

# Wagga Wagga City Council

## ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2021

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*“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 year ended 30 June 2021

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*“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 year ended 30 June 2021

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Contents	Page
<b>Understanding Council's Financial Statements</b>	<b>3</b>
<b>Statement by Councillors and Management</b>	<b>4</b>
<b>Primary Financial Statements:</b>	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
<b>Notes to the Financial Statements</b>	<b>10</b>
<b>Independent Auditor's Reports:</b>	
On the Financial Statements (Sect 417 [2])	93
On the Financial Statements (Sect 417 [3])	96

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### Overview

Wagga Wagga City Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

Corner Baylis and Morrow Streets  
Wagga Wagga NSW 2650

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by Council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: [wagga.nsw.gov.au](http://wagga.nsw.gov.au).

# Wagga Wagga City Council

## General Purpose Financial Statements

for the year ended 30 June 2021

### Understanding Council's Financial Statements

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#### Introduction

Each year NSW local governments are required to present audited financial statements to their council and community.

#### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2021.

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income and 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 value of Council's Infrastructure, property, plant and equipment.

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

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "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 five primary financial statements.

#### About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

#### Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the audit report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

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

# Wagga Wagga City Council

## General Purpose Financial Statements

for the year ended 30 June 2021

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### Statement by Councillors and Management

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

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

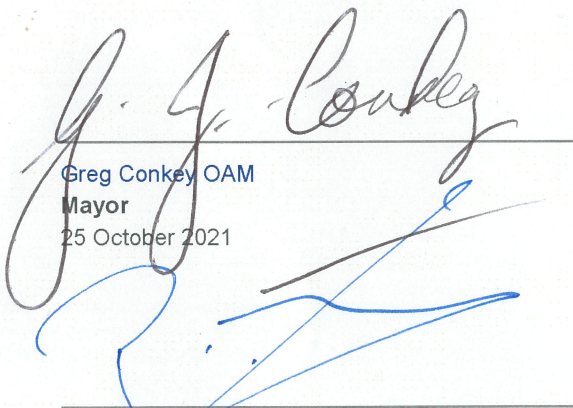
- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- the *Local Government Code of Accounting Practice and Financial Reporting*.

To the best of our knowledge and belief, these statements:

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

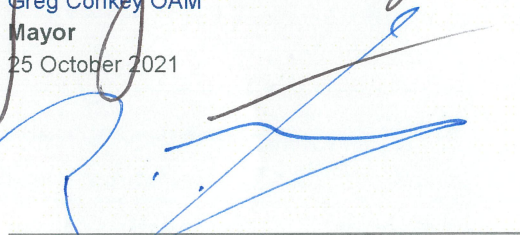
We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 25 October 2021.



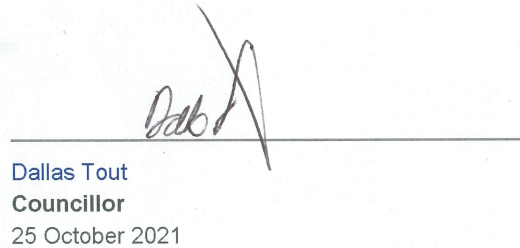
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Greg Conkey OAM  
Mayor  
25 October 2021



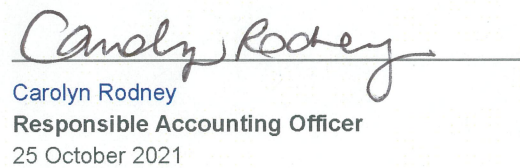
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Peter Thompson  
General Manager  
25 October 2021



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Dallas Tout  
Councillor  
25 October 2021



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Carolyn Rodney  
Responsible Accounting Officer  
25 October 2021

## Wagga Wagga City Council

### Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
<b>Income from continuing operations</b>				
72,530	Rates and annual charges	B2-1	<b>71,796</b>	69,207
22,180	User charges and fees	B2-2	<b>25,486</b>	26,303
1,739	Other revenue	B2-3	<b>3,967</b>	2,179
13,415	Grants and contributions provided for operating purposes	B2-4	<b>13,635</b>	16,774
89,542	Grants and contributions provided for capital purposes	B2-4	<b>53,711</b>	34,247
2,306	Interest and investment income	B2-5	<b>2,930</b>	3,437
1,274	Other income	B2-6	<b>1,574</b>	1,592
202,986	<b>Total income from continuing operations</b>		<b>173,099</b>	153,739
<b>Expenses from continuing operations</b>				
48,596	Employee benefits and on-costs	B3-1	<b>43,938</b>	43,636
37,927	Materials and services	B3-2	<b>37,946</b>	40,605
3,453	Borrowing costs	B3-3	<b>3,143</b>	3,233
35,178	Depreciation, amortisation and impairment for non-financial assets	B3-4	<b>39,337</b>	35,029
2,918	Other expenses	B3-5	<b>2,883</b>	2,766
–	Net losses from the disposal of assets	B4-1	<b>4,373</b>	7,510
128,072	<b>Total expenses from continuing operations</b>		<b>131,620</b>	132,779
<b>74,914</b>	<b>Operating result from continuing operations</b>		<b>41,479</b>	20,960
<b>74,914</b>	<b>Net operating result for the year attributable to Council</b>		<b>41,479</b>	20,960
(14,628)	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(12,232)</b>	(13,287)

The above Income Statement should be read in conjunction with the accompanying notes.

## Wagga Wagga City Council

### Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
<b>Net operating result for the year – from Income Statement</b>		<b>41,479</b>	<b>20,960</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	<b>22,737</b>	(12,282)
Other comprehensive income – joint ventures and associates	D2-1	<b>6</b>	–
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>22,743</b>	(12,282)
<b>Total other comprehensive income for the year</b>		<b>22,743</b>	(12,282)
<b>Total comprehensive income for the year attributable to Council</b>		<b>64,222</b>	8,678

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Wagga Wagga City Council

## Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	Restated 2020	Restated 1 July 2019
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-1	28,685	19,237	12,632
Investments	C1-2	37,254	29,021	30,878
Receivables	C1-4	18,149	14,203	18,108
Inventories	C1-5	2,151	1,917	1,854
Contract assets and contract cost assets	C1-6	5,229	4,706	–
Non-current assets classified as 'held for sale'	C1-7	260	260	260
Other	C1-10	570	527	447
<b>Total current assets</b>		<b>92,298</b>	<b>69,871</b>	<b>64,179</b>
<b>Non-current assets</b>				
Investments	C1-2	96,648	98,937	89,868
Receivables	C1-4	12	22	58
Infrastructure, property, plant and equipment	C1-8	1,501,946	1,449,474	1,444,410
Investment property	C1-9	4,040	3,900	3,870
Right of use assets	C2-1	2,326	3,724	3,033
Investments accounted for using the equity method	D2-1	2,242	2,154	2,098
<b>Total non-current assets</b>		<b>1,607,214</b>	<b>1,558,211</b>	<b>1,543,337</b>
<b>Total assets</b>		<b>1,699,512</b>	<b>1,628,082</b>	<b>1,607,516</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	C3-1	20,592	20,208	13,104
Income received in advance	C3-1	–	–	2,043
Contract liabilities	C3-2	10,411	4,791	4,251
Lease liabilities	C2-1	335	781	317
Borrowings	C3-3	7,852	4,398	3,348
Employee benefit provisions	C3-4	13,233	13,416	12,784
Provisions	C3-5	750	493	92
<b>Total current liabilities</b>		<b>53,173</b>	<b>44,087</b>	<b>35,939</b>
<b>Non-current liabilities</b>				
Lease liabilities	C2-1	2,055	3,103	2,716
Borrowings	C3-3	58,583	59,657	56,029
Employee benefit provisions	C3-4	416	317	227
Provisions	C3-5	2,306	2,161	2,526
<b>Total non-current liabilities</b>		<b>63,360</b>	<b>65,238</b>	<b>61,498</b>
<b>Total liabilities</b>		<b>116,533</b>	<b>109,325</b>	<b>97,437</b>
<b>Net assets</b>		<b>1,582,979</b>	<b>1,518,757</b>	<b>1,510,079</b>
<b>EQUITY</b>				
Accumulated surplus	C4-1	989,901	948,416	927,456
IPPE revaluation reserve	C4-1	593,078	570,341	582,623
<b>Council equity interest</b>		<b>1,582,979</b>	<b>1,518,757</b>	<b>1,510,079</b>
<b>Total equity</b>		<b>1,582,979</b>	<b>1,518,757</b>	<b>1,510,079</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.



## Wagga Wagga City Council

### Statement of Changes in Equity

for the year ended 30 June 2021

	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
\$ '000					Restated	Restated	
Opening balance at 1 July		948,416	567,226	1,515,642	931,707	584,558	1,516,265
Correction of prior period errors	G4-1	–	3,115	3,115	–	3,115	3,115
Changes due to AASB 1058 and AASB 15 adoption		–	–	–	(4,251)	–	(4,251)
Changes due to AASB 16 adoption		–	–	–	–	(5,050)	(5,050)
<b>Restated opening balance</b>		<b>948,416</b>	<b>570,341</b>	<b>1,518,757</b>	<b>927,456</b>	<b>582,623</b>	<b>1,510,079</b>
Net operating result for the year		41,479	–	41,479	20,960	–	20,960
<b>Net operating result for the period</b>		<b>41,479</b>	<b>–</b>	<b>41,479</b>	<b>20,960</b>	<b>–</b>	<b>20,960</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	22,737	22,737	–	(12,282)	(12,282)
Joint ventures and associates	D2-1	6	–	6	–	–	–
<b>Other comprehensive income</b>		<b>6</b>	<b>22,737</b>	<b>22,743</b>	<b>–</b>	<b>(12,282)</b>	<b>(12,282)</b>
<b>Total comprehensive income</b>		<b>41,485</b>	<b>22,737</b>	<b>64,222</b>	<b>20,960</b>	<b>(12,282)</b>	<b>8,678</b>
<b>Closing balance at 30 June</b>		<b>989,901</b>	<b>593,078</b>	<b>1,582,979</b>	<b>948,416</b>	<b>570,341</b>	<b>1,518,757</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Wagga Wagga City Council

## Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
72,376	Rates and annual charges		71,987	70,441
23,306	User charges and fees		28,423	27,796
2,313	Investment and interest revenue received		2,588	3,465
99,692	Grants and contributions		58,207	42,496
–	Bonds, deposits and retention amounts received		356	60
2,503	Other		12,454	11,179
<i>Payments:</i>				
(49,028)	Employee benefits and on-costs		(43,897)	(42,644)
(30,723)	Materials and services		(48,767)	(39,220)
(3,453)	Borrowing costs		(3,063)	(3,165)
(8,640)	Other		(5,172)	(10,296)
108,346	<b>Net cash provided from (or used in) operating activities</b>	G1-1a	<b>73,116</b>	60,112
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
47,864	Sale of investment securities		10,704	18,507
–	Redemption of term deposits		21,000	25,000
2,174	Sale of infrastructure, property, plant and equipment		2,273	767
–	Deferred debtors receipts		6	9
<i>Payments:</i>				
(15,000)	Purchase of investment securities		(10,000)	(16,640)
–	Acquisition of term deposits		(27,000)	(34,000)
(159,324)	Purchase of infrastructure, property, plant and equipment		(62,429)	(51,246)
(1,346)	Contributions paid to joint ventures and associates		–	–
(125,632)	<b>Net cash provided from (or used in) investing activities</b>		<b>(65,446)</b>	(57,603)
<b>Cash flows from financing activities</b>				
<i>Receipts:</i>				
22,724	Proceeds from borrowings		6,701	7,951
<i>Payments:</i>				
(4,718)	Repayment of borrowings		(4,397)	(3,348)
–	Principal component of lease payments		(526)	(507)
18,006	<b>Net cash flow provided from (or used in) financing activities</b>		<b>1,778</b>	4,096
720	<b>Net change in cash and cash equivalents</b>		<b>9,448</b>	6,605
13,025	Cash and cash equivalents at beginning of year		19,237	12,632
13,745	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>28,685</b>	19,237
123,708	plus: Investments on hand at end of year	C1-2	133,902	127,958
137,453	<b>Total cash, cash equivalents and investments</b>		<b>162,587</b>	147,195

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Wagga Wagga City Council

## Contents for the notes to the Financial Statements for the year ended 30 June 2021

<b>A About Council and these financial statements</b>	<b>12</b>
A1-1 Basis of preparation	12
<b>B Financial Performance</b>	<b>14</b>
<b>B1 Functions or activities</b>	<b>14</b>
B1-1 Functions or activities – income, expenses and assets	14
B1-2 Components of functions or activities	15
<b>B2 Sources of income</b>	<b>16</b>
B2-1 Rates and annual charges	16
B2-2 User charges and fees	17
B2-3 Other revenue	18
B2-4 Grants and contributions	19
B2-5 Interest and investment income	23
B2-6 Other income	23
<b>B3 Costs of providing services</b>	<b>24</b>
B3-1 Employee benefits and on-costs	24
B3-2 Materials and services	25
B3-3 Borrowing costs	25
B3-4 Depreciation, amortisation and impairment of non-financial assets	26
B3-5 Other expenses	27
<b>B4 Gains or losses</b>	<b>28</b>
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	28
<b>B5 Performance against budget</b>	<b>29</b>
B5-1 Material budget variations	29
<b>C Financial position</b>	<b>31</b>
<b>C1 Assets we manage</b>	<b>31</b>
C1-1 Cash and cash equivalents	31
C1-2 Financial investments	31
C1-3 Restricted cash, cash equivalents and investments	33
C1-4 Receivables	35
C1-5 Inventories	37
C1-6 Contract assets and Contract cost assets	37
C1-7 Non-current assets classified as held for sale	38
C1-8 Infrastructure, property, plant and equipment	39
C1-9 Investment properties	43
C1-10 Other	43
<b>C2 Leasing activities</b>	<b>44</b>
C2-1 Council as a lessee	44
C2-2 Council as a lessor	47
<b>C3 Liabilities of Council</b>	<b>49</b>
C3-1 Payables	49
C3-2 Contract Liabilities	50
C3-3 Borrowings	52

# Wagga Wagga City Council

## Contents for the notes to the Financial Statements for the year ended 30 June 2021

C3-4 Employee benefit provisions	54
C3-5 Provisions	56
<b>C4 Reserves</b>	<b>58</b>
C4-1 Nature and purpose of reserves	58
<b>D Council structure</b>	<b>59</b>
<b>D1 Results by fund</b>	<b>59</b>
D1-1 Income Statement by fund	59
D1-2 Statement of Financial Position by fund	60
D1-3 Details of internal loans	61
<b>D2 Interests in other entities</b>	<b>62</b>
D2-1 Interests in joint arrangements	62
<b>E Risks and accounting uncertainties</b>	<b>64</b>
E1-1 Risks relating to financial instruments held	64
E2-1 Fair value measurement	67
E3-1 Contingencies	74
<b>F People and relationships</b>	<b>77</b>
<b>F1 Related party disclosures</b>	<b>77</b>
F1-1 Key management personnel (KMP)	77
F1-2 Councillor and Mayoral fees and associated expenses	79
F1-3 Other related parties	80
<b>F2 Other relationships</b>	<b>81</b>
F2-1 Audit fees	81
<b>G Other matters</b>	<b>82</b>
G1-1 Statement of Cash Flows information	82
G2-1 Commitments	83
G3-1 Events occurring after the reporting date	84
<b>G4 Changes from prior year statements</b>	<b>84</b>
G4-1 Correction of errors relating to a previous reporting period	84
<b>G5 Statement of developer contributions as at 30 June 2021</b>	<b>85</b>
G5-1 Summary of developer contributions	85
G5-2 Developer contributions by plan	86
G5-3 S64 contributions	87
<b>G6 Statement of performance measures</b>	<b>88</b>
G6-1 Statement of performance measures – consolidated results	88
G6-2 Statement of performance measures by fund	89
<b>H Additional Council disclosures (unaudited)</b>	<b>90</b>
H1-1 Statement of performance measures – consolidated results (graphs)	90
H1-2 Council information and contact details	92

## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 25 October 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2005 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

#### Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain infrastructure, property, plant and equipment and investment property.

#### Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also 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 Council and that are believed to be reasonable under the circumstances.

#### Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- i. estimated fair values of investment property – refer Note C1-9
- ii. estimated fair values of infrastructure, property, plant and equipment – refer Note C1-8
- iii. estimated remediation provisions – refer Note C3-5
- iv. employee benefit provisions – refer Note C3-4.

#### Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

#### Monies and other assets received by Council

##### The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 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 has been included in the financial statements of the Council.

Cash and other assets of the following entities have been included as part of the Consolidated Fund:

- general purpose operations
- sewerage service

## A1-1 Basis of preparation (continued)

### The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993*, a separate and distinct Trust Fund is maintained to account for all money and property received by 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 reports.

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

### Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

### Volunteer services

Council utilises volunteer services across a range of functions including cultural facilities, the Glenfield Road Animal Shelter, parks maintenance and for environmental projects such as Clean up Australia Day.

As the services received by Council would not normally be purchased by Council and at times cannot be reliably measured, volunteer services have not been recognised in the income statement.

### New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2021 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

### New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2021.

There were no newly adopted standards that had a material impact Council's reported financial position, financial performance and/or associated financial statement disclosures.

### COVID-19 Impact on Council's 2020/21 Financial Statements

The COVID-19 pandemic has impacted global, domestic and local economies and as a result of this ongoing pandemic, Council's operations and finances have been impacted. As part of Council's response to the pandemic, its business practices changed including remote work and closure of a number of Council owned and operated facilities including sportsgrounds, halls and community centres and administration buildings.

As a result of the impact the pandemic has had on domestic travel, the Wagga Airport experienced a significant reduction in income for its passenger service charge, realising a reduction of approximately \$1.8M against forecast income for the 2020/21 financial year and a \$2.1M forecast deficit across the rest of Council's operations. Council, as part of its 2021/22 Long Term Financial Plan, has estimated that there will be an ongoing impact from COVID-19 over the next 3-4 years at the Airport resulting in an estimated reduction in income of \$2.3M for the 2021/22 financial year.

Council has assessed its long term sustainability as a result of the impacts of COVID-19 and believes that a going concern basis is still appropriate.

## B Financial Performance

### B1 Functions or activities

#### B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020 Restated
<b>\$ '000</b>										
<b>Functions or activities</b>										
Community Leadership and Collaboration	<b>63,156</b>	62,634	<b>19,078</b>	19,635	<b>44,078</b>	42,999	<b>13,919</b>	14,297	<b>72,956</b>	75,602
Safe and Healthy Community	<b>16,969</b>	8,720	<b>16,447</b>	16,309	<b>522</b>	(7,589)	<b>11,542</b>	3,894	<b>217,024</b>	194,347
Growing Economy	<b>23,086</b>	12,274	<b>13,938</b>	12,252	<b>9,148</b>	22	<b>14,185</b>	1,839	<b>52,701</b>	47,847
Community Place and Identity	<b>3,059</b>	3,335	<b>7,375</b>	8,476	<b>(4,316)</b>	(5,141)	<b>1,918</b>	2,141	<b>13,690</b>	11,873
The Environment	<b>66,829</b>	66,776	<b>74,782</b>	76,107	<b>(7,953)</b>	(9,331)	<b>25,782</b>	28,850	<b>1,343,141</b>	1,298,413
<b>Total functions and activities</b>	<b>173,099</b>	153,739	<b>131,620</b>	132,779	<b>41,479</b>	20,960	<b>67,346</b>	51,021	<b>1,699,512</b>	1,628,082

## B1-2 Components of functions or activities

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Details relating to the Council's functions or activities as reported in B1-1 are as follows:

### **Community Leadership and Collaboration**

Includes costs related to Council's planning and reporting, governance and customer service activities. Council activities include corporate governance and management, financial management and reporting, and information services.

### **Safe and Healthy Community**

Includes services and actions Council takes to ensure the community's safety, from managing the physical environment to ensuring the health standard of the community including activities related to providing recreational spaces and programs for a healthy community. Council activities include parks management, recreational programming, and ranger and animal management services.

### **Growing Economy**

Includes costs of providing assets and services to develop our transport networks and encourage economic growth as well as projects and events that make our city a great place to live and visit. Council activities include visitor economy, events management, economic development, and airport and livestock management operations.

### **Community Place and Identity**

Includes costs of programs and activities Council delivers that bring people together including projects and programs that will help our spaces reflect our community. Council activities include operation and management of Wagga Wagga Regional Family Day Care, civic theatre, art and glass galleries, museums and Wagga Wagga City Library.

### **The Environment**

Includes costs of all programs, projects and services that contribute to the sustainability of our community including managing our growth and impact on the environment, as well as protecting and maintaining our assets. Council activities including planning and development, environmental management and compliance, project delivery, sewer and stormwater services, building management and civil infrastructure management.



## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2021	2020
<b>Ordinary rates</b>		
Residential	28,201	27,094
Farmland	5,079	4,994
Business	11,168	10,861
Less: pensioner rebates (mandatory)	(624)	(626)
<b>Rates levied to ratepayers</b>	<b>43,824</b>	<b>42,323</b>
Pensioner rate subsidies received	346	343
<b>Total ordinary rates</b>	<b>44,170</b>	<b>42,666</b>
<b>Special rates</b>		
Special rate variation – Levee	1,646	1,588
<b>Rates levied to ratepayers</b>	<b>1,646</b>	<b>1,588</b>
<b>Total special rates</b>	<b>1,646</b>	<b>1,588</b>
<b>Annual charges</b>		
<small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small>		
Domestic waste management services	9,380	8,917
Stormwater management services	715	706
Sewerage services	15,514	14,982
Waste management services (non-domestic)	600	578
Less: pensioner rebates (mandatory)	(515)	(507)
<b>Annual charges levied</b>	<b>25,694</b>	<b>24,676</b>
Pensioner subsidies received:		
– Sewerage	159	156
– Domestic waste management	127	121
<b>Total annual charges</b>	<b>25,980</b>	<b>24,953</b>
<b>Total rates and annual charges</b>	<b>71,796</b>	<b>69,207</b>

Council has used 2019 year valuations provided by the NSW Valuer General in calculating its rates.

#### Accounting policy

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.

## B2-2 User charges and fees

\$ '000	2021	2020
<b>Specific user charges</b>		
(per s.502 - specific 'actual use' charges)		
Domestic waste management services	1,542	1,109
Sewerage services	4,298	4,575
Waste management services (non-domestic)	4,344	4,348
<b>Total specific user charges</b>	<b>10,184</b>	<b>10,032</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Private works – section 67	208	106
Regulatory/ statutory fees	813	663
<b>Total fees and charges – statutory/regulatory</b>	<b>1,021</b>	<b>769</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Aerodrome	1,749	3,143
Cemeteries	1,175	1,353
Development services	2,850	1,962
Corporate services	21	24
Family day care	–	255
Library and art gallery	77	21
Livestock Marketing Centre	5,666	6,747
Oasis swimming complex	1,345	1,070
Park and sportsgrounds	550	245
Regional civic theatre	643	537
Visitors information centre	73	51
Other	132	94
<b>Total fees and charges – other</b>	<b>14,281</b>	<b>15,502</b>
<b>Total user charges and fees</b>	<b>25,486</b>	<b>26,303</b>
<b>Timing of revenue recognition for user charges and fees</b>		
User charges and fees recognised over time	141	61
User charges and fees recognised at a point in time	25,345	26,242
<b>Total user charges and fees</b>	<b>25,486</b>	<b>26,303</b>

### Accounting policy

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases such as caravan parks, the customer is required to pay on arrival or a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as joining fees for the leisure centre, the fee is recognised on a straight-line basis over the expected life of the membership.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than over the term of the licence.

**B2-3 Other revenue**

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
Ex gratia rates	40	39
Fines	725	752
Legal fees recovery – rates and charges (extra charges)	3	77
Diesel rebate	192	236
Insurance claims recoveries	46	115
Other theatre	4	2
Sales – miscellaneous	738	522
Sales – Oasis Aquatic Centre	117	96
Sponsorship and Promotion	–	40
Container Deposit Scheme	275	54
Wagga Airport PFAS Removal Reimbursement	837	–
Energy Savings Certificates	478	–
Other	512	246
<b>Total other revenue</b>	<b>3,967</b>	<b>2,179</b>

**Timing of revenue recognition for other revenue**

Other revenue recognised over time	–	–
Other revenue recognised at a point in time	3,967	2,179
<b>Total other revenue</b>	<b>3,967</b>	<b>2,179</b>

**Accounting policy for other revenue**

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

Statutory 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 occurs first.

Other revenue is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

## B2-4 Grants and contributions

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>General purpose grants and non-developer contributions (untied)</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance	5,026	5,178	-	-
<b>Payment in advance - future year allocation</b>				
Financial assistance	5,382	5,489	-	-
<b>Amount recognised as income during current year</b>	<b>10,408</b>	<b>10,667</b>	<b>-</b>	<b>-</b>
<b>Special purpose grants and non-developer contributions (tied)</b>				
<b>Cash grants and contributions</b>				
Sewerage services	3	2	-	-
Bushfire and emergency services	78	311	29	43
Community care	187	219	-	-
Economic development	53	1,315	364	-
Domestic waste management	3	24	-	-
Environmental programs	145	208	-	46
Recreation and culture	71	140	6,919	1,569
Family day care	6	1,068	-	-
Airport	-	-	4,508	73
Drainage	-	-	(103)	6,467
Heritage and cultural	453	446	918	187
Noxious weeds	100	99	-	-
Family and childrens services – other	509	524	-	-
Street lighting	87	87	-	-
Transport (other roads and bridges funding)	85	2	22,019	10,953
Other specific grants	46	30	-	227
<b>Previously contributions:</b>				
Bushfire services	35	140	-	-
Recreation and culture	211	218	298	4
Roads and bridges	3	-	-	236
Transport for NSW contributions (regional roads, block grant)	903	853	1,522	1,450
Sewerage (excl. section 64 contributions)	77	39	-	2
Other contributions	172	382	-	-
<b>Total special purpose grants and non-developer contributions – cash</b>	<b>3,227</b>	<b>6,107</b>	<b>36,474</b>	<b>21,257</b>
<b>Non-cash contributions</b>				
Dedications (other than by s7.11)	-	-	10,563	6,412
Artworks donated	-	-	-	3
Works In Kind	-	-	-	117
<b>Total other contributions – non-cash</b>	<b>-</b>	<b>-</b>	<b>10,563</b>	<b>6,532</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>	<b>3,227</b>	<b>6,107</b>	<b>47,037</b>	<b>27,789</b>
<b>Total grants and non-developer contributions</b>	<b>13,635</b>	<b>16,774</b>	<b>47,037</b>	<b>27,789</b>
<b>Comprising:</b>				
– Commonwealth funding	10,627	11,866	7,036	10,860
– State funding	1,874	3,601	29,121	10,156
– Other funding	1,134	1,307	10,880	6,773
	<b>13,635</b>	<b>16,774</b>	<b>47,037</b>	<b>27,789</b>

## B2-4 Grants and contributions (continued)

### Developer contributions

\$ '000	Notes	<b>Operating 2021</b>	Operating 2020	<b>Capital 2021</b>	Capital 2020
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>	G5				
<b>Cash contributions</b>					
S 7.11 – contributions towards amenities/services		–	–	<b>4,062</b>	4,213
S 7.12 – fixed development consent levies		–	–	<b>469</b>	301
S 64 – sewerage service contributions		–	–	<b>1,531</b>	1,261
S 64 – stormwater contributions		–	–	<b>612</b>	683
<b>Total developer contributions – cash</b>		<b>–</b>	<b>–</b>	<b>6,674</b>	<b>6,458</b>
<b>Total developer contributions</b>		<b>–</b>	<b>–</b>	<b>6,674</b>	<b>6,458</b>
<b>Total grants and contributions</b>		<b>13,635</b>	<b>16,774</b>	<b>53,711</b>	<b>34,247</b>
<b>Timing of revenue recognition for grants and contributions</b>					
Grants and contributions recognised over time		<b>670</b>	728	<b>29,676</b>	18,441
Grants and contributions recognised at a point in time		<b>12,965</b>	16,046	<b>24,035</b>	15,806
<b>Total grants and contributions</b>		<b>13,635</b>	<b>16,774</b>	<b>53,711</b>	<b>34,247</b>

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	280	611	3,641	3,158
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	–
<b>Add:</b> Funds received and not recognised as revenue in the current year	513	275	7,908	6,438
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(186)	(606)	(2,908)	(5,955)
<b>Unspent funds at 30 June</b>	<b>607</b>	<b>280</b>	<b>8,641</b>	<b>3,641</b>
<b>Contributions</b>				
Unspent funds at 1 July	33,360	31,519	–	–
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	4,040	4,343	–	–
<b>Add:</b> contributions received and not recognised as revenue in the current year	7	8	–	–
<b>Add:</b> contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	–	–	–	–
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	(3,388)	(2,510)	–	–
<b>Unspent contributions at 30 June</b>	<b>34,019</b>	<b>33,360</b>	<b>–</b>	<b>–</b>

### Accounting policy

#### Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

The performance obligations vary according to the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

## B2-4 Grants and contributions (continued)

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### Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

### Developer contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon 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 Council may apply contributions according to the priorities established in work schedules for the contribution plan.

### Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

## B2-5 Interest and investment income

\$ '000	2021	2020
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	120	216
– Cash and investments	2,161	3,141
– Deferred debtors	1	1
<b>Fair value adjustments</b>		
– Movements in investments at fair value through profit and loss	648	79
<b>Total interest and investment income (losses)</b>	<b>2,930</b>	<b>3,437</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	117	208
General Council cash and investments	2,073	2,544
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	88	85
– Section 64	23	23
Sewerage fund operations	350	347
Domestic waste management operations	84	88
<b>Restricted investments/funds – internal:</b>		
Internally restricted assets	195	142
<b>Total interest and investment income</b>	<b>2,930</b>	<b>3,437</b>

### Accounting policy

Interest income is recognised using the effective interest rate at the date that interest is earned.

## B2-6 Other income

\$ '000	Notes	2021	2020
<b>Fair value increment on investment properties</b>			
Fair value increment on investment properties		140	30
<b>Total fair value increment on investment properties</b>	C1-9	<b>140</b>	<b>30</b>
<b>Rental income</b>			
<b>Investment properties</b>			
Lease income (excluding variable lease payments not dependent on an index or rate)		382	429
<b>Total Investment properties</b>		<b>382</b>	<b>429</b>
<b>Land and Property</b>			
Lease income (excluding variable lease payments not dependent on an index or rate)		880	992
<b>Other lease income</b>			
Leaseback fees - council vehicles		90	85
<b>Total Other lease income</b>		<b>970</b>	<b>1,077</b>
<b>Total rental income</b>	C2-2	<b>1,352</b>	<b>1,506</b>
<b>Net share of interests in joint ventures and associates using the equity method</b>			
Joint ventures		82	56
<b>Total net share of interests in joint ventures and associates using the equity method</b>	D2-1	<b>82</b>	<b>56</b>
<b>Total other income</b>		<b>1,574</b>	<b>1,592</b>



## B3 Costs of providing services

### B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	34,569	34,690
Employee leave entitlements (ELE)	5,572	5,640
Superannuation	3,965	3,907
Workers' compensation insurance	991	758
Fringe benefit tax (FBT)	64	44
Payroll tax	144	136
<b>Total employee costs</b>	<b>45,305</b>	<b>45,175</b>
Less: capitalised costs	(1,367)	(1,539)
<b>Total employee costs expensed</b>	<b>43,938</b>	<b>43,636</b>
Number of 'full-time equivalent' employees (FTE) at year end	484	482

#### Accounting policy

Employee benefit expenses are recorded when the service has been provided by the employee.

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.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note E3-1 for more information.

## B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		20,884	22,242
Contractor and consultancy costs		10,959	11,455
Audit Fees	F2-1	112	111
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	F1-2	243	258
Election expenses		6	–
Electricity and heating		1,760	1,888
Insurance		1,029	976
Postage		128	145
Street lighting		777	1,214
Subscriptions and publications		52	54
Telephone and communications		392	384
Cost of sales		456	380
Valuer General Fees		219	212
Water		670	1,052
<b>Legal expenses:</b>			
– Legal expenses: planning and development		11	–
– Legal expenses: debt recovery		–	71
– Legal expenses: other		248	163
<b>Total materials and services</b>		<b>37,946</b>	<b>40,605</b>
<b>Total materials and services</b>		<b>37,946</b>	<b>40,605</b>

### Accounting policy

Expenses are recorded on an accruals basis as the Council receives the goods or services.

## B3-3 Borrowing costs

\$ '000	Notes	2021	2020
<b>(i) Interest bearing liability costs</b>			
Interest on leases		76	105
Interest on loans		2,963	2,954
<b>Total interest bearing liability costs</b>		<b>3,039</b>	<b>3,059</b>
<b>Total interest bearing liability costs expensed</b>		<b>3,039</b>	<b>3,059</b>
<b>(ii) Other borrowing costs</b>			
Fair value adjustments on recognition of advances and deferred debtors			
– Employee leave liabilities	C3-4	22	93
– Remediation liabilities	C3-5	6	6
Interest applicable on interest free (and favourable) loans to Council		76	75
<b>Total other borrowing costs</b>		<b>104</b>	<b>174</b>
<b>Total borrowing costs expensed</b>		<b>3,143</b>	<b>3,233</b>

### Accounting policy

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 as incurred.

## B3-4 Depreciation, amortisation and impairment of non-financial assets

\$ '000	Notes	2021	2020
<b>Depreciation and amortisation</b>			
Plant and equipment		2,079	1,723
Office equipment		426	384
Furniture and fittings		30	40
<b>Infrastructure:</b>	C1-8		
– Buildings – non-specialised		1,650	1,609
– Buildings – specialised		1,016	1,001
– Other structures		1,017	990
– Roads		13,780	14,017
– Bridges		876	813
– Footpaths		1,006	913
– Stormwater drainage		3,194	1,998
– Sewerage network		5,361	5,357
– Swimming pools		80	80
– Other open space/recreational assets		1,247	1,172
– Airport infrastructure		5,718	2,813
Right of use assets	C2-1	430	667
<b>Other assets:</b>	C1-8		
– Other		1,654	1,611
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	C3-5,C1-8	22	24
– Quarry assets	C3-5,C1-8	46	50
<b>Total gross depreciation and amortisation costs</b>		<b>39,632</b>	<b>35,262</b>
Less: capitalised costs		(295)	(233)
<b>Total depreciation and amortisation costs</b>		<b>39,337</b>	<b>35,029</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>39,337</b>	<b>35,029</b>

### Accounting policy

#### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives.

#### Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets that do not meet the criteria above are tested 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 the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

**B3-5 Other expenses**

\$ '000	Notes	2021	2020
<b>Impairment of receivables</b>			
Other		69	5
<b>Total impairment of receivables</b>	C1-4	<b>69</b>	<b>5</b>
<b>Other</b>			
Bushfire fighting fund		461	398
Canberra Region Joint Organisation Contribution		72	45
Emergency Services Levy (includes FRNSW, SES, and RFS levies)		109	95
NSW Fire Brigade Levy		482	476
Riverina Regional Library Member Contribution		1,330	1,306
Donations, contributions and assistance to other organisations (Section 356)		355	441
PCYC Contribution		5	–
<b>Total other</b>		<b>2,814</b>	<b>2,761</b>
<b>Total other expenses</b>		<b>2,883</b>	<b>2,766</b>

**Accounting policy**

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

Impairment expenses are recognised when identified.

**B4 Gains or losses****B4-1 Gain or loss from the disposal, replacement and de-recognition of assets**

\$ '000	Notes	2021	2020
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property		1,060	54
Less: carrying amount of property assets sold/written off		(244)	(30)
<b>Gain (or loss) on disposal</b>		<b>816</b>	<b>24</b>
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-8		
Proceeds from disposal – plant and equipment		1,213	713
Less: carrying amount of plant and equipment assets sold/written off		(935)	(989)
<b>Gain (or loss) on disposal</b>		<b>278</b>	<b>(276)</b>
<b>Gain (or loss) on disposal of infrastructure</b>			
	C1-8		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(5,467)	(7,258)
<b>Gain (or loss) on disposal</b>		<b>(5,467)</b>	<b>(7,258)</b>
<b>Gain (or loss) on disposal of investments</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		10,704	18,507
Less: carrying amount of investments sold/redeemed/matured		(10,704)	(18,507)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Gain (or loss) on disposal of term deposits</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		21,000	25,000
Less: carrying amount of term deposits sold/redeemed/matured		(21,000)	(25,000)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Net gain (or loss) on disposal of assets</b>		<b>(4,373)</b>	<b>(7,510)</b>

**Accounting policy**

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 29 June 2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

**Material variations of more than 10%** between original budget and actual results or where the variance is considered material by nature are explained below.

**Variation Key:** **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
<b>REVENUES</b>				
<b>Rates and annual charges</b>	<b>72,530</b>	<b>71,796</b>	<b>(734)</b>	<b>(1)% U</b>
<b>User charges and fees</b>	<b>22,180</b>	<b>25,486</b>	<b>3,306</b>	<b>15% F</b>
Council received additional unbudgeted user charges and fees during the year, the most significant amounts were in relation to development services income and Solid Waste income. Council had originally budgeted for a \$2.2M reduction in development services and airport user fee income due to the COVID-19 pandemic. This income was subsequently received during the year.				
<b>Other revenues</b>	<b>1,739</b>	<b>3,967</b>	<b>2,228</b>	<b>128% F</b>
Council received additional unbudgeted income during the year from Centrelink Paid Parental Leave, Jury Duty, Long Service Leave income & insurance claims. The most significant unbudgeted amounts were received for the removal of PFAS at the Wagga Airport during the Taxiway upgrade project and for Energy Saving Certificates (ESC) in relation to the upgrade of Streetlight throughout the Local Government Area.				
<b>Operating grants and contributions</b>	<b>13,415</b>	<b>13,635</b>	<b>220</b>	<b>2% F</b>
<b>Capital grants and contributions</b>	<b>89,542</b>	<b>53,711</b>	<b>(35,831)</b>	<b>(40)% U</b>
The construction and delivery of the 2020/21 Capital Works Program did not progress as originally budgeted for a significant number of capital projects which meant that the Capital Grant and Contributions were not received and will be received in future years. The main projects include RIFL Stage 2A Rail Siding, Dunns Road Roads and Traffic Facilities, Active Travel Plan, Pomingalarna Multisport Cycling Complex, Botanic Gardens Museum Site Redevelopment, Riverside Stage 2, Airport Redevelop Internal Baggage Claim and Retail Section and Gregadoo Road Corridor Works.				
<b>Interest and investment revenue</b>	<b>2,306</b>	<b>2,930</b>	<b>624</b>	<b>27% F</b>
Council's interest on investments outperformance against the original budget for the 2020/21 financial year is mainly due to the larger than anticipated balance of Council's investment portfolio. This is a result of a number of large capital projects not being as advanced as originally predicted.				
<b>Other income</b>	<b>1,274</b>	<b>1,574</b>	<b>300</b>	<b>24% F</b>
Other income exceeded the budget due to Council's subletting of the Sydney Office not being included in the original budget and additional income being received for the leasing of grazing land.				

**B5-1 Material budget variations (continued)**

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
<b>EXPENSES</b>				
<b>Employee benefits and on-costs</b>	<b>48,596</b>	<b>43,938</b>	<b>4,658</b>	<b>10% F</b>
Council experienced a reduction in employee benefits and on-cost expenditure due to the number of positions that were vacant in the organisation during the year. This, along with a reduction in workers compensation claims, meant savings in workers compensation premiums for the organisation.				
<b>Materials and services</b>	<b>37,927</b>	<b>37,946</b>	<b>(19)</b>	<b>0% U</b>
<b>Borrowing costs</b>	<b>3,453</b>	<b>3,143</b>	<b>310</b>	<b>9% F</b>
<b>Depreciation, amortisation and impairment of non-financial assets</b>	<b>35,178</b>	<b>39,337</b>	<b>(4,159)</b>	<b>(12)% U</b>
Council's depreciation expense exceeded budget for the 2020/21 financial year as a result of the asset revaluations performed for Stormwater Drainage and Airport Infrastructure assets during the 2019/20 financial year.				
<b>Other expenses</b>	<b>2,918</b>	<b>2,883</b>	<b>35</b>	<b>1% F</b>
<b>Net losses from disposal of assets</b>	<b>–</b>	<b>4,373</b>	<b>(4,373)</b>	<b>∞ U</b>
<b>STATEMENT OF CASH FLOWS</b>				
<b>Cash flows from operating activities</b>	<b>108,346</b>	<b>73,116</b>	<b>(35,230)</b>	<b>(33)% U</b>
This variation to original budget is a result of Council not receiving a number of grants and contributions due to the construction and delivery of the 2020/21 Capital Works Program not progressing as originally budgeted.				
<b>Cash flows from investing activities</b>	<b>(125,632)</b>	<b>(65,446)</b>	<b>60,186</b>	<b>(48)% F</b>
This variation is a result of Council not completing its Capital Works Program as originally budgeted. A budget variation was presented to Council at its 22 February 2021 meeting, to update the timing of a number of capital works projects.				
<b>Cash flows from financing activities</b>	<b>18,006</b>	<b>1,778</b>	<b>(16,228)</b>	<b>(90)% U</b>
This variation is a result of Council not requiring to undertake the originally budgeted level of external loan borrowings for 2020/21. This is due to a delay in the commitment and completion of a number of projects that utilise loan borrowings as a funding source.				

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2021	2020
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	19,633	19,237
Cash-equivalent assets		
– Deposits at call	9,052	–
<b>Total cash and cash equivalents</b>	<b>28,685</b>	<b>19,237</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	28,685	19,237
<b>Balance as per the Statement of Cash Flows</b>	<b>28,685</b>	<b>19,237</b>

#### Accounting policy

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: 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 Statement of Financial Position.

#### C1-2 Financial investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Financial assets at fair value through the profit and loss</b>				
Managed funds	–	1,824	–	1,545
Floating rate notes	2,254	38,824	4,021	44,392
<b>Total</b>	<b>2,254</b>	<b>40,648</b>	<b>4,021</b>	<b>45,937</b>
<b>Debt securities at amortised cost</b>				
Long term deposits	35,000	49,000	25,000	53,000
Government and semi-government bonds	–	7,000	–	–
<b>Total</b>	<b>35,000</b>	<b>56,000</b>	<b>25,000</b>	<b>53,000</b>
<b>Total financial investments</b>	<b>37,254</b>	<b>96,648</b>	<b>29,021</b>	<b>98,937</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>65,939</b>	<b>96,648</b>	<b>48,258</b>	<b>98,937</b>

#### Accounting policy

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.



## C1-2 Financial investments (continued)

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### **Classification**

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

### **Amortised cost**

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

### **Financial assets through profit or loss**

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Council's financial assets measured at fair value through profit or loss comprise investments of floating rate notes and managed funds in the Statement of Financial Position.

## C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021		2020	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	<b>65,939</b>	<b>96,648</b>	48,258	98,937
<b>attributable to:</b>				
External restrictions	8,403	96,648	–	93,324
Internal restrictions	47,718	–	35,996	5,613
Unrestricted	9,818	–	12,262	–
	<b>65,939</b>	<b>96,648</b>	48,258	98,937

\$ '000	2021	2020
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### Details of restrictions

#### External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	8,685	3,133
Employee leave – sewer and waste	622	763
<b>External restrictions – included in liabilities</b>	<b>9,307</b>	<b>3,896</b>

#### External restrictions – other

Developer contributions – general	33,397	32,167
Sewer fund	29,448	24,798
Sewerage services – unexpended contributions	98	669
Domestic waste management	21,253	22,185
Stormwater management	4,589	4,144
Other unexpended contributions	520	511
Special rate variation – Levee bank	6,439	4,954
<b>External restrictions – other</b>	<b>95,744</b>	<b>89,428</b>
<b>Total external restrictions</b>	<b>105,051</b>	<b>93,324</b>

#### Internal restrictions

Airport	–	325
Bridge	297	568
Building	1,047	74
CBD carparking	498	775
CCTV	101	91
Cemetery	828	597
Cemetery perpetual	–	241
Civic Theatre	40	96
Civil infrastructure	9,787	351
Civil projects	–	142
Community amenities	–	282
Community works	172	177
Council election	543	444
Economic development	437	490
Emergency events	231	215
Employees leave entitlement	3,798	3,781
Environmental conservation	117	117
Estella community centre	–	231
Event attraction	302	198
Family day care	–	200
Fit for the Future	–	5,418
Grant commission	5,382	5,489
Gravel pit	821	808
Gurwood St property	–	50
Information services	1,052	1,090

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**C1-3 Restricted cash, cash equivalents and investments (continued)**

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
Insurance savings	50	100
Internal loans	3,022	1,672
Lake Albert	85	209
LEP preparation	-	3
Livestock marketing centre	4,447	5,652
Net zero emissions	376	341
Oasis	1,266	259
Oasis plant	-	1,071
Other building improvements	-	55
Other operational	81	546
Parks and recreation	943	227
Planning legals	60	40
Plant	4,302	3,542
Playground equipment replacement	-	261
Project carryovers	3,816	2,778
Public art	177	159
Robertson Oval	-	92
Sporting event operations	-	100
Stormwater drainage	158	258
Strategic real property	800	-
Street lighting replacement	-	13
Subdivision tree planting	487	536
Unexpended external loans	2,004	1,284
Workers compensation	191	161
<b>Total internal restrictions</b>	<b>47,718</b>	<b>41,609</b>
<b>Total restrictions</b>	<b>152,769</b>	<b>134,933</b>

Internal restrictions over cash, cash equivalents and investments are those assets restricted only by a resolution of the elected Council.

## C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Purpose</b>				
Rates and annual charges	3,610	–	3,455	–
Interest and extra charges	264	–	328	–
User charges and fees	3,289	–	3,552	–
Accrued revenues				
– Interest on investments	728	–	970	–
– Other income accruals	226	–	15	–
Deferred debtors	6	12	6	18
Government grants and subsidies	7,472	–	4,092	–
Net GST receivable	2,017	–	1,530	–
Other debtors	717	–	371	4
<b>Total</b>	<b>18,329</b>	<b>12</b>	<b>14,319</b>	<b>22</b>
<b>Less: provision of impairment</b>				
User charges and fees	(180)	–	(116)	–
<b>Total provision for impairment – receivables</b>	<b>(180)</b>	<b>–</b>	<b>(116)</b>	<b>–</b>
<b>Total net receivables</b>	<b>18,149</b>	<b>12</b>	<b>14,203</b>	<b>22</b>
<b>Externally restricted receivables</b>				
<b>Sewerage services</b>				
– Rates and availability charges	950	–	758	–
– Other	1,166	–	1,317	–
<b>Domestic waste management</b>	<b>1,174</b>	<b>–</b>	<b>1,315</b>	<b>–</b>
<b>Stormwater management</b>	<b>42</b>	<b>–</b>	<b>40</b>	<b>–</b>
<b>Other</b>				
– Unexpended grants	563	–	787	–
– Unexpended contributions	2	–	11	–
<b>Total external restrictions</b>	<b>3,897</b>	<b>–</b>	<b>4,228</b>	<b>–</b>
<b>Internally restricted receivables</b>				
– Livestock marketing centre	409	–	401	–
– Airport	831	–	517	–
<b>Internally restricted receivables</b>	<b>1,240</b>	<b>–</b>	<b>918</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>13,012</b>	<b>12</b>	<b>9,057</b>	<b>22</b>
<b>Total net receivables</b>	<b>18,149</b>	<b>12</b>	<b>14,203</b>	<b>22</b>

\$ '000	2021	2020
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year	116	178
+ new provisions recognised during the year	72	12
– amounts already provided for and written off this year	(4)	(72)
– previous impairment losses reversed	(4)	(2)
<b>Balance at the end of the year</b>	<b>180</b>	<b>116</b>

## C1-4 Receivables (continued)

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### Accounting policy

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

### Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When estimating ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1.

When considering the ECL for rates and annual charges debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Credit losses are measured at the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

Council writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

## C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>(i) Inventories at cost</b>				
Stores and materials	2,063	-	1,793	-
Trading stock	88	-	124	-
<b>Total inventories at cost</b>	<b>2,151</b>	<b>-</b>	<b>1,917</b>	<b>-</b>
<b>Total inventories</b>	<b>2,151</b>	<b>-</b>	<b>1,917</b>	<b>-</b>

### Externally restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Sewerage</b>				
Stores and materials	188	-	188	-
<b>Total sewerage</b>	<b>188</b>	<b>-</b>	<b>188</b>	<b>-</b>
<b>Total externally restricted assets</b>	<b>188</b>	<b>-</b>	<b>188</b>	<b>-</b>
<b>Total internally restricted assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total unrestricted assets</b>	<b>1,963</b>	<b>-</b>	<b>1,729</b>	<b>-</b>
<b>Total inventories</b>	<b>2,151</b>	<b>-</b>	<b>1,917</b>	<b>-</b>

### Accounting policy

#### Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. 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.

## C1-6 Contract assets and Contract cost assets

\$ '000	Notes	2021	2020
Contract assets	C1-6	5,229	4,706
<b>Total contract assets and contract cost assets</b>		<b>5,229</b>	<b>4,706</b>

### Contract assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Capital grants and contributions to be received	5,229	-	4,706	-
<b>Total contract assets</b>	<b>5,229</b>	<b>-</b>	<b>4,706</b>	<b>-</b>

## C1-6 Contract assets and Contract cost assets (continued)

### (i) Externally restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Internally restricted assets</b>				
Airport	1,117	-	-	-
<b>Total internally restricted assets</b>	<b>1,117</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total restricted assets</b>	<b>1,117</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total unrestricted assets</b>	<b>4,112</b>	<b>-</b>	<b>4,706</b>	<b>-</b>
<b>Total contract assets and contract cost asset</b>	<b>5,229</b>	<b>-</b>	<b>4,706</b>	<b>-</b>

### Accounting policy

#### Contract assets

Contract assets represent Council's right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

## C1-7 Non-current assets classified as held for sale

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Non-current assets held for sale</b>				
Land and Building	260	-	260	-
<b>Total non-current assets held for sale</b>	<b>260</b>	<b>-</b>	<b>260</b>	<b>-</b>
<b>Total non-current assets classified as held for sale</b>	<b>260</b>	<b>-</b>	<b>260</b>	<b>-</b>

### Accounting policy

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use and are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

## C1-8 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020 <sup>1</sup>			Asset movements during the reporting period							At 30 June 2021		
	Gross carrying amount Restated	Accumulated depreciation and impairment	Net carrying amount <sup>1</sup> Restated	Additions renewals <sup>2</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>													
Capital work in progress	31,277	–	31,277	7,956	24,495	(1,086)	–	(18,247)	–	–	44,395	–	44,395
Plant and equipment	29,724	(10,915)	18,809	2,707	1,666	(934)	(2,079)	21	–	–	31,687	(11,497)	20,190
Office equipment	3,317	(2,191)	1,126	243	17	–	(426)	–	–	–	3,577	(2,617)	960
Furniture and fittings	2,296	(2,168)	128	–	8	–	(30)	–	–	–	2,304	(2,199)	105
<b>Land:</b>													
– Operational land	71,387	–	71,387	–	60	–	–	–	–	–	71,447	–	71,447
– Community land	82,906	–	82,906	–	362	(244)	–	59	–	–	83,082	–	83,082
– Land under roads	8,548	–	8,548	–	22	–	–	–	–	–	8,569	–	8,569
<b>Infrastructure:</b>													
– Buildings – non-specialised	107,792	(22,366)	85,426	666	98	–	(1,650)	–	–	–	108,556	(24,015)	84,541
– Buildings – specialised	59,220	(17,469)	41,751	225	28	(157)	(1,016)	205	–	–	59,182	(18,145)	41,037
– Other structures	38,870	(12,879)	25,991	360	3,162	(173)	(1,017)	225	–	6,758	45,577	(10,270)	35,307
– Roads	727,981	(273,906)	454,075	6,850	4,161	(2,740)	(13,780)	7,010	(42)	–	738,519	(282,984)	455,535
– Bridges	74,513	(29,449)	45,064	2,492	–	(30)	(876)	9,167	42	–	85,913	(30,054)	55,859
– Footpaths	54,622	(21,819)	32,803	1,473	2,489	(422)	(1,006)	243	–	–	58,143	(22,564)	35,579
– Stormwater drainage	298,655	(86,435)	212,220	206	3,462	(76)	(3,194)	693	–	–	302,937	(89,625)	213,312
– Sewerage network	374,377	(98,179)	276,198	1,855	2,785	(330)	(5,361)	62	–	2,532	382,101	(104,360)	277,741
– Swimming pools	4,000	(1,201)	2,799	–	–	–	(80)	–	–	–	4,000	(1,281)	2,719
– Other open space/recreational assets	28,068	(13,043)	15,025	786	653	(165)	(1,247)	119	–	8,353	35,585	(12,061)	23,524
– Airport infrastructure (leasehold improvements)	91,008	(71,580)	19,428	5,157	–	(273)	(5,718)	334	–	–	91,611	(72,683)	18,928
<b>Other assets:</b>													
– Artworks	5,363	–	5,363	–	32	–	–	1	–	518	5,914	–	5,914
– Other	27,273	(10,071)	17,202	44	667	(16)	(1,654)	108	–	4,576	29,554	(8,627)	20,927
<b>Restatement, rehabilitation and restoration assets (refer Note C3-5):</b>													
– Tip assets	1,593	(481)	1,112	–	–	–	(22)	–	220	–	1,812	(503)	1,309
– Quarry assets	1,229	(393)	836	–	–	–	(46)	–	176	–	1,406	(440)	966
<b>Total infrastructure, property, plant and equipment</b>	<b>2,124,019</b>	<b>(674,545)</b>	<b>1,449,474</b>	<b>31,020</b>	<b>44,167</b>	<b>(6,646)</b>	<b>(39,202)</b>	<b>–</b>	<b>396</b>	<b>22,737</b>	<b>2,195,871</b>	<b>(693,925)</b>	<b>1,501,946</b>

(1) The balances as at 30/06/2020 have been restated for the Community Land asset class.

(2) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).



## C1-8 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2019 <sup>1</sup>			Asset movements during the reporting period									At 30 June 2020		
	Gross carrying amount Restated	Accumulated depreciation and impairment	Net carrying amount <sup>1</sup> Restated	Additions renewals <sup>2</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Transfers to right of use assets	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount Restated	Accumulated depreciation and impairment	Net carrying amount Restated
<b>\$ '000</b>															
Capital work in progress	18,607	–	18,607	15,249	6,604	(1,073)	–	(8,111)	–	–	–	–	31,277	–	31,277
Plant and equipment	26,914	(10,159)	16,755	3,678	866	(989)	(1,723)	221	–	–	–	–	29,724	(10,915)	18,809
Office equipment	2,728	(1,808)	920	–	588	–	(384)	2	–	–	–	–	3,317	(2,191)	1,126
Furniture and fittings	2,285	(2,128)	157	–	11	–	(40)	–	–	–	–	–	2,296	(2,168)	128
<b>Land:</b>															
– Operational land	72,031	–	72,031	–	320	(20)	–	–	(945)	–	–	–	71,387	–	71,387
– Community land	87,721	–	87,721	–	39	(10)	–	–	205	(5,050)	–	–	82,906	–	82,906
– Land under roads (post 30/6/08)	8,532	–	8,532	–	16	–	–	–	–	–	–	–	8,548	–	8,548
<b>Infrastructure:</b>															
– Buildings – non-specialised	104,356	(20,756)	83,600	2,022	307	–	(1,609)	368	740	–	–	–	107,792	(22,366)	85,426
– Buildings – specialised	56,616	(16,543)	40,073	1,033	290	(126)	(1,001)	1,481	–	–	–	–	59,220	(17,469)	41,751
– Other structures	38,435	(12,076)	26,359	70	419	(110)	(990)	243	–	–	–	–	38,870	(12,879)	25,991
– Roads	722,933	(265,326)	457,607	8,331	2,656	(1,372)	(14,017)	870	–	–	–	–	727,981	(273,906)	454,075
– Bridges	80,186	(31,559)	48,627	–	216	(2,967)	(813)	–	–	–	–	–	74,513	(29,449)	45,064
– Footpaths	50,117	(21,096)	29,021	605	1,217	(436)	(913)	3,310	–	–	–	–	54,622	(21,819)	32,803
– Stormwater drainage	268,299	(55,230)	213,069	6,975	2,050	–	(1,998)	908	–	–	(8,785)	–	298,655	(86,435)	212,220
– Sewerage network	367,584	(92,188)	275,396	2,261	1,990	(697)	(5,357)	5	–	–	–	2,599	374,377	(98,179)	276,198
– Swimming pools	4,000	(1,120)	2,880	–	–	–	(80)	–	–	–	–	–	4,000	(1,201)	2,799
– Other open space/recreational assets	27,076	(12,162)	14,914	267	1,016	(201)	(1,172)	203	–	–	–	–	28,068	(13,043)	15,025
– Airport infrastructure (leasehold improvements)	46,913	(18,576)	28,337	–	–	–	(2,813)	–	–	–	(6,096)	–	91,008	(71,580)	19,428
<b>Other assets:</b>															
– Artworks	5,331	–	5,331	–	33	–	–	–	–	–	–	–	5,363	–	5,363
– Other	26,233	(8,703)	17,530	301	758	(277)	(1,611)	500	–	–	–	–	27,273	(10,071)	17,202
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>															
– Tip assets	1,593	(457)	1,136	–	–	–	(24)	–	–	–	–	–	1,593	(481)	1,112
– Quarry assets	1,199	(343)	856	–	–	–	(50)	–	31	–	–	–	1,229	(393)	836
<b>Total infrastructure, property, plant and equipment</b>	<b>2,019,689</b>	<b>(570,230)</b>	<b>1,449,459</b>	<b>40,792</b>	<b>19,396</b>	<b>(8,278)</b>	<b>(34,595)</b>	<b>–</b>	<b>31</b>	<b>(5,050)</b>	<b>(14,881)</b>	<b>2,599</b>	<b>2,124,019</b>	<b>(674,545)</b>	<b>1,449,474</b>

(1) The balances as at 30/06/2019 have been restated for the Community Land asset class.

(2) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

## C1-8 Infrastructure, property, plant and equipment (continued)

### Accounting policy

#### Initial recognition of infrastructure, property, plant and equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

When infrastructure, property, plant and equipment is acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

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.

#### Useful lives of IPPE

Land and Artworks are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

	Useful lives (years)
Equipment, furniture and fittings	1 to 100
Infrastructure:	
– Buildings and other structures	1 to 195
– Roads, bridges and footpaths	8 to 110
– Stormwater drainage	25 to 100
– Sewerage network	7 to 200
– Open space / recreational assets	1 to 50
– Airport infrastructure	3 to 40
Other assets	1 to 50
Tip and quarry assets	17 to 50

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

#### Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 3-5 years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Planning, Industry and Environment – Water.

Increases in the carrying amounts arising on revaluation are credited to the IPPE revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against IPPE revaluation reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

## C1-8 Infrastructure, property, plant and equipment (continued)

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### **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 to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 - Property, Plant and Equipment.

Council has utilised the Englobo method to value its land under roads. The Englobo valuation method utilises a discount factor of 90% to the market price of the land across the local government area.

### **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 to the reserves are recognised within Council's Income Statement.

### **Rural Fire Service assets**

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting 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 firefighting equipment has been purchased or constructed".

Until such time as discussions between local Councils and the NSW Government on this matter have concluded and the legislation changed, Council will only continue to recognise rural fire service assets such as land and buildings.

## C1-9 Investment properties

\$ '000	2021	2020
<b>Owned investment property</b>		
Investment property on hand at fair value	4,040	3,900
<b>Total owned investment property</b>	<b>4,040</b>	<b>3,900</b>

### Owned investment property

#### At fair value

Opening balance at 1 July	3,900	3,870
Net gain/(loss) from fair value adjustments	140	30
<b>Closing balance at 30 June</b>	<b>4,040</b>	<b>3,900</b>

#### Accounting policy

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as part of other income.

## C1-10 Other

### Other assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Prepayments	570	-	527	-
<b>Total other assets</b>	<b>570</b>	<b>-</b>	<b>527</b>	<b>-</b>

### Externally restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Sewerage</b>				
Prepayments	-	-	1	-
<b>Total sewerage</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>
Total externally restricted assets	-	-	1	-
Total internally restricted assets	4	-	13	-
Total unrestricted assets	566	-	513	-
<b>Total other assets</b>	<b>570</b>	<b>-</b>	<b>527</b>	<b>-</b>

## C2 Leasing activities

### C2-1 Council as a lessee

Council has leases over a range of assets including land, buildings and waste collection vehicles. Information relating to the leases in place and associated balances and transactions is provided below.

#### Terms and conditions of leases

##### Land and Buildings

Council leases land at Forest Hill for the operation of the Wagga Airport. This lease is for a 30 year period and does not include a renewal option.

Council leases part of a building in Sydney for use as a corporate office. This lease is for 1 year, with 2 x 1 year options. As the non-cancellable lease term is for 1 year and the extension options are not at Council's discretion, Council has considered this a short-term lease and no lease liability or Right-of-use asset has been included. Lease/rent payments are expensed each month.

##### Plant and Equipment

Council is currently a party to a waste collection contract in which Council directs the use of the collection vehicles. Under this agreement, Council has a right-of-use asset for 10 dedicated collection vehicles with the contract running for a period of 7 years, with 3 x 1 year options.

##### Extension options

Council has options for lease extensions in its building lease and waste collection contract to provide certainty to Council operations. The extension options in Council's waste collection contract is at Council's discretion. The extension options in Council's building lease is at the discretion of Property NSW.

At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension options will be exercised.

Council has included the potential future lease extension options within its lease liability for the waste collection contract only.

#### (a) Right of use assets

\$ '000	Land	Plant and Equipment	Buildings	Total
<b>2021</b>				
<b>Opening balance at 1 July</b>	<b>108</b>	<b>2,571</b>	<b>1,045</b>	<b>3,724</b>
<b>Adjustments to right-of-use assets due to re-measurement of lease liability</b>	–	–	(968)	(968)
<b>Depreciation charge</b>	(22)	(331)	(77)	(430)
<b>Balance at 30 June</b>	<b>86</b>	<b>2,240</b>	<b>–</b>	<b>2,326</b>
<b>2020</b>				
<b>Opening balance at 1 July</b>	–	–	–	–
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	130	2,903	–	3,033
Adoption of AASB 16 at 1 July 2019 – transfer of IPPE from Note C1-8	5,050	–	–	5,050
Additions to right-of-use assets	–	–	1,358	1,358
Adjustments to right-of-use assets due to re-measurement of lease liability	(5,050)	–	–	(5,050)
Depreciation charge	(22)	(332)	(313)	(667)
<b>Balance at 30 June</b>	<b>108</b>	<b>2,571</b>	<b>1,045</b>	<b>3,724</b>

## C2-1 Council as a lessee (continued)

### (b) Lease liabilities

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Lease liabilities	335	2,055	781	3,103
<b>Total lease liabilities</b>	<b>335</b>	<b>2,055</b>	<b>781</b>	<b>3,103</b>

### (c) (i) The maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2021</b>					
Cash flows	399	1,571	656	2,626	2,390
2020					
Cash flows	875	2,318	1,031	4,224	3,884

### (ii) Lease liabilities relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Externally restricted assets</b>				
Domestic Waste Management	314	1,988	305	2,302
<b>Lease liabilities relating to externally restricted assets</b>	<b>314</b>	<b>1,988</b>	<b>305</b>	<b>2,302</b>
<b>Internally restricted assets</b>				
Airport	21	67	20	89
<b>Lease liabilities relating to internally restricted assets</b>	<b>21</b>	<b>67</b>	<b>20</b>	<b>89</b>
<b>Total lease liabilities relating to restricted assets</b>	<b>335</b>	<b>2,055</b>	<b>325</b>	<b>2,391</b>
<b>Total lease liabilities relating to unrestricted assets</b>	<b>–</b>	<b>–</b>	<b>456</b>	<b>712</b>
<b>Total lease liabilities</b>	<b>335</b>	<b>2,055</b>	<b>781</b>	<b>3,103</b>

### (d) Income Statement

The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

\$ '000	2021	2020
Interest on lease liabilities	76	105
Variable lease payments based on usage not included in the measurement of lease liabilities	72	105
Income from sub-leasing right of use assets	(290)	(428)
Depreciation of right of use assets	430	667
Expenses relating to short-term leases	58	–

continued on next page ...

**C2-1 Council as a lessee (continued)**

\$ '000	2021	2020
Expenses relating to Peppercorn leases	3	3
Lease modifications (ordinary leases)	(90)	–
	<b>259</b>	<b>452</b>

**(e) Statement of Cash Flows**

Income from sub-leasing right-of-use assets	(290)	(428)
Interest payments on lease liabilities	79	100
Variable lease payments	72	105
Lease payments made prior to or on lease commencement	–	8
Expenses relating to Peppercorn leases	3	3
Expenses relating to Short term leases	58	–
Lease Liability Payments	435	500
	<b>357</b>	<b>288</b>

**(f) Leases at significantly below market value – concessionary / peppercorn leases**

Council has one lease at significantly below market value for the land on which the Museum of the Riverina is located on. This lease is a 25 year lease, with renewal option of 25 years and requires a payment of \$2,500 per year.

The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

**Accounting policy**

At inception of a contract, Council assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where Council believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

**Exceptions to lease accounting**

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

**Leases at significantly below market value / Concessionary leases**

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

## C2-2 Council as a lessor

### Operating leases

Council leases out a number of properties to community groups and other organisations; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property and/or IPP&E in the Statement of Financial Position.

The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below:

\$ '000	2021	2020
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#### (i) Assets held as investment property

Investment property operating leases relate to Council owned buildings at 36-40 Gurwood St and 99 Peter St, that are currently leased out by Council.

The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below

Lease income (excluding variable lease payments not dependent on an index or rate)	382	429
<b>Total income relating to operating leases for investment property assets</b>	<b>382</b>	<b>429</b>

#### Operating lease expenses

##### Investment Property

Direct operating expenses that generated rental income	59	59
<b>Total expenses relating to operating leases</b>	<b>59</b>	<b>59</b>

#### (ii) Assets held as property, plant and equipment

Council provides operating leases on some Council owned buildings, as well as entering into leaseback arrangements with some staff for use of Council owned vehicles. The table below relates to operating leases on assets disclosed in C1-8.

Lease income (excluding variable lease payments not dependent on an index or rate)	970	1,077
<b>Total income relating to operating leases for Council assets</b>	<b>970</b>	<b>1,077</b>

#### Operating lease expenses

##### Land and Property

Direct operating expenses that generated rental income	269	90
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##### Other leased assets expenses

Leaseback vehicle expenses	99	88
<b>Total expenses relating to other leases assets</b>	<b>368</b>	<b>178</b>

#### (iii) Maturity analysis of contractual lease income

Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

< 1 year	414	509
1–2 years	361	295
2–3 years	223	225
3–4 years	82	125
4–5 years	16	48
> 5 years	71	20
<b>Total undiscounted lease payments to be received</b>	<b>1,167</b>	<b>1,222</b>



## C2-2 Council as a lessor (continued)

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### Accounting policy

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components, the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Payables</b>				
Goods and services – operating expenditure	6,054	–	8,791	–
Goods and services – capital expenditure	7,450	–	5,154	–
Accrued expenses:				
– Interest on loans	227	–	226	–
– Interest on leases	2	–	5	–
– Salaries and wages	745	–	530	–
– Other expenditure accruals	62	–	68	–
Security bonds, deposits and retentions	3,863	–	3,507	–
Prepaid rates	2,123	–	1,777	–
Other	66	–	150	–
<b>Total payables</b>	<b>20,592</b>	<b>–</b>	<b>20,208</b>	<b>–</b>
<b>Total payables</b>	<b>20,592</b>	<b>–</b>	<b>20,208</b>	<b>–</b>

#### Payables relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Externally restricted assets</b>				
Sewer	1,010	–	1,442	–
Domestic waste management	417	–	828	–
Stormwater management	–	–	85	–
Payables relating to externally restricted assets	1,427	–	2,355	–
<b>Internally restricted assets</b>				
Livestock marketing centre	224	–	194	–
Airport	450	–	532	–
Payables relating to internally restricted assets	674	–	726	–
<b>Total payables relating to restricted assets</b>	<b>2,101</b>	<b>–</b>	<b>3,081</b>	<b>–</b>
<b>Total payables relating to unrestricted assets</b>	<b>18,491</b>	<b>–</b>	<b>17,127</b>	<b>–</b>
<b>Total payables</b>	<b>20,592</b>	<b>–</b>	<b>20,208</b>	<b>–</b>

#### Accounting policy

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

#### Payables

Payables represent liabilities for goods and services provided to Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

## C3-2 Contract Liabilities

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	8,642	-	3,640	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	606	-	280	-
Unexpended capital contributions (to construct Council controlled assets)	(i)	13	-	412	-
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	416	-	18	-
<b>Total grants received in advance</b>		<b>9,677</b>	<b>-</b>	<b>4,350</b>	<b>-</b>
<b>User fees and charges received in advance:</b>					
Upfront fees – Leisure Centre	(iii)	121	-	105	-
Property leases and licences		128	-	176	-
Wagga Civic Theatre ticketing	(iv)	475	-	160	-
Other		10	-	-	-
<b>Total user fees and charges received in advance</b>		<b>734</b>	<b>-</b>	<b>441</b>	<b>-</b>
<b>Total contract liabilities</b>		<b>10,411</b>	<b>-</b>	<b>4,791</b>	<b>-</b>

### Notes

(i) Council has received funding to construct assets including sporting facilities, bridges and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

(iii) Upfront membership fees for the Leisure Centre do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue over the expected membership life.

(iv) Upfront ticket payments for theatre shows do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue once the performance has occurred.

## C3-2 Contract Liabilities (continued)

### Contract liabilities relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Externally restricted assets</b>				
Unspent grants held as contract liabilities (excl. Water & Sewer)	8,685	-	3,133	-
Domestic waste management	2	-	5	-
<b>Contract liabilities relating to externally restricted assets</b>	<b>8,687</b>	<b>-</b>	<b>3,138</b>	<b>-</b>
<b>Internally restricted assets</b>				
Airport	443	-	116	-
<b>Contract liabilities relating to internally restricted assets</b>	<b>443</b>	<b>-</b>	<b>116</b>	<b>-</b>
<b>Total contract liabilities relating to restricted assets</b>	<b>9,130</b>	<b>-</b>	<b>3,254</b>	<b>-</b>
<b>Total contract liabilities relating to unrestricted assets</b>	<b>1,281</b>	<b>-</b>	<b>1,537</b>	<b>-</b>
<b>Total contract liabilities</b>	<b>10,411</b>	<b>-</b>	<b>4,791</b>	<b>-</b>

### Significant changes in contract liabilities

During the 2020/21 financial year, Council received a significant amount of grant funding in advance including \$1.11M for Riverside Stage 2 works and \$2.57M Lake Albert Road Stages 3A and 3B works. Council also had \$954K for its Museum Redevelopment project that was unspent at the end of the financial year.

### Accounting policy

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

### C3-3 Borrowings

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	7,852	58,583	4,398	59,657
<b>Total borrowings</b>	<b>7,852</b>	<b>58,583</b>	<b>4,398</b>	<b>59,657</b>

(1) Loans are secured over the general rating income of Council.

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note E1-1.

#### Borrowings relating to restricted assets

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Sewer	1,112	30,042	847	29,422
<b>Borrowings relating to externally restricted assets</b>	<b>1,112</b>	<b>30,042</b>	<b>847</b>	<b>29,422</b>
<b>Internally restricted assets</b>				
Airport	1,204	6,031	1,104	6,507
<b>Borrowings relating to internally restricted assets</b>	<b>1,204</b>	<b>6,031</b>	<b>1,104</b>	<b>6,507</b>
<b>Total borrowings relating to restricted assets</b>	<b>2,316</b>	<b>36,073</b>	<b>1,951</b>	<b>35,929</b>
<b>Total borrowings relating to unrestricted assets</b>	<b>5,536</b>	<b>22,510</b>	<b>2,447</b>	<b>23,728</b>
<b>Total borrowings</b>	<b>7,852</b>	<b>58,583</b>	<b>4,398</b>	<b>59,657</b>

#### (a) Changes in liabilities arising from financing activities

\$ '000	2020		Non-cash movements			2021
	Opening Balance	Cash flows	Acquisitions	Fair value changes	Other non-cash movement	Closing balance
Loans – secured	64,055	(4,321)	6,701	–	–	66,435
Lease liability (Note C2-1b)	3,884	(436)	–	–	(1,058)	2,390
<b>Total liabilities from financing activities</b>	<b>67,939</b>	<b>(4,757)</b>	<b>6,701</b>	<b>–</b>	<b>(1,058)</b>	<b>68,825</b>

\$ '000	2019		Non-cash movements				2020
	Opening Balance	Cash flows	Acquisitions	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	59,377	(3,273)	7,951	–	–	–	64,055
Lease liability (Note C2-1b)	–	(499)	1,350	–	3,033	–	3,884
<b>Total liabilities from financing activities</b>	<b>59,377</b>	<b>(3,772)</b>	<b>9,301</b>	<b>–</b>	<b>3,033</b>	<b>–</b>	<b>67,939</b>

### C3-3 Borrowings (continued)

#### (b) Financing arrangements

\$ '000	2021	2020
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	500	500
Credit cards/purchase cards	500	500
Bank guarantees	75	26
<b>Total financing arrangements</b>	<b>1,075</b>	<b>1,026</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	72	41
– Bank guarantees	53	10
<b>Total drawn financing arrangements</b>	<b>125</b>	<b>51</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	428	459
– Bank guarantees	22	16
<b>Total undrawn financing arrangements</b>	<b>950</b>	<b>975</b>

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

#### Accounting policy

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or borrowing costs.

### C3-4 Employee benefit provisions

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Annual leave	4,713	–	4,644	–
Long service leave	8,346	416	8,568	317
Other leave – TOIL	167	–	196	–
Other leave – RDO	7	–	8	–
<b>Total employee benefit provisions</b>	<b>13,233</b>	<b>416</b>	<b>13,416</b>	<b>317</b>

#### Employee benefit provisions relating to restricted assets

##### Externally restricted assets

Sewer	712	11	792	10
Domestic waste management	247	17	317	11
Employee benefit provisions relating to externally restricted assets	959	28	1,109	21

##### Internally restricted assets

Livestock Marketing Centre	388	8	311	11
Airport	60	11	47	8
Employee benefit provisions relating to internally restricted assets	448	19	358	19

#### Total employee benefit provisions relating to restricted assets

	1,407	47	1,467	40
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#### Total employee benefit provisions relating to unrestricted assets

	11,826	369	11,949	277
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#### Total employee benefit provisions

	13,233	416	13,416	317
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#### Current employee benefit provisions not anticipated to be settled within the next twelve months

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	8,773	8,989
	<b>8,773</b>	<b>8,989</b>

## C3-4 Employee benefit provisions (continued)

### Description of and movements in provisions

\$ '000	Employee Leave Entitlement provisions			Total
	Annual leave	Long service leave	Other employee benefits	
<b>2021</b>				
At beginning of year	4,644	8,885	204	13,733
Additional provisions	2,392	831	158	3,381
Amounts used (payments)	(2,323)	(955)	(188)	(3,466)
Remeasurement effects	–	1	–	1
Total ELE provisions at end of year	4,713	8,762	174	13,649
<b>2020</b>				
At beginning of year	4,059	8,780	172	13,011
Additional provisions	2,664	802	32	3,498
Amounts used (payments)	(2,073)	(680)	–	(2,753)
Remeasurement effects	(6)	(17)	–	(23)
Total ELE provisions at end of year	4,644	8,885	204	13,733

#### Accounting policy

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

#### Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

#### Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.



## C3-5 Provisions

\$ '000	2021	2021	2020	2020
	Current	Non-Current	Current	Non-Current
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	750	2,306	493	2,161
<b>Sub-total – asset remediation/restoration</b>	<b>750</b>	<b>2,306</b>	<b>493</b>	<b>2,161</b>
<b>Total provisions</b>	<b>750</b>	<b>2,306</b>	<b>493</b>	<b>2,161</b>
<b>Provisions relating to restricted assets</b>				
<b>Externally restricted assets</b>				
Domestic waste management	510	899	404	782
Provisions relating to externally restricted assets	510	899	404	782
<b>Total provisions relating to restricted assets</b>	<b>510</b>	<b>899</b>	<b>404</b>	<b>782</b>
<b>Total provisions relating to unrestricted assets</b>	<b>240</b>	<b>1,407</b>	<b>89</b>	<b>1,379</b>
<b>Total provisions</b>	<b>750</b>	<b>2,306</b>	<b>493</b>	<b>2,161</b>

## Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Net carrying amount
<b>2021</b>		
At beginning of year	2,654	2,654
Unwinding of discount	6	6
Additional provisions	396	396
Total other provisions at end of year	<b>3,056</b>	<b>3,056</b>
<b>2020</b>		
At beginning of year	2,618	2,618
Unwinding of discount	6	6
Additional provisions	30	30
Total other provisions at end of year	<b>2,654</b>	<b>2,654</b>

## Nature and purpose of provisions

### Asset remediation

The asset remediation provision represents the present value estimate of future costs Council will incur to restore, rehabilitate and reinstate the Council tip, quarries and treatment works as a result of past operations.

### Accounting policy

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

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

## C3-5 Provisions (continued)

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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 a borrowing cost.

### **Provisions for close-down and restoration, and environmental clean-up costs – tips, quarries and treatment works**

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and 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. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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.

Other movements in the provisions for close-down and restoration 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 infrastructure, property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **Infrastructure, property, plant and equipment revaluation reserve**

The infrastructure, property, plant and equipment (IPPE) revaluation reserve is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

## D Council structure

### D1 Results by fund

General fund refers to all Council activities other than sewer. All amounts disclosed in this note are gross i.e. inclusive of internal charges and recoveries made between the funds. Assets and liabilities shown in the sewer column are restricted for use for this activity.

#### D1-1 Income Statement by fund

\$ '000	General <sup>1</sup> 2021	Sewer 2021
<b>Income from continuing operations</b>		
Rates and annual charges	56,549	15,247
User charges and fees	20,961	4,525
Interest and investment revenue	2,580	350
Other revenues	3,770	197
Grants and contributions provided for operating purposes	13,550	85
Grants and contributions provided for capital purposes	49,395	4,316
Other income	1,574	–
<b>Total income from continuing operations</b>	<b>148,379</b>	<b>24,720</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	41,743	2,195
Materials and services	28,498	9,448
Borrowing costs	977	2,166
Depreciation, amortisation and impairment of non-financial assets	33,974	5,363
Other expenses	2,878	5
Net losses from the disposal of assets	4,041	332
<b>Total expenses from continuing operations</b>	<b>112,111</b>	<b>19,509</b>
<b>Operating result from continuing operations</b>	<b>36,268</b>	<b>5,211</b>
<b>Net operating result for the year</b>	<b>36,268</b>	<b>5,211</b>
<b>Net operating result attributable to each council fund</b>	<b>36,268</b>	<b>5,211</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(13,127)</b>	<b>895</b>

(1) General fund refers to all of Council's activities except for its sewer activities which are listed separately.

## D1-2 Statement of Financial Position by fund

\$ '000	General <sup>1</sup> 2021	Sewer 2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	16,742	11,943
Investments	37,254	–
Receivables	16,033	2,116
Inventories	1,963	188
Contract assets and contract cost assets	5,229	–
Other	570	–
Non-current assets classified as held for sale	260	–
<b>Total current assets</b>	<b>78,051</b>	<b>14,247</b>
<b>Non-current assets</b>		
Investments	79,143	17,505
Receivables	12	–
Infrastructure, property, plant and equipment	1,213,013	288,933
Investments accounted for using the equity method	2,242	–
Investment property	4,040	–
Right of use assets	2,326	–
<b>Total non-current assets</b>	<b>1,300,776</b>	<b>306,438</b>
<b>TOTAL ASSETS</b>	<b>1,378,827</b>	<b>320,685</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	19,582	1,010
Contract liabilities	10,411	–
Lease liabilities	335	–
Borrowings	6,740	1,112
Employee benefit provision	12,521	712
Provisions	750	–
<b>Total current liabilities</b>	<b>50,339</b>	<b>2,834</b>
<b>Non-current liabilities</b>		
Lease liabilities	2,055	–
Borrowings	28,541	30,042
Employee benefit provision	405	11
Provisions	2,306	–
<b>Total non-current liabilities</b>	<b>33,307</b>	<b>30,053</b>
<b>TOTAL LIABILITIES</b>	<b>83,646</b>	<b>32,887</b>
<b>Net assets</b>	<b>1,295,181</b>	<b>287,798</b>
<b>EQUITY</b>		
Accumulated surplus	914,691	75,210
Revaluation reserves	380,490	212,588
<b>Council equity interest</b>	<b>1,295,181</b>	<b>287,798</b>
<b>Total equity</b>	<b>1,295,181</b>	<b>287,798</b>

(1) General fund refers to all of Council's activities except for its sewer activities which are listed separately.

## D1-3 Details of internal loans

(in accordance with s410(3) of the *Local Government Act 1993*)

<b>Details of individual internal loans</b>	<b>Internal Loan 1</b>
Borrower (by purpose)	General Fund
Lender (by purpose)	Sewer Fund
Date of Minister's approval	03/06/2020
Date raised	30/06/2020
Term years	15 years
Dates of maturity	30/06/2035
Amount originally approved	\$12,300,000
Amount drawdown during the year	\$0.00
Rate of interest (%)	1.71%
Total repaid during year (principal and interest)	\$107,708
<b>Principal outstanding at end of year</b>	<b>\$6,298,704</b>

## D2 Interests in other entities

\$ '000	Council's share of net assets	
	2021	2020
<b>Council's share of net assets</b>		
<b>Net share of interests in joint ventures and associates using the equity method – assets</b>		
Joint ventures	2,242	2,154
<b>Total net share of interests in joint ventures and associates using the equity method – assets</b>	<b>2,242</b>	<b>2,154</b>
Total Council's share of net assets	2,242	2,154

### D2-1 Interests in joint arrangements

#### Net carrying amounts – Council's share

\$ '000	Nature of relationship	Place of business	Interest in ownership		2021		2020	
			2021	2020	2021	2020		
Riverina Regional Library Service	Joint Venture	Wagga Wagga	46.2%	46.1%	2,242		2,154	
<b>Total carrying amounts – material joint ventures</b>					<b>2,242</b>		<b>2,154</b>	

#### Material joint ventures

Council has incorporated the following joint ventures into its consolidated financial statements.

#### Details

	Principal activity	Measurement method
Riverina Regional Library Service	Public Library	Equity Method

#### Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2021	2020	2021	2020
Riverina Regional Library Service	46.2%	46.1%	46.2%	46.1%

#### Summarised financial information for joint ventures

\$ '000	Riverina Regional Library Service	
	2021	2020
<b>Statement of financial position</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,249	3,163
Other current assets	26	21
<b>Non-current assets</b>	<b>2,480</b>	<b>2,586</b>

## D2-1 Interests in joint arrangements (continued)

<b>Current liabilities</b>		
Other current liabilities	899	1,093
<b>Non-current liabilities</b>		
Non-current financial liabilities (excluding trade and other payables and provisions)	4	2
<b>Net assets</b>	<b>4,852</b>	<b>4,675</b>
<b>Statement of comprehensive income</b>		
Income	3,142	3,177
Interest income	26	18
Depreciation and amortisation	(925)	(901)
Other expenses	(2,066)	(2,172)
<b>Profit/(loss) from continuing operations</b>	<b>177</b>	<b>122</b>
<b>Profit/(loss) for the period</b>	<b>177</b>	<b>122</b>
<b>Total comprehensive income</b>	<b>177</b>	<b>122</b>
<b>Share of income – Council (%)</b>	<b>46.2%</b>	46.1%
<b>Profit/(loss) – Council (\$)</b>	<b>82</b>	56
<b>Total comprehensive income – Council (\$)</b>	<b>82</b>	56
<b>Reconciliation of the carrying amount</b>		
Opening net assets (1 July)	4,675	4,553
Profit/(loss) for the period	177	122
<b>Closing net assets</b>	<b>4,852</b>	<b>4,675</b>
<b>Council's share of net assets (%)</b>	<b>46.2%</b>	46.1%
<b>Council's share of net assets (\$)</b>	<b>2,242</b>	2,154

### County Councils

Council is a member of the Riverina Water County Council which is a body corporate established under the Local Government Act 1993 (NSW). Riverina Water County Council exists for the construction, operation and maintenance of works of water supply within the Local Government Areas of Greater Hume, Lockhart, Federation and 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 statements.

### Accounting policy

The Council has determined that it has interest in the Riverina Regional Library joint venture only.

### Joint ventures

Interests in joint ventures are accounted for using the equity method where the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition.

If Council's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Council discontinues recognising its share of further losses.

Council's share in the joint venture's gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint venture's accounting policies where they are different from those of the Council for the purposes of the consolidated financial statements.



## E Risks and accounting uncertainties

### E1-1 Risks relating to financial instruments held

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's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with the s 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio as required by local government regulations.

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 the finance team under policies approved by the Councillors.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2021	Carrying value 2020	Fair value 2021	Fair value 2020
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	28,685	19,237	28,685	19,237
Receivables <sup>1</sup>	16,144	12,695	16,145	12,695
Investments				
– Debt securities at amortised cost	91,000	78,000	91,000	78,000
<b>Fair value through profit and loss</b>				
Investments				
– Held for trading	42,902	49,958	42,902	49,958
<b>Total financial assets</b>	<b>178,731</b>	<b>159,890</b>	<b>178,732</b>	<b>159,890</b>
<b>Financial liabilities</b>				
Payables	20,592	20,208	20,591	20,208
Loans/advances	66,435	64,055	66,435	64,055
Lease liabilities	2,390	3,884	2,390	3,884
<b>Total financial liabilities</b>	<b>89,417</b>	<b>88,147</b>	<b>89,416</b>	<b>88,147</b>

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and measure at amortised cost investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) **at fair value through profit and loss** or (ii) **at fair value through other comprehensive income** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

The risks associated with the financial instruments held are:

- interest rate risk – the risk that movements in interest rates could affect returns
- liquidity risk – the risk that Council will not be able to pay its debts as and when they fall due.
- credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument, resulting in a financial loss to the Council.

Council manages these risks 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 cash and investments.

(1) As per AASB7, Receivables does not include statutory receivables (Net GST Receivable).

## E1-1 Risks relating to financial instruments held (continued)

### (a) Market risk – interest rate and price risk

\$ '000	2021	2020
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The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

Impact of a 1% movement in interest rates		
– Equity / Income Statement	1,321	1,817
Impact of a 1% movement in price of investments		
– Equity / Income Statement	429	500

### (b) Credit risk

Council's major receivables comprise rates, annual charges, user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

There are no significant concentrations of credit risk other than Council has significant credit risk exposures in its local area given the nature of Council activities.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

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

#### Credit risk profile

##### Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
<b>2021</b>						
Gross carrying amount	–	2,877	523	188	22	3,610
<b>2020</b>						
Gross carrying amount	–	2,941	382	115	17	3,455

## E1-1 Risks relating to financial instruments held (continued)

### Receivables - non-rates and annual charges

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
<b>2021</b>						
Gross carrying amount	11,237	256	26	682	513	12,714
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	35.08%	1.42%
<b>ECL provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>180</b>	<b>180</b>
<b>2020</b>						
Gross carrying amount	7,697	772	240	222	425	9,356
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	27.31%	1.24%
<b>ECL provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>116</b>	<b>116</b>

### (c) Liquidity risk

Payables, lease liabilities and borrowings are subject to liquidity risk; this is, 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 and overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk; the risk that movements in interest rates could adversely affect funding costs. The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2021</b>							
Trade/other payables	0.00%	3,863	14,605	-	-	18,468	18,469
Loans and advances	4.48%	-	10,830	34,825	46,676	92,331	66,435
Lease liabilities	0.00%	-	399	1,571	656	2,626	2,390
<b>Total financial liabilities</b>		<b>3,863</b>	<b>25,834</b>	<b>36,396</b>	<b>47,332</b>	<b>113,425</b>	<b>87,294</b>
<b>2020</b>							
Trade/other payables	0.00%	3,507	14,924	-	-	18,431	18,431
Loans and advances	4.73%	-	7,437	34,871	50,218	92,526	64,055
Lease liabilities	0.00%	-	875	2,318	1,031	4,224	3,884
<b>Total financial liabilities</b>		<b>3,507</b>	<b>23,236</b>	<b>37,189</b>	<b>51,249</b>	<b>115,181</b>	<b>86,370</b>

## E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property
- Financial assets

### Fair value hierarchy

All assets and liabilities measured at fair value are assigned to a level in the fair value hierarchy as follows:

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

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

**Level 3:** Unobservable inputs for the asset or liability

The table below shows the assigned level for each asset and liability held at fair value by Council:

\$ '000	Notes	Fair value measurement hierarchy				Total	
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2021	2020
		2021	2020	2021	2020	2021	2020 Restated
<b>Recurring fair value measurements</b>							
<b>Financial assets</b>							
Financial investments	C1-2						
At fair value through profit or loss – designated at fair value on initial recognition		42,902	49,958	–	–	42,902	49,958
Amortised Cost		91,000	78,000	–	–	91,000	78,000
<b>Total financial assets</b>		<b>133,902</b>	<b>127,958</b>	<b>–</b>	<b>–</b>	<b>133,902</b>	<b>127,958</b>
<b>Investment property</b>							
Commercial property	C1-9	4,040	3,900	–	–	4,040	3,900
<b>Total investment property</b>		<b>4,040</b>	<b>3,900</b>	<b>–</b>	<b>–</b>	<b>4,040</b>	<b>3,900</b>
<b>Infrastructure, property, plant and equipment</b>							
Plant and equipment	C1-8	20,190	18,809	–	–	20,190	18,809
Office equipment		–	–	960	1,126	960	1,126
Furniture and fittings		–	–	105	127	105	127
Operational land		41,282	41,282	30,165	30,105	71,447	71,387
Community land		8,980	8,980	74,102	73,925	83,082	82,905
Land under roads		–	–	8,569	8,548	8,569	8,548
Buildings non-specialised		845	860	83,696	84,566	84,541	85,426
Buildings specialised		–	–	41,036	41,751	41,036	41,751
Other structures		–	–	35,306	25,991	35,306	25,991
Roads		–	–	455,535	454,074	455,535	454,074
Bridges		–	–	55,859	45,064	55,859	45,064
Footpaths		–	–	35,579	32,803	35,579	32,803
Stormwater drainage		–	–	213,312	212,220	213,312	212,220
Sewerage network		–	–	277,741	276,198	277,741	276,198
Swimming pools		–	–	2,719	2,799	2,719	2,799
Other open space/recreational assets		–	–	23,525	15,026	23,525	15,026
Airport infrastructure		–	–	18,928	19,428	18,928	19,428
Artworks		5,914	5,363	–	–	5,914	5,363
Other assets		–	–	20,927	17,202	20,927	17,202
Tip remediation assets		–	–	1,309	1,112	1,309	1,112
Quarry assets		–	–	966	836	966	836
<b>Total infrastructure, property, plant and equipment</b>		<b>77,211</b>	<b>75,294</b>	<b>1,380,339</b>	<b>1,342,901</b>	<b>1,457,550</b>	<b>1,418,195</b>

## E2-1 Fair value measurement (continued)

### Valuation techniques

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

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

#### Financial assets

Wagga Wagga City Council receives monthly valuations and statements from the financial institutions that hold investments on behalf of Council.

There have been no change in valuation techniques during the reporting year.

#### Investment property

Council currently holds 2 investment properties:

- 36-40 Gurwood Street, Wagga Wagga
- 99 Peter Street, Wagga Wagga

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

The properties have been valued using the Market Approach for 2020/21. These properties were valued on 28/06/2021 by Opteon (Southern Inland NSW), AAPI Certified Practising Valuers.

There have been no change in valuation techniques during the reporting year.

### Infrastructure, property, plant and equipment (IPPE)

#### Plant & Equipment

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

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

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

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

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

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

#### Roads

This asset class includes Sealed and Unsealed roads, Carparks, Culverts, Kerb and Gutter and Bus and Taxi Shelters. Council uses the Depreciated Replacement Cost to value the roads and associated assets, and has componentised a number of the assets into multiple components.

This asset class was revalued as part of the Roads and associated assets revaluation, undertaken internally during the 2017/18 financial year.

Council values Roads and associated assets using Level 3 inputs. The unobservable Level 3 inputs used include:

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

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

## E2-1 Fair value measurement (continued)

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### Footpaths

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

This asset class was revalued as part of the Roads and associated assets revaluation, undertaken internally during the 2017/18 financial year.

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

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

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

### Bridges

The bridges asset class consists of all pedestrian, vehicle access and rail bridges and have been valued using a Depreciated Replacement Cost. This asset class was revalued as part of the Roads and associated assets revaluation, undertaken internally during the 2017/18 financial year.

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

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

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

### Operational Land

Council's Operational Land was valued externally by Opteon Property Group during 2016/17 using the market value approach. The valuation took into account only the land component and excluded the added value of any existing structures.

Operational Land has been valued using Level 2 and Level 3 inputs. The unobservable Level 2 input used is the unit rate per square metre or hectare.

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

### Land under Roads

Land Under Roads was valued internally during 2016/17 using the Englobo method. The value is calculated using the road reserve area of the LGA, the total LGA area and total LGA land site value.

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

### Community Land

Council's Community Land was valued externally by Opteon Property Group during 2016/17 using the market value approach. The valuation took into account the available market evidence for identical and comparable assets.

Community Land has been valued using Level 2 and Level 3 inputs. The unobservable Level 2 input used is the unit rate per square metre or hectare.

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

### Buildings Non-Specialised

Council's Non-Specialised Buildings were valued externally by APV Valuers & Asset Management during 2017/18 using the cost and market approaches. The valuation took into account the components of each individual building.

Council values Non-Specialised Buildings using Level 2 and 3 inputs. The unobservable Level 3 inputs used include:

- Gross Replacement Cost
- Asset Condition
- Useful Life
- Components

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

## E2-1 Fair value measurement (continued)

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### Buildings Specialised

Council's Specialised Buildings were valued externally by APV Valuers & Assets Management during 2017/18 using the cost approach. The valuation took into account the components of each individual building.

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

- Gross Replacement Cost
- Asset Condition
- Useful Life
- Components

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

### Other Structures

Council's Other Structures include fences, shelters, shade sails and Livestock Marketing Centre assets.

Other Structures were revalued internally in 2020/21 using a Depreciated Replacement Cost and Level 3 inputs.

The unobservable Level 3 inputs used include:

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

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

### Other Assets

Council's Other Assets include fountains, memorials, monuments, lighting, Public art, Cemetery and Solid Waste assets.

Other Assets were revalued internally in 2020/21 using a Depreciated Replacement Cost and Level 3 inputs.

The unobservable Level 3 inputs used include:

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

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

### Airport Infrastructure

Council's Airport Infrastructure include runways, aprons, taxiways, buildings and other associated assets located at the Wagga Airport. These assets are leasehold improvements on land leased by Council.

Airport Infrastructure were revalued externally in 2019/20 using a Depreciated Replacement Cost and Level 3 inputs.

The unobservable Level 3 inputs used include:

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

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

### Stormwater Drainage

The Stormwater Drainage asset class includes stormwater pits, stormwater pipes, channels, detention basins, levee banks, flood gates, gross pollutant traps and stormwater pump stations.

Stormwater Drainage assets were revalued internally in 2019/20 using a Depreciated Replacement Cost and Level 3 inputs.

The unobservable Level 3 inputs used include:

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

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

## E2-1 Fair value measurement (continued)

### Sewerage Network

The Sewerage Network asset class includes Sewer Mains, Sewer Nodes, Pumping Stations and Sewerage Treatments Plants.

An external valuation of the Sewerage Network was undertaken in 2016/17 by APV Valuers & Asset Management, and has been valued using the cost method and Level 3 inputs. The unobservable Level 3 inputs used include:

- Gross Replacement Cost
- Remaining life estimate
- Asset Condition

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

### Swimming Pools

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

Swimming Pools were revalued internally during 2016/17 using the cost approach.

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

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

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

### Other Open Space/Recreational Assets

Council's Other Open Space/Recreational Assets class includes playgrounds, irrigation, sports equipment, BBQs, bins, seats, boat ramps and Oasis Regional Aquatic centre assets including filtration equipment, pool blankets, dive boards and energy co-generation system.

Council's Other Open Space/Recreational Assets were revalued internally in 2020/21 using a Depreciated Replacement Cost and Level 3 inputs. The Level 3 unobservable inputs used include:

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

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

### Artworks

Council's Artworks were externally valued in 2020/21 by Helen Maxwell using Market Value. The asset class is valued using Level 2 inputs such as comparable market prices and values.

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

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

### Quarry Assets

Council utilised an external consultant, GHD, to produce the remediation cost estimates for the Quarry Assets for 2020/21. The majority of Council operated quarries are situated on private land, with two located on Council owned land.

The remediation cost estimates include:

- Mobilisation Costs
- Project Management Costs
- Monitoring Costs

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

### Tip Remediation Assets

Council utilised an external consultant, GHD, to produce the remediation cost estimates for the Tip Assets for 2020/21. Council currently only operates a landfill at Gregadoo that will need future remediation.

The remediation cost estimates include:

- Mobilisation Costs

continued on next page ...



## E2-1 Fair value measurement (continued)

- Project Management Costs
- Monitoring Costs

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

### Fair value measurements using significant unobservable inputs (level 3)

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

\$ '000	Community land <sup>1</sup>		Buildings non-specialised		Building specialised		Other structures	
	2021	2020 Restated	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>73,925</b>	78,741	<b>84,566</b>	83,464	<b>41,751</b>	40,074	<b>25,991</b>	26,359
Transfers from/(to) another asset class	-	205	-	-	-	-	-	-
Purchases (GBV)	<b>421</b>	39	<b>764</b>	2,696	<b>458</b>	2,804	<b>3,747</b>	732
Disposals (WDV)	<b>(244)</b>	(10)	-	-	<b>(157)</b>	(126)	<b>(173)</b>	(110)
Depreciation and impairment	-	-	<b>(1,635)</b>	(1,594)	<b>(1,016)</b>	(1,001)	<b>(1,017)</b>	(990)
Other movement (revaluation)	-	-	-	-	-	-	<b>6,758</b>	-
Adjustments and transfers	-	(5,050)	-	-	-	-	-	-
<b>Closing balance</b>	<b>74,102</b>	73,925	<b>83,695</b>	84,566	<b>41,036</b>	41,751	<b>35,306</b>	25,991

(1) The 2020 opening and closing balances for Community Land have been restated.

\$ '000	Roads		Bridges		Footpaths		Stormwater drainage	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>454,074</b>	457,606	<b>45,064</b>	48,628	<b>32,803</b>	29,021	<b>212,220</b>	213,069
Transfers from/(to) another asset class	<b>(42)</b>	-	<b>42</b>	-	-	-	-	-
Purchases (GBV)	<b>18,021</b>	11,857	<b>11,659</b>	216	<b>4,205</b>	5,131	<b>4,361</b>	9,933
Disposals (WDV)	<b>(2,740)</b>	(1,372)	<b>(30)</b>	(2,967)	<b>(422)</b>	(436)	<b>(76)</b>	-
Depreciation and impairment	<b>(13,780)</b>	(14,017)	<b>(876)</b>	(813)	<b>(1,006)</b>	(913)	<b>(3,194)</b>	(1,998)
Other movement (revaluation)	-	-	-	-	-	-	-	(8,784)
<b>Closing balance</b>	<b>455,533</b>	454,074	<b>55,859</b>	45,064	<b>35,580</b>	32,803	<b>213,311</b>	212,220

\$ '000	Sewerage network		Swimming pools		Other open space/rec assets		Airport infrastructure	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>276,197</b>	275,396	<b>2,800</b>	2,880	<b>15,026</b>	14,914	<b>19,428</b>	28,337
Purchases (GBV)	<b>4,702</b>	4,256	-	-	<b>1,558</b>	1,485	<b>5,491</b>	-
Disposals (WDV)	<b>(330)</b>	(697)	-	-	<b>(165)</b>	(201)	<b>(273)</b>	-
Depreciation and impairment	<b>(5,361)</b>	(5,357)	<b>(80)</b>	(80)	<b>(1,247)</b>	(1,172)	<b>(5,718)</b>	(2,813)
Other movement (revaluation)	<b>2,532</b>	2,599	-	-	<b>8,353</b>	-	-	(6,096)
<b>Closing balance</b>	<b>277,740</b>	276,197	<b>2,720</b>	2,800	<b>23,525</b>	15,026	<b>18,928</b>	19,428

## E2-1 Fair value measurement (continued)

\$ '000	Other assets		Tip assets		Quarry assets		Furniture and fittings, office equip	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>17,202</b>	17,531	<b>1,112</b>	1,136	<b>837</b>	856	<b>1,253</b>	1,077
Purchases (GBV)	<b>819</b>	1,559	–	–	–	–	<b>268</b>	600
Disposals (WDV)	<b>(16)</b>	(277)	–	–	–	–	–	–
Depreciation and impairment	<b>(1,654)</b>	(1,611)	<b>(22)</b>	(24)	<b>(46)</b>	(50)	<b>(456)</b>	(424)
Other movement (revaluation)	<b>4,576</b>	–	–	–	–	–	–	–
Adjustments and transfers	–	–	<b>219</b>	–	<b>175</b>	31	–	–
<b>Closing balance</b>	<b>20,927</b>	17,202	<b>1,309</b>	1,112	<b>966</b>	837	<b>1,065</b>	1,253

\$ '000	Operational Land		Land under Roads		Total	
	2021	2020	2021	2020	2021	2020 Restated
<b>Opening balance</b>	<b>30,105</b>	30,463	<b>8,548</b>	8,533	<b>1,342,902</b>	<b>1,358,085</b>
Transfers from/(to) level 2 FV hierarchy	–	287	–	–	–	<b>287</b>
Transfers from/(to) another asset class	–	(945)	–	–	–	<b>(740)</b>
Purchases (GBV)	<b>60</b>	320	<b>22</b>	15	<b>56,556</b>	<b>41,643</b>
Disposals (WDV)	–	(20)	–	–	<b>(4,626)</b>	<b>(6,216)</b>
Depreciation and impairment	–	–	–	–	<b>(37,108)</b>	<b>(32,857)</b>
Other movement (revaluation)	–	–	–	–	<b>22,219</b>	<b>(12,281)</b>
Adjustments and transfers	–	–	–	–	<b>394</b>	<b>(5,019)</b>
<b>Closing balance</b>	<b>30,165</b>	30,105	<b>8,570</b>	8,548	<b>1,380,337</b>	<b>1,342,902</b>

### Highest and best use

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

## E3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

##### (i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members).

##### *Description of the funding arrangements.*

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the fund.

The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current standard employer contribution rates are:

Division B	1.9 times employee contributions for non-180 Point Members; Nil for 180 Point Members*
Division C	2.5% salaries
Division D	1.64 times employee contributions

\* For 180 Point Members, Employers are required to contribute 7% of salaries for the year ending 30 June 2021 to these members' accumulation amounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2019 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

##### *Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan*

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council. There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$546,129.39. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA as at 30 June 2020.

Council's expected contributions to the plan for the next annual reporting period is \$501,260.76.

## E3-1 Contingencies (continued)

The estimated employer reserves financial position for the Pooled Employers at 30 June 2021 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,620.5	
Past Service Liabilities	2,445.6	107.2%
Vested Benefits	2,468.7	106.2%

\* *excluding other accumulation accounts and reserves in both assets and liabilities.*

The share of this deficit that is broadly attributed to Council is estimated to be \$361,500 (0.90%) as at 30 June 2021.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	5.75% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

\* *Plus promotional increases*

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

### (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 guarantees other than those listed above.

## E3-1 Contingencies (continued)

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### 2. Other liabilities

#### (i) Third party claims

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) Potential land acquisitions due to planning restrictions imposed by Council

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 (and subsequent land asset) from such potential acquisitions has not been possible.

#### (iii) Potential land remediation

Council has identified a number of land parcels that it may be required to remediate in the future.

Due to this intrinsic high risk involved in remediation projects, there may be associated costs with groundwater and other contamination issues that may not have been 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 in the future. Provision for these costs will be made, if deemed necessary in the future.

Council has identified that the former Wiradjuri landfill site contains contaminants and will require some form of remedial works in the near future. At this stage, Council has not yet been able to determine the costs associated with the remediation works required at this site. As a result of this, Council, to date, has not made any provision for future remediation works and a provision will be made once costings are available.

#### (iv) Sewerage Treatment Plants future remediation

Council has identified that it has a future obligation to close and remediate the land on which its Sewerage Treatment Plants operate.

Due to the uncertainty regarding the timing of these requirements, Council, to date, has not made any provision for this closure and remediation. Provision for these costs will be made when deemed necessary in the future.

### ASSETS NOT RECOGNISED

#### (i) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's 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.

## F People and relationships

### F1 Related party disclosures

#### F1-1 Key management personnel (KMP)

Key management personnel (KMP) of the Council are those persons having the authority and responsibility for planning, directing and controlling the activities of the Council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

\$ '000	2021	2020
<b>Compensation:</b>		
Short-term benefits	1,732	1,465
Post-employment benefits	149	137
Other long-term benefits	52	42
Termination benefits	169	–
<b>Total</b>	<b>2,102</b>	<b>1,644</b>

#### Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction		Transactions	Outstanding		Impairment	
\$ '000	Ref	during the year	balances	Terms and conditions	provision on	Impairment
			including		outstanding	expense
			commitments		balances	
<b>2021</b>						
Fees and Charges Income	1	13	11	30 day debtor account	–	–
Lease/Rental Income	2	39	6	30 day debtor account	–	–
Reimbursements for Council related expenses		7	4	30 day creditor payment terms	–	–
Payment for goods/services received		5	–	30 day creditor payment terms	–	–
Grants and other assistance provided		20	10	30 day creditor payment terms	–	–
Provision of services relating to fleet maintenance		–	–	30 day creditor payment terms	–	–
Refund of fees (no longer required)		2	–	30 day creditor payment terms	–	–
Provision of Labour Hire staff	3	81	5	30 day creditor payment terms	–	–
Reimbursement for Ticket Income		8	–	30 day creditor payment terms	–	–

## F1-1 Key management personnel (KMP) (continued)

Nature of the transaction			Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000	Ref	Transactions during the year				
2020						
Fees and Charges Income	1	6	–	30 day debtor account	–	–
Lease/Rental Income	2	66	5	30 day debtor account	–	–
Reimbursements for Council related expenses		7	–	30 day creditor payment terms	–	–
Payment for goods/services received		1	–	30 day creditor payment terms	–	–
Grants and other assistance provided		13	–	30 day creditor payment terms	–	–
Provision of services relating to fleet maintenance		8	–	30 day creditor payment terms	–	–
Refund of fees (no longer required)		8	–	30 day creditor payment terms	–	–
Provision of Labour Hire staff	3	115	10	30 day creditor payment terms	–	–
Reimbursement for Ticket Income		9	–	30 day creditor payment terms	–	–

During 2020/21, there were two development applications with an estimated value of works of \$435,138 submitted to Council for approval from KMPs and their related parties. The development applications were considered by Council's planning staff and processed in accordance with Council's policies and procedures.

- 1 Charged in accordance with Council's adopted Fees & Charges
- 2 Charged in accordance with Council approved annual lease agreements
- 3 Council entered into a contract with Group Training Employment Services (GTES) for labour hire services

## F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2021	2020
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	44	44
Councillors' fees	181	183
Conferences and seminars	8	16
Information Technology expenses	2	2
Travelling	5	10
Telephone and Communication	3	3
<b>Total</b>	<b>243</b>	<b>258</b>



### F1-3 Other related parties

\$ '000	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
<b>2021</b>						
Contribution to Riverina Regional Library	1	1,330	–	30 day creditor payment terms	–	–
<b>2020</b>						
Contribution to Riverina Regional Library	1	1,306	–	30 day creditor payment terms	–	–
1	Council's contribution to the Riverina Regional Library joint venture as per the RRL Deed of Agreement.					

## F2 Other relationships

### F2-1 Audit fees

\$ '000	2021	2020
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

#### Auditors of the Council - NSW Auditor-General:

##### (i) Audit and other assurance services

Audit and review of financial statements

	112	111
<b>Remuneration for audit and other assurance services</b>	<b>112</b>	<b>111</b>

**Total Auditor-General remuneration**

	<b>112</b>	111
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Total audit fees

	<b>112</b>	111
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## G Other matters

### G1-1 Statement of Cash Flows information

#### (a) Reconciliation of net operating result to cash provided from operating activities

\$ '000	2021	2020
<b>Net operating result from Income Statement</b>	<b>41,479</b>	20,960
<b>Adjust for non-cash items:</b>		
Depreciation and amortisation	39,337	35,029
Net losses/(gains) on disposal of assets	4,373	7,510
Non-cash capital grants and contributions	(10,563)	(6,532)
Adoption of AASB 15/1058	-	(4,251)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(648)	(79)
– Investment property	(140)	(30)
Amortisation of premiums, discounts and prior period fair valuations		
– Interest exp. on interest-free loans received by Council (previously fair valued)	76	75
Unwinding of discount rates on reinstatement provisions	6	6
Share of net (profits)/losses of associates/joint ventures using the equity method	(82)	(56)
<b>+/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables	(4,006)	3,994
Increase/(decrease) in provision for impairment of receivables	64	(62)
Decrease/(increase) in inventories	(234)	(63)
Decrease/(increase) in other current assets	(43)	(80)
Decrease/(increase) in contract assets	(523)	(4,706)
Increase/(decrease) in payables	(2,737)	2,920
Increase/(decrease) in accrued interest payable	(2)	(13)
Increase/(decrease) in other accrued expenses payable	209	350
Increase/(decrease) in other liabilities	618	(403)
Increase/(decrease) in contract liabilities	5,620	4,791
Increase/(decrease) in provision for employee benefits	(84)	722
Increase/(decrease) in other provisions	396	30
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>	<b>73,116</b>	<b>60,112</b>

#### (b) Non-cash investing and financing activities

Dedications (other than by s7.11)	10,563	6,412
Works In Kind	-	117
Artworks donated	-	3
<b>Total non-cash investing and financing activities</b>	<b>10,563</b>	<b>6,532</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2021	2020
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	479	377
Plant and equipment	1,627	–
Parks and sportsgrounds	7,974	1,652
Sewerage infrastructure	370	1,592
Waste management services	304	29
Infrastructure	7,100	9,089
RiFL Stages 2 and 3	34,979	–
Other	662	181
<b>Total commitments</b>	<b>53,495</b>	<b>12,920</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	53,495	12,920
<b>Total payable</b>	<b>53,495</b>	<b>12,920</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	715	489
Future grants and contributions	43,427	6,030
Externally restricted reserves	1,254	1,499
Internally restricted reserves	2,188	4,426
New loans (to be raised)	5,911	474
Other funding – Sale of assets	–	2
<b>Total sources of funding</b>	<b>53,495</b>	<b>12,920</b>

## G3-1 Events occurring after the reporting date

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

## G4 Changes from prior year statements

### G4-1 Correction of errors relating to a previous reporting period

#### Nature of prior-period error

To improve the accuracy of its fixed asset register, Council reconciled its Crown Land to the Crown Lands Information Database (CLID) managed by the Department of Planning, Industry and Environment. Council identified a number of Crown land parcels which had not previously been recoded by Council to the value of \$3.11M. These assets were either devolved to Council or under Council management, and should have been recognised in prior years.

The error identified above has been corrected by restating the infrastructure, property, plant and equipment balance at the beginning of the earliest period presented (1 July 2019) and taking the adjustment through to revaluation reserves at that date.

Comparatives have been changed to reflect the correction of this error. The impact on each line item is shown in the tables below.

#### Changes to the opening Statement of Financial Position at 1 July 2019

##### Statement of Financial Position

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Infrastructure, property, plant and equipment	1,441,295	3,115	1,444,410
<b>Total assets</b>	<b>1,604,401</b>	<b>3,115</b>	<b>1,607,516</b>
<b>Net assets</b>	<b>1,506,964</b>	<b>3,115</b>	<b>1,510,079</b>
Revaluation reserves	579,508	3,115	582,623
<b>Total equity</b>	<b>1,506,964</b>	<b>3,115</b>	<b>1,510,079</b>

#### Adjustments to the comparative figures for the year ended 30 June 2020

##### Statement of Financial Position

\$ '000	Original Balance 30 June, 2020	Impact Increase/ (decrease)	Restated Balance 30 June, 2020
Infrastructure, property, plant and equipment	1,446,359	3,115	1,449,474
<b>Total assets</b>	<b>1,624,967</b>	<b>3,115</b>	<b>1,628,082</b>
<b>Net assets</b>	<b>1,515,642</b>	<b>3,115</b>	<b>1,518,757</b>
Revaluation reserves	567,226	3,115	570,341
<b>Total equity</b>	<b>1,515,642</b>	<b>3,115</b>	<b>1,518,757</b>

## G5 Statement of developer contributions as at 30 June 2021

### G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Drainage	101	-	-	-	-	-	101	-
Parking	8	-	-	-	(8)	-	-	-
Community facilities	134	-	-	-	-	-	134	-
Roads and traffic facilities	8	-	-	-	(8)	-	-	-
Cycleways and footpaths	13	-	-	-	(13)	-	-	-
Open space – local	9	-	-	-	(9)	-	-	-
Open space – city wide	1	-	-	-	(1)	-	-	-
Plan Management	(26)	-	-	1	-	-	(25)	-
Transport and Traffic Works	11,218	2,161	-	-	(1,052)	-	12,327	-
Planning Studies	(35)	36	-	-	-	-	1	-
Recreation and Open Space - Future Works	6,090	1,088	-	-	(712)	-	6,466	-
Recreation and Open Space - Recoupment	(58)	88	-	-	-	-	30	-
Community Facilities - Recoupment	39	42	-	-	-	-	81	-
Transport and Traffic Works - Recoupment	95	68	-	-	-	-	163	-
Acquisition Open Space Land	4,219	115	-	-	(12)	-	4,322	-
Administration of Plan	58	128	-	87	(156)	-	117	-
Borrowings - Low Interest Loans - Interest Cost	80	90	-	-	(33)	-	137	-
Borrowings - Ordinary Loans	225	246	-	-	-	-	471	-
Recoupment 2006-2019 Plan - Oasis Aquatic Centre	1,684	-	-	-	-	-	1,684	-
Recoupment 2006-2019 Plan - Civic Centre	1,334	-	-	-	(94)	-	1,240	-
Recoupment 2006-2019 Plan - Main Street (Baylis/Fitzmaurice St's) Wagga Wagga	466	-	-	-	-	-	466	-
2006-2019 Plan - Estella Open Space	27	-	-	-	(3)	-	24	-
2006-2019 Plan - Estella Bike Track	88	-	-	-	(3)	-	85	-
2006-2019 Plan - Hudson Drive	101	-	-	-	-	-	101	-
<b>S7.11 contributions – under a plan</b>	<b>25,879</b>	<b>4,062</b>	<b>-</b>	<b>88</b>	<b>(2,104)</b>	<b>-</b>	<b>27,925</b>	<b>-</b>
<b>S7.12 levies – under a plan</b>	<b>(405)</b>	<b>469</b>	<b>-</b>	<b>-</b>	<b>(528)</b>	<b>-</b>	<b>(464)</b>	<b>-</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>25,474</b>	<b>4,531</b>	<b>-</b>	<b>88</b>	<b>(2,632)</b>	<b>-</b>	<b>27,461</b>	<b>-</b>
S64 contributions	6,693	2,143	-	23	(2,923)	-	5,936	-
<b>Total contributions</b>	<b>32,167</b>	<b>6,674</b>	<b>-</b>	<b>111</b>	<b>(5,555)</b>	<b>-</b>	<b>33,397</b>	<b>-</b>

## G5-1 Summary of developer contributions (continued)

Under the Environmental Planning and Assessment Act 1979, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

## G5-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>CONTRIBUTION PLAN – 1993 to 2004</b>								
Drainage	101	–	–	–	–	–	101	–
Roads and traffic facilities	8	–	–	–	(8)	–	–	–
Cycleways and footpaths	13	–	–	–	(13)	–	–	–
Parking	8	–	–	–	(8)	–	–	–
Open space – local	9	–	–	–	(9)	–	–	–
Open space – city wide	1	–	–	–	(1)	–	–	–
Community facilities	134	–	–	–	–	–	134	–
Plan Management	(26)	–	–	1	–	–	(25)	–
<b>Total</b>	<b>248</b>	<b>–</b>	<b>–</b>	<b>1</b>	<b>(39)</b>	<b>–</b>	<b>210</b>	<b>–</b>
<b>CONTRIBUTION PLAN – 2019 to 2034</b>								
Transport and Traffic Works	11,218	2,161	–	–	(1,052)	–	12,327	–
Planning Studies	(35)	36	–	–	–	–	1	–
Recreation and Open Space - Future Works	6,090	1,088	–	–	(712)	–	6,466	–
Recreation and Open Space - Recoupment	(58)	88	–	–	–	–	30	–
Community Facilities - Recoupment	39	42	–	–	–	–	81	–
Transport and Traffic Works - Recoupment	95	68	–	–	–	–	163	–
Acquisition Open Space Land	4,219	115	–	–	(12)	–	4,322	–
Administration of Plan	58	128	–	87	(156)	–	117	–
Borrowings - Low Interest Loans - Interest Cost	80	90	–	–	(33)	–	137	–
Borrowings - Ordinary Loans	225	246	–	–	–	–	471	–
Recoupment 2006-2019 Plan - Oasis Aquatic Centre	1,684	–	–	–	–	–	1,684	–
Recoupment 2006-2019 Plan - Civic Centre	1,334	–	–	–	(94)	–	1,240	–
Recoupment 2006-2019 Plan - Main Street (Baylis/Fitzmaurice St's) Wagga Wagga	466	–	–	–	–	–	466	–
2006-2019 Plan - Estella Open Space	27	–	–	–	(3)	–	24	–
2006-2019 Plan - Estella Bike Track	88	–	–	–	(3)	–	85	–
2006-2019 Plan - Hudson Drive	101	–	–	–	–	–	101	–
<b>Total</b>	<b>25,631</b>	<b>4,062</b>	<b>–</b>	<b>87</b>	<b>(2,065)</b>	<b>–</b>	<b>27,715</b>	<b>–</b>

## G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>S7.12 Levies – under a plan</b>								
<b>CONTRIBUTION PLAN – 2019 to 2034</b>								
Section 7.12 levy	(405)	469	–	–	(528)	–	(464)	–
<b>Total</b>	<b>(405)</b>	<b>469</b>	<b>–</b>	<b>–</b>	<b>(528)</b>	<b>–</b>	<b>(464)</b>	<b>–</b>
<b>G5-3 S64 contributions</b>								
<b>CONTRIBUTION PLAN – STORMWATER 2007</b>								
Stormwater Projects	6,693	612	–	23	(1,392)	–	5,936	–
<b>Total</b>	<b>6,693</b>	<b>612</b>	<b>–</b>	<b>23</b>	<b>(1,392)</b>	<b>–</b>	<b>5,936</b>	<b>–</b>
<b>CONTRIBUTION PLAN – SEWER 2013</b>								
Sewer Projects	–	1,531	–	–	(1,531)	–	–	–
<b>Total</b>	<b>–</b>	<b>1,531</b>	<b>–</b>	<b>–</b>	<b>(1,531)</b>	<b>–</b>	<b>–</b>	<b>–</b>



## G6 Statement of performance measures

### G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	2020	Indicators 2019	2018	Benchmark
<b>1. Operating performance ratio</b>						
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(8,660)</b>	<b>(7.31)%</b>	(4.98)%	(5.46)%	(8.11)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>118,518</b>					
<b>2. Own source operating revenue ratio</b>						
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>104,883</b>	<b>60.90%</b>	66.78%	66.23%	65.43%	> 60.00%
Total continuing operating revenue	<b>172,229</b>					
<b>3. Unrestricted current ratio</b>						
Current assets less all external restrictions	<b>79,810</b>	<b>2.54x</b>	2.43x	2.87x	2.99x	> 1.50x
Current liabilities less specific purpose liabilities	<b>31,391</b>					
<b>4. Debt service cover ratio</b>						
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>33,820</b>	<b>4.19x</b>	4.56x	1.53x	4.79x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>8,066</b>					
<b>5. Rates and annual charges outstanding percentage</b>						
Rates and annual charges outstanding	<b>3,874</b>	<b>5.12%</b>	5.20%	4.62%	4.78%	< 10.00%
Rates and annual charges collectable	<b>75,702</b>					
<b>6. Cash expense cover ratio</b>						
Current year's cash and cash equivalents plus all term deposits	<b>112,685</b>	<b>12.78</b>	11.76	8.78	8.89	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>8,818</b>	<b>mths</b>	mths	mths	mths	mths

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

## G6-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Sewer Indicators		Benchmark
	2021	2020	2021	2020	
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(10.08)%</b>	(6.13)%	<b>6.01%</b>	0.79%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>					
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>57.33%</b>	63.29%	<b>82.20%</b>	86.54%	> 60.00%
Total continuing operating revenue <sup>1</sup>					
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>2.56x</b>	2.44x	<b>8.74x</b>	6.62x	> 1.50x
Current liabilities less specific purpose liabilities					
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>4.97x</b>	6.01x	<b>2.90x</b>	2.58x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)					
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>5.11%</b>	5.30%	<b>5.16%</b>	4.85%	< 10.00%
Rates and annual charges collectable					
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>13.27</b>	12.74	<b>9.75</b>	6.40	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>mths</b>	mths	<b>mths</b>	mths	mths

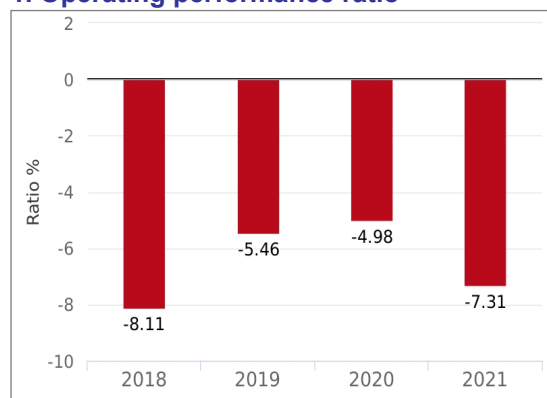
(1) - (2) Refer to Notes at Note G6-1 above.

(3) General fund refers to all of Council's activities except for its sewer activity which is listed separately.

## H Additional Council disclosures (unaudited)

### H1-1 Statement of performance measures – consolidated results (graphs)

#### 1. Operating performance ratio



#### Purpose of operating performance ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

#### Commentary on 2020/21 result

2020/21 ratio (7.31)%

Council's operating performance ratio has decreased from -4.98% in 2019/20 to -7.31% in 2020/21. This is a result of increased depreciation expense recognised in 2020/21, mainly due to the revaluation of Airport infrastructure assets.

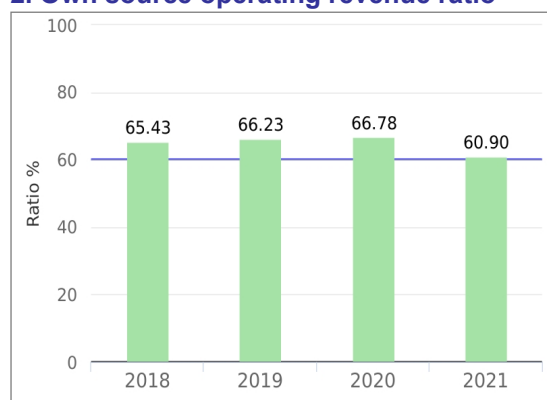
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 2. Own source operating revenue ratio



#### Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

#### Commentary on 2020/21 result

2020/21 ratio 60.90%

Council's own source operating revenue ratio has decreased to 60.90% for 2020/21, down from 66.78% in 2019/20. This reduction is due to an increase in the value of grants and contributions received by Council during 2020/21. Council continues to exceed the benchmark of 60.00%.

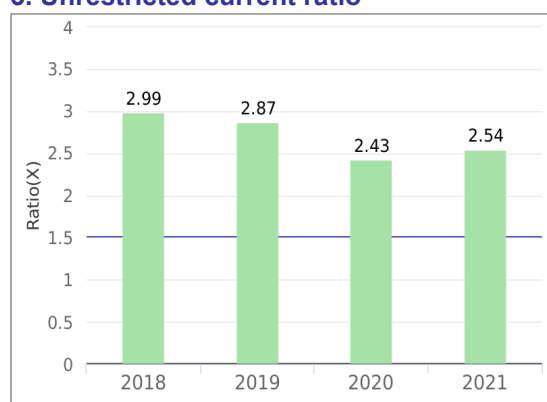
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



#### Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

#### Commentary on 2020/21 result

2020/21 ratio 2.54x

Council's unrestricted current ratio of 2.54x indicates that it has sufficient unrestricted current assets available to service its unrestricted current liabilities. A ratio of 2.54x is considered sound and demonstrates Council's continued ability to satisfy its short term obligations.

Benchmark: — > 1.50x

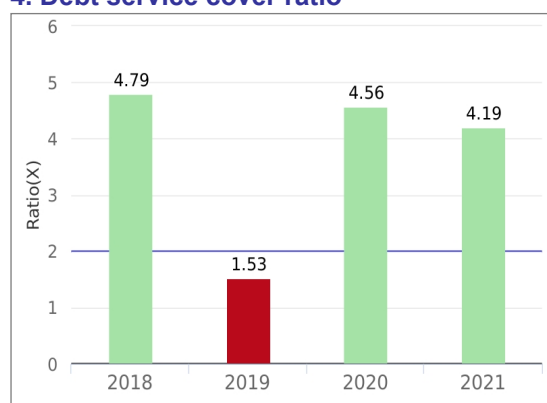
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## H1-1 Statement of performance measures – consolidated results (graphs) (continued)

### 4. Debt service cover ratio



#### Purpose of debt service cover ratio

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

#### Commentary on 2020/21 result

2020/21 ratio 4.19x

Council's debt service ratio has decreased to 4.19x for 2020/21, down from 4.56x in 2019/20. This decrease is a result of increased loan repayments associated with the Council's past years loan borrowings programs. Council continues to exceed the 2.00x benchmark.

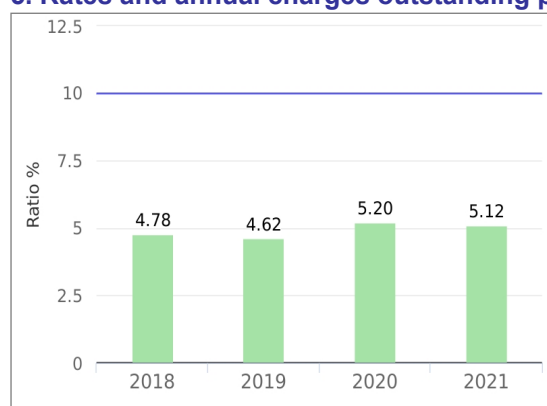
Benchmark: — > 2.00x

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

### 5. Rates and annual charges outstanding percentage



#### Purpose of rates and annual charges outstanding percentage

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

#### Commentary on 2020/21 result

2020/21 ratio 5.12%

This ratio indicates the outstanding rates and annual charges at the end of the financial year. As at 30 June 2021, Council had 5.12% of rates and charges outstanding. This is a slight decrease from the 5.20% outstanding at 30 June 2020, which was a result of the initial impacts of the COVID-19 pandemic.

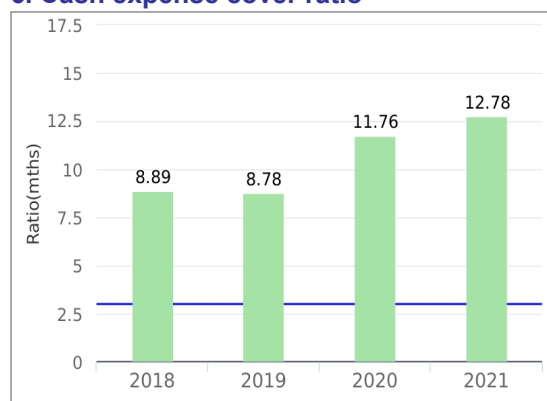
Benchmark: — < 10.00%

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

### 6. Cash expense cover ratio



#### Purpose of cash expense cover ratio

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

#### Commentary on 2020/21 result

2020/21 ratio 12.78 mths

Council's cash expense cover ratio result of 12.78 months indicates its continued ability to be able to cover its immediate expenses without additional cash flows. Council continues to exceed the benchmark of 3.00 months.

Benchmark: — > 3.00mths

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

## H1-2 Council information and contact details

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**Principal place of business:**  
Cnr Baylis and Morrow Streets  
Wagga Wagga NSW 2650

### Contact details

**Mailing Address:**  
PO Box 20  
Wagga Wagga NSW 2650

**Telephone:** 1300 292 442

**Facsimile:** 02 6926 9199

**Opening hours:**

8:30am - 5:00pm

Monday to Friday

**Internet:** [wagga.nsw.gov.au](http://wagga.nsw.gov.au)

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

### Officers

**General Manager**

Peter Thompson

**Responsible Accounting Officer**

Carolyn Rodney

**Public Officer**

Ingrid Hensley

**Auditors**

Audit Office of New South Wales

Level 19, Darling Park Tower 2

201 Sussex Street

Sydney NSW 2000

### Elected members

**Mayor**

Greg Conkey OAM

**Councillors**

Greg Conkey OAM

Dallas Tout

Yvonne Braid

Dan Hayes

Vanessa Keenan

Rod Kendall

Tim Koschel

Kerry Pascoe

### Other information

**ABN:** 56 044 159 537



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the general purpose financial statements**  
**Wagga Wagga City Council**

To the Councillors of the Wagga Wagga City Council

## Opinion

I have audited the accompanying financial statements of the Wagga Wagga City Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- 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 (the Division)
- the financial statements:
  - have been prepared, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

## Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Other Information**

The Council's annual report for the year ended 30 June 2021 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule - Permissible income for general rates.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

### **The Councillors' Responsibilities for the Financial Statements**

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

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Lawrissa Chan  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

25 October 2021  
SYDNEY





Cr Greg Conkey  
Mayor  
Wagga Wagga City Council  
PO Box 20  
WAGGA WAGGA NSW 2650

Contact: Lawrissa Chan  
Phone no: 02 9275 7255  
Our ref: D2119839/1799

25 October 2021

Dear Mayor

**Report on the Conduct of the Audit  
for the year ended 30 June 2021  
Wagga Wagga City Council**

I have audited the general purpose financial statements (GPFS) of the Wagga Wagga City Council (the Council) for the year ended 30 June 2021 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2021 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

## **SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS**

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

### **Rural fire-fighting equipment not recognised in the financial statements**

Council did not record rural fire-fighting equipment in the financial statements.

Rural fire-fighting equipment, specifically the red fleet vehicles, is controlled by the Council and should be recognised in their financial statements. This is supported by the requirements of the *Rural Fires Act 1997* and service agreements between councils and the RFS.

The Department of Planning, Industry and Environment (inclusive of the Office of Local Government) confirmed in the 'Report on Local Government 2020' (tabled in Parliament on 27 May 2021) their view that rural firefighting equipment is not controlled by the NSW Rural Fire Service.





## Information technology access controls

We identified the following deficiencies in council's information technology access controls:

- generic accounts are being used and shared across users, with no formal process to remove access for generic accounts when it is no longer required
- payroll system superuser is also responsible for processing payroll data
- no formal policies and procedures for monitoring and managing privileged users
- no formal periodic review of user access rights to ensure access levels are commensurate with job responsibilities
- audit logs of privileged IT access activities are not reviewed for the finance and payroll systems
- due to system limitations, audit logs or privileged access activities cannot be generated in the asset management system

## INCOME STATEMENT

### Operating result

	2021	2020*	Variance
	\$m	\$m	%
Rates and annual charges revenue	71.8	69.2	 3.8
Grants and contributions revenue	67.3	51.0	 32.0
Operating result from continuing operations	41.5	21.0	 97.6
Net operating result before capital grants and contributions	(12.2)	(13.3)	 8.3

The Council's operating result from continuing operations was a surplus of \$41.5 million, which was \$20.5 million higher than the 2019–20 result. This was mainly due to the increase in capital grants and contributions (\$19.5 million).

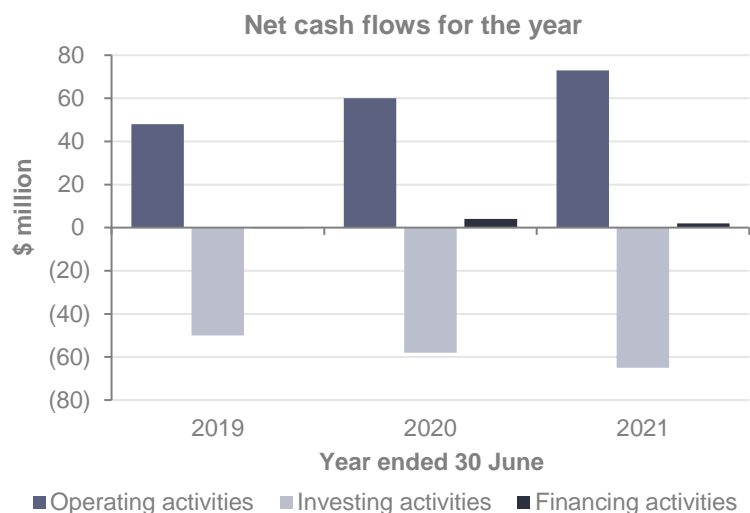
The net operating result before capital grants and contributions was a deficit of \$12.2 million, which improved by \$1.1 million compared to the 2019–20 result. This was mainly due to a decrease in materials and services expense (\$2.7 million) and net losses from the disposal of assets (\$3.1 million), which is offset against an increase in depreciation and amortisation expense (\$4.3 million).

Rates and annual charges revenue increased by \$2.6 million (3.8 per cent), mainly due to 2.6 per cent rate peg increase and the increase in domestic and sewerage service charges.

Grants and contributions revenue increased by \$16.3 million (32.0 per cent) in 2020–21, mainly due to the increase in capital grants for the Riverina Intermodal Freight and Logistics (\$9.5 million), Airport Taxiway upgrade (\$4.5 million) and the Local Road and Community Infrastructure Program (\$2.0 million).

## STATEMENT OF CASH FLOWS

- Council cash and cash equivalents was \$28.7 million (\$19.2 million for the year ended 30 June 2020). There was a net increase in cash and cash equivalents of \$9.4 million at 30 June 2021.
- Net cash inflows from operating activities increased by \$13.0 million mainly due to an increase in grants and contributions received during the year.
- Net cash outflows from investing activities increased by \$7.8 million due to additional purchase of infrastructure, property, plant and equipment.
- Net cash inflows from financing activities decreased by \$2.3 million. This is primarily due to the increase in repayments of borrowings and advances and a decrease in proceeds from borrowings.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>162.6</b>	<b>147.2</b>	<ul style="list-style-type: none"> <li>• Externally restricted cash and investments are restricted in their use by externally imposed requirements. Council's externally restricted cash and investments increased by \$11.8 million, mainly due to the increase in contract liabilities for the unexpended grants received and the increase in sewer fund.</li> <li>• Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. Council's internally restricted cash and investments have increased due to civil infrastructure (\$9.4 million), which has been offset by a decrease in fit for the future funds (\$5.4 million).</li> </ul>
Restricted cash and investments:			
• External restrictions	105.1	93.3	
• Internal restrictions	47.7	41.6	

## Debt

Council had a \$0.5 million overdraft facility with the Commonwealth Bank of Australia. Council did not access this facility during the financial year.

## PERFORMANCE

### Performance measures

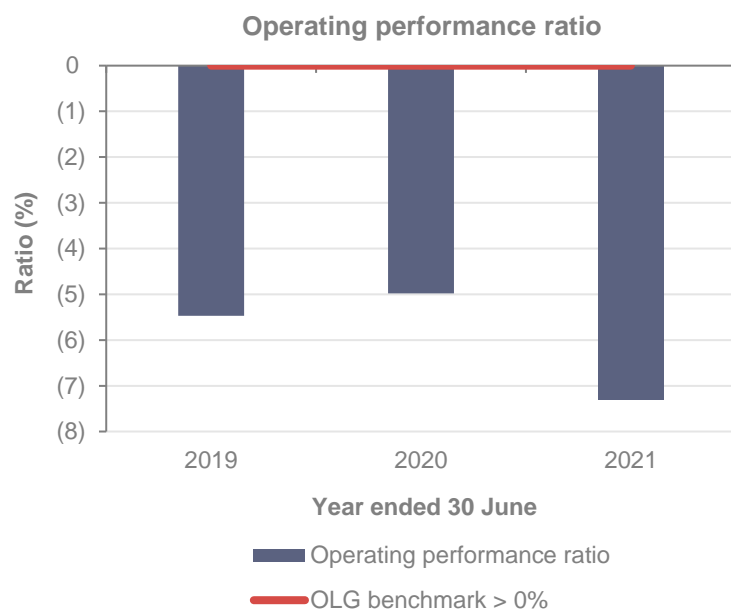
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Industry and Environment.

#### Operating performance ratio

The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.

The Council's operating performance ratio of -7.3 per cent is below the industry benchmark of great than 0 per cent.

The operating performance ratio has decreased mainly due to the decrease in operating grants and contributions and an increase in depreciation expense as a result of the revaluation of airport assets.

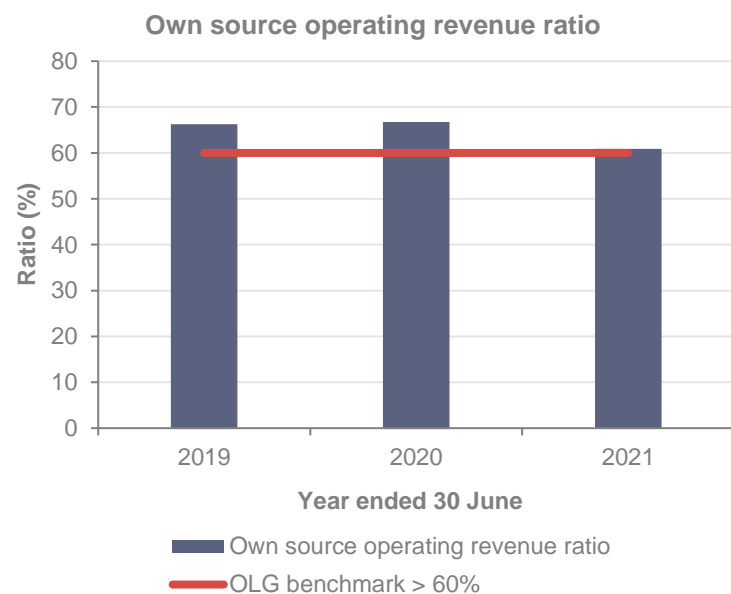


#### Own source operating revenue ratio

The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.

The Council's own source operating revenue ratio of 60.9% is above the OLG benchmark for the current reporting period.

The own source operating revenue ratio has decreased, mainly due to the increase in capital grants and contributions during the year.

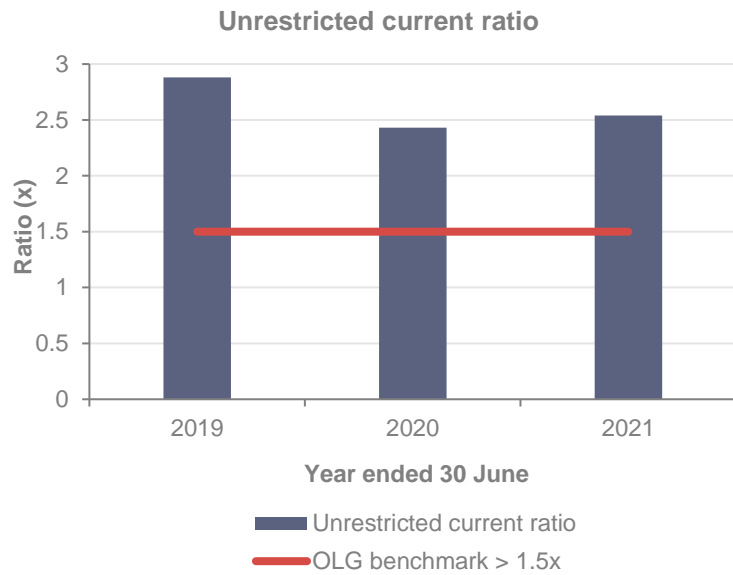


### Unrestricted current ratio

The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.

The Council's liquidity ratio of 2.54 times is greater than the industry benchmark minimum of greater than 1.5 times.

The Council's unrestricted current ratio has improved compared with the prior year due to the increase in current assets.

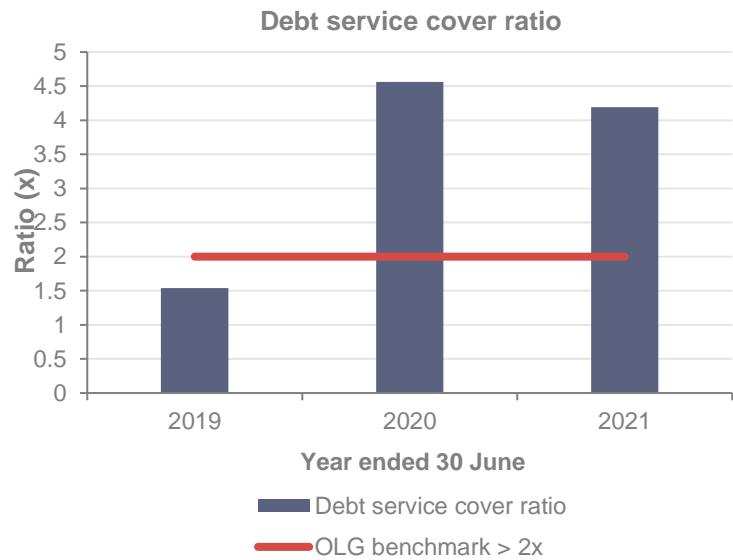


### Debt service cover ratio

The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.

The Council's debt service cover ratio of 4.2 times is higher than the industry benchmark of greater than 2 times.

The decrease in the ratio compared with the prior year was mainly due to the increase in principal repayments for borrowings.

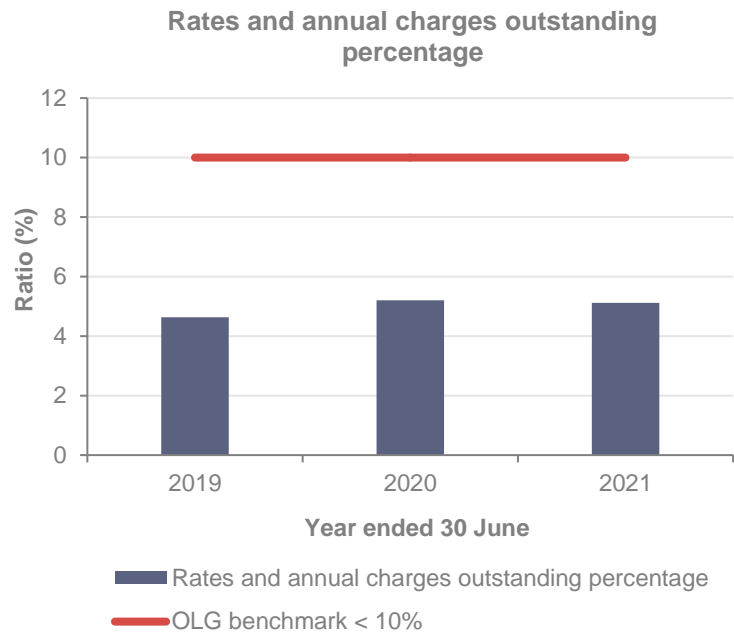


## Rates and annual charges outstanding percentage

The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.

The Council's rates and annual charges outstanding ratio of 5.1% is within the industry benchmark of less than 10% for regional councils.

The rates and annual charges outstanding percentage has remained steady compared to the prior year.

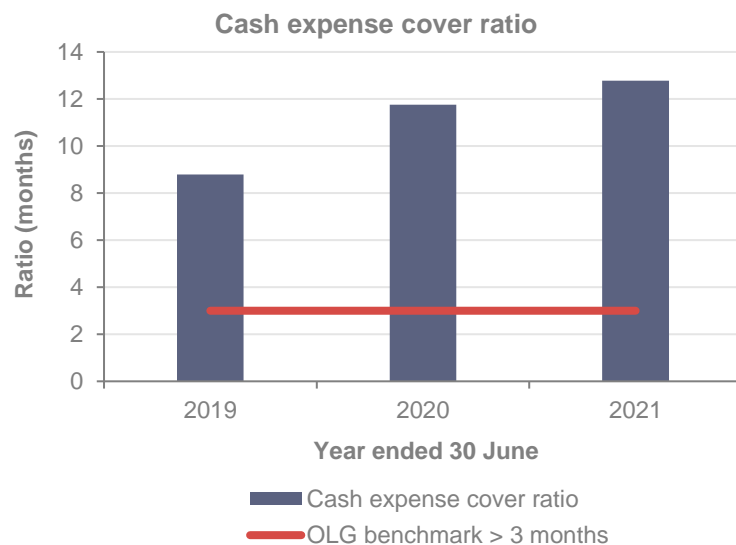


## Cash expense cover ratio

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.

The Council's cash expense cover ratio was 12.8 months, which is above the industry benchmark of greater than 3 months.

The cash expense cover ratio has increased as there was more cash and cash equivalents in the current year.



## Infrastructure, property, plant and equipment renewals

The Council has renewed \$31.0 million of assets in the 2020-21 financial year, compared to \$40.8 million of assets in the prior year.

## OTHER MATTERS

### Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Lawrissa Chan  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

cc: Peter Thompson, General Manager  
Marg Nicholls, Chair of Audit, Risk and Improvement Committee  
Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment

# Wagga Wagga City Council

## SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2021

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*“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 year ended 30 June 2021

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Contents	Page
<b>Statement by Councillors and Management</b>	<b>3</b>
<b>Special Purpose Financial Statements:</b>	
Income Statement of sewerage business activity	4
Income Statement – Livestock Marketing Centre	5
Income Statement – Wagga Airport	6
Statement of Financial Position of sewerage business activity	7
Statement of Financial Position – Livestock Marketing Centre	8
Statement of Financial Position – Wagga Airport	9
<b>Note – Significant Accounting Policies</b>	<b>10</b>
<b>Auditor's Report on Special Purpose Financial Statements</b>	<b>13</b>

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### Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Department of Planning, Industry and Environment 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 and 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 more than \$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 and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

## Wagga Wagga City Council

### Special Purpose Financial Statements

for the year ended 30 June 2021

#### 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:

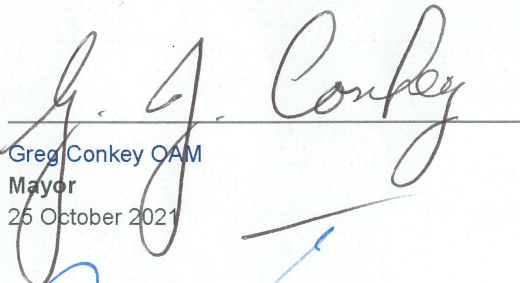
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

To the best of our knowledge and belief, these statements:

- present fairly the operating result and financial position for each of Council's declared business activities for the year
- accord with Council's accounting and other records.
- present overhead reallocation charges to the sewerage businesses as fair and reasonable.

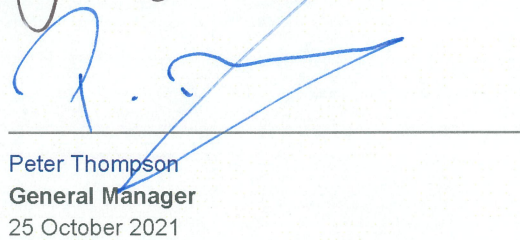
We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 25 October 2021.



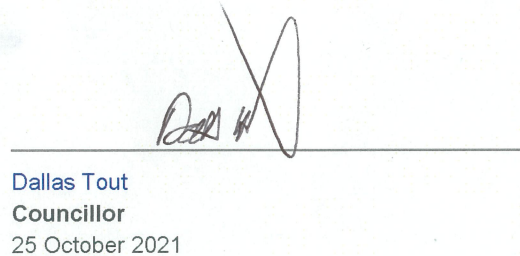
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Greg Conkey OAM  
Mayor  
25 October 2021



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Peter Thompson  
General Manager  
25 October 2021



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Dallas Tout  
Councillor  
25 October 2021



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Carolyn Rodney  
Responsible Accounting Officer  
25 October 2021

## Wagga Wagga City Council

### Income Statement of sewerage business activity

for the year ended 30 June 2021

\$ '000	2021	2020
<b>Income from continuing operations</b>		
Access charges	15,247	14,683
User charges	4,525	4,698
Interest	350	347
Grants and contributions provided for non-capital purposes	85	41
Other income	197	201
<b>Total income from continuing operations</b>	<b>20,404</b>	<b>19,970</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,195	2,106
Borrowing costs	2,166	2,225
Materials and services	9,448	10,105
Depreciation, amortisation and impairment	5,363	5,359
Loss on disposal of assets	332	783
Calculated taxation equivalents	33	28
Other expenses	5	17
<b>Total expenses from continuing operations</b>	<b>19,542</b>	<b>20,623</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>862</b>	<b>(653)</b>
Grants and contributions provided for capital purposes	4,316	3,059
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>5,178</b>	<b>2,406</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>5,178</b>	<b>2,406</b>
Less: corporate taxation equivalent [based on result before capital]	(224)	–
<b>Surplus (deficit) after tax</b>	<b>4,954</b>	<b>2,406</b>
<b>Opening accumulated surplus</b>	<b>76,331</b>	<b>73,925</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	33	28
– Corporate taxation equivalent	224	–
<b>Less:</b>		
– Tax equivalent dividend paid	(33)	(28)
<b>Closing accumulated surplus</b>	<b>81,509</b>	<b>76,331</b>
<b>Return on capital %</b>	<b>1.0%</b>	<b>0.6%</b>
<b>Subsidy from Council</b>	<b>1,277</b>	<b>941</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	4,954	2,406
Less: capital grants and contributions (excluding developer contributions)	(1,531)	(1,261)
<b>Surplus for dividend calculation purposes</b>	<b>3,423</b>	<b>1,145</b>
<b>Potential dividend calculated from surplus</b>	<b>1,711</b>	<b>573</b>

## Wagga Wagga City Council

### Income Statement – Livestock Marketing Centre

for the year ended 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
<b>Income from continuing operations</b>		
Fees	5,671	6,752
Interest	525	525
Other income	93	53
<b>Total income from continuing operations</b>	<b>6,289</b>	<b>7,330</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	974	1,011
Borrowing costs	1	2
Materials and services	2,364	2,663
Depreciation, amortisation and impairment	732	713
Loss on disposal of assets	143	2
Calculated taxation equivalents	20	21
<b>Total expenses from continuing operations</b>	<b>4,234</b>	<b>4,412</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>2,055</b>	<b>2,918</b>
Grants and contributions provided for capital purposes	–	–
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>2,055</b>	<b>2,918</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>2,055</b>	<b>2,918</b>
Less: corporate taxation equivalent [based on result before capital]	(534)	(802)
<b>Surplus (deficit) after tax</b>	<b>1,521</b>	<b>2,116</b>
<b>Opening accumulated surplus</b>	<b>14,812</b>	<b>11,862</b>
<b>Plus/less: other adjustments</b>	<b>(5)</b>	<b>716</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	20	21
– Corporate taxation equivalent	534	802
<b>Less:</b>		
– Dividend paid	(556)	(705)
<b>Closing accumulated surplus</b>	<b>16,326</b>	<b>14,812</b>
<b>Return on capital %</b>	<b>6.6%</b>	<b>11.8%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>–</b>

## Wagga Wagga City Council

### Income Statement – Wagga Airport

for the year ended 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
<b>Income from continuing operations</b>		
Fees	1,749	3,143
Other income	1,161	291
<b>Total income from continuing operations</b>	<b>2,910</b>	<b>3,434</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	456	466
Borrowing costs	176	206
Materials and services	2,386	2,006
Depreciation, amortisation and impairment	5,742	2,837
Loss on disposal of assets	273	–
<b>Total expenses from continuing operations</b>	<b>9,033</b>	<b>5,515</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(6,123)</b>	<b>(2,081)</b>
Grants and contributions provided for capital purposes	4,508	73
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(1,615)</b>	<b>(2,008)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(1,615)</b>	<b>(2,008)</b>
<b>Surplus (deficit) after tax</b>	<b>(1,615)</b>	<b>(2,008)</b>
Opening accumulated surplus	2,062	4,101
Plus/less: other adjustments	(148)	(31)
Plus adjustments for amounts unpaid:		
<b>Closing accumulated surplus</b>	<b>299</b>	<b>2,062</b>
Return on capital %	(31.2)%	(9.4)%
Subsidy from Council	6,231	2,050

## Wagga Wagga City Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2021

\$ '000	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	11,943	8,130
Receivables	8,415	8,374
Inventories	188	188
Other	-	1
<b>Total current assets</b>	<b>20,546</b>	<b>16,693</b>
<b>Non-current assets</b>		
Investments	17,505	16,668
Infrastructure, property, plant and equipment	288,933	285,517
<b>Total non-current assets</b>	<b>306,438</b>	<b>302,185</b>
<b>Total assets</b>	<b>326,984</b>	<b>318,878</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	1,010	1,442
Borrowings	1,112	847
Employee benefit provisions	712	792
<b>Total current liabilities</b>	<b>2,834</b>	<b>3,081</b>
<b>Non-current liabilities</b>		
Borrowings	30,042	29,422
Employee benefit provisions	11	10
<b>Total non-current liabilities</b>	<b>30,053</b>	<b>29,432</b>
<b>Total liabilities</b>	<b>32,887</b>	<b>32,513</b>
<b>Net assets</b>	<b>294,097</b>	<b>286,365</b>
<b>EQUITY</b>		
Accumulated surplus	81,509	76,331
Revaluation reserves	212,588	210,034
<b>Total equity</b>	<b>294,097</b>	<b>286,365</b>

## Wagga Wagga City Council

### Statement of Financial Position – Livestock Marketing Centre

as at 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	7,376	7,548
Receivables	3,880	4,060
Other	3	8
<b>Total current assets</b>	<b>11,259</b>	<b>11,616</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	30,927	24,836
<b>Total non-current assets</b>	<b>30,927</b>	<b>24,836</b>
<b>Total assets</b>	<b>42,186</b>	<b>36,452</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	224	194
Employee benefit provisions	376	297
<b>Total current liabilities</b>	<b>600</b>	<b>491</b>
<b>Non-current liabilities</b>		
Employee benefit provisions	21	25
<b>Total non-current liabilities</b>	<b>21</b>	<b>25</b>
<b>Total liabilities</b>	<b>621</b>	<b>516</b>
<b>Net assets</b>	<b>41,565</b>	<b>35,936</b>
<b>EQUITY</b>		
Accumulated surplus	16,326	14,812
Revaluation reserves	25,239	21,124
<b>Total equity</b>	<b>41,565</b>	<b>35,936</b>

## Wagga Wagga City Council

### Statement of Financial Position – Wagga Airport

as at 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	2,051	626
<b>Total current assets</b>	<b>2,051</b>	<b>626</b>
<b>Non-current assets</b>		
Right of use assets	87	108
Infrastructure, property, plant and equipment	19,047	19,911
<b>Total non-current assets</b>	<b>19,134</b>	<b>20,019</b>
<b>Total assets</b>	<b>21,185</b>	<b>20,645</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	443	116
Lease liabilities	21	21
Bank overdraft	5,000	3,238
Payables	450	531
Borrowings	2,023	1,247
Employee benefit provisions	164	151
<b>Total current liabilities</b>	<b>8,101</b>	<b>5,304</b>
<b>Non-current liabilities</b>		
Lease liabilities	68	89
Borrowings	6,031	6,507
Employee benefit provisions	11	8
<b>Total non-current liabilities</b>	<b>6,110</b>	<b>6,604</b>
<b>Total liabilities</b>	<b>14,211</b>	<b>11,908</b>
<b>Net assets</b>	<b>6,974</b>	<b>8,737</b>
<b>EQUITY</b>		
Accumulated surplus	299	2,062
Revaluation reserves	6,675	6,675
<b>Total equity</b>	<b>6,974</b>	<b>8,737</b>



## Note – Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Department of Planning, Industry and Environment. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in 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 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

### Declared business activities

In accordance with *Pricing and 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. Wagga Airport

Wagga Wagga City Airport facility.

### Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in special purpose 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 – **26%** (19/20 27.5%)

## Note – Significant Accounting Policies (continued)

**Land tax** – the first \$755,000 of combined land values attracts **0%**. For the combined land values in excess of \$755,000 up to \$4,616,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$4,616,000 a premium marginal rate of **2.0%** applies.

**Payroll tax** – **4.85%** on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with the Department of Planning, Industry & Environment – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities. The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act. Achievement of substantial compliance to the DPIE – Water guidelines 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 activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account 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 26%.

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

Since the taxation equivalent is notional – that is, it is payable to 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 the SPFS.

The rate applied of 26% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

### Local government rates and charges

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

### Loan and 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 Council's borrowing rate for its business activities.

#### (i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

#### (ii) Return on investments (rate of return)

The NCP 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'.

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

The rate of return is calculated as follows:

**Operating result before capital income + interest expense**

**Written down value of I,PP&E as at 30 June**

## Note – Significant Accounting Policies (continued)

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As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 1.49% at 30/6/21.

### (iii) 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 sewerage business surplus. Each dividend must be calculated and approved in accordance with the DPIE – Water guidelines and must not exceed:

- 50% of the relevant surplus in any one year, or
- the number of sewerage assessments at 30 June 2021 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to DPIE – Water.



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the special purpose financial statements**  
**Wagga Wagga City Council**

To the Councillors of the Wagga Wagga City Council

## **Opinion**

I have audited the accompanying special purpose financial statements (the financial statements) of Wagga Wagga City Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2021, the Statement of Financial Position of each Declared Business Activity as at 30 June 2021 and the Significant accounting policies note.

The Declared Business Activities of the Council are:

- Sewerage
- Livestock Marketing Centre
- Airport

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2021, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2020–21 (LG Code).

My opinion should be read in conjunction with the rest of this report.

## **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Emphasis of Matter - Basis of Accounting**

Without modifying my opinion, I draw attention to the significant accounting policies note to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

## **Other Information**

The Council's annual report for the year ended 30 June 2021 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 'Permissible income for general rates'.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Statements**

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in the Significant accounting policies note to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Lawrissa Chan  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

25 October 2021  
SYDNEY

# Wagga Wagga City Council

SPECIAL SCHEDULES  
for the year ended 30 June 2021

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*“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 year ended 30 June 2021

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### Contents

Page

#### **Special Schedules:**

Permissible income for general rates

3

Report on infrastructure assets as at 30 June 2021

7

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## Wagga Wagga City Council

### Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	45,251	46,915
Plus or minus adjustments <sup>2</sup>	b	496	390
<b>Notional general income</b>	c = a + b	<b>45,747</b>	<b>47,305</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>3</sup>	d	0.00%	0.00%
Or rate peg percentage	e	2.60%	2.00%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	–	(1,630)
Plus special variation amount	h = d x (c + g)	–	–
Or plus rate peg amount	i = e x (c + g)	1,189	914
Or plus Crown land adjustment and rate peg amount	j = f x (c + g)	–	–
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>46,936</b>	<b>46,589</b>
Plus (or minus) last year's carry forward total	l	17	32
Less valuation objections claimed in the previous year	m	–	–
<b>Sub-total</b>	n = (l + m)	<b>17</b>	<b>32</b>
<b>Total permissible income</b>	o = k + n	<b>46,953</b>	<b>46,621</b>
Less notional general income yield	p	46,915	46,520
<b>Catch-up or (excess) result</b>	q = o – p	<b>38</b>	<b>101</b>
Plus income lost due to valuation objections claimed <sup>4</sup>	r	–	–
Less unused catch-up <sup>5</sup>	s	(6)	(11)
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>32</b>	<b>90</b>

#### Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Wagga Wagga City Council

To the Councillors of Wagga Wagga City Council

### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Wagga Wagga City Council (the Council) for the year ending 30 June 2022.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2020–21 (LG Code) and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report.

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Schedule' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

## Other Information

The Council's annual report for the year ended 30 June 2021 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and the Special Schedule 'Report on infrastructure assets as at 30 June 2021'.

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and the special purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar8.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.

A handwritten signature in black ink, appearing to read 'Lawrissa Chan', written in a cursive style.

Lawrissa Chan  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

25 October 2021  
SYDNEY

## Wagga Wagga City Council

## Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard <sup>a</sup>	Estimated cost to bring to the agreed level of service set by Council <sup>b</sup>	2020/21 Required maintenance <sup>c</sup>	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Buildings	Buildings	22,385	5,177	2,175	1,622	125,578	167,738	41.9%	33.8%	12.1%	1.3%	11.0%
	<b>Sub-total</b>	<b>22,385</b>	<b>5,177</b>	<b>2,175</b>	<b>1,622</b>	<b>125,578</b>	<b>167,738</b>	<b>41.9%</b>	<b>33.8%</b>	<b>12.1%</b>	<b>1.3%</b>	<b>11.0%</b>
Other structures	Fences	3,353	674	–	–	12,011	17,039	7.7%	72.6%	11.1%	6.2%	2.4%
	Shelters	1,544	2,128	930	–	8,070	10,543	23.0%	62.4%	9.0%	5.2%	0.5%
	Shade sails	60	–	–	–	432	565	17.5%	71.8%	5.9%	4.8%	0.0%
	Other	98	–	–	–	14,794	17,430	37.6%	61.9%	0.6%	0.0%	0.0%
	<b>Sub-total</b>	<b>5,055</b>	<b>2,802</b>	<b>930</b>	<b>–</b>	<b>35,307</b>	<b>45,577</b>	<b>22.8%</b>	<b>66.1%</b>	<b>6.5%</b>	<b>3.6%</b>	<b>1.0%</b>
Roads	Sealed roads	73,175	105,130	5,995	4,402	359,047	580,230	35.6%	22.2%	19.8%	20.7%	1.8%
	Unsealed roads	23,225	18,112	2,809	2,332	32,606	59,907	11.1%	34.2%	37.5%	17.2%	0.1%
	Bridges	31,982	9,396	695	408	55,859	85,913	21.1%	41.7%	20.1%	16.4%	0.8%
	Footpaths	24,215	–	–	314	26,223	47,132	31.8%	16.8%	38.2%	11.4%	1.8%
	Shared Paths & Cycleways	915	1,171	333	–	9,356	11,011	80.2%	11.5%	5.5%	2.8%	0.0%
	Kerb & Gutter	6,153	5,366	–	94	31,144	46,015	33.3%	50.9%	15.1%	0.7%	0.0%
	Carparks	3,446	1,268	107	54	4,546	7,226	21.3%	31.2%	18.9%	15.9%	12.7%
	Culverts	17,154	6,603	4,155	616	27,663	44,421	14.7%	46.7%	28.0%	8.4%	2.2%
	Bus & Taxi Shelters	112	–	–	115	529	720	52.9%	20.6%	14.0%	1.5%	11.0%
<b>Sub-total</b>	<b>180,377</b>	<b>147,046</b>	<b>14,094</b>	<b>8,335</b>	<b>546,973</b>	<b>882,575</b>	<b>31.6%</b>	<b>27.3%</b>	<b>21.9%</b>	<b>17.6%</b>	<b>1.6%</b>	
Sewerage network	Sewer Mains	–	13,703	2,134	2,188	162,050	196,544	62.9%	36.2%	0.0%	0.0%	0.9%
	Sewer Nodes	–	–	–	–	39,101	49,683	99.1%	0.0%	0.0%	0.0%	0.9%
	Pumping Stations	4,458	8,320	1,321	775	18,789	32,782	38.3%	26.1%	21.2%	11.0%	3.5%
	Treatment Plants	4,451	756	783	544	57,801	103,092	2.3%	61.1%	31.4%	4.3%	0.9%
	<b>Sub-total</b>	<b>8,909</b>	<b>22,779</b>	<b>4,238</b>	<b>3,507</b>	<b>277,741</b>	<b>382,101</b>	<b>49.1%</b>	<b>37.3%</b>	<b>10.3%</b>	<b>2.1%</b>	<b>1.1%</b>
Stormwater drainage	Stormwater Pits & Pipes	8,521	2,177	1,493	1,186	146,870	196,447	35.1%	42.3%	13.4%	5.4%	3.9%
	Levee Banks	358	–	140	42	24,277	33,008	13.8%	73.1%	12.0%	1.1%	0.0%
	Open Drains, Channels, Flood Gates, Gross Pollutant Traps & Flood Pumps	16,391	–	20	–	42,165	73,482	8.1%	42.5%	28.1%	10.9%	10.5%
	<b>Sub-total</b>	<b>25,270</b>	<b>2,177</b>	<b>1,653</b>	<b>1,228</b>	<b>213,312</b>	<b>302,937</b>	<b>26.2%</b>	<b>45.7%</b>	<b>16.8%</b>	<b>6.2%</b>	<b>5.1%</b>

## Wagga Wagga City Council

## Report on infrastructure assets as at 30 June 2021 (continued)

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard <sup>a</sup>	Estimated cost to bring to the agreed level of service set by Council <sup>b</sup>		2020/21 Actual maintenance	2020/21 Required maintenance <sup>c</sup>	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
			\$ '000	\$ '000					\$ '000	\$ '000	1	2	3
Open space / recreational assets	Swimming pools	–	–	–	–	119	2,719	4,000	0.0%	100.0%	0.0%	0.0%	0.0%
	Playgrounds	1,702	1,385	105	–	124	4,132	5,878	11.0%	60.0%	23.1%	5.8%	0.0%
	Irrigation	3,385	2,183	846	–	–	3,349	5,818	8.5%	33.4%	39.2%	10.8%	8.1%
	Park Accessories	1,278	1,239	229	–	–	3,344	4,687	18.6%	54.1%	18.0%	7.7%	1.5%
	Sporting Equipment	4,983	2,041	51	–	–	9,328	13,382	17.2%	45.5%	32.5%	3.4%	1.4%
	Other	4,642	–	–	–	357	3,371	5,820	5.8%	14.5%	78.4%	1.4%	0.0%
	<b>Sub-total</b>		<b>15,990</b>	<b>6,848</b>	<b>1,231</b>	<b>600</b>	<b>26,243</b>	<b>39,585</b>	<b>11.8%</b>	<b>47.8%</b>	<b>33.8%</b>	<b>4.7%</b>	<b>1.9%</b>
<b>Total – all assets</b>		<b>257,986</b>	<b>186,829</b>	<b>24,321</b>	<b>15,292</b>	<b>1,225,154</b>	<b>1,820,513</b>	<b>34.7%</b>	<b>34.5%</b>	<b>17.6%</b>	<b>10.3%</b>	<b>2.9%</b>	

(a) Estimated cost to bring assets to satisfactory standard is determined by considering both the condition and risk factors for each asset category

(b) Estimated cost to bring to the agreed level of service set out by Council is the amount identified in Council's asset management plans.

(c) Required maintenance is the amount identified in Council's asset management plans.

## Infrastructure asset condition assessment 'key'

1	Excellent/very good
2	Good
3	Satisfactory
4	Poor
5	Very poor

## Wagga Wagga City Council

## Report on infrastructure assets as at 30 June 2021

## Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2021	Indicator 2021	2020	Indicators 2019	2018	Benchmark
<b>Buildings and infrastructure renewals ratio</b>						
Asset renewals <sup>1</sup>	<b>22,485</b>					
Depreciation, amortisation and impairment	<b>29,227</b>	<b>76.93%</b>	131.12%	75.24%	53.56%	>= 100.00%
<b>Infrastructure backlog ratio</b>						
Estimated cost to bring assets to a satisfactory standard	<b>257,986</b>					
Net carrying amount of infrastructure assets	<b>1,265,105</b>	<b>20.39%</b>	20.85%	20.24%	22.82%	< 2.00%
<b>Asset maintenance ratio</b>						
Actual asset maintenance	<b>15,292</b>					
Required asset maintenance	<b>24,321</b>	<b>62.88%</b>	67.75%	62.88%	63.11%	> 100.00%
<b>Cost to bring assets to agreed service level</b>						
Estimated cost to bring assets to an agreed service level set by Council	<b>186,829</b>	<b>10.26%</b>	10.57%	11.44%	11.90%	
Gross replacement cost	<b>1,820,513</b>					

(\*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Asset renewals represent the replacement and/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.