

Wagga Wagga City Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

“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 2023

“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 2023

Contents	Page
Understanding Council's Financial Statements	3
Statement by Councillors and Management	4
Primary Financial Statements:	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	96
On the Financial Statements (Sect 417 [3])	100

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.

Wagga Wagga City Council

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements

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 2023.

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 2023

Statement by Councillors and Management

Statement by Councillors and Management

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

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

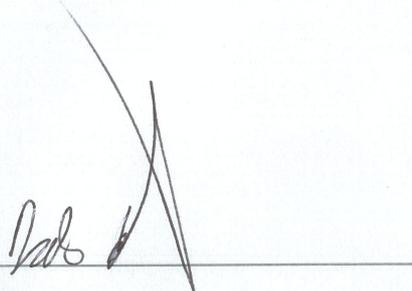
- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

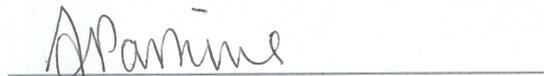
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

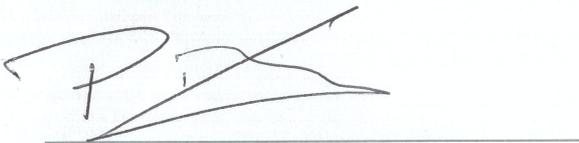
Signed in accordance with a resolution of Council made on 27 November 2023.



Dallas Tout
Mayor
27 November 2023



Amelia Parkins
Councillor
27 November 2023



Peter Thompson
General Manager
27 November 2023



Carolyn Rodney
Responsible Accounting Officer
27 November 2023

Wagga Wagga City Council

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	Restated 2022
Net operating result for the year – from Income Statement		41,085	57,537
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	296,196	227,451
Other comprehensive income – joint ventures and associates	D2-1	(57)	100
Total items which will not be reclassified subsequently to the operating result		296,139	227,551
Total other comprehensive income for the year		296,139	227,551
Total comprehensive income for the year attributable to Council		337,224	285,088

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 2023

\$ '000	Notes	2023	Restated 2022	1 July 2021
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	39,143	23,079	28,685
Investments	C1-2	38,510	21,809	37,254
Receivables	C1-4	16,490	15,574	18,149
Inventories	C1-5	1,990	1,880	2,151
Contract assets and contract cost assets	C1-6	5,966	8,224	5,229
Non-current assets classified as 'held for sale'	C1-7	–	2,300	260
Other	C1-10	882	584	570
Total current assets		102,981	73,450	92,298
Non-current assets				
Investments	C1-2	141,119	132,160	96,648
Receivables	C1-4	1,533	5	12
Infrastructure, property, plant and equipment (IPPE)	C1-8	2,065,615	1,771,682	1,509,162
Investment property	C1-9	4,540	4,510	4,040
Right of use assets	C2-1	2,619	1,974	2,326
Investments accounted for using the equity method	D2-1	2,239	2,296	2,242
Total non-current assets		2,217,665	1,912,627	1,614,430
Total assets		2,320,646	1,986,077	1,706,728
LIABILITIES				
Current liabilities				
Payables	C3-1	19,760	19,619	20,592
Contract liabilities	C3-2	11,607	6,789	10,411
Lease liabilities	C2-1	355	345	335
Borrowings	C3-3	6,272	7,374	7,852
Employee benefit provisions	C3-4	12,486	12,067	13,233
Provisions	C3-5	2,338	815	750
Total current liabilities		52,818	47,009	53,173
Non-current liabilities				
Lease liabilities	C2-1	1,356	1,710	2,055
Borrowings	C3-3	51,503	59,600	58,583
Employee benefit provisions	C3-4	404	322	416
Provisions	C3-5	2,058	2,153	2,306
Total non-current liabilities		55,321	63,785	63,360
Total liabilities		108,139	110,794	116,533
Net assets		2,212,507	1,875,283	1,590,195
EQUITY				
Accumulated surplus	C4-1	1,088,566	1,047,538	989,901
IPPE revaluation reserve	C4-1	1,123,941	827,745	600,294
Council equity interest		2,212,507	1,875,283	1,590,195
Total equity		2,212,507	1,875,283	1,590,195

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 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus Restated	IPPE revaluation reserve Restated	Total equity Restated
Opening balance at 1 July		1,047,651	826,282	1,873,933	989,901	593,078	1,582,979
Correction of prior period errors	G4-1	(113)	1,463	1,350	–	7,216	7,216
Restated opening balance		1,047,538	827,745	1,875,283	989,901	600,294	1,590,195
Net operating result for the year		41,085	–	41,085	57,650	–	57,650
Correction of prior period errors	G4-1	–	–	–	(113)	–	(113)
Restated net operating result for the period		41,085	–	41,085	57,537	–	57,537
Other comprehensive income							
Restated Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	296,196	296,196	–	227,451	227,451
Joint ventures and associates	D2-1	(57)	–	(57)	100	–	100
Other comprehensive income		(57)	296,196	296,139	100	227,451	227,551
Total comprehensive income		41,028	296,196	337,224	57,637	227,451	285,088
Closing balance at 30 June		1,088,566	1,123,941	2,212,507	1,047,538	827,745	1,875,283

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 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Cash flows from operating activities				
<i>Receipts:</i>				
75,410	Rates and annual charges		75,709	72,290
27,723	User charges and fees		32,190	30,051
1,826	Interest received		4,713	2,251
55,391	Grants and contributions		77,227	79,521
–	Bonds, deposits and retentions received		795	488
4,566	Other		8,752	14,124
<i>Payments:</i>				
(51,315)	Payments to employees		(45,377)	(43,744)
(36,686)	Payments for materials and services		(53,512)	(52,248)
(3,269)	Borrowing costs		(3,411)	(2,963)
(1,866)	Other		(3,426)	(3,194)
71,780	Net cash provided from (or used in) operating activities	G1-1	93,660	96,576
Cash flows from investing activities				
<i>Receipts:</i>				
20,201	Sale of investments		7,856	14,336
–	Redemption of term deposits		19,000	25,000
880	Proceeds from sale of IPPE		14,770	1,279
–	Deferred debtors receipts		7	6
<i>Payments:</i>				
(15,000)	Purchase of investments		(11,901)	(24,395)
–	Acquisition of term deposits		(40,000)	(36,000)
(86,863)	Payments for IPPE		(56,690)	(82,534)
(80,782)	Net cash provided from (or used in) investing activities		(66,958)	(102,308)
Cash flows from financing activities				
<i>Receipts:</i>				
17,459	Proceeds from borrowings		578	8,315
<i>Payments:</i>				
(7,572)	Repayment of borrowings		(9,874)	(7,853)
(345)	Principal component of lease payments		(342)	(336)
–	Payments for new leases		(1,000)	–
9,542	Net cash flow provided from (or used in) financing activities		(10,638)	126
540	Net change in cash and cash equivalents		16,064	(5,606)
16,099	Cash and cash equivalents at beginning of year		23,079	28,685
16,639	Cash and cash equivalents at end of year	C1-1	39,143	23,079
149,753	plus: Investments on hand at end of year ¹	C1-2	179,629	153,969
166,392	Total cash, cash equivalents and investments		218,772	177,048

(1) Refer to Note G4-2 for details regarding restatement of prior year.

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 2023

A About Council and these financial statements	12
A1-1 Basis of preparation	12
B Financial Performance	14
B1 Functions or activities	14
B1-1 Functions or activities – income, expenses and assets	14
B1-2 Components of functions or activities	15
B2 Sources of income	16
B2-1 Rates and annual charges	16
B2-2 User charges and fees	17
B2-3 Other revenues	18
B2-4 Grants and contributions	19
B2-5 Interest and investment income	23
B2-6 Other income	23
B3 Costs of providing services	24
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
B4 Gains or losses	28
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	28
B5 Performance against budget	29
B5-1 Material budget variations	29
C Financial position	31
C1 Assets we manage	31
C1-1 Cash and cash equivalents	31
C1-2 Financial investments	31
C1-3 Restricted and allocated 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
C2 Leasing activities	44
C2-1 Council as a lessee	44
C2-2 Council as a lessor	47
C3 Liabilities of Council	49
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 2023

C3-4 Employee benefit provisions	54
C3-5 Provisions	56
C4 Reserves	58
C4-1 Nature and purpose of reserves	58
D Council structure	59
D1 Results by fund	59
D1-1 Income Statement by fund	59
D1-2 Statement of Financial Position by fund	60
D1-3 Details of internal loans	61
D2 Interests in other entities	62
D2-1 Interests in joint arrangements	62
E Risks and accounting uncertainties	64
E1-1 Risks relating to financial instruments held	64
E2-1 Fair value measurement	67
E3-1 Contingencies	75
F People and relationships	78
F1 Related party disclosures	78
F1-1 Key management personnel (KMP)	78
F1-2 Councillor and Mayoral fees and associated expenses	80
F1-3 Other related parties	81
F2 Other relationships	82
F2-1 Audit fees	82
G Other matters	83
G1-1 Statement of Cash Flows information	83
G2-1 Commitments	84
G3-1 Events occurring after the reporting date	85
G4 Changes from prior year statements	85
G4-1 Correction of errors relating to a previous reporting period	85
G5 Statement of developer contributions as at 30 June 2023	87
G5-1 Summary of developer contributions	87
G5-2 Developer contributions by plan	88
G5-3 S64 contributions	89
G6 Statement of performance measures	90
G6-1 Statement of performance measures – consolidated results	90
G6-2 Statement of performance measures by fund	91
H Additional Council disclosures (unaudited)	93
H1-1 Statement of performance measures – consolidated results (graphs)	93
H1-2 Council information and contact details	95

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 27 November 2023. 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 2021 (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

A1-1 Basis of preparation (continued)

- sewerage service

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 but 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 2023 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 2023.

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	
	2023	2022	2023	2022 Restated	2023	2022 Restated	2023	2022	2023	2022 Restated
\$ '000										
Functions or activities										
Community Leadership and Collaboration	72,080	67,551	23,712	21,453	48,368	46,098	19,298	19,206	87,621	76,843
Safe and Healthy Community	8,866	19,211	21,997	17,739	(13,131)	1,472	2,708	12,716	342,667	359,330
Growing Economy	19,256	28,299	12,969	14,598	6,287	13,701	8,201	18,888	68,018	67,556
Community Place and Identity	3,499	5,318	8,200	8,110	(4,701)	(2,792)	1,673	4,121	12,198	11,955
The Environment	85,495	75,872	81,233	76,814	4,262	(942)	40,330	33,770	1,810,142	1,470,393
Total functions and activities	189,196	196,251	148,111	138,714	41,085	57,537	72,210	88,701	2,320,646	1,986,077

B1-2 Components of functions or activities

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	2023	2022
Ordinary rates		
Residential	30,093	29,127
Farmland	5,294	5,177
Business	11,568	11,344
Less: pensioner rebates (mandatory)	(612)	(606)
Rates levied to ratepayers	46,343	45,042
Pensioner rate subsidies received	330	341
Total ordinary rates	46,673	45,383
Special rates		
Special rate variation – Levee	–	(1)
Rates levied to ratepayers	–	(1)
Total special rates	–	(1)
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	10,466	9,845
Stormwater management services	731	723
Sewerage services	16,866	16,191
Waste management services (non-domestic)	662	624
Less: pensioner rebates (mandatory)	(521)	(508)
Annual charges levied	28,204	26,875
Pensioner annual charges subsidies received:		
– Sewerage	154	158
– Domestic waste management	127	127
Total annual charges	28,485	27,160
Total rates and annual charges	75,158	72,542

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	2023	2022
Specific user charges (per s502 - specific 'actual use' charges)		
Domestic waste management services	1,742	1,817
Sewerage services	4,712	4,288
Waste management services (non-domestic)	5,264	5,224
Total specific user charges	11,718	11,329
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s608)		
Private works – section 67	97	118
Regulatory/statutory fees	770	764
Total fees and charges – statutory/regulatory	867	882
(ii) Fees and charges – other (incl. general user charges (per s608))		
Aerodrome	3,829	2,068
Cemeteries	1,479	1,326
Development services	2,419	2,312
Corporate services	18	24
Library and art gallery	149	72
Livestock Marketing Centre	6,183	6,129
Oasis swimming complex	1,527	1,289
Park and sportsgrounds	919	965
Regional civic theatre	990	639
Visitors information centre	241	187
Other	318	188
Total fees and charges – other	18,072	15,199
Total other user charges and fees	18,939	16,081
Total user charges and fees	30,657	27,410
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	158	156
User charges and fees recognised at a point in time	30,499	27,254
Total user charges and fees	30,657	27,410

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 revenues

\$ '000	2023	2022
Ex gratia rates	42	41
Fines	456	731
Legal fees recovery – rates and charges (extra charges)	94	45
Diesel rebate	176	180
Insurance claims recoveries	329	215
Other theatre	6	9
Sales – miscellaneous	1,057	833
Sales – Oasis Aquatic Centre	122	109
Container Deposit Scheme	623	359
Wagga Airport PFAS Removal Reimbursement	–	585
Energy Savings Certificates	–	51
Other	667	302
Total other revenue	3,572	3,460
Timing of revenue recognition for other revenue		
Other revenue recognised over time	–	–
Other revenue recognised at a point in time	3,572	3,460
Total other revenue	3,572	3,460

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 2023	Operating 2022	Capital 2023	Capital 2022
General purpose grants				
General purpose				
Current year allocation				
Financial assistance	3,027	5,552	–	–
Payment in advance - future year allocation				
Financial assistance	12,361	8,537	–	–
Amount recognised as income during current year	15,388	14,089	–	–
Special purpose grants and non-developer contributions				
Cash grants				
Sewerage services	17	10	78	–
Bushfire and emergency services	52	56	193	303
Community care	235	220	–	–
Domestic waste management	7	3	–	–
Economic development	56	42	770	5,133
Environmental programs	367	239	3	–
Recreation and culture	198	159	2,166	12,009
Airport	–	–	–	156
Drainage	–	–	13	2
Heritage and cultural	1,063	802	368	81
Noxious weeds	143	108	–	–
Family and childrens services – other	55	46	–	–
Street lighting	89	87	–	–
Transport (other roads and bridges funding)	5,848	150	17,083	32,811
Other specific grants	77	37	(19)	200
Cash contributions				
Bushfire services	22	24	–	–
Economic development	–	–	11,827	3,330
Recreation and culture	112	217	25	7
Roads and bridges	–	–	–	4
Transport for NSW contributions (regional roads, block grant)	1,012	1,816	1,678	364
Sewerage (excl. section 64 contributions)	140	52	1	–
Other contributions	176	169	–	–
Total special purpose grants and non-developer contributions – cash	9,669	4,237	34,186	54,400
Non-cash contributions				
Dedications (other than by s7.11)	–	–	5,664	5,632
Artworks donated	–	–	180	154
Total other contributions – non-cash	–	–	5,844	5,786
Total special purpose grants and non-developer contributions (tied)	9,669	4,237	40,030	60,186
Total grants and non-developer contributions	25,057	18,326	40,030	60,186
Comprising:				
– Commonwealth funding	15,787	14,139	5,520	6,169
– State funding	8,636	3,482	28,538	44,625
– Other funding	634	705	5,972	9,392
	25,057	18,326	40,030	60,186

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G5				
Cash contributions					
S 7.11 – contributions towards amenities/services		–	–	4,162	5,490
S 7.12 – fixed development consent levies		–	–	673	1,262
S 64 – sewerage service contributions		–	–	1,441	2,225
S 64 – stormwater contributions		–	–	847	1,212
Total developer contributions – cash		–	–	7,123	10,189
Total developer contributions		–	–	7,123	10,189
Total grants and contributions		25,057	18,326	47,153	70,375
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time		224	228	30,818	51,988
Grants and contributions recognised at a point in time		24,833	18,098	16,335	18,387
Total grants and contributions		25,057	18,326	47,153	70,375

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 2023	Operating 2022	Capital 2023	Capital 2022
Unspent grants and contributions				
Unspent funds at 1 July	1,106	607	3,888	8,641
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	4,080	–	–	–
Add: Funds received and not recognised as revenue in the current year	1,804	856	6,781	2,890
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	(780)	(357)	(2,904)	(7,643)
Unspent funds at 30 June	6,210	1,106	7,765	3,888
Contributions				
Unspent funds at 1 July	39,062	34,019	–	–
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	5,272	6,724	–	–
Add: contributions received and not recognised as revenue in the current year	5	5	–	–
Add: 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	–	–	–	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(1,824)	(1,686)	–	–
Unspent contributions at 30 June	42,515	39,062	–	–

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.

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.

B2-4 Grants and contributions (continued)

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	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	208	199
– Cash and investments	5,340	2,101
Total interest and investment income (losses)	5,548	2,300
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	200	193
General Council cash and investments	4,308	1,824
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	51	9
– Section 64	11	2
Sewerage fund operations	808	145
Domestic waste management operations	170	32
Restricted investments/funds – internal:		
Internally restricted assets	–	95
Total interest and investment income	5,548	2,300

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2023	2022
Fair value increment on investment properties			
Fair value increment on investment properties		30	470
Total fair value increment on investment properties	C1-9	30	470
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		379	422
Total Investment properties		379	422
Land and Property			
Lease income (excluding variable lease payments not dependent on an index or rate)		923	866
Other lease income			
Leaseback fees - council vehicles		104	80
Total other lease income		1,027	946
Total rental income	C2-2	1,406	1,368
Fair value increment on investments			
Fair value increment on investments through profit and loss		615	–
Total Fair value increment on investments	C1-2	615	–
Total other income		2,051	1,838

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	35,518	33,931
Employee leave entitlements (ELE)	5,864	4,884
Superannuation	4,218	3,905
Workers' compensation insurance	1,222	1,028
Fringe benefit tax (FBT)	73	62
Payroll tax	188	143
Total employee costs	47,083	43,953
Less: capitalised costs	(1,120)	(1,323)
Total employee costs expensed	45,963	42,630
Number of 'full-time equivalent' employees (FTE) at year end	515	502

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	2023	2022
Raw materials and consumables		25,333	23,850
Contractor costs		9,964	9,721
Audit Fees	F2-1	125	121
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	364	246
Election expenses		–	420
Electricity and heating		2,818	1,891
Insurance		1,611	1,341
Postage		135	136
Street lighting		752	722
Subscriptions and publications		58	58
Telephone and communications		460	353
Cost of sales		587	523
Valuer General Fees		238	224
Water		792	635
Legal expenses:			
– Legal expenses: planning and development		20	6
– Legal expenses: debt recovery		92	28
– Legal expenses: other		394	124
Total materials and services		43,743	40,399
Total materials and services		43,743	40,399

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2023	2022
(i) Interest bearing liability costs			
Interest on leases		53	63
Interest on loans		3,062	2,918
Total interest bearing liability costs		3,115	2,981
Total interest bearing liability costs expensed		3,115	2,981
(ii) Other borrowing costs			
Fair value adjustments on recognition of advances and deferred debtors			
– Employee leave liabilities	C3-4	203	(2)
– Remediation liabilities	C3-5	72	(1)
Interest applicable on interest free (and favourable) loans to Council		97	77
Total other borrowing costs		372	74
Total borrowing costs expensed		3,487	3,055

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	2023	2022 Restated
Depreciation and amortisation			
Plant and equipment		2,269	2,161
Office equipment		292	409
Furniture and fittings		19	20
Infrastructure:	C1-8		
– Buildings		3,757	2,683
– Other structures		1,528	1,276
– Roads		12,573	13,660
– Bridges		1,078	1,007
– Footpaths		1,353	1,459
– Stormwater drainage		3,390	3,257
– Sewerage network		6,420	5,706
– Swimming pools		102	80
– Other open space/recreational assets		2,380	1,955
– Airport infrastructure		4,450	6,709
– Rail infrastructure		259	94
Right of use assets	C2-1	353	353
Other assets:	C1-8		
– Other		1,712	1,705
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-8	26	26
– Quarry assets	C3-5,C1-8	48	54
Total gross depreciation and amortisation costs		42,009	42,614
Less: capitalised costs		(155)	(219)
Total depreciation and amortisation costs		41,854	42,395
Total depreciation, amortisation and impairment for non-financial assets		41,854	42,395

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	2023	2022
Impairment of receivables			
Other		8	36
Total impairment of receivables	C1-4	8	36
Net share of interests in joint ventures and associates using the equity method			
Joint ventures		–	46
Total net share of interests in joint ventures and associates using the equity method	D2-1	–	46
Fair value decrement on investments			
Fair value decrement on investments through profit and loss		–	992
Total Fair value decrement on investments	C1-2	–	992
Other			
Bushfire fighting fund		481	502
Canberra Region Joint Organisation Contribution		67	73
Emergency Services Levy (includes FRNSW, SES, and RFS levies)		138	96
NSW Fire Brigade Levy		466	522
Riverina Regional Library Member Contribution		–	1,372
Donations, contributions and assistance to other organisations (Section 356)		345	336
PCYC Contribution		2,839	–
Total other		4,336	2,901
Total other expenses		4,344	3,975

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	2023	2022
Gain (or loss) on disposal of property (excl. investment property)	C1-8		
Proceeds from disposal – property		15,065	350
Less: carrying amount of property assets sold/written off		<u>(14,809)</u>	<u>(270)</u>
Gain (or loss) on disposal		<u>256</u>	<u>80</u>
Gain (or loss) on disposal of plant and equipment	C1-8		
Proceeds from disposal – plant and equipment		1,238	929
Less: carrying amount of plant and equipment assets sold/written off		<u>(1,089)</u>	<u>(816)</u>
Gain (or loss) on disposal		<u>149</u>	<u>113</u>
Gain (or loss) on disposal of infrastructure	C1-8		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		<u>(9,125)</u>	<u>(6,453)</u>
Gain (or loss) on disposal		<u>(9,125)</u>	<u>(6,453)</u>
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		7,856	14,336
Less: carrying amount of investments sold/redeemed/matured		<u>(7,856)</u>	<u>(14,336)</u>
Gain (or loss) on disposal		<u>–</u>	<u>–</u>
Gain (or loss) on disposal of term deposits	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		19,000	25,000
Less: carrying amount of term deposits sold/redeemed/matured		<u>(19,000)</u>	<u>(25,000)</u>
Gain (or loss) on disposal		<u>–</u>	<u>–</u>
Net gain (or loss) from disposal of assets		<u>(8,720)</u>	<u>(6,260)</u>

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 27 June 2022 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	2023 Budget	2023 Actual	2023 ----- Variance -----		
Revenues					
Rates and annual charges	75,524	75,158	(366)	0%	U
User charges and fees	27,844	30,657	2,813	10%	F
Other revenues	2,770	3,572	802	29%	F
During the 2022/23 financial year, Council received additional unbudgeted income from insurance claims, paid parental leave and long service leave income. Council also significantly outperformed its original budget for its container deposit scheme income received, as well as receiving additional income from the sale of goods at several of its businesses.					
Operating grants and contributions	13,525	25,057	11,532	85%	F
Council received additional unbudgeted operating grants & contributions income due to the advanced payment of 100% of its 2023/24 Financial Assistance Grants during the 2022/23 financial year, as well as receiving additional unbudgeted operating grants including local road repair program and fixing local roads pothole repair program funding.					
Capital grants and contributions	36,295	47,153	10,858	30%	F
During 2022/23, Council received some additional grant funds within the financial year mainly due a number of projects carrying over from the previous financial year. These include works for the RiFL Industrial Subdivision and Special Activation Precinct, construction of the Active Travel Plan, as well as Council receiving additional unbudgeted capital grant funding throughout the year such as the Phase 3 of the Local Roads Community Infrastructure Program.					
Interest and investment revenue	1,828	5,548	3,720	204%	F
Councils interest on investments significantly outperformed the originally predicted budget for 2022/23. For the 2022/23 financial year, Councils investment portfolio returned 2.91%, as interest rates increased from a record low of 0.10% in April 2022 to 4.10% in June 2023 with Council being able to take advantage of increasing investment rates that were on offer.					
Other income	1,406	2,051	645	46%	F
Other income exceeded the original budget for the 2022/23 financial year due to a significant increase in the value of Councils floating rate note investment portfolio, which was recognised at fair value through the profit and loss statement.					

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Expenses				
Employee benefits and on-costs	51,315	45,963	5,352	10% F
Materials and services	36,543	43,743	(7,200)	(20)% U
Council experienced additional unbudgeted expenses for materials & services due to increased fleet management costs, insurance claims at various locations and increased costs for electricity and gas.				
Borrowing costs	3,269	3,487	(218)	(7)% U
Depreciation, amortisation and impairment of non-financial assets	43,196	41,854	1,342	3% F
Other expenses	1,866	4,344	(2,478)	(133)% U
During the 2022/23 financial year, Council provided a \$2.84M contribution towards the construction of the new PCYC facility in Wagga Wagga, that was originally budgeted for in the previous financial year.				
Net losses from disposal of assets	-	8,720	(8,720)	∞ U
Statement of cash flows				
Cash flows from operating activities	71,780	93,660	21,880	30% F
During the 2022/23 financial year, Council received payment of a number of grants that had either been outstanding from the previous financial year or payment was received in advance. This resulted in Council receiving additional funds for its operating activities at 30 June 2023.				
Cash flows from investing activities	(80,782)	(66,958)	13,824	(17)% F
During the 2022/23 financial year, Council sold a number of land parcels that had not been originally budgeted for sale. This resulted in Council receiving additional cash funds from its investing activities.				
Cash flows from financing activities	9,542	(10,638)	(20,180)	(211)% U
Within its 2022/23 Long Term Financial Plan, Council had originally planned to undertake a significant external loan borrowings program for the 2022/23 financial year. Due to a delay in the commencement and completion of a number of projects that are utilising loan borrowings as a funding source, Council was not required to drawdown on these funds at 30 June 2023.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	29,823	12,984
Cash equivalent assets		
– Deposits at call	9,320	10,095
Total cash and cash equivalents	39,143	23,079

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	39,143	23,079
Balance as per the Statement of Cash Flows	39,143	23,079

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Financial assets at fair value through the profit and loss				
Managed funds	–	1,867	–	1,682
Floating rate notes	1,510	41,883	2,809	36,124
Fixed rate bonds	–	2,369	–	2,354
Total	1,510	46,119	2,809	40,160
Debt securities at amortised cost				
Long term deposits	37,000	79,000	19,000	76,000
Government and semi-government bonds	–	16,000	–	16,000
Total	37,000	95,000	19,000	92,000
Total financial investments	38,510	141,119	21,809	132,160
Total cash assets, cash equivalents and investments	77,653	141,119	44,888	132,160

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)

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

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, fixed rate bonds and managed funds in the Statement of Financial Position.

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	218,772	177,048
Less: Externally restricted cash, cash equivalents and investments	<u>(140,960)</u>	<u>(111,457)</u>
Cash, cash equivalents and investments not subject to external restrictions	77,812	65,591
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	13,420	3,682
Employee leave – sewer and waste	512	514
External restrictions – included in liabilities	13,932	4,196
External restrictions – other		
Developer contributions – general	41,895	38,434
Sewer fund	45,139	32,015
Sewerage services – unexpended contributions	102	106
Domestic waste management	27,721	24,685
Stormwater management	5,351	5,150
Other unexpended contributions	503	514
Special rate variation – Levee bank	6,317	6,357
External restrictions – other	127,028	107,261
Total external restrictions	140,960	111,457

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

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

\$ '000	2023	2022
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	77,812	65,591
Less: Internally restricted cash, cash equivalents and investments	(66,310)	(54,097)
Unrestricted and unallocated cash, cash equivalents and investments	11,502	11,494
Internal allocations		
Additional Special Variation (ASV)	630	–
Airport	–	–
Bridge	278	297
Building	1,816	1,089
CCTV	47	101
Cemetery	1,247	883
Civic Theatre	–	44
Civil infrastructure	8,750	9,317
Community works	–	160
Council election	306	235
Economic development	407	419
Emergency events	245	640
Employees leave entitlement	3,605	3,454
Environmental conservation	117	117
Event attraction	969	492
Financial Assistance Grants in advance	12,361	8,537
Grant Co-Funding	500	500
Gravel pit	808	817
Information services	2,420	1,835
Insurance savings	50	50
Internal loans	6,216	3,650
Lake Albert	128	106
Library	167	–
Livestock marketing centre	6,582	6,032
Net zero emissions	309	394
Oasis	1,324	1,085
Other operational	89	93
Parks and recreation	1,061	1,357
Parks water	180	–
Planning legals	100	100
Plant	4,023	4,336
Project carryovers	6,990	3,098
Public art	238	211
Service review	100	–
Stormwater drainage	110	158
Strategic real property	1,724	766
Subdivision tree planting	348	369
Unexpended external loans	1,870	3,144
Workers compensation	195	211
Total internal allocations	66,310	54,097

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

C1-4 Receivables

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Rates and annual charges	3,804	–	4,310	–
Interest and extra charges	335	–	297	–
User charges and fees	4,863	–	4,038	–
Accrued revenues				
– Interest on investments	1,541	–	744	–
– Other income accruals	106	–	73	–
Deferred debtors	5	1,533	7	5
Government grants and subsidies	2,788	–	3,613	–
Net GST receivable	1,965	–	1,873	–
Other debtors	1,283	–	812	–
Total	16,690	1,533	15,767	5
Less: provision for impairment				
User charges and fees	(200)	–	(193)	–
Total provision for impairment – receivables	(200)	–	(193)	–
Total net receivables	16,490	1,533	15,574	5
Externally restricted receivables				
Sewerage services				
– Rates and availability charges	1,047	–	1,161	–
– Other	1,389	–	1,317	–
Domestic waste management	1,988	–	1,489	–
Stormwater management	40	–	48	–
Other				
– Unexpended grants	555	–	1,306	–
– Unexpended contributions	10	–	4	–
Total external restrictions	5,029	–	5,325	–
Internally restricted receivables				
– Livestock marketing centre	402	–	440	–
– Airport	1,030	–	806	–
Internally restricted receivables	1,432	–	1,246	–
Unrestricted receivables	10,029	1,533	9,003	5
Total net receivables	16,490	1,533	15,574	5

\$ '000	2023	2022
Movement in provision for impairment of receivables		
Balance at the beginning of the year	193	180
+ new provisions recognised during the year	7	17
– amounts already provided for and written off this year	–	(3)
– previous impairment losses reversed	–	(1)
Balance at the end of the year	200	193

C1-4 Receivables (continued)

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Stores and materials	1,874	-	1,794	-
Trading stock	116	-	86	-
Total inventories at cost	1,990	-	1,880	-
Total inventories	1,990	-	1,880	-

Externally restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Sewerage				
Stores and materials	76	-	79	-
Total sewerage	76	-	79	-
Total externally restricted assets	76	-	79	-
Total internally restricted assets	-	-	-	-
Total unrestricted assets	1,914	-	1,801	-
Total inventories	1,990	-	1,880	-

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Contract assets	5,966	-	8,225	-
Total contract assets and contract cost assets	5,966	-	8,225	-

Contract assets

Capital grants and contributions to be received	5,683	-	8,159	-
Operating grants and contributions to be received	283	-	65	-
Total contract assets	5,966	-	8,224	-

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

(i) Externally restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Total unrestricted assets	5,966	-	8,224	-
Total contract assets and contract cost asset	5,966	-	8,224	-

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Non-current assets held for sale				
Land	-	-	2,300	-
Total non-current assets held for sale	-	-	2,300	-
Total non-current assets classified as held for sale	-	-	2,300	-

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 2022			Asset movements during the reporting period									At 30 June 2023		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Tfrs from/(to) 'held for sale' category	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000															
Capital work in progress	41,241	–	41,241	4,718	25,057	(1,981)	–	(14,965)	–	–	–	–	54,070	–	54,070
Plant and equipment	33,082	(12,954)	20,128	2,870	1,376	(1,089)	(2,269)	67	–	–	–	–	35,025	(13,943)	21,082
Office equipment	3,878	(3,026)	852	–	175	–	(292)	3	–	–	–	–	4,056	(3,318)	738
Furniture and fittings	2,325	(2,218)	107	–	47	–	(19)	–	–	–	–	–	2,373	(2,237)	136
Land:															
– Operational land	136,788	–	136,788	–	–	–	–	–	–	(11,864)	(3,831)	–	121,093	–	121,093
– Community land	163,068	–	163,068	–	385	–	–	–	–	–	–	–	163,453	–	163,453
– Land under roads	11,245	–	11,245	–	13	–	–	–	–	–	–	–	11,259	–	11,259
Infrastructure:															
– Buildings	187,109	(51,114)	135,995	964	1,960	(590)	(3,757)	3,683	–	(316)	–	8,387	203,776	(57,450)	146,326
– Other structures	51,787	(12,153)	39,634	256	213	(38)	(1,528)	6,654	330	–	–	3,004	63,262	(14,737)	48,525
– Roads	753,604	(288,657)	464,947	13,122	1,874	(4,771)	(12,573)	844	(67)	–	–	236,685	1,003,019	(302,956)	700,063
– Bridges	105,345	(37,995)	67,350	132	50	–	(1,078)	337	(263)	–	–	1,668	113,097	(44,902)	68,195
– Footpaths	63,686	(23,482)	40,204	685	478	(1,355)	(1,353)	1,642	–	–	–	2,602	70,436	(27,533)	42,903
– Stormwater drainage	324,957	(98,205)	226,752	38	1,893	(1)	(3,390)	268	–	–	–	17,391	352,378	(109,427)	242,951
– Sewerage network	438,564	(111,494)	327,070	1,246	1,357	(199)	(6,420)	627	–	–	–	24,956	475,547	(126,909)	348,638
– Swimming pools	5,500	(1,980)	3,520	12	–	(7)	(102)	–	–	–	–	226	5,863	(2,214)	3,649
– Other open space/recreational assets	48,775	(14,559)	34,216	189	471	(106)	(2,380)	419	–	–	–	2,165	52,952	(17,978)	34,974
– Airport infrastructure (leasehold improvements)	91,864	(79,392)	12,472	–	–	–	(4,450)	–	–	–	–	529	97,927	(89,376)	8,551
– Rail infrastructure	14,227	(94)	14,133	–	–	–	(258)	–	–	–	–	916	15,167	(376)	14,791
Other assets:															
– Artworks	6,076	–	6,076	–	184	–	–	–	–	–	–	–	6,260	–	6,260
– Library books	–	–	–	–	375	–	–	1	–	–	–	–	377	–	377
– Other	34,034	(10,258)	23,776	132	179	(65)	(1,712)	382	–	–	–	1,498	36,910	(12,719)	24,191
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):															
– Tip assets	1,826	(529)	1,297	–	–	–	(26)	–	(32)	–	–	–	1,794	(555)	1,239
– Quarry assets	1,304	(493)	811	–	–	–	(48)	–	(14)	–	–	–	1,290	(541)	749
– Other remediation assets	–	–	–	–	–	–	–	–	1,402	–	–	–	1,402	–	1,402
Total infrastructure, property, plant and equipment	2,520,285	(748,603)	1,771,682	24,364	36,087	(10,202)	(41,655)	(38)	1,356	(12,180)	(3,831)	300,027	2,892,786	(827,171)	2,065,615

(1) 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 2021			Asset movements during the reporting period								At 30 June 2022		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Tfrs from/(to) 'held for sale' category	Revaluation increments to equity (ARR)	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated
\$ '000														
Capital work in progress	44,395	–	44,395	4,843	22,291	(911)	–	(29,378)	–	–	–	41,241	–	41,241
Plant and equipment	31,687	(11,497)	20,190	2,121	501	(816)	(2,161)	291	–	–	–	33,082	(12,954)	20,128
Office equipment	3,577	(2,617)	960	211	90	–	(409)	–	–	–	–	3,878	(3,026)	852
Furniture and fittings	2,304	(2,199)	105	–	22	–	(20)	–	–	–	–	2,325	(2,218)	107
Land:														
– Operational land	71,447	–	71,447	–	–	–	–	–	–	(2,300)	67,641	136,788	–	136,788
– Community land	83,082	–	83,082	–	716	–	–	420	–	–	78,850	163,068	–	163,068
– Land under roads (post 30/6/08)	8,569	–	8,569	–	13	–	–	–	–	–	2,663	11,245	–	11,245
Infrastructure:														
– Buildings	167,738	(42,160)	125,578	1,856	774	(675)	(2,683)	4,113	–	–	7,032	187,109	(51,114)	135,995
– Other structures	45,577	(10,270)	35,307	5	3,403	(3)	(1,276)	211	–	–	1,988	51,787	(12,153)	39,634
– Roads	738,519	(282,984)	455,535	16,122	2,908	(3,633)	(13,660)	3,162	–	–	4,514	753,604	(288,657)	464,947
– Bridges	97,350	(34,275)	63,075	–	420	–	(1,007)	52	–	–	4,809	105,345	(37,995)	67,350
– Footpaths	58,143	(22,564)	35,579	2,561	2,285	(483)	(1,459)	1,721	–	–	–	63,686	(23,482)	40,204
– Stormwater drainage	302,937	(89,625)	213,312	–	1,380	–	(3,257)	3,029	–	–	12,289	324,957	(98,205)	226,752
– Sewerage network	382,101	(104,360)	277,741	1,292	1,349	(380)	(5,706)	7,708	–	–	45,067	438,564	(111,494)	327,070
– Swimming pools	4,000	(1,281)	2,719	–	–	–	(80)	–	–	–	880	5,500	(1,980)	3,520
– Other open space/recreational assets	35,585	(12,061)	23,524	3,146	4,482	(284)	(1,955)	3,586	–	–	1,716	48,775	(14,559)	34,216
– Airport infrastructure (leasehold improvements)	91,611	(72,683)	18,928	253	–	–	(6,709)	–	–	–	–	91,864	(79,392)	12,472
– Rail infrastructure	–	–	–	–	11,964	–	(94)	2,264	–	–	–	14,227	(94)	14,133
Other assets:														
– Artworks	5,914	–	5,914	–	162	–	–	–	–	–	–	6,076	–	6,076
– Other	29,554	(8,627)	20,927	139	1,679	(84)	(1,705)	2,821	–	–	–	34,034	(10,258)	23,776
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Tip assets	1,812	(503)	1,309	–	–	–	(26)	–	14	–	–	1,826	(529)	1,297
– Quarry assets	1,406	(440)	966	–	–	–	(54)	–	(102)	–	–	1,304	(493)	811
Total infrastructure, property, plant and equipment	2,207,308	(698,146)	1,509,162	32,549	54,439	(7,269)	(42,261)	–	(88)	(2,300)	227,449	2,520,285	(748,603)	1,771,682

(1) 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	10 to 110
– Stormwater drainage	25 to 100
– Sewerage network	5 to 210
– Open space/recreational assets	1 to 50
– Airport infrastructure	3 to 40
– Rail infrastructure	20 to 100
Other assets	1 to 50
Tip, quarry and other remediation 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 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)

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".

Council has assessed that they do not control the firefighting equipment associated with the Rural Fire Service and as such has not recognised these assets within these financial statements. Council will continue to not recognise these assets until such time as discussions between local Council's and the NSW Government on this matter have concluded and the legislation changed.

Council has recognised, and will continue to recognise, rural fire service buildings that are built on Council owned or managed land.

C1-9 Investment properties

\$ '000	2023	2022
Owned investment property		
Investment property on hand at fair value	4,540	4,510
Total owned investment property	4,540	4,510

Owned investment property

At fair value

Opening balance at 1 July	4,510	4,040
Net gain/(loss) from fair value adjustments	30	470
Closing balance at 30 June	4,540	4,510

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepayments	882	-	584	-
Total other assets	882	-	584	-

Externally restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Sewerage				
Prepayments	67	-	-	-
Total sewerage	67	-	-	-
Domestic waste management				
Prepayments	13	-	-	-
Total domestic waste management	13	-	-	-
Total externally restricted assets	80	-	-	-
Total internally restricted assets	17	-	30	-
Total unrestricted assets	785	-	554	-
Total other assets	882	-	584	-

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of assets including land 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 recently entered into a licence agreement in relation to the use of building facilities for community purposes. This agreement is for a 20 year period and does not include any renewal or extension options.

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 waste collection contract to provide certainty to Council operations. The extension options in Council's waste collection contract are at Council's discretion.

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.

(a) Right of use assets

\$ '000	Land	Plant and Equipment	Buildings	Total
2023				
Opening balance at 1 July	65	1,909	–	1,974
Additions to right-of-use assets	–	–	1,000	1,000
Depreciation charge	(22)	(332)	(1)	(355)
Balance at 30 June	43	1,577	999	2,619
2022				
Opening balance at 1 July	86	2,240	–	2,326
Depreciation charge	(21)	(331)	–	(352)
Balance at 30 June	65	1,909	–	1,974

C2-1 Council as a lessee (continued)

(b) Lease liabilities

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Lease liabilities	355	1,356	345	1,710
Total lease liabilities	355	1,356	345	1,710

(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
2023					
Cash flows	399	1,430	–	1,829	1,711
2022					
Cash flows	399	1,547	281	2,227	2,055

(ii) Lease liabilities relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Externally restricted assets				
Domestic Waste Management	332	1,333	323	1,665
Lease liabilities relating to externally restricted assets	332	1,333	323	1,665
Internally restricted assets				
Airport	23	23	22	45
Lease liabilities relating to internally restricted assets	23	23	22	45
Total lease liabilities relating to restricted assets	355	1,356	345	1,710
Total lease liabilities	355	1,356	345	1,710

(d) Income Statement

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

\$ '000	2023	2022
Interest on lease liabilities	53	63
Variable lease payments based on usage not included in the measurement of lease liabilities	164	97
Income from sub-leasing right of use assets	(273)	(235)
Depreciation of right of use assets	708	353
Expenses relating to short-term leases	–	51
Expenses relating to Peppercorn leases	3	3
Lease modifications (ordinary leases)	–	–

continued on next page ...

C2-1 Council as a lessee (continued)

	655	332
\$ '000	2023	2022
(e) Statement of Cash Flows		
Income from sub-leasing right-of-use assets	(273)	(235)
Interest payments on lease liabilities	54	63
Variable lease payments	164	97
Lease payments made prior to or on lease commencement	1,000	–
Expenses relating to Peppercorn leases	3	3
Expenses relating to Short term leases	–	51
Lease Liability Payments	345	335
	1,293	314

(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	2023	2022
---------	------	------

(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)	379	422
Total income relating to operating leases for investment property assets	379	422

Operating lease expenses

Investment Property

Direct operating expenses that generated rental income	73	78
Total expenses relating to operating leases	73	78

(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)	1,027	946
Total income relating to operating leases for Council assets	1,027	946

Operating lease expenses

Land and Property

Direct operating expenses that generated rental income	90	104
--	----	-----

Other leased assets expenses

Leaseback vehicle expenses	140	95
Total expenses relating to other leases assets	230	199

(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	601	527
1–2 years	417	352
2–3 years	254	183
3–4 years	126	72
4–5 years	42	34
> 5 years	112	18
Total undiscounted lease payments to be received	1,552	1,186

C2-2 Council as a lessor (continued)

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	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Goods and services – operating expenditure	5,116	–	5,411	–
Goods and services – capital expenditure	5,247	–	5,820	–
Accrued expenses:				
– Interest on loans	222	–	242	–
– Interest on leases	1	–	2	–
– Salaries and wages	1,201	–	994	–
– Other expenditure accruals	68	–	96	–
Security bonds, deposits and retentions	5,146	–	4,351	–
Prepaid rates	2,616	–	2,571	–
Other	143	–	132	–
Total payables	19,760	–	19,619	–

Payables relating to restricted assets

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Externally restricted assets				
Sewer	1,136	–	998	–
Domestic waste management	847	–	429	–
Payables relating to externally restricted assets	1,983	–	1,427	–
Internally restricted assets				
Livestock marketing centre	335	–	125	–
Airport	768	–	460	–
Payables relating to internally restricted assets	1,103	–	585	–
Total payables relating to restricted assets	3,086	–	2,012	–
Total payables relating to unrestricted assets	16,674	–	17,607	–
Total payables	19,760	–	19,619	–

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	7,556	-	3,888	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	2,244	-	1,105	-
Unexpended capital contributions (to construct Council controlled assets)	(i)	585	-	412	-
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	9	-	14	-
Total grants received in advance		10,394	-	5,419	-
User fees and charges received in advance:					
Upfront fees – leisure centre	(iii)	116	-	115	-
Property leases and licences		106	-	123	-
Planning applications		356	-	359	-
Wagga Civic Theatre ticketing	(iv)	443	-	420	-
Other		192	-	353	-
Total user fees and charges received in advance		1,213	-	1,370	-
Total contract liabilities		11,607	-	6,789	-

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Externally restricted assets				
Sewer	1,322	-	-	-
Unspent grants held as contract liabilities (excl. Water & Sewer)	8,018	-	3,682	-
Domestic waste management	12	-	9	-
Stormwater levy	290	-	81	-
Contract liabilities relating to externally restricted assets	9,642	-	3,772	-
Internally restricted assets				
Airport	581	-	443	-
Contract liabilities relating to internally restricted assets	581	-	443	-
Total contract liabilities relating to restricted assets	10,223	-	4,215	-
Total contract liabilities relating to unrestricted assets	1,384	-	2,574	-
Total contract liabilities	11,607	-	6,789	-

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	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Loans – secured ¹	6,272	51,503	7,374	59,600
Total borrowings	6,272	51,503	7,374	59,600

(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	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Externally restricted assets				
Sewer	1,265	27,651	1,189	28,916
Borrowings relating to externally restricted assets	1,265	27,651	1,189	28,916
Internally restricted assets				
Airport	1,279	3,510	1,241	4,790
Borrowings relating to internally restricted assets	1,279	3,510	1,241	4,790
Total borrowings relating to restricted assets	2,544	31,161	2,430	33,706
Total borrowings relating to unrestricted assets	3,728	20,342	4,944	25,894
Total borrowings	6,272	51,503	7,374	59,600

(a) Changes in liabilities arising from financing activities

\$ '000	2022		Non-cash movements			2023
	Opening Balance	Cash flows	Acquisitions	Fair value changes	Other non-cash movement	Closing balance
Loans – secured	66,974	(9,777)	578	–	–	57,775
Lease liability (Note C2-1b)	2,055	(344)	–	–	–	1,711
Total liabilities from financing activities	69,029	(10,121)	578	–	–	59,486

\$ '000	2021		Non-cash movements			2022
	Opening Balance	Cash flows	Acquisitions	Fair value changes	Other non-cash movement	Closing balance
Loans – secured	66,435	(7,775)	8,314	–	–	66,974
Lease liability (Note C2-1b)	2,390	(335)	–	–	–	2,055
Total liabilities from financing activities	68,825	(8,110)	8,314	–	–	69,029

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2023	2022
Total facilities		
Bank overdraft facilities ¹	500	500
Credit cards/purchase cards	500	500
Bank guarantees	75	75
Total financing arrangements	1,075	1,075
Drawn facilities		
– Bank guarantees	73	73
Total drawn financing arrangements	73	73
Undrawn facilities		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	500	500
– Bank guarantees	2	2
Total undrawn financing arrangements	1,002	1,002

(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	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Annual leave	4,364	–	4,290	–
Long service leave	7,953	404	7,602	322
Other leave – TOIL	157	–	163	–
Other leave – RDO	12	–	12	–
Total employee benefit provisions	12,486	404	12,067	322

Employee benefit provisions relating to restricted assets

Externally restricted assets

Sewer	477	29	579	13
Domestic waste management	343	25	259	25
Employee benefit provisions relating to externally restricted assets	820	54	838	38

Internally restricted assets

Livestock Marketing Centre	368	8	397	8
Airport	122	5	128	6
Employee benefit provisions relating to internally restricted assets	490	13	525	14

Total employee benefit provisions relating to restricted assets

	1,310	67	1,363	52
--	-------	----	-------	----

Total employee benefit provisions relating to unrestricted assets

	11,176	337	10,704	270
--	--------	-----	--------	-----

Total employee benefit provisions

	12,486	404	12,067	322
--	--------	-----	--------	-----

Current employee benefit provisions not anticipated to be settled within the next twelve months

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	8,323	8,033
	8,323	8,033

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

C3-4 Employee benefit provisions (continued)

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	2023		2022	
	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	2,338	2,058	815	2,153
Sub-total – asset remediation/restoration	2,338	2,058	815	2,153
Total provisions	2,338	2,058	815	2,153
Provisions relating to restricted assets				
Externally restricted assets				
Domestic waste management	587	837	557	865
Provisions relating to externally restricted assets	587	837	557	865
Total provisions relating to restricted assets	587	837	557	865
Total provisions relating to unrestricted assets	1,751	1,221	258	1,288
Total provisions	2,338	2,058	815	2,153

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2023		
At beginning of year	2,968	2,968
Additional provisions	1,356	1,356
Remeasurement effects	72	72
Total other provisions at end of year	4,396	4,396
2022		
At beginning of year	3,056	3,056
Remeasurement effects	(88)	(88)
Total other provisions at end of year	2,968	2,968

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 sewerage treatment works as a result of past operations. A new provision has also been recognised for the rehabilitation of the Former Wiradjuri Landfill site.

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 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.

C3-5 Provisions (continued)

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

IPPE 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 ¹ 2023	Sewer 2023
Income from continuing operations		
Rates and annual charges	58,557	16,601
User charges and fees	25,768	4,889
Interest and investment revenue	4,740	808
Other revenues	3,373	199
Grants and contributions provided for operating purposes	24,917	140
Grants and contributions provided for capital purposes	44,321	2,832
Other income	2,051	–
Total income from continuing operations	163,727	25,469
Expenses from continuing operations		
Employee benefits and on-costs	43,179	2,784
Materials and services	35,221	8,522
Borrowing costs	1,420	2,067
Depreciation, amortisation and impairment of non-financial assets	35,429	6,425
Other expenses	4,340	4
Net losses from the disposal of assets	8,361	359
Total expenses from continuing operations	127,950	20,161
Operating result from continuing operations	35,777	5,308
Net operating result for the year	35,777	5,308
Net operating result attributable to each council fund	35,777	5,308
Net operating result for the year before grants and contributions provided for capital purposes	(8,544)	2,476

(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 ¹ 2023	Sewer 2023
ASSETS		
Current assets		
Cash and cash equivalents	23,121	16,022
Investments	38,510	–
Receivables	14,054	2,436
Inventories	1,914	76
Contract assets and contract cost assets	5,966	–
Other	815	67
Total current assets	84,380	18,601
Non-current assets		
Investments	112,002	29,117
Receivables	1,533	–
Infrastructure, property, plant and equipment	1,705,483	360,132
Investments accounted for using the equity method	2,239	–
Investment property	4,540	–
Right of use assets	2,619	–
Total non-current assets	1,828,416	389,249
Total assets	1,912,796	407,850
LIABILITIES		
Current liabilities		
Payables	18,624	1,136
Contract liabilities	10,285	1,322
Lease liabilities	355	–
Borrowings	5,007	1,265
Employee benefit provision	12,009	477
Provisions	2,338	–
Total current liabilities	48,618	4,200
Non-current liabilities		
Lease liabilities	1,356	–
Borrowings	23,852	27,651
Employee benefit provision	375	29
Provisions	2,058	–
Total non-current liabilities	27,641	27,680
Total liabilities	76,259	31,880
Net assets	1,836,537	375,970
EQUITY		
Accumulated surplus	1,000,143	88,423
Revaluation reserves	836,394	287,547
Council equity interest	1,836,537	375,970
Total equity	1,836,537	375,970

(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*)

Details of individual internal loans	Internal Loan 1
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
Rate of interest (%)	2.71%
Total repaid during year (principal and interest)	\$7,687,215
Principal outstanding at end of year	\$1,298,704

D2 Interests in other entities

\$ '000	Council's share of net assets	
	2023	2022
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Joint ventures	2,239	2,296
Total net share of interests in joint ventures and associates using the equity method – assets	2,239	2,296
Total Council's share of net assets	2,239	2,296

D2-1 Interests in joint arrangements

Net carrying amounts – Council's share

\$ '000	Place of business	Nature of relationship	Interest in ownership		2023		2022	
			2023	2022	2023	2022		
Riverina Regional Library Service	Wagga Wagga	Joint Venture	45.3%	46.4%	2,239		2,296	
Total carrying amounts – material joint ventures					2,239		2,296	

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	
	2023	2022	2023	2022
Riverina Regional Library Service	45.3%	46.4%	0.0%	46.4%

Summarised financial information for joint ventures

\$ '000	Riverina Regional Library Service	
	2023	2022
Statement of financial position		
Current assets		
Cash and cash equivalents	3,450	3,450
Other current assets	20	26
Non-current assets	2,555	2,555

D2-1 Interests in joint arrangements (continued)

Current liabilities		
Other current liabilities	1,071	1,071
Non-current liabilities		
Non-current financial liabilities (excluding trade and other payables and provisions)	7	7
Net assets	4,947	4,953
Statement of comprehensive income		
Income	–	3,261
Interest income	–	12
Depreciation and amortisation	–	(954)
Other expenses	–	(2,419)
Profit/(loss) from continuing operations	–	(100)
Profit/(loss) for the period	–	(100)
Total comprehensive income	–	(100)
Share of income – Council (%)	0.0%	46.4%
Profit/(loss) – Council (\$)	–	(46)
Total comprehensive income – Council (\$)	–	(46)
Reconciliation of the carrying amount		
Opening net assets (1 July)	4,752	4,852
Profit/(loss) for the period	–	(100)
Closing net assets	4,752	4,752
Council's share of net assets (%)	45.3%	46.4%
Council's share of net assets (\$)	2,239	2,296

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. As at 1 July 2022, Council was no longer a member of the Riverina Regional Library joint venture, as it elected not to enter into the new deed of agreement for this service. As at 30 June 2023, Council's portion of this joint venture was still under arbitration.

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.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

\$ '000	Carrying value 2023	Carrying value 2022	Fair value 2023	Fair value 2022
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	39,143	23,079	39,143	23,079
Receivables ¹	16,058	13,706	18,023	13,706
Investments				
– Debt securities at amortised cost	132,000	111,000	132,000	111,000
Fair value through profit and loss				
Investments				
– Held for trading	47,629	42,969	47,629	42,969
Total financial assets	234,830	190,754	236,795	190,754
Financial liabilities				
Payables	19,760	19,619	19,760	19,619
Loans/advances	57,775	66,974	57,775	66,974
Lease liabilities	1,710	2,055	1,710	2,055
Total financial liabilities	79,245	88,648	79,245	88,648

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	2023	2022
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	2,013	1,694
Impact of a 1% movement in price of investments		
– Equity / Income Statement	476	430

(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	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2023				
Gross carrying amount	–	3,777	27	3,804
2022				
Gross carrying amount	–	4,288	22	4,310

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	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2023						
Gross carrying amount	17,844	490	912	116	1,023	20,385
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	19.52%	0.98%
ECL provision	-	-	-	-	200	200
2022						
Gross carrying amount	16,031	531	271	59	921	17,813
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	20.96%	1.08%
ECL provision	-	-	-	-	193	193

(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:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2023							
Payables	0.00%	5,146	14,614	-	-	19,760	19,760
Borrowings	5.11%	-	9,139	31,939	37,604	78,682	57,775
Lease liabilities	0.00%	-	399	1,429	-	1,828	1,710
Total financial liabilities		5,146	24,152	33,368	37,604	100,270	79,245
2022							
Payables	0.00%	4,351	15,268	-	-	19,619	19,619
Borrowings	4.73%	-	10,500	36,714	44,592	91,806	66,974
Lease liabilities	0.00%	-	399	1,547	281	2,227	2,055
Total financial liabilities		4,351	26,167	38,261	44,873	113,652	88,648

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		2023	2022
		2023	2022	2023	2022	Restated	Restated
Recurring fair value measurements							
Financial assets							
Financial investments	C1-2						
At fair value through profit or loss – designated at fair value on initial recognition		47,629	42,969	–	–	47,629	42,969
Amortised Cost		132,000	111,000	–	–	132,000	111,000
Total financial assets		179,629	153,969	–	–	179,629	153,969
Investment property							
Commercial property	C1-9	4,540	4,510	–	–	4,540	4,510
Total investment property		4,540	4,510	–	–	4,540	4,510

E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022 Restated	2023	2022 Restated
Infrastructure, property, plant and equipment	C1-8						
Plant and equipment		21,082	20,128	–	–	21,082	20,128
Office equipment		–	–	738	852	738	852
Furniture and fittings		–	–	135	107	135	107
Operational land		73,171	88,866	47,922	47,922	121,093	136,788
Community land		25,308	25,308	138,145	137,760	163,453	163,068
Land under roads		–	–	11,258	11,245	11,258	11,245
Buildings		147	140	146,179	135,855	146,326	135,995
Other structures		–	–	48,525	39,634	48,525	39,634
Roads		–	–	700,063	464,947	700,063	464,947
Bridges		–	–	68,195	67,350	68,195	67,350
Footpaths		–	–	42,903	40,204	42,903	40,204
Stormwater drainage		–	–	242,951	226,752	242,951	226,752
Sewerage network		–	–	348,638	327,070	348,638	327,070
Swimming pools		–	–	3,649	3,520	3,649	3,520
Other open space/recreational assets		–	–	34,974	34,216	34,974	34,216
Airport infrastructure		–	–	8,552	12,472	8,552	12,472
Rail infrastructure		–	–	14,790	14,133	14,790	14,133
Artworks		6,260	6,076	–	–	6,260	6,076
Book collection		–	–	377	–	377	–
Other assets		–	–	24,191	23,776	24,191	23,776
Tip remediation assets		–	–	1,239	1,297	1,239	1,297
Quarry assets		–	–	749	811	749	811
Other remediation assets		–	–	1,402	–	1,402	–
Total infrastructure, property, plant and equipment		125,968	140,518	1,885,575	1,589,923	2,011,543	1,730,441

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 2022/23. These properties were valued as at 30/06/2023 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 cost approach 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 Councils Transport assets revaluation, with components of this valuation undertaken both externally and internally during the 2022/23 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)

Footpaths

The footpath asset class includes all footways (footpaths, shared paths and cycleways) sealed or unsealed, and has been valued using the cost approach.

This asset class was revalued as part of Council's Transport assets revaluation, undertaken externally during the 2022/23 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 the cost approach.

This asset class was revalued as part of Council's Transport assets revaluation, undertaken externally during the 2022/23 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
- Asset Age

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

Operational Land

Council's Operational Land was valued externally by APV Valuers & Asset Management during 2021/22 using both the market value and cost approaches. 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.

Community Land

Council's Community Land was valued externally by APV Valuers & Asset Management during 2021/22 using both the market value and cost approaches. The valuation took into account the available market evidence for identical and comparable assets and included applying a discount factor to land parcels where a restriction over the use of the land may be applicable.

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.

Land under Roads

Land Under Roads was valued internally during 2021/22 using the Englobe 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.

Buildings

Council's Buildings were valued externally by APV Valuers & Asset Management during 2021/22 using the cost and market approaches. The valuation took into account the components of each individual building.

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

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

E2-1 Fair value measurement (continued)

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 the cost approach 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 the cost approach 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 the cost approach 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 the cost approach 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.

Sewerage Network

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

Council's Sewerage Network assets were revalued externally in 2021/22 using the cost approach and Level 3 inputs.

The unobservable Level 3 inputs used include:

- Gross Replacement Cost
- Remaining life estimate
- Asset Condition

E2-1 Fair value measurement (continued)

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 2021/22 using the cost approach 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 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 the cost approach 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 Pty Ltd, to produce the remediation cost estimates for the Quarry Assets for 2021/22. This was then reviewed and updated internally by Council staff for the 2022/23 financial year. 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 Pty Ltd, to produce the remediation cost estimates for the Tip Assets for 2021/22. This was then reviewed and updated internally by Council staff for the 2022/23 financial year. Council currently only operates a landfill at Gregadoo that will need future remediation.

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.

E2-1 Fair value measurement (continued)

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		Buildings		Other structures		Roads	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	137,760	74,102	135,855	124,731	39,634	35,306	464,947	455,533
Transfers from/(to) another asset class	–	–	–	–	330	–	(67)	–
Purchases (GBV)	385	1,136	6,607	6,743	7,123	3,620	15,841	22,193
Disposals (WDV)	–	–	(900)	(675)	(38)	(3)	(2,907)	(3,633)
Depreciation and impairment	–	–	(3,760)	(2,668)	(1,528)	(1,276)	(12,573)	(13,660)
Other movement (revaluation)	–	62,522	8,377	7,724	3,004	1,987	234,822	4,514
Closing balance	138,145	137,760	146,179	135,855	48,525	39,634	700,063	464,947

\$ '000	Bridges		Footpaths		Stormwater drainage		Sewerage network	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	67,350	63,075	40,204	35,580	226,752	213,311	327,070	277,740
Transfers from/(to) another asset class	(263)	–	–	–	–	–	–	–
Purchases (GBV)	518	472	2,805	6,566	2,200	4,409	3,230	10,349
Disposals (WDV)	–	–	(263)	(483)	(2)	–	(198)	(380)
Depreciation and impairment	(1,078)	(1,007)	(1,353)	(1,459)	(3,390)	(3,257)	(6,420)	(5,706)
Other movement (revaluation)	1,668	4,810	1,510	–	17,391	12,289	24,956	45,067
Closing balance	68,195	67,350	42,903	40,204	242,951	226,752	348,638	327,070

\$ '000	Swimming pools		Other open space/rec assets		Airport infrastructure		Other assets	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	3,520	2,720	34,216	23,525	12,472	18,928	23,776	20,927
Purchases (GBV)	12	–	1,079	11,213	–	253	694	4,638
Disposals (WDV)	(7)	–	(106)	(284)	–	–	(65)	(84)
Depreciation and impairment	(102)	(80)	(2,380)	(1,955)	(4,450)	(6,709)	(1,712)	(1,705)
Other movement (revaluation)	226	880	2,165	1,717	530	–	1,498	–
Closing balance	3,649	3,520	34,974	34,216	8,552	12,472	24,191	23,776

E2-1 Fair value measurement (continued)

\$ '000	Tip assets		Quarry assets		Furniture and fittings, office equip		Operational Land	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	1,297	1,309	811	966	959	1,065	47,922	30,165
Purchases (GBV)	–	–	–	–	225	323	–	–
Depreciation and impairment	(26)	(26)	(48)	(54)	(311)	(429)	–	–
Other movement (revaluation)	–	–	–	–	–	–	–	21,642
Adjustments and transfers	(32)	14	(14)	(101)	–	–	–	(3,885)
Closing balance	1,239	1,297	749	811	873	959	47,922	47,922

\$ '000	Land under Roads		Rail infrastructure		Book collection		Other remediation assets	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	11,245	8,570	14,133	–	–	–	–	–
Purchases (GBV)	13	12	–	14,227	377	–	–	–
Depreciation and impairment	–	–	(259)	(94)	–	–	–	–
Other movement (revaluation)	–	2,663	916	–	–	–	–	–
Adjustments and transfers	–	–	–	–	–	–	1,402	–
Closing balance	11,258	11,245	14,790	14,133	377	–	1,402	–

\$ '000	Total	
	2023	2022
Opening balance	1,589,923	1,387,553
Purchases (GBV)	41,109	86,154
Disposals (WDV)	(4,486)	(5,542)
Depreciation and impairment	(39,390)	(40,085)
Other movement (revaluation)	297,063	165,815
Adjustments and transfers	1,356	(3,972)
Closing balance	1,885,575	1,589,923

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 future service employer contributions and past service employer contributions to the Fund.

The future service 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 future service employer contribution rates are:

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

* For 180 Point Members, Employers are required to contribute 8.0% of salaries for the year ending 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, 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 \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. These past service 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 past service 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. There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

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 2023 was \$260,555.47. The last formal valuation of the Scheme was undertaken by fund actuary, Richard Boyfield, FIAA as at 30 June 2022.

E3-1 Contingencies (continued)

Council's expected contribution to the plan for the next annual reporting period is \$218,161.32.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2023 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,290.9	
Past Service Liabilities	2,236.1	102.4%
Vested Benefits	2,253.6	101.7%

* excluding member accounts and reserves in both assets and liabilities.

The share of any funding surplus or deficit that can be attributed to Council is 0.82%.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

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

Investment return	6.0% per annum
Salary inflation	3.5% per annum
Increase in CPI	6.0% for FY 22/23 2.5% per annum

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.

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed by December 2023.

(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 June 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)

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.

(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	2023	2022
Compensation:		
Short-term benefits	2,303	1,765
Post-employment benefits	178	151
Other long-term benefits	55	20
Termination benefits	–	136
Total	2,536	2,072

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	
2023						
Fees and Charges Income	1	59	8	30 day debtor account	–	–
Lease/Rental Income	2	11	–	30 day debtor account	–	–
Reimbursements for Council related expenses		5	–	30 day creditor payment terms	–	–
Payment for goods/services received		70	6	30 day creditor payment terms	–	–
Refund of fees (no longer required)		28	–	30 day creditor payment terms	–	–
Refund of over-payments		3	–	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				
2022						
Fees and Charges Income	1	47	5	30 day debtor account	–	–
Lease/Rental Income	2	52	–	30 day debtor account	–	–
Reimbursements for Council related expenses		6	–	30 day creditor payment terms	–	–
Payment for goods/services received		19	4	30 day creditor payment terms	–	–
Refund of fees (no longer required)		12	–	30 day creditor payment terms	–	–
Refund of over-payments		–	–	30 day creditor payment terms	–	–

During 2022/23, there were three development applications with an estimated value of works of \$2,308,551 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

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	64	42
Councillors' fees	228	172
Superannuation	31	–
Conferences and seminars	26	21
Information Technology expenses	4	2
Travelling	8	7
Telephone and Communication	3	2
Total	364	246

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
2023						
Contribution to Riverina Regional Library	1	–	–	30 day creditor payment terms	–	–
2022						
Contribution to Riverina Regional Library	1	1,372	–	30 day creditor payment terms	–	–
1	Council's contribution to the Riverina Regional Library joint venture as per the RRL Deed of Agreement. From 1 July 2022, Council was no longer a party to this agreement.					

F2 Other relationships

F2-1 Audit fees

\$ '000	2023	2022
---------	------	------

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

	125	121
Remuneration for audit and other assurance services	125	121
Total Auditor-General remuneration	125	121
Total audit fees	125	121

G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2023	2022
Net operating result from Income Statement	41,085	57,537
Add / (less) non-cash items:		
Depreciation and amortisation	41,854	42,395
(Gain) / loss on disposal of assets	8,720	6,260
Non-cash capital grants and contributions	(5,844)	(5,786)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	(615)	992
– Investment property	(30)	(470)
Amortisation of premiums, discounts and prior period fair valuations		
– Interest exp. on interest-free loans received by Council (previously fair valued)	97	77
Share of net (profits)/losses of associates/joint ventures using the equity method	–	46
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(925)	2,563
Increase / (decrease) in provision for impairment of receivables	7	13
(Increase) / decrease of inventories	(110)	271
(Increase) / decrease of other current assets	(298)	(14)
(Increase) / decrease of contract asset	2,258	(2,995)
Increase / (decrease) in payables	(295)	(643)
Increase / (decrease) in accrued interest payable	(21)	15
Increase / (decrease) in other accrued expenses payable	179	283
Increase / (decrease) in other liabilities	851	1,002
Increase / (decrease) in contract liabilities	4,818	(3,622)
Increase / (decrease) in employee benefit provision	501	(1,260)
Increase / (decrease) in other provisions	1,428	(88)
Net cash flows from operating activities	93,660	96,576

(b) Non-cash investing and financing activities

Dedications (other than by s7.11)	5,664	5,632
Artworks donated	180	154
Total non-cash investing and financing activities	5,844	5,786

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2023	2022
---------	------	------

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Buildings	467	2,941
Plant and equipment	1,828	3,394
Parks and sportsgrounds	577	613
Sewerage infrastructure	132	332
Waste management services	149	219
Infrastructure	12,989	3,910
RiFL Stages 2 and 3	5,149	8,677
Other	16	69
Total commitments	21,307	20,155

These expenditures are payable as follows:

Within the next year	21,307	20,155
Total payable	21,307	20,155

Sources for funding of capital commitments:

Unrestricted general funds	2,224	482
Future grants and contributions	13,668	13,795
Externally restricted reserves	206	1,145
Internally restricted reserves	3,448	4,515
New loans (to be raised)	1,746	218
Other funding – Sale of assets	15	–
Total sources of funding	21,307	20,155

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

Following the revaluation of its Sewerage network in 2021/22, Council identified that it had duplicated the inclusion of developer contributed assets from the 2021/22 financial year in this revaluation. This resulted in an additional \$1.97M in sewerage assets being recognised at 30 June 2022.

The error identified above has been corrected by restating the infrastructure, property, plant and equipment balance as at 30 June 2022 and the adjustment has been taken through the revaluation reserves at that date.

During the revaluation of its transport assets, Council identified a number of assets, under its control, that were previously recognised at nil value as well as a number of assets that it no longer had control of. These errors have been corrected by restating the infrastructure, property, plant and equipment balances as at 1 July 2021 (\$7.2M) and the adjustment taken through the revaluation reserve at that date.

Council also identified a number of land parcels that were disposed of during 2022/23 that should have been previously recognised as non-current assets classified as 'held for sale'. This error has been corrected by restating the infrastructure, property, plant and equipment (\$6.6M) and non-current assets classified as 'held for sale' (\$2.3M) balances as at 30 June 2022 and the adjustment has been taken through the revaluation reserves at that date.

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

\$ '000	Original Balance 1 July, 2021	Impact Increase/ (decrease)	Restated Balance 1 July, 2021
Infrastructure, property, plant and equipment	1,501,946	7,216	1,509,162
Total non-current assets	1,607,214	7,216	1,614,430
Total assets	1,699,512	7,216	1,706,728
Net assets	1,582,979	7,216	1,590,195
Revaluation reserves	593,078	7,216	600,294
Total equity	1,582,979	7,216	1,590,195

G4-1 Correction of errors relating to a previous reporting period (continued)

Adjustments to the comparative figures for the year ended 30 June 2022

Statement of Financial Position

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Non current assets classified as 'held for sale'	–	2,300	2,300
Total current assets	71,150	2,300	73,450
Infrastructure, property, plant and equipment	1,772,632	(950)	1,771,682
Total non-current assets	1,913,577	(950)	1,912,627
Total assets	1,984,727	1,350	1,986,077
Net assets	1,873,933	1,350	1,875,283
Accumulated surplus	1,047,651	(113)	1,047,538
Revaluation reserves	826,282	1,463	827,745
Total equity	1,873,933	1,350	1,875,283

Income Statement

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Total income from continuing operations	196,251	–	196,251
Depreciation and amortisation	42,282	113	42,395
Total expenses from continuing operations	138,601	113	138,714
Net operating result for the year	57,650	(113)	57,537

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Net operating result for the year	57,650	(113)	57,537
Gain (loss) on revaluation of IPP&E	233,204	(5,755)	227,449
Other comprehensive income	233,304	(5,755)	227,549
Total comprehensive income for the year	290,954	(5,868)	285,086

G5 Statement of developer contributions as at 30 June 2023

G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Drainage	101	–	45	–	–	–	101	–	
Community facilities	118	–	–	–	–	(16)	102	–	
Plan Management	(25)	–	–	–	–	–	(25)	–	
Transport and Traffic Works	14,652	1,995	–	–	–	(425)	16,222	–	
Planning Studies	28	46	–	–	–	–	74	–	
Community Facilities - Recoupment	135	54	–	–	–	–	189	–	
2006-2019 Plan - Hudson Drive	99	–	–	–	–	(16)	83	–	
Transport and Traffic Works - Recoupment	270	33	–	–	–	–	303	–	
Acquisition Open Space Land	4,427	74	–	–	–	(89)	4,412	–	
Administration of Plan	130	165	–	–	50	(162)	183	–	
Recreation and Open Space - Future Works	6,971	1,319	–	–	–	(710)	7,580	–	
Borrowings - Low Interest Loans - Interest Cost	190	117	–	–	–	(110)	197	–	
Recreation and Open Space - Recoupment	149	41	–	–	–	–	190	–	
Borrowings - Ordinary Loans	782	318	–	–	–	–	1,100	–	
Recoupment 2006-2019 Plan - Oasis Aquatic Centre	1,684	–	–	–	–	–	1,684	–	
Recoupment 2006-2019 Plan - Civic Centre	766	–	–	–	–	(194)	572	–	
Recoupment 2006-2019 Plan - Main Street (Baylis/Fitzmaurice St's) Wagga Wagga	466	–	–	–	–	–	466	–	
2006-2019 Plan - Estella Open Space	21	–	–	–	–	(3)	18	–	
2006-2019 Plan - Estella Bike Track	82	–	–	–	–	(15)	67	–	
S7.11 contributions – under a plan	31,046	4,162	45	–	50	(1,740)	33,518	–	
S7.12 levies – under a plan	276	673	–	–	–	(524)	425	–	
Total S7.11 and S7.12 revenue under plans	31,322	4,835	45	–	50	(2,264)	33,943	–	
S64 contributions	7,112	847	–	–	11	(18)	7,952	–	
Total contributions	38,434	5,682	45	–	61	(2,282)	41,895	–	

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 2022	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
CONTRIBUTION PLAN – 1993 to 2004										
Drainage	101	–	45	–	–	–	–	–	101	–
Community facilities	118	–	–	–	–	(16)	–	–	102	–
Plan Management	(25)	–	–	–	–	–	–	–	(25)	–
Total	194	–	45	–	–	(16)	–	–	178	–
CONTRIBUTION PLAN – 2019 to 2034										
Transport and Traffic Works	14,652	1,995	–	–	–	(425)	–	–	16,222	–
Planning Studies	28	46	–	–	–	–	–	–	74	–
Recreation and Open Space - Future Works	6,971	1,319	–	–	–	(710)	–	–	7,580	–
Recreation and Open Space - Recoupment	149	41	–	–	–	–	–	–	190	–
Community Facilities - Recoupment	135	54	–	–	–	–	–	–	189	–
Transport and Traffic Works - Recoupment	270	33	–	–	–	–	–	–	303	–
Acquisition Open Space Land	4,427	74	–	–	–	(89)	–	–	4,412	–
Administration of Plan	130	165	–	–	50	(162)	–	–	183	–
Borrowings - Low Interest Loans - Interest Cost	190	117	–	–	–	(110)	–	–	197	–
Borrowings - Ordinary Loans	782	318	–	–	–	–	–	–	1,100	–
Recoupment 2006-2019 Plan - Oasis Aquatic Centre	1,684	–	–	–	–	–	–	–	1,684	–
Recoupment 2006-2019 Plan - Civic Centre	766	–	–	–	–	(194)	–	–	572	–
Recoupment 2006-2019 Plan - Main Street (Baylis/Fitzmaurice St's) Wagga Wagga	466	–	–	–	–	–	–	–	466	–
2006-2019 Plan - Estella Open Space	21	–	–	–	–	(3)	–	–	18	–
2006-2019 Plan - Estella Bike Track	82	–	–	–	–	(15)	–	–	67	–
2006-2019 Plan - Hudson Drive	99	–	–	–	–	(16)	–	–	83	–
Total	30,852	4,162	–	–	50	(1,724)	–	–	33,340	–

G5-2 Developer contributions by plan (continued)

S7.12 Levies – under a plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN – 2019 to 2034									
Section 7.12 levy	276	673	-	-	-	(524)	-	425	-
Total	276	673	-	-	-	(524)	-	425	-
CONTRIBUTION PLAN – STORMWATER 2007									
Stormwater Projects	7,112	847	-	-	11	(18)	-	7,952	-
Total	7,112	847	-	-	11	(18)	-	7,952	-
CONTRIBUTION PLAN – SEWER 2013									
Sewer Projects	-	1,441	-	-	-	(1,441)	-	-	-
Total	-	1,441	-	-	-	(1,441)	-	-	-

G6 Statement of performance measures

G6-1 Statement of performance measures – consolidated results

	Amounts	Indicator	Indicators			Benchmark
	2023	2023	Restated 2022	2021	2020	
\$ '000	2023	2023				
1. Operating performance ratio						
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	2,015	1.43%	(4.76)%	(7.31)%	(4.98)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	141,398					
2. Own source operating revenue ratio						
Total continuing operating revenue excluding all grants and contributions ¹	116,341	61.70%	54.69%	60.90%	66.78%	> 60.00%
Total continuing operating revenue	188,551					
3. Unrestricted current ratio						
Current assets less all external restrictions	97,796	3.27x	2.20x	2.54x	2.43x	> 1.50x
Current liabilities less specific purpose liabilities	29,866					
4. Debt service cover ratio						
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	47,356	3.46x	3.51x	4.19x	4.56x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	13,703					
5. Rates and annual charges outstanding percentage						
Rates and annual charges outstanding	4,139	5.17%	6.01%	5.12%	5.20%	< 10.00%
Rates and annual charges collectable	80,067					
6. Cash expense cover ratio						
Current year's cash and cash equivalents plus all term deposits	155,143	15.92 months	12.84 months	12.78 months	11.76 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	9,745					

(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 ³		Sewer Indicators		Benchmark
	2023	Restated 2022	2023	Restated 2022	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}					
Total continuing operating revenue excluding capital grants and contributions ¹	(0.69)%	(5.79)%	12.52%	0.41%	> 0.00%
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹					
Total continuing operating revenue ¹	57.54%	50.33%	88.33%	85.60%	> 60.00%
3. Unrestricted current ratio					
Current assets less all external restrictions					
Current liabilities less specific purpose liabilities	3.24x	2.18x	5.08x	8.14x	> 1.50x
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹					
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	3.45x	3.93x	3.48x	2.47x	> 2.00x
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding					
Rates and annual charges collectable	5.24%	6.03%	4.94%	5.94%	< 10.00%
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits					
Monthly payments from cash flow of operating and financing activities	16.33 months	14.02 months	13.10 months	6.01 months	> 3.00 months

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

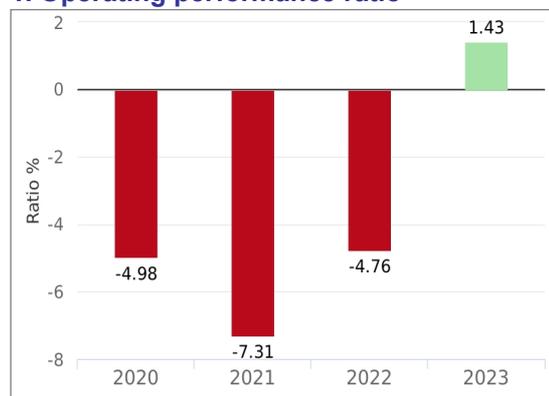
(3) General fund refers to all of Council's activities except for its sewer activity which is listed separately.

End of the audited financial statements

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 2022/23 result

2022/23 ratio 1.43%

Council's operating performance ratio has increased from -4.76% in 2021/22 to 1.43% in 2022/23. This is a result of Council receiving additional one-off operating grants during 2022/23 that have been recognised as income and not yet fully expended. Additionally, Council received its full 2023/24 Financial Assistance Grant allocation during 2022/23, which positively impacted this result.

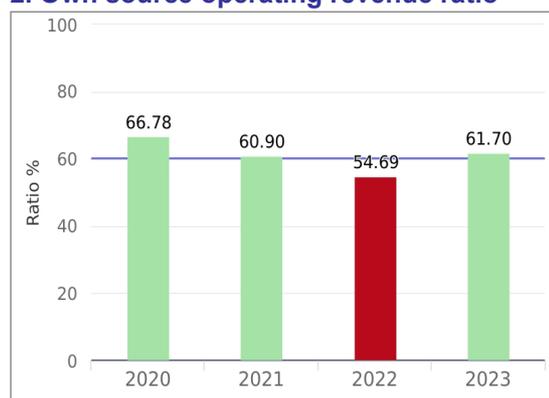
Benchmark: — > 0.00%

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 2022/23 result

2022/23 ratio 61.70%

Council's own source operating performance ratio has improved for 2022/23, up from 54.69% in 2021/22 to 61.70% in 2022/23. This increase is a result of a decrease in the value of grants and contributions received by Council in 2022/23, when compared to 2021/22.

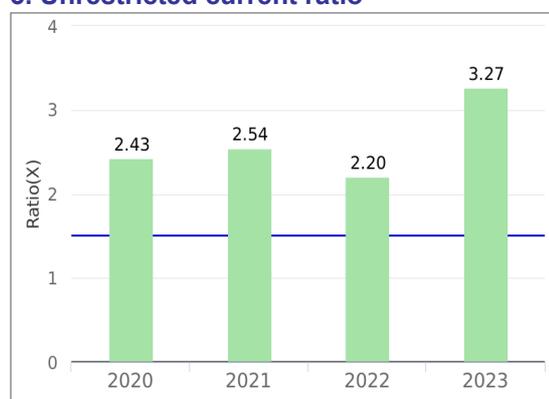
Benchmark: — > 60.00%

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 2022/23 result

2022/23 ratio 3.27x

Council's unrestricted current ratio of 3.27x indicates that it continues to have sufficient unrestricted current assets available to service its unrestricted current liabilities. A ratio of 3.27x is considered sound and demonstrates Council's continued ability to satisfy its short term obligations.

Benchmark: — > 1.50x

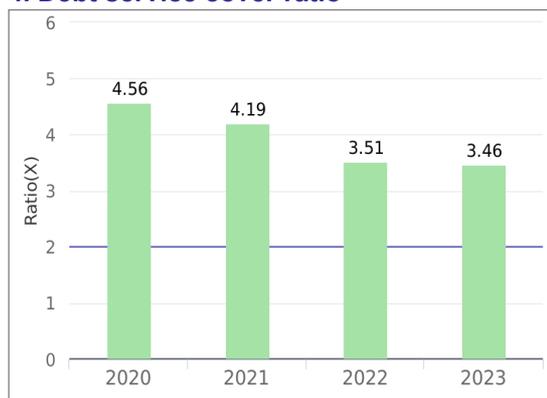
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2022/23 result

2022/23 ratio 3.46x

Council's debt service ratio has decreased slightly from 3.51x for 2021/22 to 3.46x for 2022/23. This decrease is a result of increased loan repayments associated with Council's previous years loan borrowings programs. Council continues to exceed the 2.00x benchmark for this ratio.

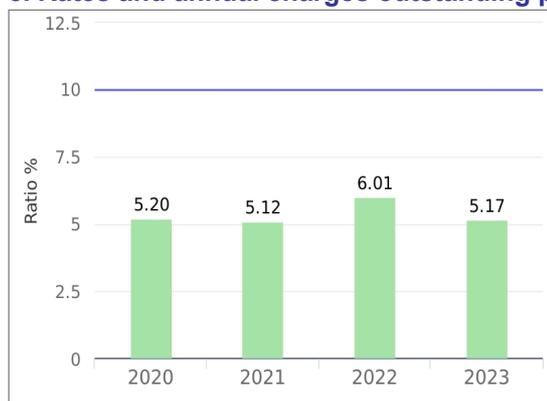
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

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 2022/23 result

2022/23 ratio 5.17%

This ratio indicates the outstanding rates and annual charges at the end of the financial year. As at 30 June 2023, Council had 5.17% of its rates and charges outstanding. This is an decrease from the 6.01% outstanding at 30 June 2022. Council continues to be below the benchmark of 10.00% for the rural area.

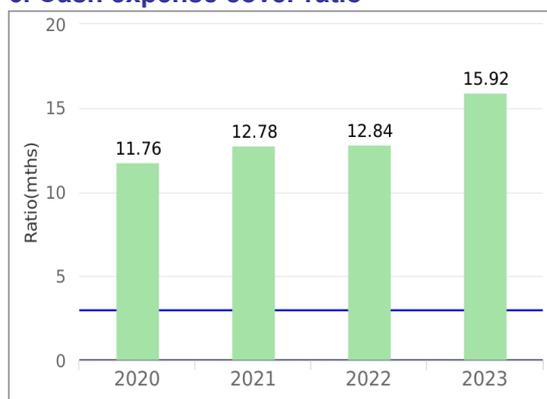
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

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 2022/23 result

2022/23 ratio 15.92 months

Council's cash expense cover ratio result of 15.92 months indicates its continued ability to be able to cover its immediate expenses without having to rely on additional cash flows. Council continues to exceed the benchmark of 3.00 months for this ratio.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

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
Email: council@wagga.nsw.gov.au

Officers

General Manager
Peter Thompson

Responsible Accounting Officer
Carolyn Rodney

Public Officer
Nicole Johnson

Auditors
Audit Office of New South Wales
Level 19, Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000

Elected members

Mayor
Dallas Tout

Councillors
Dallas Tout
Amelia Parkins
Jenny McKinnon
Georgie Davies
Rod Kendall
Tim Koschel
Michael Henderson
Richard Foley

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 Wagga Wagga City Council

Qualified Opinion

I have audited the accompanying financial statements of 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 2023, the Statement of Financial Position as at 30 June 2023, 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, except for the effects of the matter described in the 'Basis for Qualified Opinion' section of my report:

- 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 2023, 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 qualified opinion should be read in conjunction with the rest of this report.

Basis for Qualified Opinion

As disclosed in Note C 1-8 'Infrastructure, property, plant and equipment' to the financial statements, the Council has not recognised rural fire-fighting equipment as assets within the Statement of Financial Position at 30 June 2023. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refer to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that commenced on 28 August 2007
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such these are assets provided to Council free-of-charge.

This is a limitation on the scope of my audit as I was unable to obtain sufficient appropriate audit evidence to:

- support the carrying values of rural fire-fighting equipment assets that should be recorded in the Statement of Financial Position and related notes as at 30 June 2023
- determine the impact on the 'Accumulated surplus' in the Statement of Changes in Equity and Statement of Financial Position
- determine the amount of 'Grants and contributions provided for capital purposes' income from any rural fire-fighting equipment assets vested as an asset received free of charge during the year and/or 'Depreciation, amortisation and impairment of non-financial assets' expense that should be recognised in the Income Statement for the year ended 30 June 2023
- determine the impact on the 'Operating performance' and 'Own source operating revenue' ratios in Note G6-1 'Statement of performance measures – consolidated results' and Note G6-2 'Statement of performance measures by fund'.

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).

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

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

Other Information

The Council's annual report for the year ended 30 June 2023 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. 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.



Mary Yuen
Delegate of the Auditor-General for New South Wales

30 November 2023
SYDNEY



Cr Dallas Tout
Mayor
Wagga Wagga City Council
PO BOX 20
WAGGA WAGGA NSW 2650

Contact: Mary Yuen
Phone no: 02 9275 7215
Our ref: R008-16585809-48789

30 November 2023

Dear Mayor

Report on the Conduct of the Audit for the year ended 30 June 2023 Wagga Wagga City Council

I have audited the general purpose financial statements (GPFS) of Wagga Wagga City Council (the Council) for the year ended 30 June 2023 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed a modified 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 2023 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.

Modification to the opinion in the Independent Auditor's Report

Non-recognition of rural fire-fighting equipment

The Council has not recognised rural fire-fighting equipment as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2023. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refer to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 28 August 2007
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such the assets are provided to the Council free of charge.

Consequently, we were unable to determine the carrying values of rural firefighting equipment assets and related amounts that should be recorded and recognised in the council's 30 June 2023 financial statements.

This has resulted in the audit opinion on the Council's 30 June 2023 general purpose financial statements (GPFS) to be modified.

Refer to the Independent Auditor's Report on the GPFS.

Information Technology Computer Controls

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

- due to system limitations, audit logs of privileged access activities cannot be generated in the asset management system
- no review of privileged user logs for the payroll system
- no formal periodic review of user access rights to ensure access levels are commensurate with job responsibilities for the payroll and asset management systems
- user access review performed for the financial reporting system was not completed by some managers.

INCOME STATEMENT

Operating result

	2023	2022	Variance
	\$m	\$m	%
Rates and annual charges revenue	75.2	72.5	 3.7
Grants and contributions revenue	72.2	88.7	 18.6
Operating result from continuing operations	41.1	57.5	 28.5
Net operating result before capital grants and contributions	(6.1)	(12.8)	 52.3

Rates and annual charges revenue (\$75.2 million) increased by \$2.7 million (3.7 per cent) in 2022–23 mainly due to an additional special variation increase of 2.0 per cent (including a rate peg increase of 0.7 per cent).

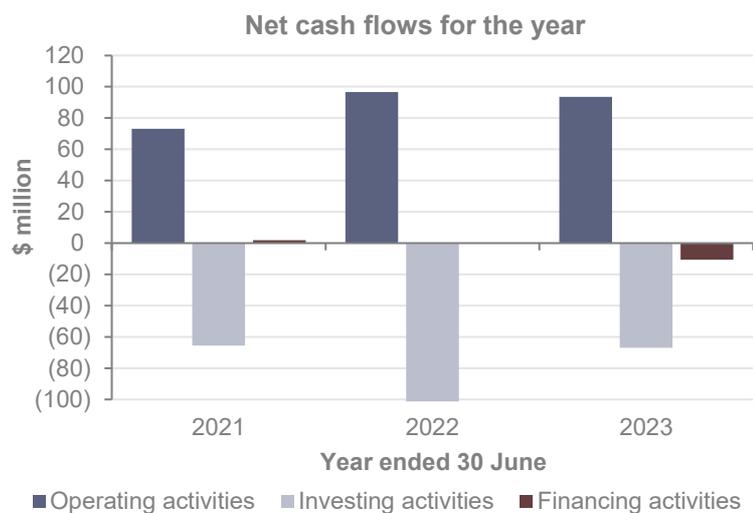
Grants and contributions revenue (\$72.2 million) decreased by \$16.5 million (18.6 per cent) in 2022–23 due to a reduction in capital grants and contributions received during 2022–23, particularly cash grants towards transport and recreation and culture. There were a number of large grant funded capital projects being completed during 2021–22 which contributed to the reduction in grants and contribution received.

The Council's operating result from continuing operations was a surplus of \$41.1 million, which was \$16.4 million lower than the 2021–22 result.

The net operating result before capital grants and contributions was a deficit of \$6.1 million. This is a \$6.7 million improvement from 2021–22. This is mainly due to \$6.7 million increase in grants and contributions provided for operating purposes.

STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$39.1 million (\$23.1 million for year ended 30 June 2022). There was a net increase of \$16.0 million at 30 June 2023 with 100 per cent of 2023–24 financial assistance grants received in advance.
- Net cash inflows from operating activities decreased by \$2.9 million mainly due to a reduction in grants and contributions received.
- Net cash outflows from investing activities decreased by \$35.4 million mainly due a reduction in capital purchases.
- Net cash flows used in financing activities increased by \$10.8 million, mainly due to an decrease in proceeds from borrowings of \$7.7 million.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	218.8	177.0	<ul style="list-style-type: none"> • Externally restricted cash and investments are restricted in their use by externally imposed requirements. Council's externally restricted cash and investments increased by \$29.5 million, mainly due to the increase in developer contributions, sewer fund and specific purpose unexpended grants (general fund). • 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 by \$12.2 million. This is primarily due to the increase in Financial Assistance Grants in advance (\$3.8 million), project carryovers (\$3.9 million) and internal loans (\$2.6 million).
• External restrictions	141.0	111.5	
• Internal allocations	66.3	54.1	

Debt

The Council has \$57.8 million of borrowings as at 30 June 2023 (2022 \$67.0 million) which is secured over the revenue of Council. Council had a \$0.5 million bank overdraft facility which it did not use during the financial year.

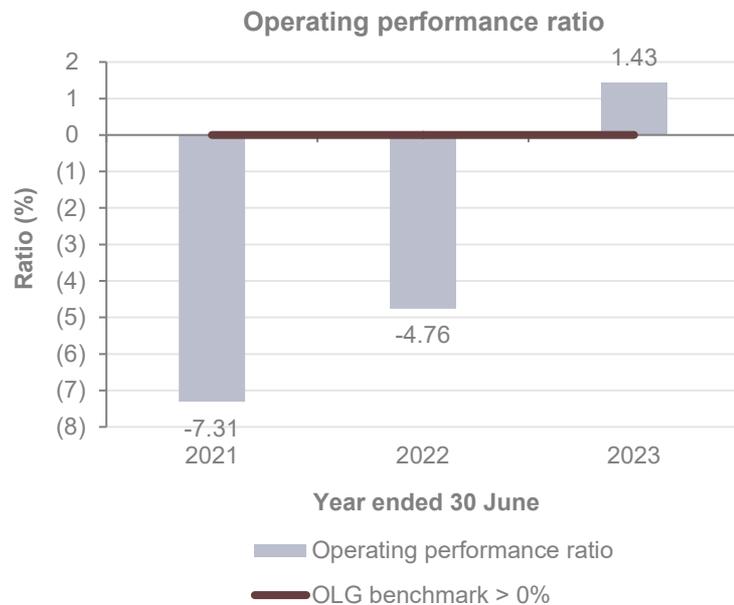
PERFORMANCE

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 and Environment.

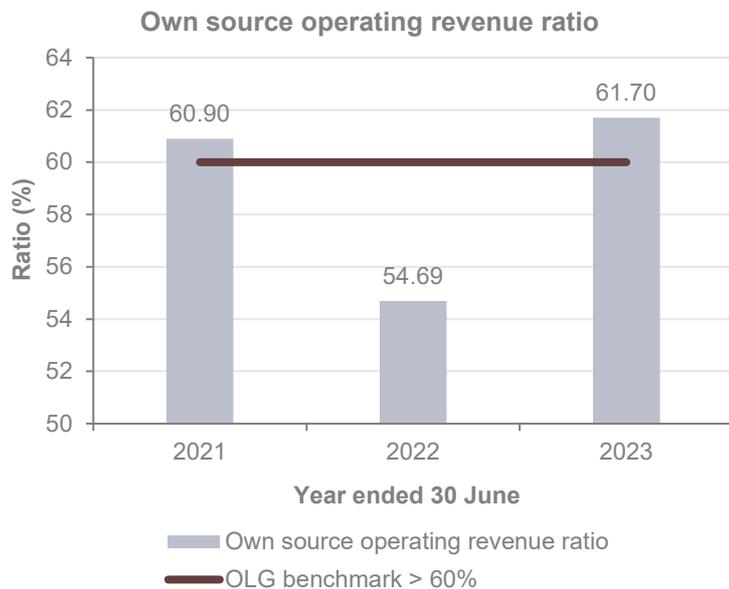
Operating performance ratio

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 1.43 is above the industry benchmark of 0 per cent. The operating performance ratio has improved mainly due to the increase in operating grants and contributions and rates and annual charges and user charges and fees.



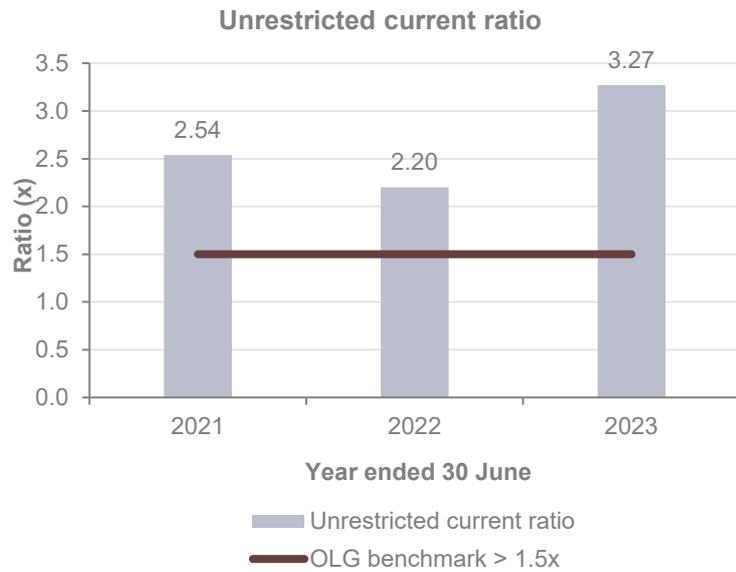
Own source operating revenue ratio

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 61.7 per cent is above the OLG benchmark for the current reporting period. The own source operating revenue ratio has increased to 61.7 per cent mainly due to an increase in rates and annual charges, interest and investment income whilst capital grants and contributions have decreased compared to prior year.



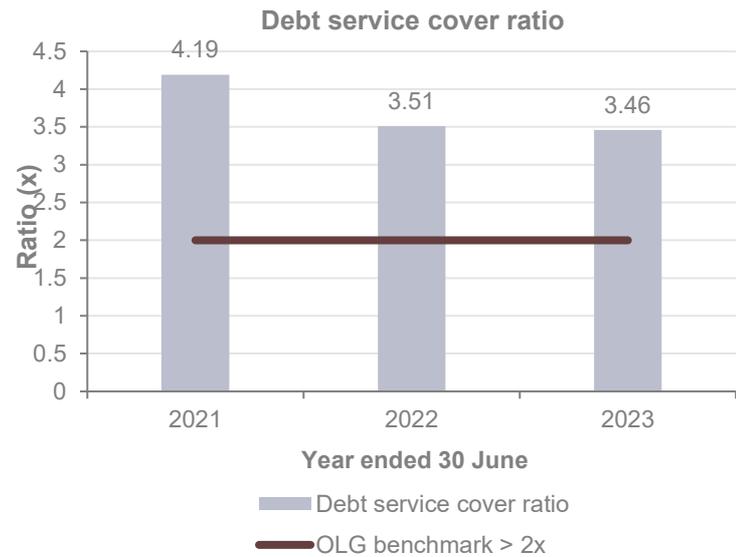
Unrestricted current ratio

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 3.27 times is greater than the industry benchmark minimum of greater than 1.5 times. The Council's unrestricted current ratio has increased compared with the prior year mainly due to the \$16.1 million increase in cash and cash equivalents and a \$16.7 million increase in Investments balances.



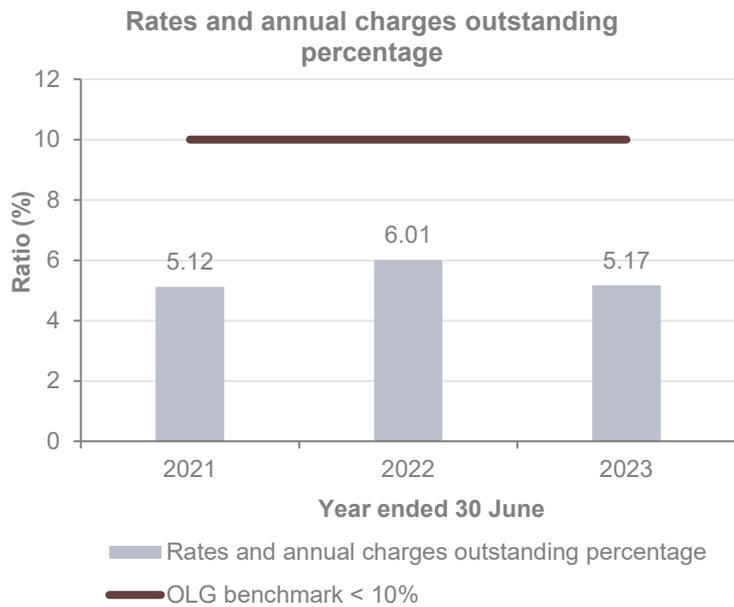
Debt service cover ratio

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 3.46 times is higher than the industry benchmark of greater than 2 times. The ratio remains consistent with the prior year.



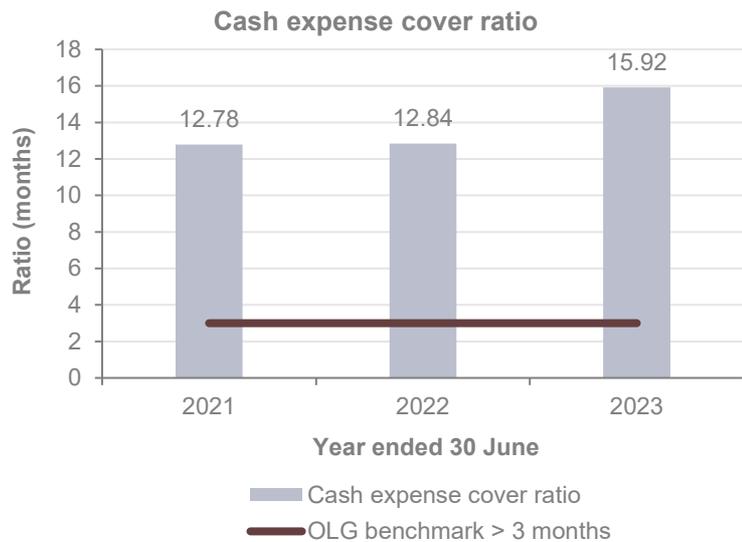
Rates and annual charges outstanding percentage

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 percentage of 5.17 per cent is within the industry benchmark of less than 10 per cent for regional councils. The rates and annual charges outstanding percentage has decreased mainly due to a decrease in rates and annual charges outstanding and an increase in rates and annual charges.



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 15.9 months, which is above the industry benchmark of greater than three months. The ratio increased from the prior year due to an increased cash and cash equivalents balance at 30 June 2023.



Infrastructure, property, plant and equipment renewals

Council renewed \$24.4 million of infrastructure, property, plant and equipment during the 2022–23 financial year. This was mainly spent on roads rehabilitation works completed in 2022–23. A further \$36.1 million was spent on new assets during 2022–23, including capital works in progress.

OTHER MATTERS

Legislative compliance

My audit procedures identified a material deficiency in the Council's financial statements due to the non-recognition of rural fire-fighting equipment which will be reported in the Management Letter.

Except for the matter outlined above, the Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the GPFS
- staff provided all accounting records and information relevant to the audit.



Mary Yuen
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

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

Wagga Wagga City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023

“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 2023

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
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
Note – Significant Accounting Policies	10
Auditor's Report on Special Purpose Financial Statements	13

Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

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

- iii. For Council, the principle of competitive neutrality 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 2023

Statement by Councillors and Management

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,
- Sections 3 and 4 of the NSW Department of Planning and Environment, *Water's Regulatory and assurance framework for local water utilities*.

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; and
- 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 27 November 2023.



Dallas Tout
Mayor
27 November 2023



Amelia Parkins
Councillor
27 November 2023



Peter Thompson
General Manager
27 November 2023



Carolyn Rodney
Responsible Accounting Officer
27 November 2023

Wagga Wagga City Council

Income Statement of sewerage business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	16,601	15,930
User charges	4,889	4,548
Interest and investment income	808	148
Grants and contributions provided for operating purposes	140	52
Other income	199	122
Total income from continuing operations	22,637	20,800
Expenses from continuing operations		
Employee benefits and on-costs	2,784	1,983
Borrowing costs	2,067	2,127
Materials and services	8,522	10,887
Depreciation, amortisation and impairment	6,425	5,711
Loss on disposal of assets	359	380
Calculated taxation equivalents	116	122
Other expenses	4	6
Total expenses from continuing operations	20,277	21,216
Surplus (deficit) from continuing operations before capital amounts	2,360	(416)
Grants and contributions provided for capital purposes	2,832	3,438
Surplus (deficit) from continuing operations after capital amounts	5,192	3,022
Surplus (deficit) from all operations before tax	5,192	3,022
Less: corporate taxation equivalent (25%) [based on result before capital]	(590)	–
Surplus (deficit) after tax	4,602	3,022
Opening accumulated surplus	84,530	81,509
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	116	122
– Corporate taxation equivalent	590	–
Less:		
– Tax equivalent dividend paid	(116)	(122)
Closing accumulated surplus	89,722	84,531
Return on capital %	4.5%	0.5%
Subsidy from Council	11,334	10,638
Calculation of dividend payable:		
Surplus (deficit) after tax	4,602	3,022
Less: capital grants and contributions (excluding developer contributions)	(1,519)	(2,225)
Surplus for dividend calculation purposes	3,083	797
Potential dividend calculated from surplus	1,542	399

Wagga Wagga City Council

Income Statement – Livestock Marketing Centre

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
Income from continuing operations		
Fees	6,189	6,135
Interest and investment income	525	525
Other income	40	34
Total income from continuing operations	6,754	6,694
Expenses from continuing operations		
Employee benefits and on-costs	907	961
Borrowing costs	7	–
Materials and services	2,573	2,463
Depreciation, amortisation and impairment	928	878
Net loss from the disposal of assets	2	–
Calculated taxation equivalents	67	70
Total expenses from continuing operations	4,484	4,372
Surplus (deficit) from continuing operations before capital amounts	2,270	2,322
Grants and contributions provided for capital purposes	–	–
Surplus (deficit) from continuing operations after capital amounts	2,270	2,322
Surplus (deficit) from all operations before tax	2,270	2,322
Less: corporate taxation equivalent (25%) [based on result before capital]	(568)	(581)
Surplus (deficit) after tax	1,702	1,741
Opening accumulated surplus	18,154	16,326
Plus/less: other adjustments	514	(15)
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	67	70
– Corporate taxation equivalent	568	581
Less:		
– Dividend paid	(917)	(548)
Closing accumulated surplus	20,088	18,155
Return on capital %	14.5%	6.6%
Subsidy from Council	–	–

Wagga Wagga City Council

Income Statement – Wagga Airport

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
Income from continuing operations		
Fees	3,829	2,068
Grants and contributions provided for operating purposes	48	–
Other income	281	918
Total income from continuing operations	4,158	2,986
Expenses from continuing operations		
Employee benefits and on-costs	588	639
Borrowing costs	132	161
Materials and services	2,223	2,073
Depreciation, amortisation and impairment	4,472	6,731
Total expenses from continuing operations	7,415	9,604
Surplus (deficit) from continuing operations before capital amounts	(3,257)	(6,618)
Grants and contributions provided for capital purposes	–	156
Surplus (deficit) from continuing operations after capital amounts	(3,257)	(6,462)
Surplus (deficit) from all operations before tax	(3,257)	(6,462)
Surplus (deficit) after tax	(3,257)	(6,462)
Opening accumulated surplus	(6,042)	299
Plus/less: other adjustments	81	121
Plus adjustments for amounts unpaid:		
Closing accumulated surplus	(9,218)	(6,042)
Return on capital %	(35.2)%	(51.3)%
Subsidy from Council	3,482	6,918

Wagga Wagga City Council

Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022 Restated
ASSETS		
Current assets		
Cash and cash equivalents	16,022	8,117
Receivables	3,735	11,277
Inventories	76	79
Other	67	–
Total current assets	19,900	19,473
Non-current assets		
Investments	29,117	23,898
Infrastructure, property, plant and equipment	360,132	335,442
Total non-current assets	389,249	359,340
Total assets	409,149	378,813
LIABILITIES		
Current liabilities		
Payables	1,136	998
Contract liabilities	1,322	–
Borrowings	1,265	1,189
Employee benefit provisions	477	579
Total current liabilities	4,200	2,766
Non-current liabilities		
Borrowings	27,651	28,916
Employee benefit provisions	29	13
Total non-current liabilities	27,680	28,929
Total liabilities	31,880	31,695
Net assets	377,269	347,118
EQUITY		
Accumulated surplus	89,722	84,531
Revaluation reserves	287,547	262,587
Total equity	377,269	347,118

Wagga Wagga City Council

Statement of Financial Position – Livestock Marketing Centre

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
ASSETS		
Current assets		
Cash and cash equivalents	11,204	9,482
Receivables	3,622	3,729
Other	10	10
Total current assets	14,836	13,221
Non-current assets		
Infrastructure, property, plant and equipment	39,221	35,437
Total non-current assets	39,221	35,437
Total assets	54,057	48,658
LIABILITIES		
Current liabilities		
Payables	335	125
Contract liabilities	10	–
Employee benefit provisions	–	381
Provisions	355	–
Total current liabilities	700	506
Non-current liabilities		
Employee benefit provisions	–	24
Provisions	22	–
Total non-current liabilities	22	24
Total liabilities	722	530
Net assets	53,335	48,128
EQUITY		
Accumulated surplus	20,088	18,155
Revaluation reserves	33,247	29,973
Total equity	53,335	48,128

Wagga Wagga City Council

Statement of Financial Position – Wagga Airport

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
ASSETS		
Current assets		
Receivables	1,141	930
Total current assets	1,141	930
Non-current assets		
Right of use assets	43	65
Infrastructure, property, plant and equipment	8,871	12,592
Total non-current assets	8,914	12,657
Total assets	10,055	13,587
LIABILITIES		
Current liabilities		
Bank overdraft	3,931	4,004
Payables	769	460
Contract liabilities	581	443
Lease liabilities	22	22
Borrowings	3,001	2,953
Employee benefit provisions	226	231
Total current liabilities	8,530	8,113
Non-current liabilities		
Borrowings	3,510	4,790
Lease liabilities	23	45
Employee benefit provisions	5	6
Total non-current liabilities	3,538	4,841
Total liabilities	12,068	12,954
Net assets	(2,013)	633
EQUITY		
Accumulated surplus	(9,218)	(6,042)
Revaluation reserves	7,205	6,675
Total equity	(2,013)	633

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 Office of Local Government. 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 (Act)*, the *Local Government (General) Regulation 2021 (Regulation)* 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, fair value 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 – 25% (21/22 25%)

Note – Significant Accounting Policies (continued)

Land tax – the first \$969,000 of combined land values attracts **0%**. For the combined land values in excess of \$969,000 up to \$5,925,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$5,925,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with section 4 of Department of Planning and Environment (DPE) – Water's regulatory and assurance framework, 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 regulatory and assurance framework as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

Achievement of substantial compliance to sections 3 and 4 of DPE – Water's regulatory and assurance framework 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 relevant corporate income tax rate, currently 25%.

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to the 'Council' as the owner of business operations – it represents an internal payment and has no effect on the operations of the Council.

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 25% 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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.02% at 30/6/23.

Note – Significant Accounting Policies (continued)

(iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with section 4 of DPE – Water's regulatory and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2023 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with section 4 of DPE – Water's regulatory and assurance framework, statement of compliance and statement of dividend payment, dividend payment form and unqualified independent financial audit report are submitted to DPE – Water.



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

To the Councillors of 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 2023, the Statement of Financial Position of each Declared Business Activity as at 30 June 2023 and Significant accounting policies note.

The Declared Business Activities of the Council are:

- Sewerage Business Activity
- Livestock Marketing Centre
- Wagga 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 2023, 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 2022–23 (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).

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

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 2023 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. 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.



Mary Yuen
Delegate of the Auditor-General for New South Wales

30 November 2023
SYDNEY

Wagga Wagga City Council

SPECIAL SCHEDULES
for the year ended 30 June 2023

*“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 2023

Contents	Page
Special Schedules:	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2023	6

Wagga Wagga City Council

Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
Notional general income calculation ¹			
Last year notional general income yield	a	46,520	47,729
Plus or minus adjustments ²	b	201	338
Notional general income	c = a + b	46,721	48,067
Permissible income calculation			
Special variation percentage ³	d	2.00%	0.00%
Or rate peg percentage	e	0.00%	3.80%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	-	-
Plus special variation amount	h = d x (c + g)	934	-
Or plus rate peg amount	i = e x (c + g)	-	1,827
Or plus Crown land adjustment and rate peg amount	j = f x (c + g)	-	-
Sub-total	k = (c + g + h + i + j)	47,655	49,894
Plus (or minus) last year's carry forward total	l	90	16
Less valuation objections claimed in the previous year	m	-	-
Sub-total	n = (l + m)	90	16
Total permissible income	o = k + n	47,745	49,910
Less notional general income yield	p	47,729	49,785
Catch-up or (excess) result	q = o - p	17	125
Plus income lost due to valuation objections claimed ⁴	r	-	-
Carry forward to next year ⁶	t = q + r + s	17	125

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 (NSW)*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable, the 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.
- (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 Act. 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 2024.

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 2022–23 (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).

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

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 2023 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 Special Schedule 'Report on infrastructure assets as at 30 June 2023'.

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. 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.



Mary Yuen
Delegate of the Auditor-General for New South Wales

30 November 2023
SYDNEY

Wagga Wagga City Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^c	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
		Estimated cost to bring assets to satisfactory standard ^a	to bring to the agreed level of service set by Council ^b					1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
Buildings	Buildings	36,164	8,381	2,332	2,573	146,326	203,776	67.6%	27.9%	4.1%	0.4%	0.0%	
	Sub-total	36,164	8,381	2,332	2,573	146,326	203,776	67.6%	27.9%	4.1%	0.4%	0.0%	
Other structures	Fences	3,546	744	–	105	12,777	19,437	10.3%	71.4%	10.9%	5.5%	1.9%	
	Shelters	1,726	2,350	–	–	9,039	12,435	26.8%	59.4%	8.5%	4.9%	0.4%	
	Shade sails	61	–	–	–	1,092	1,484	65.2%	30.7%	2.1%	2.1%	0.0%	
	Other	628	–	–	18	25,618	29,906	57.4%	40.5%	0.5%	1.4%	0.2%	
	Sub-total	5,961	3,094	–	123	48,525	63,262	37.1%	53.5%	5.3%	3.3%	0.8%	
Roads	Sealed roads surface	23,343	25,626	6,853	6,944	55,222	96,816	24.9%	21.9%	24.3%	23.1%	5.9%	
	Sealed roads pavement	39,690	14,778	–	–	497,891	697,497	3.4%	66.0%	28.7%	2.0%	0.1%	
	Unsealed roads	15,777	935	3,110	2,332	66,371	85,362	0.8%	65.3%	31.9%	1.6%	0.4%	
	Bridges	13,697	4,315	689	242	68,195	113,097	10.7%	77.2%	8.3%	3.8%	(0.0%)	
	Footpaths	34,777	2,593	510	310	42,903	70,436	18.1%	32.2%	45.7%	3.5%	0.6%	
	Kerb & Gutter	13,574	67	–	122	45,221	62,281	11.0%	67.2%	21.7%	0.1%	0.0%	
	Carparks	1,862	331	164	113	9,351	13,310	33.3%	37.6%	26.6%	2.5%	0.0%	
	Culverts	32,251	9,623	1,639	398	25,492	46,836	1.8%	29.3%	48.3%	18.3%	2.3%	
	Bus & Taxi Shelters	538	–	–	101	515	917	0.9%	40.4%	41.2%	10.0%	7.5%	
Sub-total	175,509	58,268	12,965	10,562	811,161	1,186,552	7.2%	59.7%	28.0%	4.5%	0.6%		
Sewerage network	Sewer Mains	–	18,882	2,643	2,505	225,258	266,585	75.0%	24.4%	0.6%	0.0%	0.0%	
	Sewer Nodes	–	783	–	–	37,133	59,142	54.3%	2.9%	42.8%	0.0%	0.0%	
	Pumping Stations	1,376	1,939	38	802	18,265	33,066	12.4%	20.3%	63.1%	4.0%	0.2%	
	Treatment Plants	7,658	3,663	2,236	3,749	67,981	116,754	1.1%	52.7%	39.6%	6.6%	0.0%	
	Sub-total	9,034	25,267	4,917	7,056	348,638	475,547	50.0%	28.4%	19.8%	1.9%	(0.1%)	
Stormwater drainage	Stormwater Pits & Pipes	9,703	35,295	1,422	718	169,299	230,597	37.0%	41.0%	13.0%	5.2%	3.8%	
	Levee Banks	407	8,832	141	21	26,925	37,631	14.6%	72.3%	12.0%	0.0%	1.1%	
	Open Drains, Channels, Flood Gates, Gross Pollutant Traps & Flood Pumps	17,880	10,109	–	–	46,726	84,150	8.6%	42.3%	27.9%	10.8%	10.5%	
	Sub-total	27,990	54,236	1,563	739	242,951	352,378	27.8%	44.7%	16.5%	6.0%	5.0%	

Wagga Wagga City Council

Report on infrastructure assets as at 30 June 2023 (continued)

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^c	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard ^a	to bring to the agreed level of service set by Council ^b					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Open space / recreational assets	Swimming pools	–	–	193	125	3,649	5,863	0.0%	100.0%	0.0%	0.0%	0.0%
	Playgrounds	1,861	1,529	116	281	7,320	10,093	42.3%	39.2%	14.6%	3.8%	0.0%
	Irrigation	3,733	2,411	29	16	3,595	7,147	17.6%	30.2%	35.7%	9.8%	6.7%
	Park Accessories	1,409	1,368	253	–	3,864	5,921	28.6%	47.6%	15.7%	7.4%	0.7%
	Sporting Equipment	5,592	5,506	180	196	17,197	23,300	46.7%	29.3%	20.9%	2.2%	0.9%
	Other	5,012	–	41	178	2,998	6,491	8.2%	14.6%	77.2%	0.0%	0.0%
	Sub-total	17,607	10,814	812	796	38,623	58,815	31.7%	38.4%	25.2%	3.4%	1.3%
	Total – all assets	272,265	160,060	22,589	21,849	1,636,224	2,340,330	25.7%	47.6%	21.8%	3.8%	1.1%

(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'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Wagga Wagga City Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

	Amounts	Indicator	Indicators			Benchmark
	2023	2023	Restated 2022	2021	2020	
\$ '000	2023	2023				
Buildings and infrastructure renewals ratio						
Asset renewals ¹	21,245					
Depreciation, amortisation and impairment	32,581	65.21%	95.67%	76.93%	131.12%	> 100.00%
Infrastructure backlog ratio						
Estimated cost to bring assets to a satisfactory standard	272,265					
Net carrying amount of infrastructure assets	1,690,294	16.11%	18.91%	20.39%	20.85%	< 2.00%
Asset maintenance ratio						
Actual asset maintenance	21,849					
Required asset maintenance	22,589	96.72%	87.22%	62.88%	67.75%	> 100.00%
Cost to bring assets to agreed service level						
Estimated cost to bring assets to an agreed service level set by Council	160,060	6.84%	15.99%	10.26%	10.57%	
Gross replacement cost	2,340,330					

(*) 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.