536	696	510	1,045	1,045	1,045
- Reserves	14,164	8,929	8,631	7,219	6,608	15,812	5,743	8,563	9,846	3,478	3,684
- Grants/Contributions	10,369	14,266	14,800	5,913	6,958	12,344	5,635	6,140	2,352	2,237	2,296
- Recurrent revenue	6,243	7,348	8,061	7,925	8,415	8,851	9,118	9,958	10,184	10,436	11,176
- Other	208	-	-	-	-	-	-	-	-	-	-
	<b>33,408</b>	<b>49,622</b>	<b>44,251</b>	<b>26,039</b>	<b>24,363</b>	<b>39,806</b>	<b>22,632</b>	<b>25,171</b>	<b>23,427</b>	<b>17,196</b>	<b>18,201</b>

### Notes:

(1) From 12/13 Income Statement.

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

(3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.





