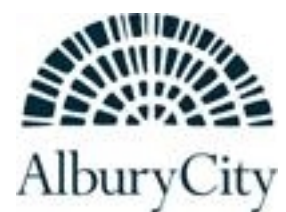


Albury City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019



General Purpose Financial Statements

for the year ended 30 June 2019

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Overview

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

553 Kiewa Street
Albury NSW 2640

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: www.alburycity.nsw.gov.au

Albury City Council

General Purpose Financial Statements

for the year ended 30 June 2019

Statement by Councillors and Management made pursuant to Section 413(2)(c) of the *Local Government Act 1993* (NSW) (as amended)

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

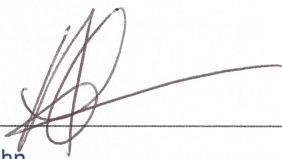
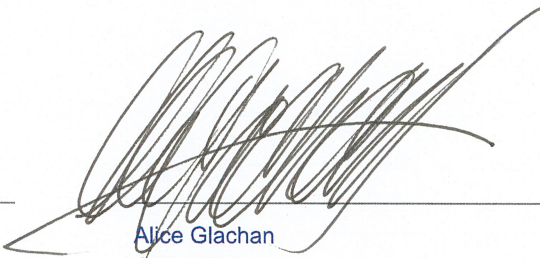
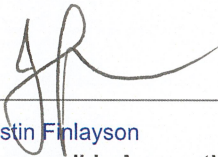
- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements of the AASB, and
- the *Local Government Code of Accounting Practice and Financial Reporting*.

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

- present fairly the AlburyCity Council's operating result and financial position for the year
- accord with AlburyCity 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 28 October 2019.


Amanda Cohn
Deputy Mayor
28 October 2019
Alice Glachan
Councillor
28 October 2019
Frank Zaknich
Chief Executive Officer
28 October 2019
Justin Finlayson
Responsible Accounting Officer
28 October 2019

Income Statement

for the year ended 30 June 2019

Original unaudited budget 2019 \$ '000		Notes	Actual 2019 \$ '000	Actual 2018 \$ '000
Income from continuing operations				
66,533	Rates and annual charges	3a	67,840	66,184
41,328	User charges and fees	3b	43,379	41,391
3,202	Interest and investment revenue	3c	4,156	3,655
4,006	Other revenues	3d	4,594	5,321
8,857	Grants and contributions provided for operating purposes	3e,3f	12,862	8,636
5,508	Grants and contributions provided for capital purposes	3e,3f	36,548	20,459
413	Net gains from the disposal of assets	5	—	—
129,847	Total income from continuing operations		169,379	145,646
Expenses from continuing operations				
38,077	Employee benefits and on-costs	4a	38,788	36,716
2,926	Borrowing costs	4b	2,969	2,990
32,412	Materials and contracts	4c	30,328	26,952
29,363	Depreciation and amortisation	4d	30,058	28,152
11,318	Other expenses	4e	12,503	11,384
—	Net losses from the disposal of assets	5	2,135	278
—	Revaluation decrement	4d	939	—
—	Net share of interests in joint ventures and associates using the equity method		14	6
114,096	Total expenses from continuing operations		117,734	106,478
15,751	Net operating result for the year		51,645	39,168
Net operating result for the year before grants and contributions provided for capital purposes				
10,243			15,097	18,709

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

Statement of Comprehensive Income

for the year ended 30 June 2019

	Notes	2019 \$ '000	2018 \$ '000
Net operating result for the year (as per Income Statement)		51,645	39,168
Other comprehensive income:			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of Infrastructure, property, plant and equipment	9	135,707	34,228
Total items that will not be reclassified subsequently to the operating result		135,707	34,228
Amounts that will be reclassified subsequently to the operating result when specific conditions are met			
Water licence market adjustment		(347)	262
Total items that will be reclassified subsequently to the operating result when specific conditions are met		(347)	262
Total other comprehensive income for the year		135,360	34,490
Total comprehensive income for the year		187,005	73,658

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

Statement of Financial Position

as at 30 June 2019

	Notes	2019 \$ '000	2018 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	6(a)	8,738	5,941
Investments	6(b)	111,649	89,644
Receivables	7	29,120	24,878
Inventories	8a	10,023	8,592
Other	8b	323	465
Total current assets		159,853	129,520
Non-current assets			
Investments	6(b)	39,488	36,500
Infrastructure, property, plant and equipment	9	1,476,943	1,307,471
Intangible assets	10	2,278	2,625
Investments accounted for using the equity method		–	188
Total non-current assets		1,518,709	1,346,784
TOTAL ASSETS		1,678,562	1,476,304
LIABILITIES			
Current liabilities			
Payables	11	16,432	12,385
Income received in advance	11	4,888	4,548
Borrowings	11	4,544	3,816
Provisions	12	10,620	9,987
Total current liabilities		36,484	30,736
Non-current liabilities			
Borrowings	11	48,499	44,773
Provisions	12	11,276	5,497
Total non-current liabilities		59,775	50,270
TOTAL LIABILITIES		96,259	81,006
Net assets		1,582,303	1,395,298
EQUITY			
Accumulated surplus	13	838,414	786,769
Revaluation reserves	13	743,889	608,529
Total equity		1,582,303	1,395,298

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

Statement of Changes in Equity

for the year ended 30 June 2019

	Notes	2019			2018		
		Accumulated surplus \$ '000	IPP&E revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPP&E revaluation reserve \$ '000	Total equity \$ '000
Opening balance		786,769	608,529	1,395,298	747,601	574,039	1,321,640
Net operating result for the year		51,645	—	51,645	39,168	—	39,168
Other comprehensive income							
– Gain (loss) on revaluation of infrastructure, property, plant & equipment	9	—	135,707	135,707	—	34,228	34,228
– Gain (loss) on revaluation of Water Licence		—	(347)	(347)	—	262	262
Total comprehensive income		51,645	135,360	187,005	39,168	34,490	73,658
Closing balance		838,414	743,889	1,582,303	786,769	608,529	1,395,298

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

Statement of Cash Flows

for the year ended 30 June 2019

Original unaudited budget 2019 \$ '000		Notes	Actual 2019 \$ '000	Actual 2018 \$ '000
Cash flows from operating activities				
	<u>Receipts</u>			
66,414	Rates and annual charges		68,221	64,978
40,780	User charges and fees		41,889	42,479
3,101	Investment and interest revenue received		4,318	3,442
14,333	Grants and contributions		26,777	21,790
–	Bonds, deposits and retention amounts received		895	1,774
3,948	Other		7,918	8,454
	<u>Payments</u>			
(37,594)	Employee benefits and on-costs		(38,727)	(36,897)
(32,255)	Materials and contracts		(31,585)	(30,344)
(2,879)	Borrowing costs		(2,863)	(2,943)
(11,298)	Other		(9,010)	(11,254)
44,550	Net cash provided from (or used in) operating activities	14a	67,833	61,479
Cash flows from investing activities				
	<u>Receipts</u>			
1,437	Sale of investment securities		–	–
275	Sale of real estate assets		–	275
495	Sale of infrastructure, property, plant and equipment		257	550
94	Distributions from joint ventures		174	101
	<u>Payments</u>			
–	Purchase of investments		(24,993)	(18,665)
(46,893)	Purchase of infrastructure, property, plant and equipment		(43,560)	(41,189)
(960)	Purchase of real estate assets		(1,368)	(2,228)
–	Contributions paid to joint ventures		–	(5)
(45,552)	Net cash provided from (or used in) investing activities		(69,490)	(61,161)
Cash flows from financing activities				
	<u>Receipts</u>			
14,500	Borrowings		8,240	3,500
	<u>Payments</u>			
(3,794)	Borrowings		(3,786)	(3,973)
10,706	Net cash flow provided from (used in) financing activities		4,454	(473)
9,704	Net increase/(decrease) in cash and cash equivalents		2,797	(155)
417	Cash and cash equivalents – beginning of year		5,941	6,096
10,121	Cash and cash equivalents – end of year		8,738	5,941
93,214	plus: Investments – end of year	6(b)	151,137	126,144
103,335	Total cash, cash equivalents and investments		159,875	132,085

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

Notes to the Financial Statements

for the year ended 30 June 2019

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 28 October 2019.

Council has the power to amend and reissue these 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 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not-for-profit entity for the purpose of preparing these financial statements.

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

(a) New and amended standards adopted by Council

Council adopted the following Australian accounting standard amendments for these financial statements:

- *AASB 9 Financial Instruments and associated amending standards*

As part of the adoption of AASB 9, the Council adopted consequential amendments to other accounting standards arising from the issue of AASB 9. This includes AASB 7 *Financial Instruments: Disclosures* which requires amended disclosures due to changes arising from AASB 9. These disclosures have been provided for the current year.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except AlburyCity has not restated any amounts relating to classification and measurement requirements, including impairment, which have been applied from 1 July 2018. The adoption of AASB 9 has had a nil financial impact on Council's financial statements.

- *AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*

This disclosure Initiative helps users of financial statements to better understand changes in an entity's debt.

Additional disclosures relating to changes in liabilities arising from financing activities (including both changes arising from cash flows and non-cash changes) have been incorporated in these financial statements at Note 11.

- *AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*

This Standard means that Not-for-profit entities (and therefore Council) no longer need to consider AASB 136 Impairment of Assets for non-cash-generating specialised assets at fair value.

Instead it is expected that for Not-for-profit entities holding non-cash-generating assets the recoverable amount of these assets is expected to be materially the same as fair value, determined under AASB 13 Fair Value Measurement.

(b) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of infrastructure, property, plant and equipment and real estate assets held for sale which are accounted for at fair value.

(c) 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.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

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 real estate assets held for sale – refer Note 8,
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note 9,
Note: Council has altered the methodology used in estimating the replacement cost of Water, Sewer and Storm Water Infrastructure using the Department of Primary Industries - Office of Water NSW reference rates as at 30 June 2019 - refer Note 20,
- (iii) estimated fair value of intangible assets (water licence) – refer Note 10,
- (iv) estimated landfill remediation provisions – refer Note 12,
- (v) employee benefit provisions – refer Note 12,
- (vi) impairment of receivables - refer Note 7.

Monies and other assets received by Council

(a) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, all money and other assets 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.

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

- General purpose operations
- Water supply
- Sewerage service

(b) The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and other assets received by the Council in trust which must be applied only for the purposes of, or in accordance with the trusts relating to those monies. Trust monies and other assets subject to Council's control have been included in these reports.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST.

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.

New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods (and which have not been early adopted by Council).

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

AASB 16 Leases

AASB 16 will result in most of the operating leases of an entity being brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low-value assets which may remain off the statement of financial position.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

The calculation of the lease liability will take into account appropriate discount rates, assumptions about the lease term, and increases in lease payments. A corresponding right to use asset will be recognised, which will be amortised over the term of the lease. Rental expense will no longer be shown. The profit and loss impact of the leases will be through amortisation and interest charges.

While the impact of AASB 16 has not yet been fully calculated, it is likely operating leases will be brought to account as non-current right to use assets and associated lease liabilities will be recognised.

Rental expense will decrease and interest and depreciation expense will increase.

AASB 15 Revenue from Contracts with Customers and associated amending standards.

AASB15 introduces a five-step process for revenue recognition, with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

Accounting policy changes will arise in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.

Councils has assessed each revenue stream and found that this change will primarily effect grant income.

The changes in revenue recognition requirements in AASB15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures particularly grant revenue which can vary considerably each year and is difficult to predict.

AASB 1058 Income of NFP Entities

AASB 1058 supersedes all the income recognition requirements relating to councils, previously in AASB 1004 Contributions. Under AASB 1058 the future timing of income recognition will depend on whether the transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service) related to an asset (such as cash or another asset) received by an entity.

AASB 1058 also applies when a council receives volunteer services or enters into other transactions in which the consideration to acquire an asset is significantly less than the fair value of the asset, and where the council's objective is principally to enable the asset to further the council's objectives.

Upon initial recognition of the asset, this standard requires council to consider whether any other financial statement elements (called 'related amounts') should be recognised in accordance with the applicable accounting standard, such as:

- (a) contributions by owners
- (b) revenue, or a contract liability arising from a contract with a customer
- (c) a lease liability
- (d) a financial instrument, or
- (e) a provision

If the transaction is a transfer of a financial asset to enable council to acquire or construct a recognisable non-financial asset to be controlled by council (i.e. an in-substance acquisition of a non-financial asset), the council recognises a liability for the excess of the fair value of the transfer over any related amounts recognised. Council will then recognise income as it satisfies its obligations under the transfer similarly to income recognition in relation to performance obligations under AASB 15.

If the transaction does not enable council to acquire or construct a recognisable non-financial asset to be controlled by council, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income.

AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities

This Standard provides a temporary option for not-for-profit entities to not apply the fair value initial measurement requirements for right-of-use assets arising under leases with significantly below market terms and conditions, principally to enable the entity to further its objectives (for example, concessionary or peppercorn leases).

The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such right-of-use assets at cost rather than fair value) to include additional disclosures in the financial statements to ensure users understand the effects on the financial position, financial performance and cash flows of the entity arising from these leases.

Council has elected to measure right-of-use assets (under a concessionary or peppercorn lease) at cost. The standard requires additional disclosures be provided in relation to below market-value leases measured at cost.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

Apart from those standards listed above, there are no other released standards (with future effective dates) that are expected to have a material impact on Council.

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 2(a). Council functions/activities – financial information

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

Functions or activities	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
A Growing Sustainable Economy	89,019	72,269	70,104	63,641	18,915	8,628	5,251	7,420	1,303,933	1,261,070
An Enhanced Natural Environment	19,455	17,144	16,811	15,353	2,644	1,791	1,797	303	24,886	18,393
A Caring Community	13,137	9,981	24,168	22,270	(11,031)	(12,289)	5,951	2,833	145,919	132,577
A Leading Community	47,768	46,252	6,651	5,214	41,117	41,038	5,033	5,441	67,286	61,710
Total functions and activities	169,379	145,646	117,734	106,478	51,645	39,168	18,032	15,997	1,542,024	1,473,750

Notes to the Financial Statements

for the year ended 30 June 2019

Note 2(b). Council functions/activities - component descriptions

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

A Growing Sustainable Economy

- Increase visitors to Albury and the surrounding region
- Improve visitor and residents' experiences
- Plan and cater for increased population growth
- Albury has a secure and well managed water supply
- Promote Albury for industry and business
- Integrated transport network for Albury
- Increase usage of bicycle and pedestrian networks
- Albury's infrastructure and assets are well managed and maintained

An Enhanced Natural Environment

- Albury has improved environmental outcomes
- Albury is prepared for changing environmental conditions
- An increased awareness in sustainability and environmental issues

A Caring Community

- Albury offers access to a diverse range of educational opportunities
- Albury's key community safety indicators continuously improve
- The health and wellbeing of the Albury community improves
- Albury offers a diverse and accessible range of facilities and activities for all ages
- Improved health, employment and education for the Aboriginal community in Albury
- The improved settlement of people from diverse cultures
- Increased participation in a diverse range of art and cultural activities in Albury

A Leading Community

- The community is consulted on all major changes that will affect them
- Regional issues are addressed through an integrated approach
- The Albury community provides resources and opportunities to develop future leaders
- Albury plans and leads with good governance

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations

	2019 \$ '000	2018 \$ '000
(a) Rates and annual charges		
Ordinary rates		
Residential	29,436	28,517
Farmland	660	621
Business	10,550	10,189
Pensioner rebates (statutory)	(733)	(708)
Early payment discount (Council policy)	(132)	(132)
Rates levied to ratepayers	39,781	38,487
Pensioner rate subsidies received	417	478
Total ordinary rates	40,198	38,965
Special rates		
CBD Parking	510	494
CBD Promotional levy	153	148
Rates levied to ratepayers	663	642
Total special rates	663	642
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	6,015	5,937
Stormwater management services	207	206
Water supply services	4,093	3,991
Sewerage services	17,308	17,089
Pensioner rebates (statutory)	(758)	(759)
Early payment discount (Council policy)	(19)	(19)
Pensioner rebates (Council policy)	(195)	(190)
Annual charges levied	26,651	26,255
Pensioner subsidies received:		
– Water	165	162
– Sewerage	163	160
Total annual charges	26,979	26,577
TOTAL RATES AND ANNUAL CHARGES	67,840	66,184

Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy for rates and charges

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts.

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.

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

	2019 \$ '000	2018 \$ '000
(b) User charges and fees		
Specific user charges		
(per s.502 - specific 'actual use' charges)		
Water supply services	12,573	11,988
Sewerage services	3,174	3,266
Drainage services	529	572
Waste management services (non-domestic)	10,744	10,042
Total specific user charges	27,020	25,868
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Planning and building regulation	1,662	1,683
Private works – section 67	186	467
Section 603 certificates	131	147
Total fees and charges – statutory/regulatory	1,979	2,297
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Aerodrome	6,175	6,316
Cemeteries	917	921
Child care	2,912	2,746
Community centres	1,259	1,149
Leaseback fees – Council vehicles	297	248
Sporting ground fees	27	82
Water sales and charges	809	595
Other	1,984	1,169
Total fees and charges – other	14,380	13,226
TOTAL USER CHARGES AND FEES	43,379	41,391

Accounting policy for user charges and fees

User charges and fees are recognised as revenue when the service has been provided.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

	2019 \$ '000	2018 \$ '000
(c) Interest and investment revenue (including losses)		
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges	128	113
– Cash and investments	4,028	3,542
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>	<u>4,156</u>	<u>3,655</u>

Accounting policy for interest and investment revenue

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

(d) Other revenues

Rental income – other council properties	1,049	943
Fines – parking	335	397
Fines – other	82	37
Legal fees recovery – rates and charges	231	191
Sales – general	1,172	1,483
Albury Entertainment Centre catering	971	860
Children's services	1	1,172
Workers compensation	220	238
Other	533	–
<u>TOTAL OTHER REVENUE</u>	<u>4,594</u>	<u>5,321</u>

Accounting policy for other revenue

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

Parking fines are recognised as revenue when the penalty has been applied.

Sales - general, are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

Rental income is accounted for on a straight-line basis over the lease term.

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

	Operating 2019 \$ '000	Operating 2018 \$ '000	Capital 2019 \$ '000	Capital 2018 \$ '000
(e) Grants				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	2,439	2,472	–	–
Financial assistance – local roads component	703	684	–	–
Payment in advance - future year allocation				
Financial assistance – general component	2,529	2,535	–	–
Financial assistance – local roads component	729	697	–	–
Total general purpose	6,400	6,388	–	–
Specific purpose				
Community centres	82	68	–	–
Employment and training programs	42	81	–	–
Environmental lands	4,245	–	–	–
Heritage and cultural	509	519	529	1,949
Local infrastructure replacement scheme subsidy	57	64	–	–
Recreation and culture	–	–	3,164	–
Street lighting	184	180	–	–
Transport	112	102	945	4,324
Other	736	751	1,027	771
Total specific purpose	5,967	1,765	5,665	7,044
Total grants	12,367	8,153	5,665	7,044
Grant revenue is attributable to:				
– Commonwealth funding	6,567	6,761	100	805
– State funding	5,565	1,392	4,731	6,188
– Other funding	235	–	834	51
	12,367	8,153	5,665	7,044

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

		Operating 2019 \$ '000	Operating 2018 \$ '000	Capital 2019 \$ '000	Capital 2018 \$ '000
	Notes				
(f) Contributions					
Developer contributions:					
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.11 – contributions towards amenities/services		–	–	3,260	1,795
S 7.12 – fixed development consent levies		–	–	273	289
S 64 – water supply contributions		–	–	1,561	1,167
S 64 – sewerage service contributions		–	–	2,170	1,673
Total developer contributions – cash		–	–	7,264	4,924
Total developer contributions	23	–	–	7,264	4,924
Other contributions:					
Cash contributions					
RMS contributions		495	483	–	–
Philanthropy MAMA		–	–	(35)	253
Other		–	–	60	–
Total other contributions – cash		495	483	25	253
Non-cash contributions					
Environmental Lands		–	–	6,040	–
Donated artwork		–	–	340	90
Subdivision dedications (other than by s7.11) (General Fund)		–	–	13,332	6,681
Subdivision dedications (other than by s7.11) (Water Fund)		–	–	1,546	631
Subdivision dedications (other than by s7.11) (Sewer Fund)		–	–	2,336	836
Total other contributions – non-cash		–	–	23,594	8,238
Total other contributions		495	483	23,619	8,491
Total contributions		495	483	30,883	13,415
TOTAL GRANTS AND CONTRIBUTIONS		12,862	8,636	36,548	20,459

Accounting policy for grants and contributions

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed below.

Council has an obligation 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.

While Council generally incorporates these amounts as part of a Development Consent 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 the council may

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

apply contributions according to the priorities established in work schedules.

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

	2019 \$ '000	2018 \$ '000
(g) Unspent grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Operating grants		
Unexpended at the close of the previous reporting period	379	682
Add: operating grants recognised as income in the current period that have not been spent	117	134
Add: operating grants recognised as income in the current period that were received for the provision of goods and services in a future period	241	204
Less: operating grants recognised in previous reporting periods that have been spent in the current reporting period	(379)	(641)
Unexpended and held as restricted assets (operating grants)	358	379
Capital grants		
Unexpended at the close of the previous reporting period	477	–
Add: capital grants recognised as income in the current period that have not been spent	885	216
Add: capital grants recognised as income in the current period that were received for the provision of goods and services in a future period	223	261
Less: capital grants recognised in previous reporting periods that have been spent in the current reporting period	(477)	–
Unexpended and held as restricted assets (capital grants)	1,108	477
Contributions		
Unexpended at the close of the previous reporting period	828	782
Add: contributions recognised as income in the current period that have not been spent	232	1,027
Less: contributions recognised in previous reporting periods that have been spent in the current reporting period	(828)	(981)
Unexpended and held as restricted assets (contributions)	232	828

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations

	2019 \$ '000	2018 \$ '000
(a) Employee benefits and on-costs		
Salaries and wages	32,813	31,214
Employee leave entitlements	3,822	3,528
Superannuation	3,868	3,672
Workers' compensation insurance	851	407
Fringe benefit tax	126	229
Payroll tax	219	207
Total employee costs	41,699	39,257
Less: capitalised costs	(2,911)	(2,541)
TOTAL EMPLOYEE COSTS EXPENSED	38,788	36,716

Accounting policy for employee benefits and on-costs

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

Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Superannuation plans

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 17 for more information.

	Notes	2019 \$ '000	2018 \$ '000
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		2,863	2,943
(ii) Other borrowing costs			
Amortisation of rehabilitation provision discount	12	106	47
TOTAL BORROWING COSTS EXPENSED		2,969	2,990

Accounting policy for borrowing costs

Borrowing costs are expensed when incurred.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

	2019 \$ '000	2018 \$ '000
(c) Materials and contracts		
Raw materials and consumables	16,981	15,142
Contractor and consultancy costs	10,346	9,920
Auditors remuneration	171	148
Legal expenses:		
– Planning and development	69	82
– Other	168	145
Operating leases:		
– Computers	364	331
– Other	596	48
Other expenses	1,633	1,136
TOTAL MATERIALS AND CONTRACTS	30,328	26,952

Accounting policy for operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Auditor remuneration

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	107	83
Remuneration for audit and other assurance services	107	83
Total Auditor-General remuneration	107	83

Non NSW Auditor-General audit firms**(i) Audit and other assurance services**

Internal audit	63	58
Other audit and assurance services	1	5
Remuneration for audit and other assurance services	64	63

(ii) Non-assurance services

Other services (Training)	–	2
Remuneration for non-assurance services	–	2
Total remuneration of non NSW Auditor-General audit firms	64	65
Total Auditor remuneration	171	148

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

	Notes	2019 \$ '000	2018 \$ '000
(d) Depreciation and amortisation			
Depreciation and amortisation			
Plant and equipment		1,056	890
Office equipment		297	299
Furniture and fittings		153	163
Land improvements		1,277	1,255
Infrastructure:			
– Buildings		4,871	4,404
– Other structures		426	358
– Roads, bridges and footpaths		8,630	8,118
– Stormwater drainage		2,024	1,938
– Water supply network		6,200	6,140
– Sewerage network		4,707	4,292
Other assets:			
– Library books		246	228
– Other		29	25
Landfill rehabilitation and cell assets	9,12	142	42
Total depreciation and amortisation costs		30,058	28,152
Revaluation decrement			
Other assets:		939	–
TOTAL DEPRECIATION AND AMORTISATION		30,997	28,152

Accounting policy for depreciation, amortisation and impairment expenses of intangibles and IPP&E**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. Useful lives are included in the infrastructure, property, plant & equipment note and the note for intangible assets.

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 no longer required to be tested for impairment under AASB 136. This is because 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 that have an indefinite useful life, or are 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 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). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

	2019 \$ '000	2018 \$ '000
(e) Other expenses		
Advertising	258	214
Bad and doubtful debts	80	347
Conferences and seminars	135	148
Contributions/levies to other levels of government		
– NSW fire brigade levy	445	500
– NSW rural fire service levy	268	181
Councillor expenses – mayoral fee	39	42
Councillor expenses – councillors' fees	182	174
Councillors' expenses (incl. mayor) – other (excluding fees above)	17	28
Donations, contributions and assistance to other organisations (Section 356)	1,048	903
Election expenses	65	65
Electricity and heating	4,166	3,790
Electricity – street lighting	1,676	1,461
Equipment purchases	537	457
Insurance	1,243	1,137
Marketing	700	667
Rent and hire charges	334	320
Travel Expenses	137	152
Training Costs	830	603
Other	343	195
Total other expenses	12,503	11,384
TOTAL OTHER EXPENSES	12,503	11,384

Accounting policy for other expenses

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 5. Gains or losses from the disposal, replacement and de-recognition of assets

	Notes	2019 \$ '000	2018 \$ '000
Plant and equipment	9		
Proceeds from disposal – plant and equipment		257	550
Less: carrying amount of plant and equipment assets sold/written off		(328)	(373)
Net gain/(loss) on disposal		(71)	177
Infrastructure	9		
Less: carrying amount of infrastructure assets written off		(2,064)	(576)
Net gain/(loss) on disposal		(2,064)	(576)
Real estate assets held for sale	8		
Proceeds from disposal – real estate assets		–	275
Less: carrying amount of real estate assets sold		–	(154)
Net gain/(loss) on disposal		–	121
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(2,135)	(278)

Accounting policy for disposal of assets

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

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.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 6(a). Cash and cash equivalents

	2019 \$ '000	2018 \$ '000
Cash and cash equivalents		
Cash on hand and at bank	2,321	1,503
Deposits at call	6,417	4,438
Total cash and cash equivalents	8,738	5,941

Accounting policy for cash and cash equivalents

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 6(b). Investments

	2019 Current \$ '000	2019 Non-current \$ '000	2018 Current \$ '000	2018 Non-current \$ '000
Investments				
Debt securities at amortised cost/held to maturity investments (2018)	111,649	39,488	89,644	36,500
Total Investments	111,649	39,488	89,644	36,500
TOTAL CASH ASSETS AND INVESTMENTS	120,387	39,488	95,585	36,500

Accounting policy for investments**Accounting policy under AASB 9 – applicable from 1 July 2018**

Financial instruments are recognised initially on the date that AlburyCity becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs. All recognised financial assets are subsequently measured in their entirety at amortised cost.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

AlburyCity's financial assets measured at amortised cost comprise cash and cash equivalents, trade and other receivables and investments in the statement of financial position. 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.

Accounting policy under AASB 139 – applicable for 2018 comparatives only**Classification**

AlburyCity classifies its investments as held-to-maturity investments which are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. Assets in this category are measured at amortised cost.

Recognition and de-recognition

Regular purchases and sales of investments are recognised on trade date: the date on which AlburyCity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Investments are de-recognised when

Notes to the Financial Statements

for the year ended 30 June 2019

Note 6(b). Investments (continued)

the rights to receive cash flows have expired or have been transferred, and AlburyCity has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

AlburyCity assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event'), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 6(c). Restricted cash and investments – details

	2019 Current \$ '000	2019 Non-current \$ '000	2018 Current \$ '000	2018 Non-current \$ '000
Total cash and investments	120,387	39,488	95,585	36,500
attributable to:				
External restrictions	71,164	39,488	53,285	36,500
Internal restrictions	31,363	–	24,668	–
Unrestricted	17,860	–	17,632	–
	120,387	39,488	95,585	36,500

	2019 \$ '000	2018 \$ '000
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Details of restrictions

External restrictions

Developer contributions – general	232	828
Specific purpose unexpended grants	1,466	397
Water supply	47,033	38,994
Sewerage services	59,405	47,214
Domestic waste management	2,516	2,352
Total external restrictions	110,652	89,785

Internal restrictions

Employees leave entitlement	2,288	2,278
Carry over projects (net of loans not taken up)	15,530	10,169
Deposits, retentions and bonds	4,317	3,426
Financial assistance grant received in advance	3,201	3,231
Prepaid burial contributions	1,812	1,743
Elections	188	122
Landfill rehabilitation	3,601	3,046
Tabletop community centre	4	4
Community Fund	79	199
MAMA philanthropy	343	450
Total internal restrictions	31,363	24,668

TOTAL RESTRICTIONS

142,015	114,453
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Notes to the Financial Statements

for the year ended 30 June 2019

Note 7. Receivables

	2019 Current \$ '000	2019 Non-current \$ '000	2018 Current \$ '000	2018 Non-current \$ '000
Purpose				
Rates and annual charges	8,898	—	9,279	—
User charges and fees	12,117	—	12,293	—
Accrued revenues				
– Interest on investments	1,595	—	1,757	—
– Environmental lands	4,245	—	—	—
– Other income accruals	1,338	—	25	—
Government grants and subsidies	760	—	1,151	—
Other debtors	633	—	822	—
Total	29,586	—	25,327	—
Less: provision of impairment				
User charges and fees	(466)	—	(449)	—
Total provision for impairment – receivables	(466)	—	(449)	—
TOTAL NET RECEIVABLES	29,120	—	24,878	—

	2019 \$ '000	2018 \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	449	170
+ new provisions recognised during the year	105	325
– amounts provided for but recovered during the year	(88)	(46)
Balance at the end of the period	466	449

Accounting policy for receivables

Recognition and measurement

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 basis. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating expected credit loss, AlburyCity 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 AlburyCity Council's historical experience and informed credit assessment, and including forward-looking information. When considering the expected credit loss for rates debtors, AlburyCity takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, AlburyCity Council uses the presumption that an asset which is more than 90 days past due has seen a significant increase in credit risk.

Credit losses are measured as the present value of the difference between the cash flows due to AlburyCity Council and the cash flows expected to be received. This is applied using a probability weighted approach.

AlburyCity Council writes off a trade receivable when there is information indicating that there is no realistic prospect of recovery.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 7. Receivables (continued)

Accounting policy under AASB 139 – applicable for 2018 comparatives only

For receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the value of estimated future cash flows. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that AlburyCity will not be able to collect all amounts due according to the original terms of the receivables. Default or delinquency in payments (more than 90 days overdue) are considered indicators that the receivable is impaired. Rates and annual charges outstanding are secured against the property.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 8. Inventories and other assets

	2019 Current \$ '000	2019 Non-current \$ '000	2018 Current \$ '000	2018 Non-current \$ '000
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(a) Inventories

Real estate for resale	9,238	–	7,870	–
Stores and materials	785	–	722	–
TOTAL INVENTORIES	10,023	–	8,592	–

(b) Other assets

Prepayments	323	–	465	–
TOTAL OTHER ASSETS	323	–	465	–

(i) Other disclosures

	2019 Current \$ '000	2019 Non-current \$ '000	2018 Current \$ '000	2018 Non-current \$ '000
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Notes

(a) Details for real estate development

Residential	625	–	625	–
Industrial/commercial	8,613	–	7,245	–
Total real estate for resale	9,238	–	7,870	–

Represented by:

Acquisition costs	3,184	–	3,092	–
Development costs	6,054	–	4,778	–
Total costs	9,238	–	7,870	–

Total real estate for resale

9,238	–	7,870	–
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Movements:

Real estate assets at beginning of the year	7,870	–	5,796	–
– Purchases and other costs	1,368	–	2,228	–
– WDV of sales (expense)	–	–	(154)	–
Total real estate for resale	9,238	–	7,870	–

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

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

	2019 \$ '000	2018 \$ '000
Real estate for resale	7,379	7,595
	7,379	7,595

Notes to the Financial Statements

for the year ended 30 June 2019

Note 8. Inventories and other assets (continued)

Accounting policy for inventories and other assets

Real estate held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition and development.

Stores and materials

Stores, materials are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 9. Infrastructure, property, plant and equipment

	as at 30/6/2018			Asset movements during the reporting period								as at 30/6/2019		
	Gross carrying amount \$ '000	Accumulated depreciation \$ '000	Net carrying amount \$ '000	Additions renewals \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	Revaluation decrements \$ '000	WIP transfers \$ '000	Adjustments and transfers \$ '000	Revaluation increments to equity (ARR) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation \$ '000	Net carrying amount \$ '000
Capital work in progress	17,884	–	17,884	8,432	2,352	–	–	–	(11,151)	–	–	17,516	–	17,516
Plant and equipment	22,812	(11,306)	11,506	2,164	310	(328)	(1,056)	–	–	–	–	24,477	(11,881)	12,596
Office equipment	6,956	(5,618)	1,338	252	43	–	(297)	–	55	–	–	7,306	(5,915)	1,391
Furniture and fittings	4,330	(3,417)	913	–	–	–	(153)	–	–	–	–	4,330	(3,570)	760
Land:														
– Operational land	37,283	–	37,283	–	–	–	–	–	–	–	1,119	38,402	–	38,402
– Community land	33,793	–	33,793	–	6,040	–	–	–	–	–	1,009	40,843	–	40,843
– Crown land	5,199	–	5,199	–	–	–	–	–	–	–	156	5,355	–	5,355
– Land under roads (post 30/6/08)	523	–	523	–	186	–	–	–	–	–	–	709	–	709
Land improvements – non-depreciable	1,795	–	1,795	–	–	–	–	–	4,000	–	–	5,795	–	5,795
Land improvements – depreciable	44,323	(14,778)	29,545	604	1,245	–	(1,277)	–	2,714	–	–	48,889	(16,058)	32,831
Infrastructure:														
– Buildings	237,411	(124,856)	112,555	2,132	2,196	(545)	(4,871)	–	806	–	3,823	248,169	(132,073)	116,096
– Other structures	12,415	(5,320)	7,095	677	1,130	–	(426)	–	–	–	262	14,657	(5,919)	8,738
– Roads, bridges and footpaths	667,718	(222,103)	445,615	5,963	10,606	(341)	(8,630)	–	1,582	(608)	92,055	825,772	(279,529)	546,243
– Stormwater drainage	235,674	(57,621)	178,053	679	5,438	(21)	(2,024)	–	4	608	18,418	268,571	(67,417)	201,154
– Water supply network	444,004	(225,306)	218,698	2,035	3,718	(1,118)	(6,200)	–	1,059	–	16,682	462,613	(227,739)	234,874
– Sewerage network	364,791	(170,997)	193,794	1,203	2,876	(38)	(4,707)	–	931	–	2,183	370,186	(173,946)	196,240
Other assets:														
– Library books	3,102	(1,897)	1,205	–	198	–	(246)	–	–	–	–	3,300	(2,143)	1,157
– Other	8,228	(269)	7,959	110	393	–	(29)	(939)	–	–	–	7,795	(301)	7,494
Landfill rehabilitation and cell assets	3,718	(1,000)	2,718	–	–	–	(142)	–	–	6,173	–	9,891	(1,142)	8,749
Total Infrastructure, property, plant and equipment	2,151,959	(844,488)	1,307,471	24,251	36,731	(2,391)	(30,058)	(939)	–	6,173	135,707	2,404,576	(927,633)	1,476,943

Notes to the Financial Statements

for the year ended 30 June 2019

Note 9. Infrastructure, property, plant and equipment (continued)

	as at 30/6/2017			Asset movements during the reporting period							as at 30/6/2018		
	Gross carrying amount \$ '000	Accumulated depreciation \$ '000	Net carrying amount \$ '000	Additions renewals \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	WIP transfers \$ '000	Adjustments and transfers \$ '000	Revaluation increments to equity (ARR) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation \$ '000	Net carrying amount \$ '000
Capital work in progress	10,536	–	10,536	5,842	6,951	–	–	(5,445)	–	–	17,884	–	17,884
Plant and equipment	21,645	(12,362)	9,283	2,200	1,286	(373)	(890)	–	–	–	22,812	(11,306)	11,506
Office equipment	6,475	(5,318)	1,157	430	–	–	(299)	50	–	–	6,956	(5,618)	1,338
Furniture and fittings	4,330	(3,254)	1,076	–	–	–	(163)	–	–	–	4,330	(3,417)	913
Land:													
– Operational land	36,552	–	36,552	–	–	–	–	–	–	731	37,283	–	37,283
– Community land	32,979	–	32,979	–	155	–	–	–	–	660	33,793	–	33,793
– Crown land	5,097	–	5,097	–	–	–	–	–	–	102	5,199	–	5,199
– Land under roads (post 30/6/08)	463	–	463	–	60	–	–	–	–	–	523	–	523
Land improvements – non-depreciable	1,795	–	1,795	–	–	–	–	–	–	–	1,795	–	1,795
Land improvements – depreciable	42,669	(13,525)	29,144	143	144	–	(1,255)	1,369	–	–	44,323	(14,778)	29,545
Infrastructure:													
– Buildings	223,358	(116,910)	106,448	1,428	4,771	(20)	(4,404)	1,237	–	3,095	237,411	(124,856)	112,555
– Other structures	10,021	(4,830)	5,191	193	1,776	–	(358)	132	–	161	12,415	(5,320)	7,095
– Roads, bridges and footpaths	632,002	(209,659)	422,343	8,708	9,601	(248)	(8,118)	1,568	368	11,393	667,718	(222,103)	445,615
– Stormwater drainage	225,666	(54,218)	171,448	936	1,762	(103)	(1,938)	519	–	5,429	235,674	(57,621)	178,053
– Water supply network	429,678	(213,640)	216,038	2,407	437	(163)	(6,140)	286	–	5,833	444,004	(225,306)	218,698
– Sewerage network	352,602	(163,536)	189,066	1,356	597	(41)	(4,292)	284	–	6,824	364,791	(170,997)	193,794
Other assets:													
– Library books	2,916	(1,669)	1,247	–	186	–	(228)	–	–	–	3,102	(1,897)	1,205
– Other	8,010	(242)	7,768	–	216	–	(25)	–	–	–	8,228	(269)	7,959
Landfill rehabilitation and cell assets	–	–	–	–	–	–	(42)	–	–	–	3,718	(1,000)	2,718
– Other remediation assets	1,103	(1,036)	67	–	–	–	–	–	2,693	–	–	–	–
Total Infrastructure, property, plant and equipment	2,047,897	(800,199)	1,247,698	23,643	27,942	(948)	(28,152)	–	3,061	34,228	2,151,959	(844,488)	1,307,471

Notes to the Financial Statements

for the year ended 30 June 2019

Note 9. Infrastructure, property, plant and equipment (continued)

Accounting policy for infrastructure, property, plant and equipment

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

Roads, bridges, footpaths were revalued during the year. Stormwater drainage, water and sewerage network assets were revalued during the year using NSW Reference Rates Manual issued by the Department of Primary Industries (Office of Water). In the prior year, roads, bridges, footpaths, stormwater drainage, water and sewerage network assets were indexed in accordance with the Rawlinson's Construction Handbook. Council has processed the indexation of land and building assets using an indexed valuation by a qualified valuer.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously 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 revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

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.

When infrastructure, property, plant and equipment are acquired by council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

Land is 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:

Plant & equipment	Years		Buildings	Years
Plant & equipment	3 to 25		Buildings	20 to 80
Office equipment	4 to 10			
Furniture & fittings	10			
Water and sewer assets			Stormwater drainage	
Water supply network	20 to 120		Stormwater drainage	100 to 120
Sewerage network	20 to 100			
Transportation assets			Other infrastructure assets	
Roads, bridges & footpaths	15 to 240		Land improvements	34
			Library books	10
			Other assets	5 to 20
			Other structures	10 to 40

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income statement.

Land under roads

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

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

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

AlburyCity uses the englobio methodology as a basis of valuation of Land Under Roads.

The englobio methodology of valuation utilises the average site value per square metre across the Council area reduced by factors to reflect the restricted use of the asset.

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.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 9. Infrastructure, property, plant and equipment (continued)

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 fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed".

Council has recognised Rural Fire Service assets that it controls (being land and buildings). Rural Fire Service plant and equipment have not been accounted for as AlburyCity assets.

Note 10. Intangible assets

	2019	2018
	\$ '000	\$ '000

Intangible assets are as follows:

Opening gross book value	2,625	2,363
Movements for the year		
– Other capitalised costs (market adjustment)	(347)	262
<u>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE</u>	<u>2,278</u>	<u>2,625</u>

The net book value of intangible assets represents:

– water licence (water fund)	2,066	2,380
– water licence (general fund)	212	245
	<u>2,278</u>	<u>2,625</u>

Accounting policy for intangible assets

Council's High Security Water Licence is recognised as an intangible asset and is tradable on the open water licence sales market. The licence valuation is based on the estimated market values as at balance date. No amortisation costs are applicable, as this asset has an indefinite life.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Payables and borrowings

	2019 Current \$ '000	2019 Non-current \$ '000	2018 Current \$ '000	2018 Non-current \$ '000
Payables				
Goods and services	6,615	–	4,913	–
Accrued expenses	5,500	–	4,050	–
Bonds, deposits and retentions	4,317	–	3,422	–
Total payables	16,432	–	12,385	–
Income received in advance				
Prepaid Burials	1,812	–	1,743	–
Rates & Charges	2,788	–	2,554	–
Other	288	–	251	–
Total income received in advance	4,888	–	4,548	–
Borrowings				
Loans – secured	4,544	48,499	3,816	44,773
Total borrowings	4,544	48,499	3,816	44,773
<u>TOTAL PAYABLES AND BORROWINGS</u>	25,864	48,499	20,749	44,773

(a) Changes in liabilities arising from financing activities

	as at 30/6/2018					as at 30/6/2019
	Opening Balance \$ '000	Cash flows \$ '000	Non-cash acquisitions \$ '000	Non-cash fair value changes \$ '000	Other non-cash movements \$ '000	Closing balance \$ '000
Loans – secured	48,589	4,454	–	–	–	53,043
TOTAL	48,589	4,454	–	–	–	53,043

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Payables and borrowings (continued)

	2019 \$ '000	2018 \$ '000
(b) Financing arrangements		
(i) Unrestricted access was available at balance date to the following lines of credit:		
Bank overdraft facilities	1,000	1,000
Corporate credit cards	2,000	2,000
Total financing arrangements	3,000	3,000
Drawn facilities as at balance date:		
– Corporate credit cards	248	210
Total drawn financing arrangements	248	210
Undrawn facilities as at balance date:		
– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	1,752	1,790
Total undrawn financing arrangements	2,752	2,790

Additional financing arrangements information**Breaches and defaults**

During the current and prior year, there were no defaults or breaches on any of the loans.

Security over loans

Loans are secured over the general income of Council.

Bank overdrafts

The bank overdraft of Council is secured over the general income of Council.

Accounting policy for payables and borrowings

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

The financial liabilities of the Council comprise trade payables, bank and other loans and finance lease liabilities.

Payables

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

Borrowings

Borrowings are initially recognised at fair value. Borrowings are subsequently measured at amortised cost.

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 12. Provisions

	2019 Current \$ '000	2019 Non-current \$ '000	2018 Current \$ '000	2018 Non-current \$ '000
Provisions				
Employee benefits				
Annual leave	3,320	–	3,141	–
Long service leave	6,146	579	6,357	414
Other				
Landfill Rehabilitation	1,154	10,697	489	5,083
<u>TOTAL PROVISIONS</u>	<u>10,620</u>	<u>11,276</u>	<u>9,987</u>	<u>5,497</u>

	2019 \$ '000	2018 \$ '000
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(a) Current provisions not anticipated to be settled within the next twelve months

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

Provisions – employees benefits	5,338	5,618
	<u>5,338</u>	<u>5,618</u>

(b) Description of and movements in provisions (other than employee leave provisions)

	Other provisions Landfill remediation \$ '000	Total \$ '000
2019		
At beginning of year	5,572	5,572
Changes to provision:		
– New disturbances to tip	625	625
– Revised costs	1,997	1,997
– Revised life	2,340	2,340
– Revised discount rate	1,164	1,164
– Revised inflation rate	(45)	(45)
Unwinding of discount	106	106
Other	92	92
Total other provisions at end of period	11,851	11,851
2018		
At beginning of year	2,911	2,911
– New disturbances to tip	1,770	1,770
– Revised costs	582	582
– Revised life	214	214
– Revised discount rate	51	51
– Revised inflation rate	(3)	(3)
Unwinding of discount	47	47
Total other provisions at end of period	5,572	5,572

Notes to the Financial Statements

for the year ended 30 June 2019

Note 12. Provisions (continued)

Accounting policy for provisions

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.

Employee benefits

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 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.

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 is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the 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.

Provision for landfill rehabilitation

Estimated landfill rehabilitation costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, based on the net present value of estimated future costs.

Provisions for landfill rehabilitation costs do not include any additional obligations that are expected to arise from future disturbance. At each reporting date rehabilitation costs are reassessed to reflect changes in cost estimates, revisions to the estimated lives of operations and discount rates.

Although the actual cost to be incurred is uncertain, Council estimates the respective costs based on current rehabilitation standards and techniques.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the Income Statement in each accounting period. This amortisation of the discount is disclosed as a borrowing cost in Note 4 (b). The discount rate used is the risk free borrowing rate applicable to Council.

Other movements in the provision for landfill rehabilitation costs including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised and disclosed in Note 9. These costs are then depreciated over the lives of the assets to which they relate.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Revaluation reserves

Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

Other reserves

The intangible assets revaluation reserve is used to record increments/decrements in the value of licences due to their revaluation.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 14. Statement of cash flows - additional information

	2019 \$ '000	2018 \$ '000
(a) Reconciliation of net operating result to cash provided from operating activities		
Net operating result from Income Statement	51,645	39,168
Adjust for non-cash items:		
Depreciation and amortisation	30,058	28,152
Losses/(gains) on disposal of assets	2,135	278
Non-cash capital grants and contributions	(23,594)	(8,238)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Revaluation decrements of IPP&E direct to P&L	939	–
Unwinding landfill rehabilitation provision discount rate	106	47
Share of net (profits) or losses of joint ventures	14	6
Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	(4,259)	(3,413)
Increase/(decrease) in provision for impairment of receivables	17	279
Decrease/(increase) in inventories	(63)	99
Decrease/(increase) in other current assets	142	(166)
Increase/(decrease) in payables	1,702	(779)
Increase/(decrease) in other accrued expenses payable	1,450	1,683
Increase/(decrease) in other liabilities	1,235	1,862
Increase/(decrease) in provision for employee benefits	133	(113)
Increase/(decrease) in other provisions	6,173	2,614
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	67,833	61,479
(b) Non-cash investing and financing activities		
Environmental Lands	6,040	–
Developer contributions 'in kind' (General Fund)	13,332	6,681
Developer contributions 'in kind' (Water Fund)	1,546	631
Developer contributions 'in kind' (Sewer Fund)	2,336	836
Other dedications	340	90
Total non-cash investing and financing activities	23,594	8,238

Notes to the Financial Statements

for the year ended 30 June 2019

Note 15. Interests in other entities

(a) Summarised financial information for individually immaterial joint ventures

Council has an interest in the Thurgoona Industrial Estate joint venture, which is not considered individually material. This Joint Venture was wound up during 2018-19 as all land parcels have now been sold.

The table below summarises the financial information of this immaterial joint venture.

	2019 \$ '000	2018 \$ '000
Carrying amount	–	188
Council's share in profit/(loss) from continuing operations	(14)	(6)

(b) Summarised financial information for individually immaterial associates

Council has an interest in the Wonga Wetlands Conservation Association, which is not considered individually material.

The table below summarises the financial information of this immaterial joint venture.

	2019 \$ '000	2018 \$ '000
Carrying amount	1	1
Council's share in profit/(loss) from continuing operations	(1)	(1)

Notes to the Financial Statements

for the year ended 30 June 2019

Note 16. Commitments

	2019 \$ '000	2018 \$ '000
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(a) Capital commitments (exclusive of GST)

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

Property, plant and equipment

Purchase Orders	1,435	—
Environmental Investigation - SPS 01 and Surrounds	195	—
Flight information display system	31	—
Lavington Sports Ground - Grandstand & Amenities Building	10,971	—
Leachate Treatment Facility	648	—
Ross Circuit Drain Balston Street Drain	36	—
South Albury Active Space Construction	655	—
Kerr Rd Reconstruction Stage 4	—	707
Two pedestrian Bridges Table Top Road	—	190
WWTP Waste Water Inlet Screening Replacement	—	340
Nexus Electrical Stage 3 HV Overhead & Street Lighting	—	244
Total commitments	13,971	1,481

These expenditures are payable as follows:

Within the next year	13,971	1,481
Total payable	13,971	1,481

(b) Operating lease commitments (non-cancellable)

a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:

Within the next year	351	273
Later than one year and not later than 5 years	719	680
Total non-cancellable operating lease commitments	1,070	953

b. Non-cancellable operating leases include the following assets:

The leases predominantly relate to computer equipment.

Conditions relating to finance and operating leases:

- All finance agreements are secured only against the leased asset.
- No lease agreements impose any financial restrictions on Council regarding future debt etc.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Contingencies and other assets/liabilities not recognised

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2018 for 3 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2018. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2018.

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

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

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

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

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2019 was \$ 799,769. The last valuation of the Scheme was performed by the Actuary, Mr Richard Boyfield, FIAA on 31 December 2018, and covers the period ended 30 June 2018.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Contingencies and other assets/liabilities not recognised (continued)

The amount of additional contributions included in the total employer contribution advised above is \$434,000. Council's expected contribution to the plan for the next annual reporting period is \$722,484.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2019 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	1,798.7	
Past Service Liabilities	1,784.2	100.8%
Vested Benefits	1,792.0	100.4%

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

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

* Plus promotional increases

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

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30 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

In addition to cell rehabilitation costs, the landfill site may require additional after-care costs after the closure of the landfill site. After-care is defined as ongoing monitoring and rectification works associated with any identified site disturbance, problems or risks.

A liability for these contingent costs has not been recognised in the financial statements, the ultimate cost of after-care is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the nature of site disturbance and future developments and the emergence of new remediation techniques.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Contingencies and other assets/liabilities not recognised (continued)

Furthermore, the after-care costs may continue for many years after the closure of the site, the timing of costs subject to a number of factors including the estimated life expectancy of the site.

Best estimates suggest that the Albury Landfill site has a residual life of approximately 30 years based on current waste volumes.

2. Other liabilities

(i) Third party claims

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

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

S7 plans

Council levies section 7 contributions upon various development across the Council area through the required contributions plans.

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

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

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

(ii) Potential land acquisitions due to planning restrictions imposed by Council

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.

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30 June 2008.

(ii) Museum Artefacts

Museum artefacts have not been taken into assets as yet because they have not been valued, as they are retained for cultural value rather than their market value.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 18. Financial risk management

Risk management

Council's activities expose it to a variety of financial risks including interest rate risk, credit risk and liquidity risk.

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

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

Financial risk management is carried out in accordance with policies approved by the Council.

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

Council's principal objective is to preserve capital, while maintaining an adequate level of liquidity, whilst seeking to optimise its return on cash and investments.

Council has an investment policy which complies with the Local Government Act 1993 and Ministerial Investment Order. This policy is regularly reviewed by Council and a monthly Investment Balances Report is provided to Council setting out the make-up and performance of the portfolio.

Council's investments are mainly represented by fixed interest term deposits.

The risks associated with the investments held are:

- Interest rate risk – the risk that movements in interest rates could affect returns and income.
- Credit risk – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.
- Liquidity risk – the risk that there would be insufficient funds available for Council's operations.

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

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.

	Increase of values/rates		Decrease of values/rates	
	Profit \$ '000	Equity \$ '000	Profit \$ '000	Equity \$ '000
2019				
Possible impact of a 1% movement in interest rates	1,599	1,599	(1,599)	(1,599)
2018				
Possible impact of a 1% movement in interest rates	1,321	1,321	(1,321)	(1,321)

Notes to the Financial Statements

for the year ended 30 June 2019

Note 18. Financial risk management (continued)

(b) Credit risk

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

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

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

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

There are no significant concentrations of credit risk. The level of outstanding receivables is monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required.

The profile of Council's receivables credit risk at reporting date was:

Receivables – rates and annual charges

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

	Not yet overdue \$ '000	Overdue \$ '000	Total \$ '000
2019			
Overdue	7,467	1,431	8,898
2018			
Overdue	7,319	1,511	8,830

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.

The loss allowance provision as at 30 June 2019 is determined as follows. The expected credit losses incorporate forward-looking information.

	Not yet overdue \$ '000	0 - 30 days overdue \$ '000	31 - 60 days overdue \$ '000	61 - 90 days overdue \$ '000	> 91 days overdue \$ '000	Total \$ '000
2019						
Gross carrying amount	18,953	592	170	50	923	20,688
Expected loss rate (%)	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
ECL provision	426	13	4	1	21	465
2018						
Gross carrying amount	14,043	738	84	171	1,012	16,048
Expected loss rate (%)	2.79%	2.79%	2.79%	2.79%	2.79%	2.79%
ECL provision	392	21	2	5	28	448

Notes to the Financial Statements

for the year ended 30 June 2019

Note 18. Financial risk management (continued)

(c) Liquidity risk

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

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

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

The contractual undiscounted cash flows of Council's payables and borrowings and related interest rates are set out in the maturity table below:

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
2019							
Trade/other payables	0.00%	4,317	12,115	–	–	16,432	16,432
Borrowings	5.43%	–	6,652	21,632	35,228	63,512	53,043
Total financial liabilities		4,317	18,767	21,632	35,228	79,944	69,475
2018							
Trade/other payables	0.00%	3,422	8,963	–	–	12,385	12,385
Borrowings	5.96%	–	3,813	13,326	31,447	48,586	48,589
Total financial liabilities		3,422	12,776	13,326	31,447	60,971	60,974

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Material budget variations

Council's original financial budget for 2018/19 was adopted by the Council on 12 June 2018 and is not required to be audited.

Material budget variations of more than **10%** within the income statement are explained below.

Note that for variations' of budget to actual:

F = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance -----	
REVENUES				
Rates and annual charges	66,533	67,840	1,307	2% F
User charges and fees	41,328	43,379	2,051	5% F
Interest and investment revenue	3,202	4,156	954	30% F
Additional interest revenue was received as the amount of funds available to invest was more than budgeted.				
Other revenues	4,006	4,594	588	15% F
An unbudgeted payment of \$524,993 was received as a result of legal action to recover previous investment losses.				
Operating grants and contributions	8,857	12,862	4,005	45% F
The increase is due to a NSW Government contribution of \$4.2 million for the maintenance of transferred Environmental Lands.				
Capital grants and contributions	5,508	36,548	31,040	564% F
Non-cash asset dedications of \$23.6 million were recognised which were not budgeted for as the amount is difficult to predict. Developer cash contributions received were \$3.4 million more than budget as development activity was more than budgeted. The variance balance of \$4 million was due to the receipt of additional capital grants.				
Net gains from disposal of assets	413	–	(413)	100% U
A net loss was recognised rather than a net gain.				

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Material budget variations

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance -----	
EXPENSES				
Employee benefits and on-costs	38,077	38,788	(711)	(2)% U
Borrowing costs	2,926	2,969	(43)	(1)% U
Materials and contracts	32,412	30,328	2,084	6% F
Depreciation and amortisation	29,363	30,058	(695)	(2)% U
Other expenses	11,318	12,503	(1,185)	(10)% U
Net losses from disposal of assets	–	2,135	(2,135)	∞ U

A net loss was recognised due to the write-off of the remaining book value of infrastructure assets as a result of renewal works.

Revaluation decrement / impairment of IPP&E	–	939	(939)	∞ U
This non-cash revaluation decrement is due to corrections to AlburyCity's artwork register identified during the revaluation process.				

Joint ventures and associates – net losses	–	14	(14)	∞ U
This variance represents AlburyCity's share from the Thurgoona Industrial Estate Joint Venture.				

STATEMENT OF CASH FLOWS

Net cash provided from (used in) operating activities	44,550	67,833	23,283	52% F
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This increase is mainly due to additional grants and contributions of \$12.4 million compared to budget.

Net cash provided from (used in) investing activities	(45,552)	(69,490)	(23,938)	53% U
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This increase compared to budget is mainly due to additional investments of \$25 million.

Net cash provided from (used in) financing activities	10,706	4,454	(6,252)	(58)% U
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Loans drawn down during the year were \$6 million less than budgeted.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Fair Value Measurement

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

- Infrastructure, property, plant and equipment
- Intangible assets

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

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

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

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

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

(1) Assets and liabilities that have been measured and recognised at fair values

		Fair value measurement hierarchy				
		Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	Total
2019	Notes					
Recurring fair value measurements						
Infrastructure, property, plant and equipment	9					
– Plant and equipment		Various	–	–	12,596	12,596
– Office equipment, furniture & fittings		Various	–	–	2,151	2,151
– Land – operational		30/06/15	–	–	38,402	38,402
– Land – community		30/06/15	–	–	40,158	40,158
– Land under roads		30/06/15	–	–	709	709
– Land improvements – non depreciable		30/06/15	–	–	5,795	5,795
– Land improvements – depreciable		30/06/15	–	–	32,831	32,831
– Buildings		30/06/19	–	–	116,096	116,096
– Other structures		30/06/19	–	–	8,738	8,738
– Roads, bridges and footpaths		30/06/19	–	–	454,795	454,795
– Stormwater drainage		30/06/19	–	–	182,129	182,129
– Water supply networks		30/06/19	–	–	218,192	218,192
– Sewerage network		30/06/19	–	–	194,060	194,060
– Landfill rehabilitation and cell assets		30/06/19	–	–	8,749	8,749
– Library books		Various	–	–	1,157	1,157
– Other		Various	–	–	7,494	7,494
Total infrastructure, property, plant and equipment			–	–	1,324,052	1,324,052
Intangible Assets						
Water Licence		30/06/19	2,278	–	–	2,278
Total Intangible Assets			2,278	–	–	2,278

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Fair Value Measurement (continued)

2018	Notes	Fair value measurement hierarchy				Total
		Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv-able inputs	
Recurring fair value measurements						
Infrastructure, property, plant and equipment	9					
– Plant and equipment		Various	–	–	11,506	11,506
– Office equipment, furniture & fittings		Various	–	–	2,251	2,251
– Land – operational		30/06/15	–	–	37,283	37,283
– Land – community		30/06/15	–	–	38,993	38,993
– Land under roads		30/06/15	–	–	524	524
– Land improvements – non depreciable		30/06/15	–	–	1,795	1,795
– Land improvements – depreciable		30/06/15	–	–	29,545	29,545
– Buildings		30/06/15	–	–	112,555	112,555
– Other structures		30/06/15	–	–	7,095	7,095
– Roads, bridges and footpaths		30/06/15	–	–	445,616	445,616
– Stormwater drainage		30/06/15	–	–	178,053	178,053
– Water supply networks		30/06/15	–	–	218,698	218,698
– Sewerage network		30/06/15	–	–	193,794	193,794
– Landfill rehabilitation and cell assets		30/06/15	–	–	2,718	2,718
– Library books		Various	–	–	1,205	1,205
– Other		Various	–	–	7,959	7,959
Total infrastructure, property, plant and equipment			–	–	1,289,590	1,289,590
Intangible Assets						
Water Licence		30/06/2018	2,625	–	–	2,625
Total Intangible Assets			2,625	–	–	2,625

Note that capital WIP is not included above since it is carried at cost.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Fair Value Measurement (continued)

(2) Valuation techniques used to derive level 2 and level 3 fair values

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

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

Infrastructure, property, plant and equipment (IPP&E)

Plant & Equipment, Office Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at depreciated historical cost.

The carrying amount of these assets approximates fair value due to the nature of the items. Council values Plant & Equipment, Office Equipment and Furniture & Fittings using unobservable Level 3 inputs including gross historical cost, estimated useful life of the asset and residual value.

Examples of assets within these classes are as follows:

- Plant & Equipment
- Office Equipment
- Furniture & Fittings

Land - Operational

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993.

AlburyCity contracted AssetVal Pty Ltd to value Council land as at 30 June 2015. The valuation has been indexed to 2019 by AssetVal Pty Ltd.

Where direct comparable sales evidence is used to value a parcel of land it is classed as a Level 2 input.

Where direct sales are adjusted to reflect differences between the market evidence and the asset being valued, the adjustment constitutes a Level 3 input. Typically this might be where the Valuer is reflecting zoning differences, lot size and land use.

The majority of land assets are assessed on the basis of Level 3 inputs due to the adjustment of market evidence by the Valuer to reflect fair value.

Land - Community

Under the NSW Local Government Act 1993 land classified as Community Land cannot be sold or used for a purpose other than that described by the plan of land management that it is held under.

AlburyCity contracted AssetVal Pty Ltd to value Council land as at 30 June 2015. The valuation has been indexed to 2019 by AssetVal Pty Ltd.

The valuation of Community Land has been assessed by using Level 3 inputs due to the landholdings being held for civic and public uses which are property types that are rarely traded on the open market.

As direct sales have been adjusted to reflect differences between the market evidence and the asset being valued, the adjustment constitutes a Level 3 input. Typically this might be where the Valuer is reflecting zoning differences, lot size and land use.

Land - Under Roads

As the use and sale of Land Under Roads is restricted it has been valued at a discount to the market price using the Englobo valuation method.

Land under roads has been valued using Level 3 inputs including the unit rate per square metre.

Land Improvements - Non Depreciable

This asset class comprises land improvements such as bulk earthworks, which are often in parks forming natural amphitheatres and have an undeterminable life.

Land Improvements are valued using historical cost. Land Improvements - Non Depreciable have been valued using unobservable Level 3 inputs including gross historical cost.

Land Improvements - Depreciable

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Fair Value Measurement (continued)

This asset class comprises land improvements such as landscaping, dams and other costs associated with land that will need to be removed or replaced in future periods.

Land Improvements are valued using depreciated historical cost. Council values Land Improvements – Depreciable using unobservable Level 3 inputs including gross historical cost and estimated useful life of the asset.

Buildings

Buildings were valued at 30 June 2015 by AssetVal Pty Ltd by having regard to the existence of a market, the level of specialisation of the asset and the availability of sales evidence. The valuation has been indexed to 2019 by AssetVal Pty Ltd.

Where direct comparable sales evidence is available the building is valued using observable Level 2 inputs.

Where buildings are of a type or use that is not normally traded, the Depreciated Replacement Cost valuation method is applied using unobservable Level 3 inputs such as gross replacement cost, asset condition, estimated useful life of the asset and residual value.

Council values the majority of its Buildings by using unobservable Level 3 inputs.

Other Structures

Other Structures include playground equipment, shade structures and bus shelters. This asset class comprises all other structures not included in the category of Buildings that are controlled by the Council.

Other Structures were valued at 30 June 2015 by AssetVal Pty Ltd by having regard to the existence of a market, the level of specialisation of the asset and the availability of sales evidence. The valuation has been indexed to 2019 by AssetVal Pty Ltd.

Unobservable Level 3 inputs included gross replacement cost, asset condition and estimated useful life of the asset.

Roads

This asset class comprises road asset components of pavement, seal, footpath and kerb and gutter.

This class of assets is valued by Council using the Depreciated Replacement Cost method.

Valuation unit rates of road asset components have been derived from historical costs and contract pricing. Unit prices were reviewed in 2019.

Council values Roads using Level 3 inputs including gross replacement cost, asset condition and estimated useful life.

Drainage Infrastructure

This asset class comprises structures, pipes, flood pumps, levees and open channels.

This class of assets was revalued in 2019 using the Department of Primary Industries - Office of Water NSW reference rates manual.

Asset dimensions have been derived from a combination of field survey and design plans.

Council values Drainage Infrastructure using Level 3 inputs including gross replacement cost, asset condition and estimated useful life of the asset.

Sewerage Infrastructure

This asset class comprises structures, pipes, pump stations and treatment works.

This class of assets was revalued by Council 2019 using the Department of Primary Industries - Office of Water NSW reference rates manual.

Council values Sewerage Infrastructure using Level 3 inputs including gross replacement cost, asset condition and estimated useful life of the asset.

Water Infrastructure

This asset class comprises meters, pipe network, supply reservoirs, pump stations and filtration plant.

This class of assets is valued by Council using the Department of Primary Industries - Office of Water NSW reference rates manual.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Fair Value Measurement (continued)

Council values Water Infrastructure using Level 3 inputs including gross replacement cost, asset condition and estimated useful life of the asset.

Landfill Rehabilitation & Cell Construction

The landfill remediation asset is accounted for using the cost model. The cost of this asset represents the initial estimate to rehabilitate the Albury landfill cells, adjusted to reflect changes to the landfill rehabilitation provision. The carrying amount of these assets approximates fair value due to the nature of the items.

Library Books

Library Books are valued using Depreciated Historical Cost. The carrying amount of these assets approximates fair value due to the nature of the items.

Council values Library Books using Level 3 inputs including gross historical cost and estimated useful life of the asset.

Other

Other assets include specialised sporting and leisure/cultural equipment and community initiatives. The carrying value of these assets is at Depreciated Replacement Cost which approximates fair value.

Council values Other Assets using Level 3 inputs including gross replacement cost, asset condition and estimated useful life of the asset.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Fair Value Measurement (continued)

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

a. The following tables present the changes in level 3 fair value asset classes.

	Plant and equipment \$ '000	Office equip, furniture and fittings \$ '000	Land – operational \$ '000	Land – community \$ '000	Land under roads \$ '000
2018					
Opening balance	9,283	2,233	36,552	38,076	463
Transfers from/(to) another asset class	–	–	–	–	–
Purchases (GBV)	3,486	480	–	155	61
Disposals (WDV)	(373)	–	–	–	–
Depreciation and impairment	(890)	(462)	–	–	–
Revaluation	–	–	731	762	–
Reduction in Landfill Rehabilitation Provision	–	–	–	–	–
Closing balance	11,506	2,251	37,283	38,993	524

2019					
Opening balance	11,506	2,251	37,283	38,993	524
Transfers from/(to) another asset class	–	–	–	–	–
Purchases (GBV)	2,474	350	–	–	186
Disposals (WDV)	(328)	–	–	–	–
Depreciation and impairment	(1,056)	(450)	–	–	–
Revaluation	–	–	1,119	1,165	–
Reduction in Landfill Rehabilitation Provision	–	–	–	–	–
Closing balance	12,596	2,151	38,402	40,158	710

	Land improvements – non depreciable \$ '000	Land improvements – depreciable \$ '000	Buildings \$ '000	Other structures \$ '000	Roads \$ '000
2018					
Opening balance	1,795	29,144	106,448	5,191	422,343
Transfers from/(to) another asset class	–	–	–	–	–
Purchases (GBV)	–	1,656	7,436	2,101	19,878
Disposals (WDV)	–	–	(20)	–	(248)
Depreciation and impairment	–	(1,255)	(4,404)	(358)	(8,118)
Revaluation	–	–	3,095	161	11,761
Reduction in Landfill Rehabilitation Provision	–	–	–	–	–
Closing balance	1,795	29,545	112,555	7,095	445,616

2019					
Opening balance	1,795	29,545	112,555	7,095	445,616
Transfers from/(to) another asset class	–	–	–	–	–
Purchases (GBV)	4,000	4,563	5,134	1,807	18,151

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Fair Value Measurement (continued)

	Land improvements – non depreciable \$ '000	Land improvements – depreciable \$ '000	Buildings \$ '000	Other structures \$ '000	Roads \$ '000
Disposals (WDV)	–	–	(545)	–	(341)
Depreciation and impairment	–	(1,277)	(4,871)	(426)	(8,630)
Revaluation	–	–	3,823	262	–
Reduction in Landfill Rehabilitation Provision	–	–	–	–	–
Closing balance	5,795	32,831	116,096	8,738	454,796

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Fair Value Measurement (continued)

	Drainage \$ '000	Water \$ '000	Sewer \$ '000	Landfill rehabilitation \$ '000	Library books \$ '000
2018					
Opening balance	171,448	216,037	189,066	67	1,249
Transfers from/(to) another asset class	—	—	—	—	—
Purchases (GBV)	3,217	3,131	2,237	—	184
Disposals (WDV)	(103)	(163)	(41)	—	—
Depreciation and impairment	(1,938)	(6,140)	(4,292)	(42)	(228)
Revaluation	5,429	5,833	6,824	79	—
Reduction in Landfill Rehabilitation Provision	—	—	—	2,614	—
Closing balance	178,053	218,698	193,794	2,718	1,205
2019					
Opening balance	178,053	218,698	193,794	2,718	1,205
Transfers from/(to) another asset class	—	—	—	6,173	—
Purchases (GBV)	6,121	6,812	5,010	—	198
Disposals (WDV)	(21)	(1,118)	(38)	—	—
Depreciation and impairment	(2,024)	(6,200)	(4,706)	(142)	(246)
Revaluation	—	—	—	—	—
Reduction in Landfill Rehabilitation Provision	—	—	—	—	—
Closing balance	182,129	218,192	194,060	8,749	1,157
				Other \$ '000	Total \$ '000
2018					
Opening balance				7,768	1,237,163
Transfers from/(to) another asset class				—	—
Purchases (GBV)				216	44,238
Disposals (WDV)				—	(948)
Depreciation and impairment				(25)	(28,152)
Revaluation				—	34,675
Reduction in Landfill Rehabilitation Provision				—	2,614
Closing balance				7,959	1,289,590
2019					
Opening balance				7,959	1,289,590
Transfers from/(to) another asset class				—	6,173
Purchases (GBV)				503	55,309
Disposals (WDV)				—	(2,391)
Depreciation and impairment				(29)	(30,057)
Revaluation				(939)	5,430
Reduction in Landfill Rehabilitation Provision				—	—
Closing balance				7,494	1,324,054

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Fair Value Measurement (continued)

b. Information relating to the transfers into and out of the level 3 fair valuation hierarchy (as disclosed in the table above) includes:

Council has no movements in and out of Level 3

(4) Highest and best use

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 21. Related Party Transactions

(a) Key management personnel

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. This includes Councillors, the Chief Executive Officer and Directors.

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

	2019 \$ '000	2018 \$ '000
Compensation:		
Short-term benefits	2,170	1,770
Post-employment benefits	177	148
Other long-term benefits	49	45
Total	2,396	1,963

(b) Other transactions with KMP and their related parties

There were no material transactions with KMP and their related parties during the financial year. All transactions were conducted on normal arm's length terms.

(c) Other related party transactions

There were no material transactions with AlburyCity's joint ventures and associates, as disclosed in Note 14.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Events occurring after the reporting date

AlburyCity is undertaking a transition to a new service model, which took effect on 1 October 2019, as resolved by Council on 22 July 2019. This is classified by AASB 110 Events After Reporting Period as non-adjusting as it arose after the reporting period.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 23. Statement of developer contributions

Council recovers contributions, raises levies and enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions and levies and the value of all remaining funds which are 'restricted' in their use.

Summary of contributions and levies

	as at 30/6/2018						as at 30/6/2019	
	Opening Balance \$ '000	Contributions received during the year		Interest earned in year \$ '000	Expenditure during year \$ '000	Internal borrowing (to)/from \$ '000	Held as restricted asset \$ '000	Cumulative internal borrowings due/(payable) \$ '000
		Cash \$ '000	Non-cash \$ '000					
Drainage	89	16	—	—	(96)	—	9	—
Roads	—	174	—	—	(174)	—	—	—
Parking	219	—	—	4	—	—	223	—
Open space	73	57	—	—	(130)	—	—	—
Community facilities	447	88	—	—	(535)	—	—	—
Thurgoona/Wirlinga	—	2,411	—	—	(2,411)	—	—	—
S7.11 contributions – under a plan	828	2,746	—	4	(3,346)	—	232	—
S7.12 levies – under a plan	—	273	—	—	(273)	—	—	—
Total S7.11 and S7.12 revenue under plans	828	3,019	—	4	(3,619)	—	232	—
S64 contributions	—	3,353	—	—	(3,353)	—	—	—
Total contributions	828	6,372	—	4	(6,972)	—	232	—

Notes to the Financial Statements

for the year ended 30 June 2019

Note 24. Financial result and financial position by fund

	General ¹ 2019 \$ '000	Water 2019 \$ '000	Sewer 2019 \$ '000
Income Statement by fund			
Income from continuing operations			
Rates and annual charges	47,035	3,793	17,012
User charges and fees	26,138	13,382	3,859
Interest and investment revenue	1,194	1,310	1,652
Other revenues	4,291	151	152
Grants and contributions provided for operating purposes	12,534	165	163
Grants and contributions provided for capital purposes	28,936	3,107	4,505
Total income from continuing operations	120,128	21,908	27,343
Expenses from continuing operations			
Employee benefits and on-costs	34,980	1,627	2,181
Borrowing costs	2,424	–	545
Materials and contracts	25,651	1,802	2,875
Depreciation and amortisation	19,011	6,249	4,798
Other expenses	4,825	3,314	4,364
Net losses from the disposal of assets	979	1,118	38
Revaluation decrement	939	–	–
Share of interests in joint ventures and associates using the equity method	14	–	–
Total expenses from continuing operations	88,823	14,110	14,801
Net operating result for the year	31,305	7,798	12,542
Net operating result for the year before grants and contributions provided for capital purposes	2,369	4,691	8,037

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 24. Financial result and financial position by fund (continued)

	General ¹ 2019 \$ '000	Water 2019 \$ '000	Sewer 2019 \$ '000
Statement of Financial Position by fund			
ASSETS			
Current assets			
Cash and cash equivalents	8,738	–	–
Investments	41,259	19,985	50,405
Receivables	12,773	7,736	8,611
Inventories	9,747	257	19
Other	323	–	–
Total current assets	72,840	27,978	59,035
Non-current assets			
Investments	3,440	27,048	9,000
Infrastructure, property, plant and equipment	1,030,328	242,055	204,560
Intangible assets	433	1,845	–
Total non-current assets	1,034,201	270,948	213,560
TOTAL ASSETS	1,107,041	298,926	272,595
LIABILITIES			
Current liabilities			
Payables	15,284	987	161
Income received in advance	3,727	585	576
Borrowings	3,415	–	1,129
Provisions	9,761	480	379
Total current liabilities	32,187	2,052	2,245
Non-current liabilities			
Borrowings	43,239	–	5,260
Provisions	11,243	13	20
Total non-current liabilities	54,482	13	5,280
TOTAL LIABILITIES	86,669	2,065	7,525
Net assets	1,020,372	296,861	265,070
EQUITY			
Accumulated surplus	469,090	187,717	181,607
Revaluation reserves	551,282	109,144	83,463
Total equity	1,020,372	296,861	265,070

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 25(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2019	Indicator 2019	2018	Prior periods		Benchmark
				2017	2016	
1. Operating performance ratio						
Total continuing operating revenue excluding capital grants and contributions less operating expenses	18,185	13.69%	15.17%	16.80%	14.50%	>0.00%
Total continuing operating revenue excluding capital grants and contributions	132,831					
2. Own source operating revenue ratio						
Total continuing operating revenue excluding all grants and contributions	119,224	70.39%	79.47%	81.00%	82.00%	>60.00%
Total continuing operating revenue	169,379					
3. Unrestricted current ratio						
Current assets less all external restrictions	64,687	2.41x	2.43x	3.30x	3.30x	>1.50x
Current liabilities less specific purpose liabilities	26,849					
4. Debt service cover ratio						
Operating result before capital excluding interest and depreciation/impairment/amortisation	51,212	7.58x	7.20x	7.10x	6.80x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	6,755					
5. Rates, annual charges, interest and extra charges outstanding percentage						
Rates, annual and extra charges outstanding	8,898	11.60%	12.70%	10.80%	11.10%	<10.00%
Rates, annual and extra charges collectible	76,733					
6. Cash expense cover ratio						
Current year's cash and cash equivalents plus all term deposits	159,875	22.32	18.56	16.18	13.40	>3.00
Monthly payments from cash flow of operating and financing activities	7,164	mths	mths	mths	mths	mths

Notes to the Financial Statements

for the year ended 30 June 2019

Note 25(b). Statement of performance measures – by fund

\$ '000	General Indicators ¹		Water Indicators		Sewer Indicators		Benchmark
	2019	2018	2019	2018	2019	2018	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses	5.98%	6.30%	24.95%	30.36%	35.19%	36.96%	>0.00%
Total continuing operating revenue excluding capital grants and contributions							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding all grants and contributions	64.86%	75.09%	85.06%	89.93%	82.93%	89.12%	>60.00%
Total continuing operating revenue							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.41x	2.43x	13.63x	15.22x	26.30x	18.04x	>1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation	5.23x	5.19x	∞	∞	8.46x	6.43x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates, annual charges, interest and extra charges outstanding percentage							
Rates, annual and extra charges outstanding	2.36%	3.73%	27.65%	39.26%	27.53%	34.97%	<10.00%
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	9.57	8.35	71.80	64.07	64.70	46.45	>3.00
Payments from cash flow of operating and financing activities	mths	mths	mths	mths	mths	mths	mths

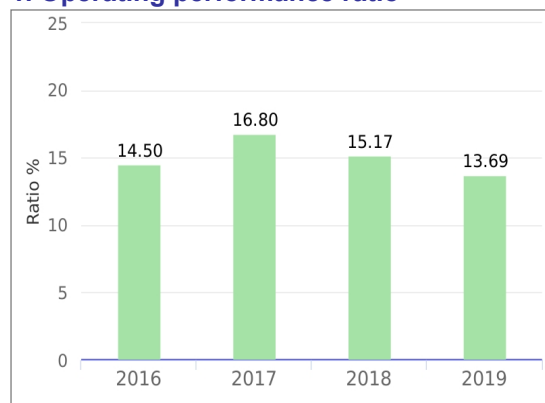
(1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 25(c). 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 2018/19 result

2018/19 ratio 13.69%

AlburyCity's overall operating performance is above the minimum benchmark, which is largely due to Water and Sewer operations and also an Environmental Lands contribution from the NSW Government.

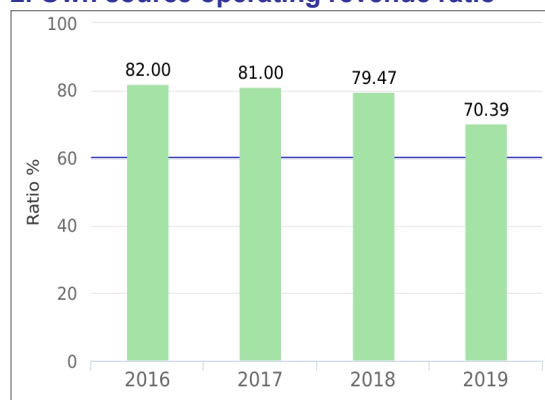
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

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 2018/19 result

2018/19 ratio 70.39%

AlburyCity's own source operating revenue including rates and charges has been maintained above the minimum benchmark. The decrease in 2019 is largely due to an Environmental Lands contribution from the NSW Government.

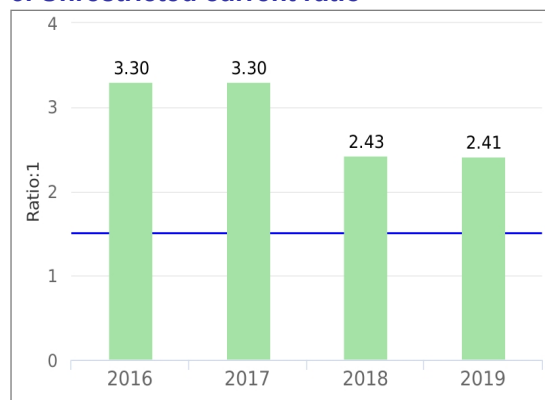
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

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 2018/19 result

2018/19 ratio 2.41x

AlburyCity has maintained adequate working capital which includes internally restricted cash and investments.

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

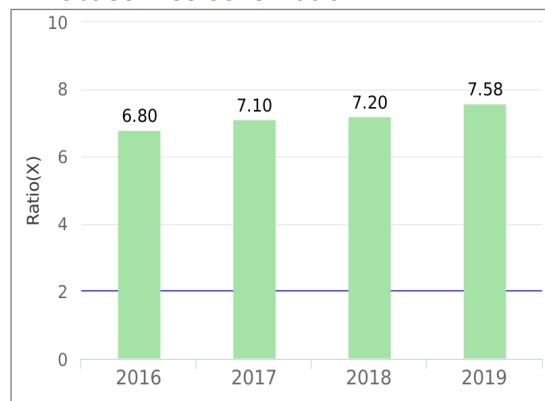
Ratio is outside benchmark

Notes to the Financial Statements

for the year ended 30 June 2019

Note 25(c). Statement of performance measures – consolidated results (graphs)

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 2018/19 result

2018/19 ratio 7.58x

Sufficient cash is being generated from operations to fund loan repayments.

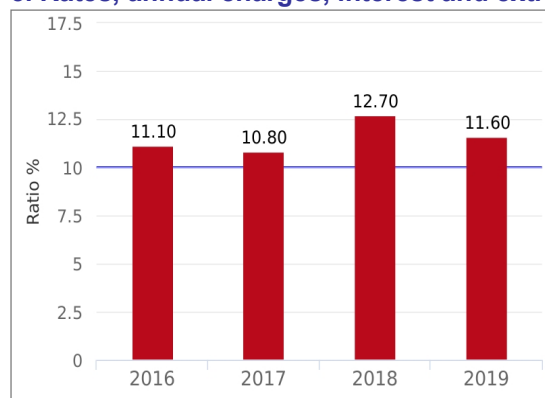
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates, annual charges, interest and extra charges outstanding percentage



Purpose of rates, annual charges, interest and extra charges outstanding

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

Commentary on 2018/19 result

2018/19 ratio 11.60%

The majority of the outstanding balance relates to the third water bill that is not payable until after year end. Otherwise the 2019 General Fund ratio is 2.36% which is well below the benchmark.

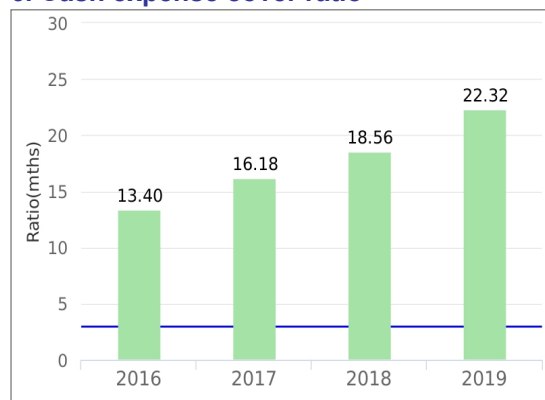
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

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 2018/19 result

2018/19 ratio 22.32 mths

The 2019 increase is mainly due to additional restricted funds held regarding Water and Sewer Funds and unexpended project funding.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

Ratio is outside benchmark



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Albury City Council

To the Councillors of the Albury City Council

Opinion

I have audited the accompanying financial statements of Albury City Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been presented, 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 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2019 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 except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

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.

My opinion does not 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 19 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Lawrissa Chan
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

28 October 2019
SYDNEY



Cr Kevin Mack
Mayor
Albury City Council
PO Box 323
ALBURY NSW 2640

Contact: Lawrissa Chan
Phone no: 02 9275 7255
Our ref: D1921840/1684

28 October 2019

Dear Cr Mack

**Report on the Conduct of the Audit
for the year ended 30 June 2019
Albury City Council**

I have audited the general purpose financial statements (GPFS) of the Albury City Council (the Council) for the year ended 30 June 2019 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2019 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.

INCOME STATEMENT

Operating result

	2019	2018	Variance
	\$m	\$m	%
Rates and annual charges revenue	67.8	66.2	↑ 2.4
Grants and contributions revenue	49.4	29.1	↑ 69.8
Operating result for the year	51.6	39.2	↑ 31.6
Net operating result before capital grants and contributions	15.1	18.7	↓ 19.3

The Council's operating result for the year was a surplus of \$51.6 million (\$39.2 million surplus for the year ended 30 June 2018). This is mainly attributable to an increase in grants and contributions provided for capital purposes. The Council budgeted for a surplus of \$15.7 million.

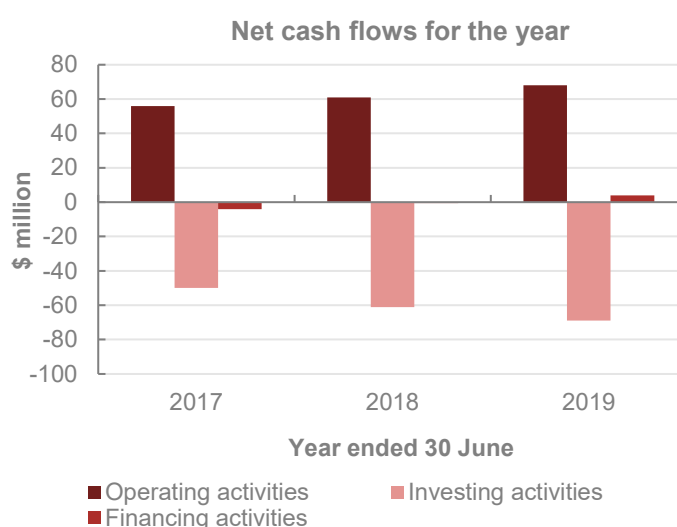
The Council's net operating result before capital grants and contributions was a surplus of \$15.1 million (\$18.7 million surplus for the year ended 30 June 2018). The decrease of \$3.6 million from the 2017–18 result was mainly due to an increase in materials and contracts expenses.

Rates and annual charges revenue increased by \$1.6 million (2.4 per cent) to \$67.8 million in 2018–19. The movement is consistent with the increase in ordinary rates in line with the 2.3 per cent rate peg and the rise in the total number of rateable properties.

Grants and contributions revenue increased by \$20.3 million (69.8 per cent) to \$49.4 million in 2018–19 mainly due to an increase in dedicated assets of \$9.1 million and the transfer of environmental land of \$6.0 million, which includes a maintenance contribution of \$4.2 million.

STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$8.7 million (\$5.9 million for the year ended 30 June 2018). There was a net increase in cash and cash equivalents of \$2.8 million at 30 June 2019.
- Net cash provided by operating activities has increased by \$6.3 million. This is mainly due to the increase in cash receipts from grants and contributions.
- Net cash used in investing activities has increased by \$8.3 million. This is mainly due to purchase of investment securities.
- Net cash provided from financing activities increased by \$4.9 million. This is due to the increase in proceeds from borrowings.



FINANCIAL POSITION

Cash and investments

Cash and investments	2019	2018	Commentary
	\$m	\$m	
External restrictions	110.7	89.8	- Externally restricted cash and investments are restricted in their use by externally imposed requirements. Council's externally restricted cash and investments have increased by \$20.9 million primarily due to an increase in available cash balance relating to the: - sewerage services of \$12.2 million - water supply services of \$8.0 million - 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. The increase in the internal restrictions of \$6.7 million is mainly due to an increase in available cash balance of 'Carry Over Projects (net of loans not taken up) by \$5.4 million. - Unrestricted cash and investments was \$17.9 million, which is available to provide liquidity for day-to-day operations of the Council. There was minimal movement in the unrestricted cash balance.
Internal restrictions	31.4	24.7	
Unrestricted	17.9	17.6	
Cash and investments	160.0	132.1	

Debt

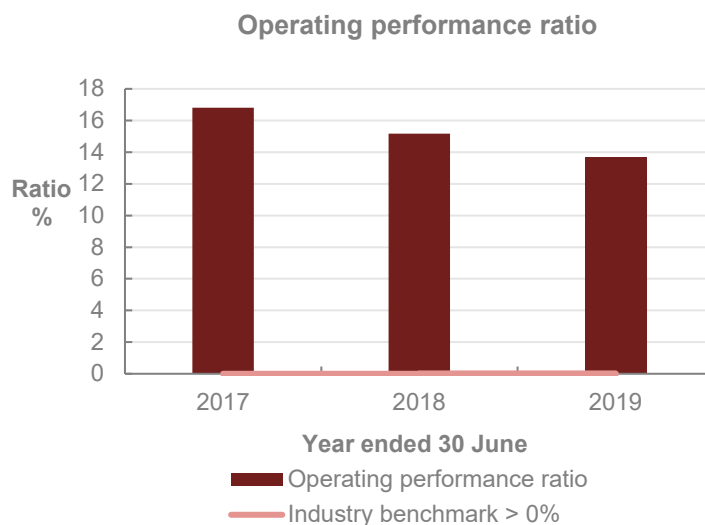
Council has \$53.0 million of borrowings as at 30 June 2019 (2018: \$48.6 million).

Council has bank overdraft facilities of \$1.0 million (2018: \$1.0 million) which remain unutilised as at 30 June 2019.

PERFORMANCE

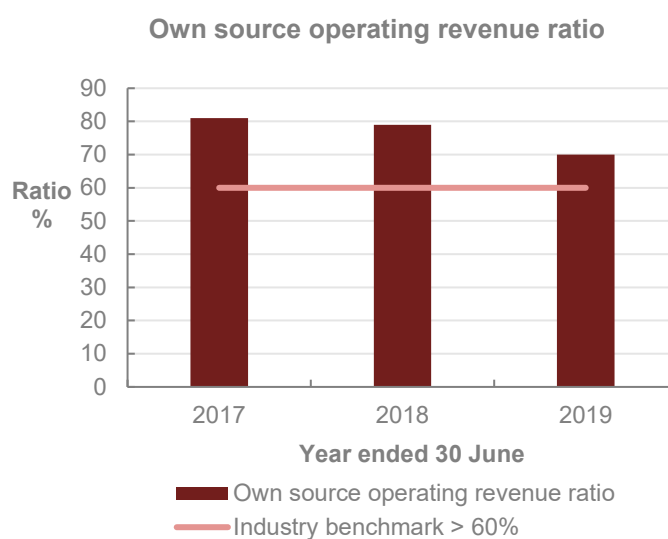
Operating performance ratio

- 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 the former Office of Local Government (OLG) is greater than zero per cent.
- The Council's operating performance ratio of 13.7% is above the industry benchmark of greater than 0 per cent.
- The operating performance ratio of 16.8% has decreased from prior year (15.1% in 2018) mainly due to the increase in expenses.



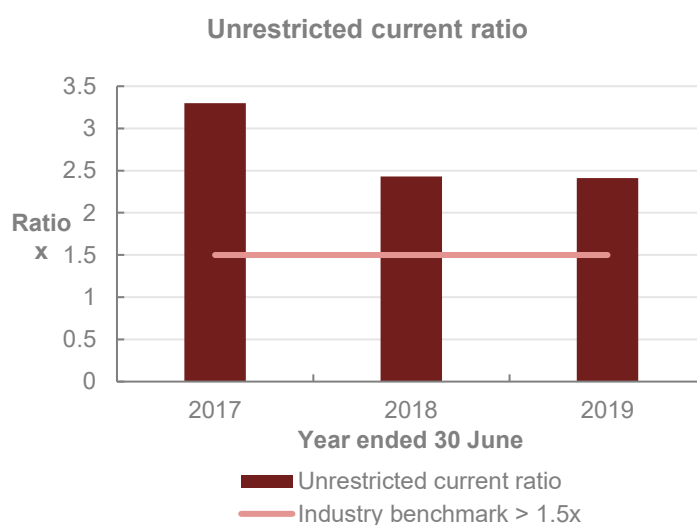
Own source operating revenue ratio

- 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 the former OLG is greater than 60 per cent.
- The Council's own source operating revenue ratio of 70.4% is above the industry benchmark of 60%. This indicates that the Council has a diversified source of income and does not have an overly strong reliance on operating grants and contributions.
- The own source operating revenue ratio of 70% has decreased from 79% in 2017–18 mainly due to the receipt of environmental land maintenance contribution of \$4.2 million.



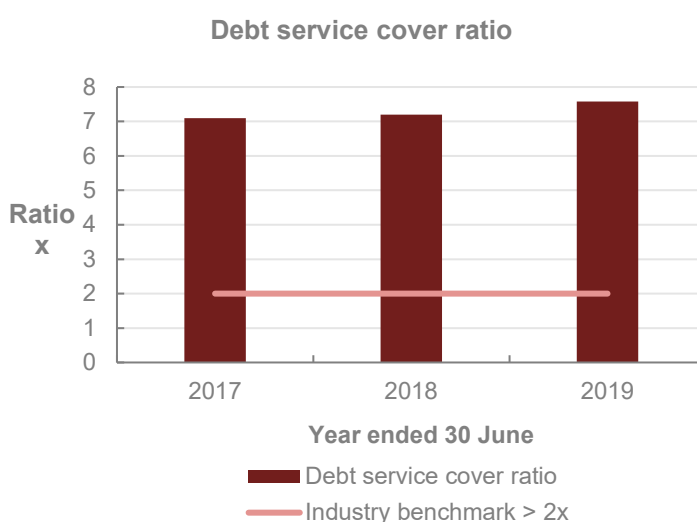
Unrestricted current ratio

- 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 the former OLG is greater than 1.5 times.
- The Council's liquidity ratio of 2.4 times is above the industry benchmark minimum of greater than 1.5 times. This indicates that the Council has sufficient liquidity to meet its current liabilities as and when they fall due.
- The Council's unrestricted current ratio has remained steady since the last two years.



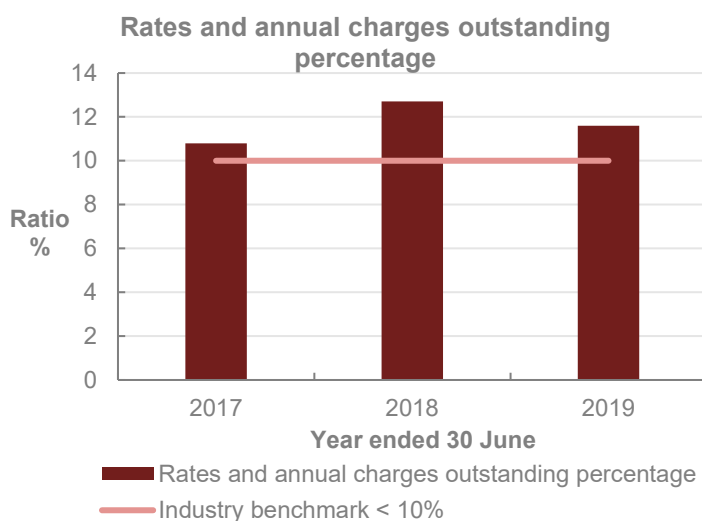
Debt service cover ratio

- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by the former OLG is greater than two times.
- The Council's debt service cover ratio of 7.6 times is above the industry benchmark of greater than 2 times.
- The Council's debt service cover ratio increased due to an increase in rates and annual charges and grants and contributions provided for operating purposes.



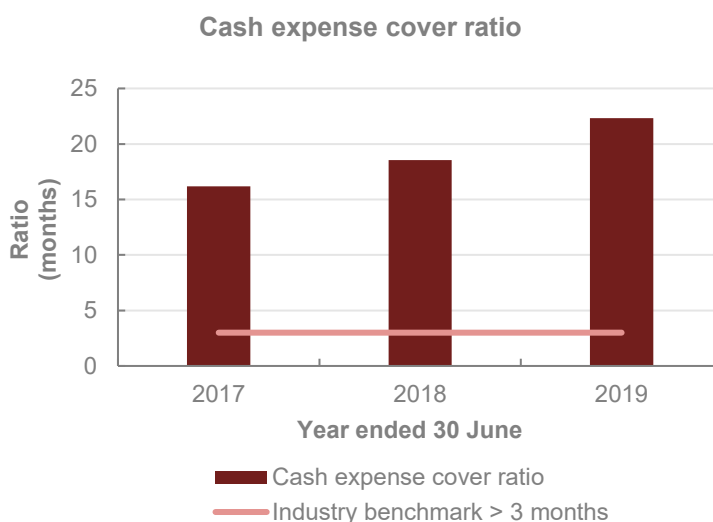
Rates and annual charges outstanding percentage

- 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 the former OLG is less than 10 per cent for regional and rural councils.
- The Council's rates and annual charges outstanding ratio of 11.6% does not meet the industry benchmark of less than 10% for regional councils.
- The result remains consistent with prior years due to the timing of the third water bill falling due following 30 June 2019.



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 the former OLG is greater than three months.
- The Council's cash expense cover ratio was 22.3 months, which is above the industry benchmark of greater than 3 months. This indicates that Council had the capacity to cover 22.3 months of operating cash expenditure without additional cash inflows at 30 June 2019.
- The cash expense cover ratio increased compared with prior year due to additional cash inflows from Council's water supply of \$8.0 million and sewerage services of \$12.2 million.



Infrastructure, property, plant and equipment renewals

The Council has renewed \$24.3 million of infrastructure, property, plant and equipment in the 2018–19 financial year, compared with \$23.6 million in the prior year. The increase is primarily due to \$1.5 million of buildings renewal relating to the Albury Entertainment Centre improvements project.

OTHER MATTERS

New accounting standards implemented

Application period	Overview
AASB 9 'Financial Instruments' and revised AASB 7 'Financial Instruments: Disclosures'	
For the year ended 30 June 2019	AASB 9 replaces AASB 139 'Financial Instruments: Recognition and Measurement' and changes the way financial instruments are treated for financial reporting. Key changes include: • a simplified model for classifying and measuring financial assets • a new method for calculating impairment • a new type of hedge accounting that more closely aligns with risk management. The revised AASB 7 includes new disclosures as a result of AASB 9. Council's disclosure of the impact of adopting AASB 9 is disclosed in Note 6(b).

Legislative compliance

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

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



Lawrissa Chan
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

cc: Mr Frank Zaknich, Chief Executive Officer
Ms Marg Nicholls, Acting Chair of Audit, Risk and Improvement Committee
Mr Jim Betts, Secretary of the Department of Planning, Industry and Environment