

Albury City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2020



General Purpose Financial Statements

for the year ended 30 June 2020

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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

General Purpose Financial Statements

for the year ended 30 June 2020

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:

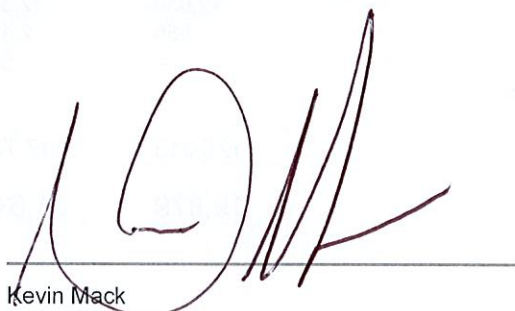
- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements of the AASB, and
- the *Local Government Code of Accounting Practice and Financial Reporting*.

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

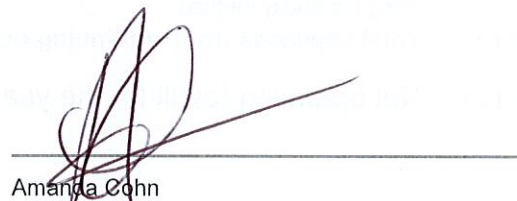
- present fairly the AlburyCity Council's operating result and financial position for the year
- accord with AlburyCity Council's accounting and other records.

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 23 November 2020.



Kevin Mack
Mayor
23 November 2020



Amanda Cohn
Deputy Mayor
23 November 2020



Frank Zaknich
Chief Executive Officer
23 November 2020



Justin Finlayson
Responsible Accounting Officer
23 November 2020

Income Statement

for the year ended 30 June 2020

Original unaudited budget 2020 \$ '000		Notes	Actual 2020 \$ '000	Actual 2019 \$ '000
Income from continuing operations				
68,578	Rates and annual charges	3a	69,757	67,840
42,088	User charges and fees	3b	40,248	43,379
4,771	Other revenues	3c	2,200	4,594
13,548	Grants and contributions provided for operating purposes	3d,3e	10,666	12,862
14,854	Grants and contributions provided for capital purposes	3d,3e	16,932	36,548
4,349	Interest and investment revenue	4	3,911	4,156
–	Rental income	13e	1,378	–
148,188	Total income from continuing operations		145,092	169,379
Expenses from continuing operations				
39,297	Employee benefits and on-costs	5a	40,499	38,788
2,995	Borrowing costs	5b	2,895	2,969
33,783	Materials and contracts	5c	34,544	30,328
31,139	Depreciation and amortisation	5d	34,283	30,058
10,833	Other expenses	5e	12,036	12,503
–	Net losses from the disposal of assets	6	956	2,135
–	Revaluation decrement	5d	–	939
–	Net share of interests in joint ventures and associates using the equity method		–	14
118,047	Total expenses from continuing operations		125,213	117,734
30,141	Net operating result for the year		19,879	51,645
15,287	Net operating result for the year before grants and contributions provided for capital purposes		2,947	15,097

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Statement of Comprehensive Income

for the year ended 30 June 2020

	Notes	2020 \$ '000	2019 \$ '000
Net operating result for the year (from Income Statement)		19,879	51,645
Other comprehensive income:			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of Infrastructure, property, plant and equipment	10	68,128	135,707
Adjustment to correct prior period errors		249	—
Total items that will not be reclassified subsequently to the operating result		68,377	135,707
Amounts that will be reclassified subsequently to the operating result when specific conditions are met			
Water licence market adjustment		17	(347)
Other movements		(249)	—
Total items that will be reclassified subsequently to the operating result when specific conditions are met		(232)	(347)
Total other comprehensive income for the year		68,145	135,360
Total comprehensive income for the year		88,024	187,005

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Statement of Financial Position

as at 30 June 2020

	Notes	2020 \$ '000	Restated 2019 \$ '000	Restated 1 July 2018 ¹ \$ '000
ASSETS				
Current assets				
Cash and cash equivalents	7(a)	6,849	8,738	5,941
Investments	7(b)	105,401	111,649	89,644
Receivables	8	24,213	29,120	24,878
Inventories	9a	10,376	10,023	8,592
Other	9b	648	323	465
Total current assets		147,487	159,853	129,520
Non-current assets				
Investments	7(b)	59,701	39,488	36,500
Infrastructure, property, plant and equipment	10	1,572,022	1,485,488	1,316,016
Intangible Assets	11	2,295	2,278	2,625
Right of use assets	13a	2,894	—	—
Investments accounted for using the equity method		—	—	188
Total non-current assets		1,636,912	1,527,254	1,355,329
Total assets		1,784,399	1,687,107	1,484,849
LIABILITIES				
Current liabilities				
Payables	14	13,643	16,432	12,385
Income received in advance	14	5,550	4,888	4,548
Contract liabilities	12	2,465	—	—
Lease liabilities	13b	426	—	—
Borrowings	14	9,311	4,544	3,816
Provisions	15	9,938	10,620	9,987
Total current liabilities		41,333	36,484	30,736
Non-current liabilities				
Lease liabilities	13b	2,552	—	—
Borrowings	14	50,304	48,499	44,773
Provisions	15	19,667	19,821	14,042
Total non-current liabilities		72,523	68,320	58,815
Total liabilities		113,856	104,804	89,551
Net assets		1,670,543	1,582,303	1,395,298
EQUITY				
Accumulated surplus	16	858,260	838,414	786,769
Revaluation reserves	16	812,283	743,889	608,529
Total equity		1,670,543	1,582,303	1,395,298

(1) See Note 16(b) for details regarding the restatement as a result of prior period errors

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Albury City Council

Statement of Changes in Equity

for the year ended 30 June 2020

	as at 30/06/20			as at 30/06/19		
	Accumulated surplus \$ '000	IPP&E revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPP&E revaluation reserve \$ '000	Total equity \$ '000
Opening balance	838,414	743,889	1,582,303	786,769	608,529	1,395,298
Changes due to AASB 16 adoption	(33)	—	(33)	—	—	—
Restated opening balance	838,381	743,889	1,582,270	786,769	608,529	1,395,298
Net operating result for the year	19,879	—	19,879	51,645	—	51,645
Net operating result for the period	19,879	—	19,879	51,645	—	51,645
Other comprehensive income						
— Correction of prior period errors	—	249	249	—	—	—
— Gain (loss) on revaluation of infrastructure, property, plant & equipment	—	68,128	68,128	—	135,707	135,707
— Gain (loss) on revaluation of Water Licence	—	17	17	—	(347)	(347)
Total comprehensive income	19,879	68,394	88,273	51,645	135,360	187,005
Closing balance	858,260	812,283	1,670,543	838,414	743,889	1,582,303

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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 2020

Original unaudited budget 2020 \$ '000		Notes	Actual 2020 \$ '000	Actual 2019 \$ '000
Cash flows from operating activities				
Receipts:				
69,784	Rates and annual charges		69,875	68,221
41,863	User charges and fees		43,224	41,889
4,562	Investment and interest revenue received		4,495	4,318
28,184	Grants and contributions		24,789	26,777
—	Bonds, deposits and retention amounts received		—	895
4,026	Other		15,532	7,918
Payments:				
(38,792)	Employee benefits and on-costs		(41,267)	(38,727)
(33,299)	Materials and contracts		(40,759)	(31,585)
(2,889)	Borrowing costs		(2,811)	(2,863)
—	Deposits and retentions refunded		(509)	—
(11,059)	Other		(20,150)	(9,010)
62,380	Net cash provided from (or used in) operating activities	17a	52,419	67,833
Cash flows from investing activities				
Receipts:				
2,860	Sale of real estate assets		—	—
—	Sale of infrastructure, property, plant and equipment		416	257
—	Distributions from joint ventures		—	174
Payments:				
—	Purchase of investments		(13,965)	(24,993)
(57,506)	Purchase of infrastructure, property, plant and equipment		(46,519)	(43,560)
(60)	Purchase of real estate assets		(346)	(1,368)
(54,706)	Net cash provided from (or used in) investing activities		(60,414)	(69,490)
Cash flows from financing activities				
Receipts:				
11,450	Borrowings		11,150	8,240
Payments:				
(4,439)	Repayment of Borrowings and advances		(4,578)	(3,786)
—	Lease liabilities (principal repayments)		(466)	—
7,011	Net cash flow provided from (used in) financing activities		6,106	4,454
14,685	Net increase/(decrease) in cash and cash equivalents		(1,889)	2,797
—	Cash and cash equivalents at the beginning of reporting period		8,738	5,941
14,685	Cash and cash equivalents at the end of reporting period		6,849	8,738
—	plus: Investments – end of year	7(b)	165,102	151,137
14,685	Total cash, cash equivalents and investments		171,951	159,875

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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 2020

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation

These financial statements were authorised for issue by Albury City Council ('the Council').

In cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these 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.

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

(a) 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.

(b) Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of real estate assets held for sale – refer Note 9,
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note 10,
- (iii) estimated fair value of intangible assets (water licence) – refer Note 11,
- (iv) estimated landfill remediation provisions – refer Note 15,
- (v) employee benefit provisions – refer Note 15,

Significant judgements in applying the council's accounting policies

- (i) impairment of receivables - refer Note 8.

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

(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.

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Volunteer Services received are recognised as revenue when the fair value of the services can be reliably measured and the services would be purchased by Council had they not been donated.

New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2020 reporting period.

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

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

New accounting standards adopted during the year

During the year Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2019:

- AASB 16 Leases
- AASB 15 Revenue from contracts with customers and associated amending standards.
- AASB 1058 Income of Not-for-profit entities

Further information on the newly adopted standards which had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures can be found at Note 16.

Albury City Council

Notes to the Financial Statements

for the year ended 30 June 2020

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).

	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Carrying amount of assets	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	Restated \$ '000
Functions or activities										
A Growing Sustainable Economy	108,483	89,019	82,342	70,104	26,141	18,915	6,247	5,251	1,492,913	1,440,471
An Enhanced Natural Environment	17,897	19,455	17,163	16,811	734	2,644	847	1,797	30,620	33,431
A Caring Community	11,277	13,137	18,605	24,168	(7,328)	(11,031)	5,213	5,951	189,681	145,919
A Leading Community	7,435	47,768	7,103	6,651	332	41,117	5,583	5,033	71,185	67,286
Total functions and activities	145,092	169,379	125,213	117,734	19,879	51,645	17,890	18,032	1,784,399	1,687,107

Notes to the Financial Statements

for the year ended 30 June 2020

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 2020

Note 3. Revenue from continuing operations

	AASB	2020 \$ '000	2019 \$ '000
(a) Rates and annual charges			
Ordinary rates			
Residential	1058 (1)	30,600	29,436
Farmland	1058 (1)	666	660
Business	1058 (1)	10,869	10,550
Less: Pensioner rebates (statutory)	1058 (1)	(725)	(733)
Less: Early payment discount (Council policy)	1058 (1)	(148)	(132)
Rates levied to ratepayers		41,262	39,781
Pensioner rate subsidies received	1058 (1)	474	417
Total ordinary rates		41,736	40,198
Special rates			
Parking	1058 (1)	525	510
CBD Promotional levy	1058 (1)	157	153
Rates levied to ratepayers		682	663
Total special rates		682	663
Annual charges			
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services	1058 (1)	6,101	6,015
Stormwater management services	1058 (1)	207	207
Water supply services	1058 (1)	4,141	4,093
Sewerage services	1058 (1)	17,524	17,308
Pensioner rebates (statutory)	1058 (1)	(764)	(758)
Early payment discount (Council policy)	1058 (1)	(19)	(19)
Pensioner rebates (Council policy)	1058 (1)	(190)	(195)
Annual charges levied		27,000	26,651
Pensioner subsidies received:			
– Water	1058 (1)	171	165
– Sewerage	1058 (1)	168	163
Total annual charges		27,339	26,979
TOTAL RATES AND ANNUAL CHARGES		69,757	67,840

The AASB notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 "at a point in time",

15 (2) indicates income recognised under AASB 15 "over time",

1058 (1) indicates income recognised under AASB 1058 "at a point in time", while

1058 (2) indicates income recognised under AASB 1058 "over time".

Council has used 2019 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 which is the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

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

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are in substance a rates payment.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

2019 Accounting Policy

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.

	AASB	2020 \$ '000	2019 \$ '000
(b) User charges and fees			
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	15 (1)	12,828	12,573
Sewerage services	15 (1)	3,003	3,174
Drainage services	15 (1)	564	529
Waste management services (non-domestic)	15 (1)	10,352	10,744
Total specific user charges		26,747	27,020
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Planning and building regulation	15 (1)	1,568	1,662
Private works – section 67	15 (1)	201	186
Section 603 certificates	15 (1)	149	131
Total fees and charges – statutory/regulatory		1,918	1,979
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Airport	15	4,620	6,175
Cemeteries	15 (1)	932	917
Child care	15 (1)	2,842	2,912
Community centres	15	808	1,259
Leaseback fees – Council vehicles	15 (2)	331	297
Sporting ground fees	15	84	27
Water sales and charges	15 (1)	627	809
Other	15	1,339	1,984
Total fees and charges – other		11,583	14,380
TOTAL USER CHARGES AND FEES		40,248	43,379

The AASB notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 "at a point in time",

15 (2) indicates income recognised under AASB 15 "over time",

1058 (1) indicates income recognised under AASB 1058 "at a point in time", while

1058 (2) indicates income recognised under AASB 1058 "over time".

Accounting policy for user charges and fees

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

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

2019 accounting policy

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

	AASB	2020 \$ '000	2019 \$ '000
(c) Other revenues			
Rental income – other council properties (2019 only)	15 (2)	–	1,049
Fines – parking	1058 (1)	169	335
Fines – other	1058 (1)	41	82
Legal fees recovery – rates and charges (extra charges)	1058 (1)	127	231
Sales – general	15 (1)	399	1,172
Albury Entertainment Centre catering	15 (1)	649	971
Children's services	15 (1)	–	–
Workers compensation	15 (2)	225	220
Other	15	590	534
TOTAL OTHER REVENUE		2,200	4,594

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 "at a point in time",

15 (2) indicates income recognised under AASB 15 "over time",

1058 (1) indicates income recognised under AASB 1058 "at a point in time", while

1058 (2) indicates income recognised under AASB 1058 "over time".

Accounting policy for other revenue

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.

2019 accounting policy:

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

Parking fees and fines are recognised as revenue when the service has been provided, or when the penalty has been applied, whichever occurs first.

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 2020

Note 3. Revenue from continuing operations (continued)

	AASB	Operating 2020 \$ '000	Operating 2019 \$ '000	Capital 2020 \$ '000	Capital 2019 \$ '000
(d) Grants					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	1058 (1)	2,510	2,439	–	–
Financial assistance – local roads component	1058 (1)	710	703	–	–
Payment in advance - future year allocation					
Financial assistance – general component	1058 (1)	2,650	2,529	–	–
Financial assistance – local roads component	1058 (1)	763	729	–	–
Amount recognised as income during current year		6,633	6,400	–	–
Specific purpose (tied)					
Community centres	15	145	82	140	–
Employment and training programs	15	14	42	–	–
Environmental lands	1058 (1)	–	4,245	–	–
Heritage and cultural	15	229	509	–	529
Local infrastructure replacement scheme subsidy	1058 (1)	55	57	–	–
Recreation and culture	15	162	–	4,457	3,164
Street lighting	1058 (2)	–	184	–	–
NEXUS Industrial Precinct		2,363	–	–	–
Transport (roads to recovery)	1058 (1)	–	–	883	509
Roads		73	112	1,658	436
Other	15	499	736	579	1,027
Total specific purpose		3,540	5,967	7,717	5,665
Total grants		10,173	12,367	7,717	5,665
Grant revenue is attributable to:					
– Commonwealth funding		6,686	6,567	883	100
– State funding		3,392	5,565	6,553	4,731
– Other funding		95	235	281	834
		10,173	12,367	7,717	5,665

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 "at a point in time",

15 (2) indicates income recognised under AASB 15 "over time",

1058 (1) indicates income recognised under AASB 1058 "at a point in time", while

1058 (2) indicates income recognised under AASB 1058 "over time".

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

	AASB	Operating 2020 \$ '000	Operating 2019 \$ '000	Capital 2020 \$ '000	Capital 2019 \$ '000
Notes					
(e) Contributions					
Developer contributions:					
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.11 – contributions towards amenities/services	1058 (2)	–	–	1,118	3,260
S 7.12 – fixed development consent levies	1058 (2)	–	–	413	273
S 64 – water supply contributions	1058 (2)	–	–	801	1,561
S 64 – sewerage service contributions	1058 (2)	–	–	1,236	2,170
Total developer contributions – cash		–	–	3,568	7,264
Total developer contributions	26	–	–	3,568	7,264
Other contributions:					
Cash contributions					
RMS contributions	1058 (2)	493	495	–	–
Philanthropy MAMA	1058 (1)	–	–	–	(35)
Other	1058	–	–	–	60
Total other contributions – cash		493	495	–	25
Non-cash contributions					
Donated artwork	1058 (1)	–	–	205	340
Subdivision dedications (other than by s7.11) (General Fund)	1058 (2)	–	–	2,745	13,332
Subdivision dedications (other than by s7.11) (Water Fund)	1058 (2)	–	–	379	1,546
Subdivision dedications (other than by s7.11) (Sewer Fund)	1058 (2)	–	–	568	2,336
Environmental Lands	1058 (1)	–	–	–	6,040
Newly Realised Assets		–	–	1,750	–
Total other contributions – non-cash		–	–	5,647	23,594
Total other contributions		493	495	5,647	23,619
Total contributions		493	495	9,215	30,883
TOTAL GRANTS AND CONTRIBUTIONS		10,666	12,862	16,932	36,548

The AASB notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 "at a point in time",

15 (2) indicates income recognised under AASB 15 "over time",

1058 (1) indicates income recognised under AASB 1058 "at a point in time", while

1058 (2) indicates income recognised under AASB 1058 "over time".

Accounting policy for grants and contributions prior to 1 July 2019**Accounting policy from 1 July 2019****Grant income under AASB 15**

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue are recognised when control of each performance obligations is satisfied.

The performance obligations are varied based on the agreement but include [provide details of performance obligations within AASB 15 grants e.g. events, vaccinations]. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

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

Grant income

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Councils considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

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

Capital grants

Capital grants received to enable Council to acquire or construct an item of infrastructure, property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

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

Contributions

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

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

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

Accounting policy prior to 1 July 2019

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and revenue is recognised at this time 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.

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 2020

Note 3. Revenue from continuing operations (continued)

	2020 \$ '000	2019 \$ '000
(f) Unspent grants and contributions – external restrictions		
Operating grants		
Unexpended at the close of the previous reporting period	358	379
Add: operating grants recognised as income in the current period that have not been spent	131	117
Add: operating grants recognised as income in the current period that were received for the provision of goods and services in a future period	1,628	241
Less: operating grants recognised in previous reporting periods that have been spent in the current reporting period	(352)	(379)
Less: operating grants received in a previous reporting period now spent and recognised as income	–	–
Unexpended and held as externally restricted assets (operating grants)	1,765	358
Capital grants		
Unexpended at the close of the previous reporting period	1,108	477
Add: capital grants recognised as income in the current period that have not been spent	18	885
Add: capital grants recognised as income in the current period that were received for the provision of goods and services in a future period	732	223
Less: capital grants recognised in previous reporting periods that have been spent in the current reporting period	(834)	(477)
Less: capital grants received in a previous reporting period now spent and recognised as income	–	–
Unexpended and held as externally restricted assets (capital grants)	1,024	1,108
Contributions		
Unexpended at the close of the previous reporting period	232	828
Add: contributions recognised as income in the current period that have not been spent	34	232
Less: contributions recognised in previous reporting periods that have been spent in the current reporting period	–	(828)
Unexpended and held as externally restricted assets (contributions)	266	232

Note 4. Interest and investment revenue

	2020 \$ '000	2019 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges	113	128
– Cash and investments	3,798	4,028
Total Interest and investment income	3,911	4,156

Accounting policy for interest and investment revenue

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations

	2020 \$ '000	2019 \$ '000
(a) Employee benefits and on-costs		
Salaries and wages	35,110	32,813
Employee leave entitlements	3,243	3,822
Superannuation	3,871	3,868
Workers' compensation insurance	916	851
Fringe benefit tax	102	126
Payroll tax	233	219
Less: capitalised costs	(2,976)	(2,911)
TOTAL EMPLOYEE COSTS EXPENSED	40,499	38,788

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 20 for more information.

	Notes	2020 \$ '000	2019 \$ '000
(b) Borrowing costs			
Interest on leases		125	–
Interest on loans		2,649	2,863
Amortisation of rehabilitation provision discount	15	121	106
TOTAL BORROWING COSTS EXPENSED		2,895	2,969

Accounting policy for borrowing costs

Borrowing costs are expensed when incurred.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

	2020 \$ '000	2019 \$ '000
(c) Materials and contracts		
Raw materials and consumables	21,825	16,981
Contractor and consultancy costs (includes Kerbside Waste Collection Contract)	10,587	10,346
Auditors remuneration	181	171
Legal expenses:		
– Planning and development	71	69
– Other	123	168
Expenses from short-term leases (2020 only)	4	–
Expenses from leases of low value assets (2020 only)	147	–
Expenses from Peppercorn leases (2020 only)	–	–
Variable lease expense relating to usage (2020 only)	–	–
Operating leases expense (2019 only):		
– Computers	–	364
– Other	–	596
Other expenses	1,606	1,633
TOTAL MATERIALS AND CONTRACTS	34,544	30,328

Accounting policy for materials and contracts

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

Operating leases (2019 only)

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

(i) Audit and other assurance services: Auditors of the Council - NSW Auditor-General:

Audit and review of financial statements	116	107
Remuneration for audit and other assurance services	116	107
Total fees paid or payable to the Auditor-General	116	107

(ii) Other non-assurance services: Other firms**(i) Audit and other assurance services**

Internal audit	64	63
Other audit and assurance services	1	1
Total fees paid or payable for non-assurance services	65	64

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

		2020	2019
	Notes	\$ '000	\$ '000
(d) Depreciation, amortisation and impairment of non-financial assets			
Depreciation and amortisation			
Plant and equipment		1,184	1,056
Office equipment		334	297
Furniture and fittings		127	153
Land improvements		1,622	1,277
Infrastructure:	10		
– Buildings		5,026	4,871
– Other structures		497	426
– Roads, bridges and footpaths		10,947	8,630
– Stormwater drainage		2,319	2,024
– Water supply network		6,225	6,200
– Sewerage network		4,815	4,707
Right of use assets	13	476	–
Other assets:			
– Library books		267	246
– Other		40	29
Landfill rehabilitation and cell assets		404	142
Total depreciation and amortisation costs		34,283	30,058
Revaluation decrement			
Buildings		–	–
Other Structures		–	–
Other assets		–	939
TOTAL DEPRECIATION AND AMORTISATION	10	34,283	30,997

Accounting policy for depreciation, amortisation and impairment expenses of non-financial assets**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 2020

Note 5. Expenses from continuing operations (continued)

	2020 \$ '000	2019 \$ '000
(e) Other expenses		
Advertising	310	258
Bad and doubtful debts	420	80
Conferences and seminars	114	135
Contributions/levies to other levels of government		
– NSW fire brigade levy	466	445
– NSW rural fire service levy	209	268
Councillor expenses – mayoral fee	44	39
Councillor expenses – councillors' fees	182	182
Councillors' expenses (incl. mayor) – other (excluding fees above)	31	17
Donations, contributions and assistance to other organisations (Section 356)	1,319	1,048
Election expenses	65	65
Electricity and heating	4,320	4,166
Electricity – street lighting	1,323	1,676
Equipment purchases	474	537
Insurance	1,328	1,243
Marketing	397	700
Rent and hire charges	101	334
Training Costs	584	830
Travel Expenses	105	137
Other	244	343
TOTAL OTHER EXPENSES	12,036	12,503

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 2020

Note 6. Gain or loss from disposal, replacement and de-recognition of assets

		2020	2019
	Notes	\$ '000	\$ '000
Infrastructure, property, plant and equipment	10		
Proceeds from disposal – plant and equipment		416	257
Less: carrying amount of plant and equipment assets sold/written off		(1,372)	(2,392)
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(956)	(2,135)

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 2020

Note 7(a). Cash and cash equivalents

	2020 \$ '000	2019 \$ '000
Cash and cash equivalents		
Cash on hand, at bank and deposits at call	6,849	8,738
Total cash and cash equivalents	6,849	8,738

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 7(b). Investments

	2020 Current \$ '000	2020 Non-current \$ '000	2019 Current \$ '000	2019 Non-current \$ '000
Investments				
Debt securities at amortised cost/held to maturity investments	105,401	59,701	111,649	39,488
Total Investments	105,401	59,701	111,649	39,488
<u>TOTAL CASH ASSETS AND INVESTMENTS</u>	<u>112,250</u>	<u>59,701</u>	<u>120,387</u>	<u>39,488</u>

Accounting policy for investments

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(c). Restricted cash, cash equivalents and investments – details

	2020 Current \$ '000	2020 Non-current \$ '000	2019 Current \$ '000	2019 Non-current \$ '000
Total cash, cash equivalents and investments	112,250	59,701	120,387	39,488
attributable to:				
External restrictions	65,938	59,701	71,164	39,488
Internal restrictions	30,923	–	31,363	–
Unrestricted	15,389	–	17,860	–
	112,250	59,701	120,387	39,488

	2020 \$ '000	2019 \$ '000
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund (2020 only)

External restrictions – included in liabilities

Other external restrictions

Developer contributions – general	266	232
Specific purpose unexpended grants (recognised as revenue) – general fund	1,289	1,466
Water supply	55,209	47,033
Sewerage services	64,969	59,405
Domestic waste management	2,406	2,516
Total external restrictions	125,639	110,652

Internal restrictions

Employees leave entitlement	2,342	2,288
Carry over projects (net of loans not taken up)	10,900	15,530
Deposits, retentions and bonds	3,771	4,317
Financial assistance grant received in advance	3,413	3,201
Prepaid burial contributions	1,846	1,812
Elections	253	188
Landfill rehabilitation	3,931	3,601
Tabletop community centre	4	4
Community Fund	14	79
MAMA philanthropy	276	343
Environmental Lands	4,173	–
Total internal restrictions	30,923	31,363

TOTAL RESTRICTIONS	156,562	142,015
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Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables

	2020 Current \$ '000	2020 Non-current \$ '000	2019 Current \$ '000	2019 Non-current \$ '000
Purpose				
Rates and annual charges	8,780	—	8,898	—
User charges and fees	11,313	—	12,117	—
Accrued revenues				
– Interest on investments	1,011	—	1,595	—
– Environmental lands	—	—	4,245	—
– Other income accruals	1,708	—	1,338	—
Government grants and subsidies	1,243	—	760	—
Other debtors	977	—	633	—
Total	25,032	—	29,586	—
Less: provision of impairment				
User charges and fees	(819)	—	(466)	—
Total provision for impairment – receivables	(819)	—	(466)	—
TOTAL NET RECEIVABLES	24,213	—	29,120	—

	2020 \$ '000	2019 \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	466	449
+ new provisions recognised during the year	469	105
– amounts already provided for and written off this year	(12)	—
– amounts provided for but recovered during the year	(104)	(88)
Balance at the end of the year	819	466

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.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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 2020

Note 8. Receivables (continued)

Where AlburyCity Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Rates and annual charges outstanding are secured against the property.

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 9. Inventories and other assets

	2020 Current \$ '000	2020 Non-current \$ '000	2019 Current \$ '000	2019 Non-current \$ '000
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(a) Inventories

(i) Inventories at cost

Real estate for resale	9,584	–	9,238	–
Stores and materials	792	–	785	–
TOTAL INVENTORIES	10,376	–	10,023	–

(b) Other assets

Prepayments	648	–	323	–
TOTAL OTHER ASSETS	648	–	323	–

(i) Other disclosures

	2020 Current \$ '000	2020 Non-current \$ '000	2019 Current \$ '000	2019 Non-current \$ '000
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(a) Details for real estate development

Residential	625	–	625	–
Industrial/commercial	8,959	–	8,613	–
Total real estate for resale	9,584	–	9,238	–

Represented by:

Acquisition costs	4,068	–	3,184	–
Development costs	5,516	–	6,054	–
Total costs	9,584	–	9,238	–

Total real estate for resale

9,584	–	9,238	–
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Movements:

Real estate assets at beginning of the year	9,238	–	7,870	–
– Purchases and other costs	346	–	1,368	–
Total real estate for resale	9,584	–	9,238	–

(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;

	2020 \$ '000	2019 \$ '000
Real estate for resale	6,719	7,379
	6,719	7,379

Notes to the Financial Statements

for the year ended 30 June 2020

Note 9. 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 2020

Note 10. Infrastructure, property, plant and equipment

	as at 30/06/19 ¹			Asset movements during the reporting period							as at 30/06/20		
	Gross carrying amount Restated \$ '000	Accumulated depreciation \$ '000	Net carrying amount Restated \$ '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/de crements to equity (ARF) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation \$ '000	Net carrying amount \$ '000
Capital work in progress	17,516	—	17,516	8,675	16,881	—	—	(10,332)	—	—	32,742	—	32,742
Plant and equipment	24,477	(11,881)	12,596	850	527	(150)	(1,184)	—	—	—	24,793	(12,154)	12,639
Office equipment	7,306	(5,915)	1,391	—	—	—	(334)	—	—	—	7,260	(6,203)	1,057
Furniture and fittings	4,330	(3,570)	760	—	—	—	(127)	—	—	—	4,330	(3,697)	633
Land:													
— Operational land	38,402	—	38,402	—	—	—	—	—	—	9,526	47,928	—	47,928
— Community land	40,843	—	40,843	—	—	(2)	—	—	—	35,009	75,849	—	75,849
— Crown land	5,355	—	5,355	—	—	—	—	—	—	5,404	10,759	—	10,759
— Land under roads (post 30/6/08)	709	—	709	—	43	—	—	—	—	—	753	—	753
Land improvements – non-depreciable	5,795	—	5,795	—	—	—	—	—	—	—	5,795	—	5,795
Land improvements – depreciable	48,889	(16,058)	32,831	6,594	268	—	(1,622)	5,027	—	—	60,777	(17,674)	43,103
Infrastructure:													
— Buildings	248,169	(132,073)	116,096	1,020	120	(8)	(5,026)	751	1,365	(2,222)	253,846	(141,750)	112,096
— Other structures	14,657	(5,919)	8,738	—	270	(5)	(497)	—	385	(983)	14,587	(6,679)	7,908
— Roads, bridges and footpaths	825,772	(279,529)	546,243	3,821	2,727	(280)	(10,947)	343	—	10,531	860,030	(307,591)	552,439
— Stormwater drainage	268,571	(67,417)	201,154	—	1,795	(51)	(2,319)	98	—	2,750	273,829	(70,401)	203,428
— Water supply network	462,613	(227,739)	234,874	2,957	1,448	(873)	(6,225)	4,066	—	5,324	476,147	(234,578)	241,569
— Sewerage network	370,186	(173,946)	196,240	2,318	896	(2)	(4,815)	47	—	2,789	375,219	(177,744)	197,475
Other assets:													
— Library books	3,300	(2,143)	1,157	—	209	—	(267)	—	—	—	3,509	(2,410)	1,099
— Other	7,795	(301)	7,494	—	236	—	(40)	—	—	—	8,026	(342)	7,684
Landfill rehabilitation and cell assets	18,436	(1,142)	17,294	—	—	—	(404)	—	176	—	18,611	(1,545)	17,066
Total Infrastructure, property, plant and equipment	2,413,121	(927,633)	1,485,488	26,235	25,420	(1,371)	(33,807)	—	1,926	68,128	2,554,790	(982,768)	1,572,022

(1) See Note 16(b) for details regarding the restatement as a result of prior period errors

Albury City Council

Notes to the Financial Statements
for the year ended 30 June 2020

Note 10. Infrastructure, property, plant and equipment (continued)

	as at 30/06/18		Asset movements during the reporting period										as at 30/06/19	
	Gross carrying amount Restated \$ '000	Accumulated depreciation Restated \$ '000	Net carrying amount Restated \$ '000	Additions renewals \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	Impairment revaluation decrements (recognised in P/L) \$ '000	WMP transfers in P/L \$ '000	Adjustments and transfers \$ '000	Revaluation increments to equity (ARF) \$ '000	Gross carrying amount Restated \$ '000	Accumulated depreciation Restated \$ '000	Net carrying amount Restated \$ '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)	–	–	–	282	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	(57,821)	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	12,263	(1,000)	11,263	–	–	–	(142)	–	–	6,173	–	18,436	(1,142)	17,294
Total Infrastructure, property, plant and equipment	2,160,504	(844,488)	1,316,016	24,251	36,731	(2,391)	(30,058)	(939)	–	6,173	135,707	2,413,121	(927,633)	1,485,488

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10. Infrastructure, property, plant and equipment (continued)

Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at fair value. Comprehensive 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 utilising Rawlinson Construction Handbook (Building Price index). Stormwater drainage, water and sewerage infrastructure was indexed utilising NSW Reference Rates Manual issued by the Department of Primary Industries (Office of Water). A full revaluation of Building assets was undertaken by a qualified valuer during 2019/20.

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 englobo methodology as a basis of valuation of Land Under Roads.

The englobo methodology of valuation utilises the average site value per square metre across the Council area reduced by a factor of 90% 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 2020

Note 10. 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 11. Intangible assets

Intangible assets are as follows:

	2020 \$ '000	2019 \$ '000
Water Licences		
Opening gross book value	2,278	2,625
Movements for the year		
– Other capitalised costs (market adjustment)	17	(347)
Closing values at 30 June 2020		
Gross book value	2,295	2,278
<u>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE</u>	<u>2,295</u>	<u>2,278</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.

Note 12. Contract assets and liabilities

	Notes	2020 Current \$ '000	2020 Non-current \$ '000
Contract liabilities			
Grants and contributions received in advance:			
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	2,465	–
Total grants received in advance		<u>2,465</u>	<u>–</u>
<u>Total contract liabilities</u>		<u>2,465</u>	<u>–</u>

Notes

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Contract assets and liabilities (continued)

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

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

	2020 Current \$ '000	2020 Non-current \$ '000
(i) Contract liabilities relating to restricted assets		
Externally restricted assets		
Unspent grants held as contract liabilities (excl. Water & Sewer)	1,500	—
Contract liabilities relating to externally restricted assets	1,500	—
Total contract liabilities relating to restricted assets	1,500	—
Total contract liabilities	2,465	—

Significant changes in contract assets and liabilities

The contract liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously income received in advance was recognised for reciprocal contracts. The increase in a contract liability is primarily due to grants in the scope of AASB 15 and capital grants received by Council to acquire or construct assets which will be under Council's control. Previously, revenue was recognised on receipt of the funds.

Accounting policy for contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before the payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.

When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

Note 13. Leases

The Council has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

(i) Council as a lessee

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

Terms and conditions of leases

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Leases (continued)

Buildings

Council leases land and buildings which are used for various of Council functions; the leases are generally between 5 and 25 years and some of them include a renewal option to allow Council to renew for up to twice the noncancellable lease term at their discretion.

The building leases contain an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

Plant & Equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 2 and 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

Extension options

Council includes options in the building leases to provide flexibility and certainty to Council operations and reduce costs of moving premises; and the extension options are at Council's discretion.

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

All potential future lease payments are included in lease liabilities as Council has assessed that the exercise of the options are reasonably certain.

	Plant & Equipment \$ '000	Land & Buildings \$ '000	Total \$ '000
(a) Right of use assets			
Opening balance at 30 June 2019	-	-	-
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	461	2,909	3,370
Depreciation charge	(187)	(289)	(476)
RIGHT OF USE ASSETS	274	2,620	2,894

	2020 Current \$ '000	2020 Non-current \$ '000
(b) Lease liabilities		
Lease liabilities	426	2,552
TOTAL LEASE LIABILITIES	426	2,552

(i) The maturity analysis

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

	< 1 year \$ '000	1 – 5 years \$ '000	> 5 years \$ '000	Total \$ '000	Total per Statement of Financial Position \$ '000
Cash flows	504	1,429	2,640	4,573	2,978

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Leases (continued)

	2020 Current \$ '000	2020 Non-current \$ '000
(ii) Lease liabilities relating to restricted assets		
Total lease liabilities relating to unrestricted assets	426	2,552
<u>Total lease liabilities</u>	<u>426</u>	<u>2,552</u>

	2020 \$ '000
--	-----------------

(c) Income Statement

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

Interest on lease liabilities	125
Income from sub-leasing right of use assets	67
Depreciation of right of use assets	476
Expenses relating to short-term leases	4
Expenses relating to low-value leases	147
	<u>819</u>

(d) Statement of Cash Flows

Total cash outflow for leases	549
	<u>549</u>

Leases at significantly below market value – concessionary / peppercorn leases

Council has a number of leases at significantly below market for land and buildings which are used for:

- tourism
- education
- child care centres
- public amenities

The leases are generally between 10 and 99 years and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

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

Accounting policy**Accounting policies under AASB 16 – applicable from 1 July 2019**

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Leases (continued)

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / concessionary leases

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

Accounting policy under AASB 117 and associated Accounting Interpretations (2019 only)

Refer to Note 5c and Note 14.

(ii) Council as a lessor

(e) Operating leases

Council leases out a number of properties to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E (refer in this note part (v) below) in the Statement of Financial Position.

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

	2020 \$ '000
(i) Operating lease income	
Other lease income	
External plant and equipment hire	41
Room/Facility Hire	977
Leaseback fees - council vehicles	360
Total income relating to operating leases	1,378

(iv) Maturity analysis of contractual lease income

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

< 1 year	799
1-2 years	671
2-3 years	609

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Leases (continued)

	2020 \$ '000
3–4 years	512
4–5 years	431
> 5 years	3,665
Total undiscounted contractual lease income receivable	6,687

Accounting policy

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

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

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

The lease income is recognised on a straight-line basis over the lease term. Council does not have any finance leases.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Payables and borrowings

	2020 Current \$ '000	2020 Non-current \$ '000	2019 Current \$ '000	2019 Non-current \$ '000
Payables				
Goods and services	4,759	–	6,615	–
Accrued expenses	5,076	–	5,500	–
Bonds, deposits and retentions	3,808	–	4,317	–
Total payables	13,643	–	16,432	–
Income received in advance				
Prepaid Burials	1,846	–	1,812	–
Prepaid Rates	3,338	–	2,788	–
Other	366	–	288	–
Total income received in advance	5,550	–	4,888	–
Borrowings				
Loans – secured	9,311	50,304	4,544	48,499
Total borrowings	9,311	50,304	4,544	48,499
TOTAL PAYABLES AND BORROWINGS	28,504	50,304	25,864	48,499

(a) Changes in liabilities arising from financing activities

	as at 30/06/19		Non-cash changes				as at 30/06/20
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	53,043	6,572	–	–	–	–	59,615
Lease liabilities	–	2,978	–	–	–	–	2,978
TOTAL	53,043	9,550	–	–	–	–	62,593

	as at 30/06/18		Non-cash changes				as at 30/06/19
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Other non-cash movement \$ '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 2020

Note 14. Payables and borrowings (continued)

	2020 \$ '000	2019 \$ '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	112	248
Total drawn financing arrangements	112	248
Undrawn facilities as at balance date:		
– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	1,888	1,752
Total undrawn financing arrangements	2,888	2,752

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.

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 2020

Note 15. Provisions

	2020 Current	2020 Non-current	2019 Current	2019 Non-current Restated
	\$ '000	\$ '000	\$ '000	\$ '000
Provisions				
Employee benefits				
Annual leave	3,407	–	3,320	–
Long service leave	5,425	537	6,146	579
Other				
Landfill Rehabilitation	1,106	19,130	1,154	19,242
TOTAL PROVISIONS	9,938	19,667	10,620	19,821

	2020 \$ '000	2019 \$ '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	5,409	5,338
	5,409	5,338

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

	Other provisions	
	Restated landfill rehabilitation \$ '000	Total ¹ \$ '000
At beginning of year	20,396	20,396
Changes to provision:		
– New disturbances to tip	(508)	(508)
– Revised discount rate	1,092	1,092
– Revised inflation rate	(409)	(409)
Unwinding of discount	121	121
Other	(456)	(456)
Total other provisions at end of year	20,236	20,236

(1) See Note 16(b) for details regarding the restatement as a result of prior period errors

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Provisions (continued)

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.

On-costs

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

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

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 5 (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 10. 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 2020

Note 16. Accumulated surplus, revaluation reserves, changes in accounting policies, accounting estimates and errors

(a) 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 and decrements of infrastructure, property, plant and equipment values due to their revaluation.

Other reserves

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

(b) Correction of errors relating to a previous reporting period

Nature of prior-period error

Council has previously recognised landfill site after-care costs as a contingent liability, as it was not considered reliably measurable. This information should have been available and the contingent liability was therefore incorrect. During the year AlburyCity engaged an independent third party to assist in estimating the future costs of after-care post-closure of the Albury Waste Management Centre. As a result of this analysis we have recognised an estimated provision of \$8.545M in today's dollars and have amended prior period comparatives required by Australian Accounting Standard AASB108. This prior period adjustment has been updated to this financial report by restating the Infrastructure, Property, Plant and Equipment and Non-current provision balances at the beginning of the earliest period presented (1 July 2018).

Changes to the opening Statement of Financial Position at 1 July 2018**Statement of Financial Position**

	Original Balance 1 July, 2018 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 1 July, 2018 \$ '000
Infrastructure, property, plant and equipment	1,307,471	8,545	1,316,016
Total assets	1,476,304	8,545	1,484,849
Non-current provisions	5,497	8,545	14,042
Total liabilities	81,006	8,545	89,551
Total equity	1,395,298	–	1,395,298

Adjustments to the comparative figures for the year ended 30 June 2019**Statement of Financial Position**

	Original Balance 30 June, 2019 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2019 \$ '000
Infrastructure, property, plant and equipment	1,476,943	8,545	1,485,488
Total assets	1,678,562	8,545	1,687,107
Non-current provisions	11,276	8,545	19,821
Total liabilities	96,259	8,545	104,804
Total equity	1,582,303	–	1,582,303

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Accumulated surplus, revaluation reserves, changes in accounting policies, accounting estimates and errors (continued)

(c) Changes in accounting policies due to adoption of new accounting standards (not-retrospective)

During the year ended 30 June 2020, the Council has adopted AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-profit Entities* and AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 *Construction Contracts*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 1004 *Contributions* and associated Accounting Interpretations.

All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The impacts of adopting these standards and associated transition disclosures are provided below:

AASB 16 Leases

Council as a lessee

Under AASB 117, Council assessed whether leases were operating or finance leases, based on its assessment of whether the significant risks and rewards of ownership had been transferred to Council or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low-value assets).

Council has used the exception to lease accounting for short-term leases and leases of low-value assets, and the lease expense relating to these leases is recognised in the Income Statement on a straight-line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition. Council has used the following expedients:

- Contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16.
- Lease liabilities have been discounted using the Council's incremental borrowing rate at 1 July 2019.
- Right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjustment by the any prepaid or accrued lease payments.
- A single discount rate was applied to all leases with similar characteristics.
- The right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset.
- Excluded leases with an expiry date prior to 30 June 2020 from the Statement of Financial Position, and lease expenses for these leases have been recorded on a straight-line basis over the remaining term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Financial statement impact of adoption of AASB 16

Council has recognised right-of-use assets and lease liabilities of \$3,369,448.07 at 1 July 2019 for leases previously classified as operating leases, or leases that are significantly below market value which were previously off balance sheet.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 4%.

	Balance at 1 July 2019
\$ '000	
Operating lease commitments at 30 June 2019 per Council financial statements	1,070

Reconciliation of lease liabilities recognised on adoption of AASB 16 Leases

Operating lease commitments discounted using the incremental borrowing rate at 1 July 2019	972
Add:	
Contracts not accounted for as operating lease commitments last year	2,247

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Accumulated surplus, revaluation reserves, changes in accounting policies, accounting estimates and errors (continued)

\$ '000	Balance at 1 July 2019
Finance lease liabilities	—
Extension options reasonably certain to be exercised not included in the commitments note	—
Variable lease payments linked to an index	—
Other	—
Less:	
Short-term leases included in commitments note	4
Leases for low-value assets included in commitments note	147
Other	—
Lease liabilities recognised at 1 July 2019	3,370

Council as a lessor

For the arrangements where Council is a lessor, there are no significant accounting policy changes on adoption of AASB 16 except for sub-leases, which have now been classified in relation to the right-of-use asset under the head lease rather than the underlying asset.

Statement of Financial Position

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Rights-of-use assets	—	3,369	3,369
Total assets	1,687,107	3,369	1,690,476
Payables – accrued interest on leases (30/6/2019)	—	37	37
Leases	—	3,365	3,365
Total liabilities	104,804	3,402	108,206
Accumulated surplus	—	(33)	(33)
Total equity	1,582,303	(33)	1,582,270

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Statement of Cash Flows information

	2020 \$ '000	2019 \$ '000
(a) Reconciliation of net operating result to cash provided from operating activities		
Net operating result from Income Statement	19,879	51,645
Depreciation and amortisation	34,283	30,058
Losses/(gains) on disposal of assets	956	2,135
Non-cash capital grants and contributions	(5,647)	(23,594)
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	121	106
Share of net (profits) or losses of joint ventures	–	14
Movement in operating assets and liabilities:		
Decrease/(increase) in receivables	4,554	(4,259)
Increase/(decrease) in provision for impairment of receivables	353	17
Decrease/(increase) in inventories	(7)	(63)
Decrease/(increase) in other current assets	(325)	142
Increase/(decrease) in payables	(1,856)	1,702
Increase/(decrease) in accrued interest payable	(37)	–
Increase/(decrease) in other accrued expenses payable	(424)	1,450
Increase/(decrease) in other liabilities	153	1,235
Increase/(decrease) in contract liabilities	2,465	–
Increase/(decrease) in provision for employee benefits	(676)	133
Increase/(decrease) in other provisions	(1,373)	6,173
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	52,419	67,833
(b) Non-cash investing and financing activities		
Environmental Lands	–	6,040
Developer contributions 'in kind' (General Fund)	2,745	13,332
Developer contributions 'in kind' (Water Fund)	379	1,546
Developer contributions 'in kind' (Sewer Fund)	568	2,336
Newly Realised Assets	1,750	–
Other dedications	205	340
Total non-cash investing and financing activities	5,647	23,594

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Interests in other entities

(a) Summarised financial information for individually immaterial joint ventures

Council had 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.

	2020 \$ '000	2019 \$ '000
Council's share in profit/(loss) from continuing operations	—	(14)

(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.

	2020 \$ '000	2019 \$ '000
Carrying amount	2	1
Council's share in profit/(loss) from continuing operations	(2)	(1)

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Commitments

	2020	2019
	\$ '000	\$ '000

(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	3,983	1,435
Environmental Investigation - SPS 01 and Surrounds	–	195
Flight information display system	–	31
Lavington Sports Ground - Grandstand & Amenities Building	1,746	10,971
Leachate Treatment Facility	–	648
Ross Circuit Drain Balston Street Drain	–	36
South Albury Active Space Construction	–	655
Riverside Precinct Detailed Design	152	–
Kerr Road Reconstruction Stage 6	2,882	–
Elizabeth Mitchell / Thurgoona Drive Intersection	3,096	–
Detailed Design for Lauren Jackson Sports Centre	138	–
Wagga Road Stages 2A & 2B Beautification	1,287	–
Ettamogah Sewerage Augmentation	966	–
Total commitments	14,250	13,971

These expenditures are payable as follows:

Within the next year	14,250	13,971
Total payable	14,250	13,971

(b) Non-cancellable operating lease commitments (2019 only)**a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:**

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

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

Refer to Note 13 for information relating to leases for 2020.

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 2020

Note 20. Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

Division B	1.9 times employee contributions
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 2020 was \$700,496. The last valuation of the Scheme was performed by the Actuary, Mr Richard Boyfield, FIAA on 30 June 2019.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Contingencies (continued)

The amount of additional contributions included in the total employer contribution advised above is \$410,000. Council's expected contribution to the plan for the next annual reporting period is \$688,327.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2020 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	1,695.2	
Past Service Liabilities	1,773.2	95.6%
Vested Benefits	1,757.5	96.5%

* 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.

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Contingencies (continued)

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 2020

Note 21. 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 s.625 of 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
2020				
Possible impact of a 1% movement in interest rates	1,720	1,720	(1,720)	(1,720)
2019				
Possible impact of a 1% movement in interest rates	1,599	1,599	(1,599)	(1,599)

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. 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 due \$ '000	Due \$ '000	Total \$ '000
2020			
Overdue	6,835	1,945	8,780
2019			
Overdue	7,467	1,431	8,898

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 2020 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
2020						
Gross carrying amount	13,082	386	819	403	1,562	16,252
Expected loss rate (%)	1.82%	1.82%	1.82%	1.82%	35.34%	5.04%
ECL provision	238	7	15	7	552	819
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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Financial risk management (continued)

(c) Liquidity risk

Payables, lease liabilities 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
2020							
Trade/other payables	0.00%	3,808	9,997	–	–	13,805	13,643
Borrowings	4.80%	–	6,513	24,540	39,342	70,395	59,615
Total financial liabilities		<u>3,808</u>	<u>16,510</u>	<u>24,540</u>	<u>39,342</u>	<u>84,200</u>	<u>73,258</u>
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		<u>4,317</u>	<u>18,767</u>	<u>21,632</u>	<u>35,228</u>	<u>79,944</u>	<u>69,475</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Material budget variations

Council's original financial budget for 19/20 was adopted by the Council on 11/06/2019 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	2020 Budget	2020 Actual	2020 ----- Variance -----		
REVENUES					
Rates and annual charges	68,578	69,757	1,179	2%	F
User charges and fees	42,088	40,248	(1,840)	(4)%	U
Other revenues	4,771	2,200	(2,571)	(54)%	U
This variance is due to the adoption of AASB 16 Leases which resulted in rental income of \$1.4M moving out of other revenues into its own income category below. In addition, as a result of COVID-19 there has been a reduction in various revenue streams, including the Albury Entertainment Centre.					
Operating grants and contributions	13,548	10,666	(2,882)	(21)%	U
Environmental Lands contribution from the NSW Government budgeted to be received in 2019/20 but recognised for accounting purposes in the prior year.					
Capital grants and contributions	14,854	16,932	2,078	14%	F
Non-cash asset dedications of \$5.4 million were recognised which were not budgeted for as the amount is difficult to predict.					
Interest and investment revenue	4,349	3,911	(438)	(10)%	U
Rental income	–	1,378	1,378	∞	F

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Material budget variations

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----		
EXPENSES					
Employee benefits and on-costs	39,297	40,499	(1,202)	(3)%	U
Due to understating budgeted employee costs allocated to maintenance jobs compared to capital projects.					
Borrowing costs	2,995	2,895	100	3%	F
Materials and contracts	33,783	34,544	(761)	(2)%	U
Depreciation and amortisation	31,139	34,283	(3,144)	(10)%	U
Other expenses	10,833	12,036	(1,203)	(11)%	U
This variance is due to increased electricity and gas expenditure \$320K, along with an increase in doubtful debts (driven by COVID-19) of \$298K. There have also been various other minor variances.					
Net losses from disposal of assets	-	956	(956)	∞	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.					
STATEMENT OF CASH FLOWS					
Cash flows from operating activities	62,380	52,419	(9,961)	(16)%	U
Cash flows from investing activities	(54,706)	(60,414)	(5,708)	10%	U
This increase compared to budget is due to the purchase of additional investments for \$14 million.					
Cash flows from financing activities	7,011	6,106	(905)	(13)%	U
This variance is due to the adoption of AASB 16 Leases which has resulted in cashflows associated with lease payments moving from operating cash flows to financing cash flows.					

Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. Fair Value Measurement

The Council measures the following assets and liabilities 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

2020	Date of latest valuation	Fair value measurement hierarchy			Total
		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					
– Plant and equipment	Various	–	–	12,639	12,639
– Office equipment, furniture & fittings	Various	–	–	1,690	1,690
– Land – operational	30/06/20	–	–	47,928	47,928
– Land – community	30/06/20	–	–	86,608	86,608
– Land under roads	30/06/15	–	–	753	753
– Land improvements – non depreciable	Various	–	–	5,795	5,795
– Land improvements – depreciable	Various	–	–	43,103	43,103
– Buildings	30/06/20	–	–	112,096	112,096
– Other structures	30/06/20	–	–	7,908	7,908
– Roads, bridges and footpaths	30/06/20	–	–	552,439	552,439
– Stormwater drainage	30/06/20	–	–	203,428	203,428
– Water supply networks	30/06/20	–	–	241,569	241,569
– Sewerage network	30/06/20	–	–	197,475	197,475
– Landfill rehabilitation and cell assets	30/06/20	–	–	17,066	17,066
– Library books	Various	–	–	1,099	1,099
– Other	Various	–	–	7,684	7,684
Total infrastructure, property, plant and equipment		–	–	1,539,280	1,539,280
Intangible Assets					
Water Licence	30/06/20	2,295	–	–	2,295
Total Intangible Assets		2,295	–	–	2,295

Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. Fair Value Measurement (continued)

2019	Date of latest valuation	Fair value measurement hierarchy			Total Restated
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
-- 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	—	—	17,294	17,294
-- Library books	Various	—	—	1,157	1,157
-- Other	Various	—	—	7,494	7,494
Total infrastructure, property, plant and equipment		—	—	1,332,597	1,332,597
Intangible Assets					
Water Licence	30/06/19	2,278	—	—	2,278
Total Intangible Assets		2,278	—	—	2,278

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 2020

Note 23. 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 2020.

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 used Valuer General valuations for Community Land as at 30/06/2020.

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

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. Fair Value Measurement (continued)

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 2020 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.

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 2020 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.

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.

A full revaluation of Road Assets was undertaken in 2018/19. During 2019/20 Road assets have been indexed utilising Rawlinson Construction Handbook (Building Price Index).

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 2020 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 in 2020 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 in 2020 using the Department of Primary Industries - Office of Water NSW reference rates manual.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. 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 2020

Note 23. 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
2019					
Opening balance	11,506	2,251	37,283	38,993	524
Opening Balance Correction	–	–	–	–	–
Transfers from/(to) another asset class	–	–	–	–	–
Purchases (GBV)	2,474	350	–	–	186
Newly Realised Assets	–	–	–	–	–
Disposals (WDV)	(328)	–	–	–	–
Depreciation and impairment	(1,056)	(450)	–	–	–
Revaluation	–	–	1,119	1,165	–
Increase in Landfill Rehabilitation Provision	–	–	–	–	–
Closing balance	12,596	2,151	38,402	40,158	710
2020					
Opening balance	12,596	2,151	38,402	40,158	710
Opening Balance Correction	–	–	–	6,040	–
Transfers from/(to) another asset class	–	–	–	–	–
Purchases (GBV)	1,377	–	–	–	43
Newly Realised Assets	–	–	–	–	–
Disposals (WDV)	(150)	–	–	(2)	–
Depreciation and impairment	(1,184)	(461)	–	–	–
Revaluation	–	–	9,526	40,413	–
Increase in Landfill Rehabilitation Provision	–	–	–	–	–
Closing balance	12,639	1,690	47,928	86,609	753

	Land improvement s – non depreciable \$ '000	Land improvement s – depreciable \$ '000	Buildings \$ '000	Other structures \$ '000	Roads \$ '000
2019					
Opening balance	1,795	29,545	112,555	7,095	445,616
Opening Balance Correction	–	–	–	–	–
Transfers from/(to) another asset class	–	–	–	–	–
Purchases (GBV)	4,000	4,563	5,134	1,807	18,151
Newly Realised Assets	–	–	–	–	–
Disposals (WDV)	–	–	(545)	–	(341)
Depreciation and impairment	–	(1,277)	(4,871)	(426)	(8,630)
Revaluation	–	–	3,823	262	–
Increase in Landfill Rehabilitation Provision	–	–	–	–	–
Closing balance	5,795	32,831	116,096	8,738	454,796

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. Fair Value Measurement (continued)

	Land improvements – non depreciable \$ '000	Land improvements – depreciable \$ '000	Buildings \$ '000	Other structures \$ '000	Roads \$ '000
2020					
Opening balance	5,795	32,831	116,096	8,738	454,796
Opening Balance Correction	–	–	–	–	91,447
Transfers from/(to) another asset class	–	–	–	–	–
Purchases (GBV)	–	11,894	1,891	270	6,891
Newly Realised Assets	–	–	1,365	385	–
Disposals (WDV)	–	–	(8)	(5)	(280)
Depreciation and impairment	–	(1,622)	(5,026)	(497)	(10,947)
Revaluation	–	–	(2,222)	(983)	10,531
Increase in Landfill Rehabilitation Provision	–	–	–	–	–
Closing balance	5,795	43,103	112,096	7,908	552,438

Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. Fair Value Measurement (continued)

	Drainage	Water	Sewer	Landfill rehabilitation Restated	Library books
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
2019					
Opening balance	178,053	218,698	193,794	11,263	1,205
Opening Balance Correction	—	—	—	—	—
Transfers from/(to) another asset class	—	—	—	6,173	—
Purchases (GBV)	6,121	6,812	5,010	—	198
Newly Realised Assets	—	—	—	—	—
Disposals (WDV)	(21)	(1,118)	(38)	—	—
Depreciation and impairment	(2,024)	(6,200)	(4,706)	(142)	(246)
Revaluation	—	—	—	—	—
Increase in Landfill Rehabilitation Provision	—	—	—	—	—
Closing balance	182,129	218,192	194,060	17,294	1,157
2020					
Opening balance	182,129	218,192	194,060	17,294	1,157
Opening Balance Correction	19,025	16,682	2,182	—	—
Transfers from/(to) another asset class	—	—	47	—	—
Purchases (GBV)	1,893	8,471	3,214	—	209
Newly Realised Assets	—	—	—	—	—
Disposals (WDV)	(51)	(873)	(2)	—	—
Depreciation and impairment	(2,319)	(6,225)	(4,815)	(404)	(267)
Revaluation	2,750	5,324	2,789	—	—
Increase in Landfill Rehabilitation Provision	—	—	—	176	—
Closing balance	203,427	241,571	197,475	17,066	1,099
				Other	Total
				\$ '000	\$ '000
2019					
Opening balance				7,959	1,298,135
Opening Balance Correction				—	—
Transfers from/(to) another asset class				—	6,173
Purchases (GBV)				503	55,309
Newly Realised Assets				—	—
Disposals (WDV)				—	(2,391)
Depreciation and impairment				(29)	(30,057)
FV gains – other comprehensive income				(939)	5,430
Increase in Landfill Rehabilitation Provision				—	—
Closing balance				7,494	1,332,599
2020					
Opening balance				7,494	1,332,599
Opening Balance Correction				—	135,376
Transfers from/(to) another asset class				—	47
Purchases (GBV)				230	36,383
Newly Realised Assets				—	1,750
Disposals (WDV)				—	(1,371)
Depreciation and impairment				(40)	(33,807)

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. Fair Value Measurement (continued)

	Other \$ '000	Total \$ '000
FV gains – other comprehensive income	–	68,128
Increase in Landfill Rehabilitation Provision	–	176
Closing balance	7,684	1,539,281

Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. 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.

Albury City Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 24. Related party disclosures

(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 Deputy Chief Executive Officers.

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

	2020 \$ '000	2019 \$ '000
Compensation:		
Short-term benefits	1,270	2,170
Post-employment benefits	91	177
Other long-term benefits	27	49
Total	1,388	2,396

(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 18.

Albury City Council

Notes to the Financial Statements for the year ended 30 June 2020

Note 25. Events occurring after the reporting date

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

Albury City Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 26. 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 30/06/19	Contributions received during the year				Interest earned in year \$ '000	Expenditure during year \$ '000	Internal borrowing (to)/from \$ '000	as at 30/06/20	Cumulative internal borrowings due/(payable) \$ '000
	Opening Balance \$ '000	Cash \$ '000	Non-cash \$ '000						Held as restricted asset \$ '000	
Drainage	9	9	—	—	—	—	—	—	18	—
Roads	—	210	—	—	—	(210)	—	—	—	—
Parking	223	—	—	5	—	—	—	—	228	—
Open space	—	70	—	—	—	(70)	—	—	—	—
Community facilities	—	109	—	—	—	(109)	—	—	—	—
Thurgoona/Wirringa	—	712	—	—	—	(712)	—	—	—	—
Hamilton Valley	—	4	—	—	—	—	—	—	4	—
\$7.11 contributions – under a plan	232	1,114	—	5	—	(1,101)	—	—	250	—
\$7.12 levies – under a plan	—	413	—	—	—	(413)	—	—	—	—
Total \$7.11 and \$7.12 revenue under plans	232	1,527	—	5	—	(1,514)	—	—	250	—
\$7.11 not under plans	—	2,038	—	—	—	(2,022)	—	—	16	—
Total contributions	232	3,565	—	5	—	(3,536)	—	—	266	—

Notes to the Financial Statements

for the year ended 30 June 2020

Note 27. Result by fund

	General ¹ 2020 \$ '000	Water 2020 \$ '000	Sewer 2020 \$ '000
Income Statement by fund			
Income from continuing operations			
Rates and annual charges	48,356	4,008	17,393
User charges and fees	23,051	13,455	3,742
Interest and investment revenue	1,262	1,293	1,356
Other revenues	1,866	175	159
Grants and contributions provided for operating purposes	10,666	–	–
Grants and contributions provided for capital purposes	13,131	1,182	2,619
Rental income	1,378	–	–
Total income from continuing operations	99,710	20,113	25,269
Expenses from continuing operations			
Employee benefits and on-costs	36,529	1,783	2,187
Borrowing costs	2,509	–	386
Materials and contracts	29,206	2,283	3,055
Depreciation and amortisation	23,101	6,276	4,906
Other expenses	3,666	3,465	4,905
Net losses from the disposal of assets	81	873	2
Revaluation decrement	–	–	–
Share of interests in joint ventures and associates using the equity method	–	–	–
Total expenses from continuing operations	95,092	14,680	15,441
Net operating result for the year	4,618	5,433	9,828
Net operating result for the year before grants and contributions provided for capital purposes	(8,513)	4,251	7,209

(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 2020

Note 27. Result by fund (continued)

	General ¹ 2020 \$ '000	Water 2020 \$ '000	Sewer 2020 \$ '000
Statement of Financial Position by fund			
ASSETS			
Current assets			
Cash and cash equivalents	6,849	—	—
Investments	42,039	35,132	28,230
Receivables	9,017	7,094	8,102
Inventories	10,110	247	19
Contract assets	—	—	—
Contract cost assets	—	—	—
Other	648	—	—
Total current assets	68,663	42,473	36,351
Non-current assets			
Investments	2,885	20,077	36,739
Contract assets	—	—	—
Contract cost assets	—	—	—
Infrastructure, property, plant and equipment	1,112,446	248,675	210,901
Intangible assets	214	2,081	—
Right of use assets	2,894	—	—
Total non-current assets	1,118,439	270,833	247,640
TOTAL ASSETS	1,187,102	313,306	283,991
LIABILITIES			
Current liabilities			
Payables	12,727	778	138
Income received in advance	3,931	1,487	132
Contract liabilities	2,465	—	—
Lease liabilities	426	—	—
Borrowings	8,889	—	422
Provisions	9,204	363	371
Total current liabilities	37,642	2,628	1,063
Non-current liabilities			
Contract liabilities	—	—	—
Lease liabilities	2,552	—	—
Borrowings	45,497	—	4,807
Provisions	19,616	23	28
Total non-current liabilities	67,665	23	4,835
TOTAL LIABILITIES	105,307	2,651	5,898
Net assets	1,081,795	310,655	278,093
EQUITY			
Accumulated surplus	473,675	193,150	191,435
Revaluation reserves	608,120	117,505	86,658
Total equity	1,081,795	310,655	278,093

(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 2020

Note 28(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2020	Indicator 2020	2019	Prior periods 2018	2017	Benchmark
1. Operating performance ratio						
Total continuing operating revenue excluding capital grants and contributions less operating expenses	3,903	3.05%	13.69%	15.17%	16.80%	>0.00%
Total continuing operating revenue excluding capital grants and contributions	128,160					
2. Own source operating revenue ratio						
Total continuing operating revenue excluding all grants and contributions	117,494	80.98%	70.83%	79.47%	81.00%	>60.00%
Total continuing operating revenue	145,092					
3. Unrestricted current ratio						
Current assets less all external restrictions	59,368	1.93x	2.41x	2.43x	3.30x	>1.50x
Current liabilities less specific purpose liabilities	30,733					
4. Debt service cover ratio						
Operating result before capital excluding interest and depreciation/impairment/amortisation	41,081	5.17x	7.58x	7.20x	7.10x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	7,939					
5. Rates, annual charges, interest and extra charges outstanding percentage						
Rates, annual and extra charges outstanding	8,780	11.13%	11.48%	12.70%	10.80%	<10.00%
Rates, annual and extra charges collectible	78,895					
6. Cash expense cover ratio						
Current year's cash and cash equivalents plus all term deposits	171,951	18.67	22.32	18.56	16.18	>3.00
Monthly payments from cash flow of operating and financing activities	9,212	mths	mths	mths	mths	mths

Albury City Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 28(b). Statement of performance measures – by fund

	General Indicators ¹		Water Indicators		Sewer Indicators		Benchmark
\$ '000	2020	2019	2020	2019	2020	2019	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses	(8.73)%	5.98%	22.46%	24.95%	31.83%	35.19%	>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	76.13%	65.48%	94.12%	85.06%	89.64%	82.93%	>60.00%
Total continuing operating revenue							
3. Unrestricted current ratio							
Current assets less all external restrictions	1.93x	2.41x	16.16x	13.63x	34.20x	26.30x	>1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation	2.86x	5.23x	∞	∞	7.98x	8.46x	>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	2.89%	2.33%	26.55%	27.65%	24.88%	27.53%	<10.00%
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	7.16	9.57	62.93	71.80	58.73	64.70	>3.00
Payments from cash flow of operating and financing activities	mths	mths	mths	mths	mths	mths	mths

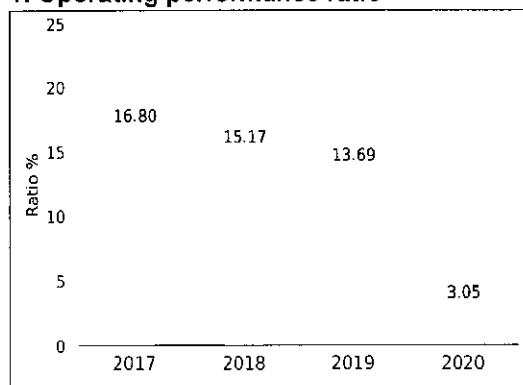
(1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 28(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 2019/20 result

2019/20 ratio 3.05%

The reduction during 2019/20 is mainly due to;

- Environmental Lands one off contribution received in 2018/19
- an increase in depreciation expense due to the revaluation of assets
- a decrease in revenue from fees & charges due to COVID-19

The 2019/20 ratio remains above the minimum benchmark.

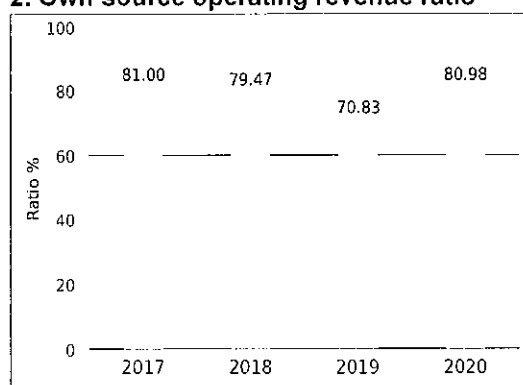
Benchmark: — > 0.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

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 2019/20 result

2019/20 ratio 80.98%

AlburyCity's own source revenue including rates and charges has been maintained above the minimum benchmark. The decrease in the prior year relates to an Environmental Lands contribution from the NSW Government.

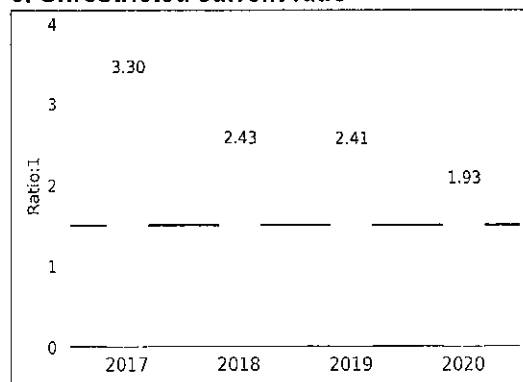
Benchmark: — > 60.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

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 2019/20 result

2019/20 ratio 1.93x

The General Fund has maintained adequate working capital which includes internally restricted cash and investments.

Benchmark: — > 1.50x

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

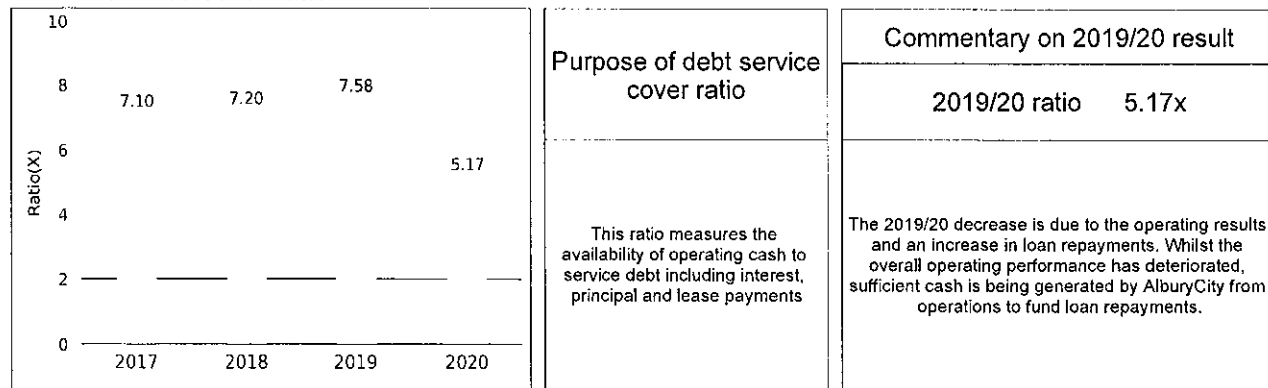
Ratio is outside benchmark

Notes to the Financial Statements

for the year ended 30 June 2020

Note 28(c). Statement of performance measures – consolidated results (graphs)

4. Debt service cover ratio



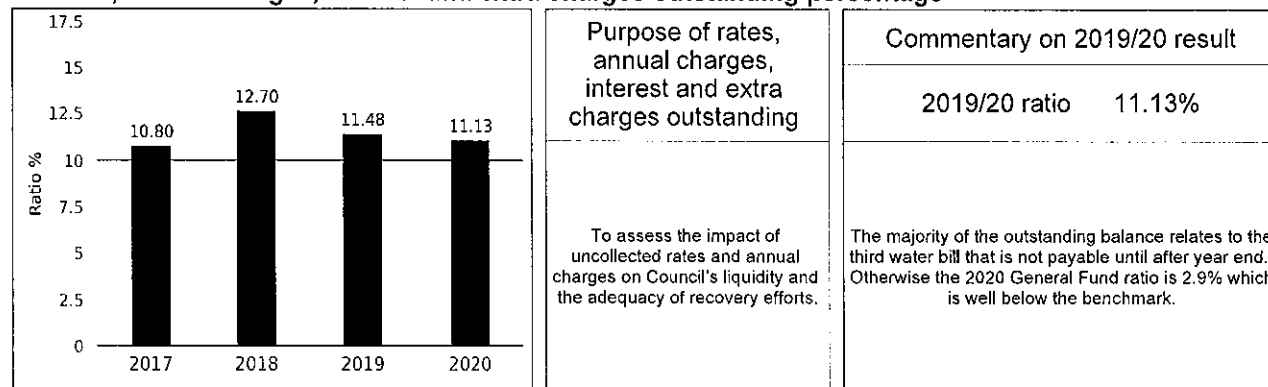
Benchmark: — > 2.00x

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio is outside benchmark

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



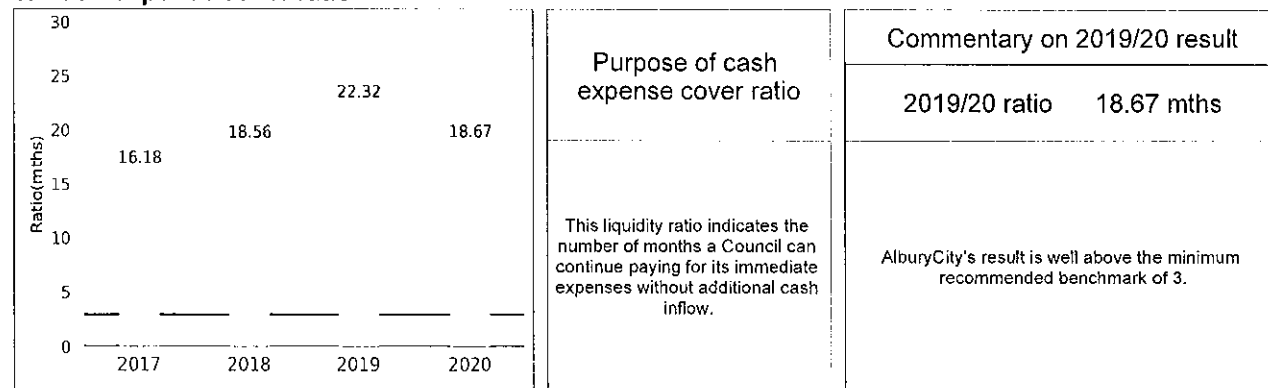
Benchmark: — < 10.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio is outside benchmark

6. Cash expense cover ratio



Benchmark: — > 3.00mths

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio is outside benchmark

General Purpose Financial Statements
for the year ended 30 June 2020

General Purpose Financial Statements
for the year ended 30 June 2020
