Albury City Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2021

AlburyCity

Albury City Council

General Purpose Financial Statements

for the year ended 30 June 2021

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Independent Auditor's Reports:	**n/a**

Overview

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

553 Kiewa Street
Albury NSW 2640

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

Albury City Council

General Purpose Financial Statements

for the year ended 30 June 2021

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

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

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

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

- present fairly the AlburyCity Council's operating result and financial position for the year
- accord with Albury City 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 22 November 2021.

Kylie King
Mayor
31 March 2022

Steve Bowen
Deputy Mayor
31 March 2022

Frank Zaknich
Chief Executive Officer
31 March 2022

Justin Finlayson
Responsible Accounting Officer
31 March 2022

Albury City Council

Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021 $ '000		Notes	Actual 2021 $ '000	Actual 2020 $ '000
	Income from continuing operations			
69,463	Rates and annual charges	B2-1	**70,008**	69,757
40,368	User charges and fees	B2-2	**39,445**	40,248
3,915	Other revenue	B2-3	**1,535**	2,200
9,058	Grants and contributions provided for operating purposes	B2-4	**15,693**	10,666
12,077	Grants and contributions provided for capital purposes	B2-4	**27,541**	16,932
3,381	Interest and investment revenue	B2-5	**2,589**	3,911
–	Other income	B2-6	**1,544**	1,378
1,626	Net gains from the disposal of assets	B4-1	**–**	–
139,888	**Total income from continuing operations**		**158,355**	145,092
	Expenses from continuing operations			
41,405	Employee benefits and on-costs	B3-1	**43,413**	40,499
32,099	Materials and services	B3-2	**48,848**	44,166
2,739	Borrowing costs	B3-3	**2,652**	2,895
34,583	Depreciation, amortisation and impairment for non-financial assets	B3-4	**37,534**	34,283
15,272	Other expenses	B3-5	**1,783**	2,414
–	Net losses from the disposal of assets	B4-1	**1,307**	956
126,098	**Total expenses from continuing operations**		**135,537**	125,213
13,790	Net operating result for the year attributable to Council		**22,818**	19,879
1,714	**Net operating result for the year before grants and contributions provided for capital purposes**		**(4,723)**	2,947

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

Albury City Council

Statement of Comprehensive Income

for the year ended 30 June 2021

	Notes	2021 $ '000	2020 $ '000
Net operating result for the year (from Income Statement)		**22,818**	**19,879**
Other comprehensive income:			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	**33,245**	68,128
Adjustment to correct prior period errors		**–**	249
Total items that will not be reclassified subsequently to the operating result		**33,245**	68,377
Amounts that will be reclassified subsequently to the operating result when specific conditions are met			
Water licence market adjustment		**2,371**	17
Other movements		**–**	(249)
Total items that will be reclassified subsequently to the operating result when specific conditions are met		**2,371**	(232)
Total other comprehensive income for the year		**35,616**	68,145
Total comprehensive income for the year attributable to Council		**58,434**	88,024

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

Albury City Council

Statement of Financial Position

as at 30 June 2021

	Notes	2021 $ '000	2020 $ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	**23,198**	6,849
Investments	C1-2	**96,700**	105,401
Receivables	C1-4	**26,876**	24,213
Inventories	C1-5	**10,754**	10,376
Other	C1-8	**841**	648
Total current assets		**158,369**	147,487
Non-current assets			
Investments	C1-2	**62,175**	59,701
Infrastructure, property, plant and equipment	C1-6	**1,615,141**	1,572,022
Intangible Assets	C1-7	**4,665**	2,295
Right of use assets	C2-1	**3,158**	2,894
Total non-current assets		**1,685,139**	1,636,912
Total assets		**1,843,508**	1,784,399
LIABILITIES			
Current liabilities			
Payables	C3-1	**14,819**	13,643
Income received in advance	C3-1	**4,885**	5,550
Contract liabilities	C3-2	**5,400**	2,465
Lease liabilities	C2-1	**422**	426
Borrowings	C3-3	**4,274**	9,311
Employee benefit provisions	C3-4	**10,125**	8,832
Provisions	C3-5	**–**	1,106
Total current liabilities		**39,925**	41,333
Non-current liabilities			
Lease liabilities	C2-1	**2,851**	2,552
Borrowings	C3-3	**50,967**	50,304
Employee benefit provisions	C3-4	**426**	537
Provisions	C3-5	**20,362**	19,130
Total non-current liabilities		**74,606**	72,523
Total liabilities		**114,531**	113,856
Net assets		**1,728,977**	1,670,543
EQUITY			
Accumulated surplus	C4-1	**881,078**	858,260
IPPE revaluation reserve	C4-1	**847,899**	812,283
Total equity		**1,728,977**	1,670,543

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 2021

	Notes	as at 30/06/21 Accumulated surplus $ '000	as at 30/06/21 IPPE revaluation reserve $ '000	as at 30/06/21 Total equity $ '000	as at 30/06/20 Accumulated surplus $ '000	as at 30/06/20 IPPE revaluation reserve $ '000	as at 30/06/20 Total equity $ '000
Opening balance at 1 July		**858,260**	**812,283**	**1,670,543**	838,414	743,889	1,582,303
Changes due to AASB 16 adoption		**–**	**–**	**–**	(33)	–	(33)
Restated opening balance		**858,260**	**812,283**	**1,670,543**	838,381	743,889	1,582,270
Net operating result for the year		**22,818**	**–**	**22,818**	19,879	–	19,879
Net operating result for the period		**22,818**	**–**	**22,818**	19,879	–	19,879
Other comprehensive income							
Correction of prior period errors		**–**	**–**	**–**	–	249	249
Gain (loss) on revaluation of infrastructure, property, plant & equipment	C1-6	**–**	**33,245**	**33,245**	–	68,128	68,128
Gain (loss) on revaluation of Water Licence		**–**	**2,371**	**2,371**	–	17	17
Total comprehensive income		**22,818**	**35,616**	**58,434**	19,879	68,394	88,273
Closing balance		**881,078**	**847,899**	**1,728,977**	858,260	812,283	1,670,543

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

Albury City Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021 $ '000		Notes	Actual 2021 $ '000	Actual 2020 $ '000
	Cash flows from operating activities			
	Receipts:			
69,334	Rates and annual charges		**68,943**	69,875
40,766	User charges and fees		**38,319**	43,224
4,018	Investment and interest revenue received		**2,851**	4,495
21,218	Grants and contributions		**42,600**	24,789
–	Bonds, deposits and retention amounts received		**153**	–
3,877	Other		**1,595**	15,532
	Payments:			
(40,874)	Employee benefits and on-costs		**(42,231)**	(41,267)
(33,441)	Materials and services		**(49,331)**	(40,759)
(2,668)	Borrowing costs		**(1,614)**	(2,811)
–	Deposits and retentions refunded		**–**	(509)
(15,252)	Other		**(1,336)**	(20,150)
46,978	**Net cash provided from (or used in) operating activities**	G1-1a	**59,949**	52,419
	Cash flows from investing activities			
	Receipts:			
–	Sale of investment securities		**727**	–
2,865	Sale of real estate assets		**–**	–
–	Sale of infrastructure, property, plant and equipment		**305**	416
	Payments:			
–	Purchase of investments		**–**	(13,965)
–	Acquisition of term deposits		**5,500**	–
(52,380)	Purchase of infrastructure, property, plant and equipment		**(44,937)**	(46,519)
(1,900)	Purchase of real estate assets		**(373)**	(346)
(51,415)	**Net cash provided from (or used in) investing activities**		**(38,778)**	(60,414)
	Cash flows from financing activities			
	Receipts:			
8,600	Borrowings		**4,935**	11,150
	Payments:			
(4,620)	Repayment of borrowings		**(9,309)**	(4,578)
–	Principal component of lease payments		**(449)**	(466)
3,980	**Net cash flow provided from (used in) financing activities**		**(4,823)**	6,106
(457)	**Net change in cash and cash equivalents**		**16,348**	(1,889)
49,399	Cash and cash equivalents at the beginning of reporting period		**6,849**	8,738
48,942	Cash and cash equivalents at the end of reporting period	C1-1	**23,197**	6,849
105,137	plus: Investments – end of year	C1-2	**158,875**	165,102
154,079	Total cash, cash equivalents and investments		**182,072**	171,951

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

Albury City Council

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A About Council and these financial statements

A1-1 Basis of preparation

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

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

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

The Council is a not-for-profit entity.

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

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain 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.

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 C1-5,

(ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6,

(iii) estimated fair value of intangible assets (water licence) – refer Note C1-7,

(iv) estimated landfill remediation provisions – refer Note C3-5,

(v) employee benefit provisions – refer Note C3-4,

Significant judgements in applying the Council's accounting policies

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

Monies and other assets received by Council

The Consolidated Fund
In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (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.

continued on next page ...

A1-1 Basis of preparation (continued)

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

- General purpose operations
- Water supply
- Sewerage service

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. Council relies on local community members to assist with the hosting of community events throughout the year. This service is on a volunteer basis and as such the service income can't be reliably measured and not material to disclose in financial statement.

New accounting standards and interpretations issued not yet effective

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

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

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

New accounting standards adopted during the year

During the year, Council did not adopt any new accounting standards.

B Financial Performance

B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	$ '000	$ '000	**$ '000**	$ '000	**$ '000**	$ '000	**$ '000**	$ '000	**$ '000**	$ '000
Functions or activities										
A Growing Sustainable Economy	**112,863**	108,483	**88,332**	82,342	**24,531**	26,141	**24,912**	16,397	**1,523,621**	1,492,913
An Enhanced Natural Environment	**21,523**	17,897	**18,597**	17,163	**2,926**	734	**1,949**	871	**30,676**	30,620
A Caring Community	**14,226**	11,277	**19,498**	18,605	**(5,272)**	(7,328)	**8,529**	5,561	**193,304**	189,681
A Leading Community	**9,743**	7,435	**9,110**	7,103	**633**	332	**7,844**	5,583	**95,907**	71,185
Total functions and activities	**158,355**	145,092	**135,537**	125,213	**22,818**	19,879	**43,234**	28,412	**1,843,508**	1,784,399

B1-2 Components of functions or activities

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

B2 Sources of income

B2-1 Rates and annual charges

	2021 $ '000	2020 $ '000
Ordinary rates		
Residential	**31,685**	30,600
Farmland	**762**	666
Business	**11,193**	10,869
Less: Pensioner rebates (statutory)	**(747)**	(725)
Less: Early payment discount (Council policy)	**(169)**	(148)
Rates levied to ratepayers	**42,724**	41,262
Pensioner rate subsidies received	**510**	474
Total ordinary rates	**43,234**	41,736
Special rates		
Parking	**540**	525
CBD Promotional levy	**162**	157
Rates levied to ratepayers	**702**	682
Total special rates	**702**	682
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	**5,400**	6,308
Water supply services	**3,460**	4,141
Sewerage services	**17,791**	17,524
Pensioner rebates (statutory)	**(745)**	(764)
Early payment discount (Council policy)	**(20)**	(19)
Pensioner rebates (Council policy)	**(163)**	(190)
Annual charges levied	**25,723**	27,000
Pensioner subsidies received:		
– Water	**176**	171
– Sewerage	**173**	168
Total annual charges	**26,072**	27,339
Total rates and annual charges	**70,008**	69,757

Council has used 2020 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy

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.

B2-2 User charges and fees

	Timing	2021 $ '000	2020 $ '000
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	1	**11,916**	12,828
Sewerage services	1	**2,658**	3,003
Drainage services	1	**447**	564
Waste management services (non-domestic)	1	**11,914**	10,352
Total specific user charges		**26,935**	26,747
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Planning and building regulation	2	**1,317**	1,568
Private works – section 67	2	**148**	201
Section 603 certificates	2	**118**	149
Total fees and charges – statutory/regulatory		**1,583**	1,918
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Airport	2	**2,799**	4,620
Cemeteries	2	**856**	932
Child care	2	**3,465**	2,842
Community centres	2	**607**	808
Leaseback fees – Council vehicles	2	**346**	331
Sporting ground fees	2	**87**	84
Water sales and charges	2	**681**	627
Other	2	**2,086**	1,339
Total fees and charges – other		**10,927**	11,583
Total user charges and fees		**39,445**	40,248
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		**26,885**	–
User charges and fees recognised at a point in time (2)		**12,560**	40,248
Total user charges and fees		**39,445**	40,248

Accounting policy

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

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

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

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

B2-3 Other revenue

	Timing	2021 $ '000	2020 $ '000
Fines – parking	2	**82**	169
Fines – other	2	**–**	41
Legal fees recovery – rates and charges (extra charges)	2	**–**	127
Sales – general	2	**495**	399
Albury Entertainment Centre catering	2	**463**	649
Workers compensation	2	**143**	225
Other	2	**352**	590
Total other revenue		**1,535**	2,200

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	**–**	–
Other revenue recognised at a point in time (2)	**1,535**	2,200
Total other revenue	**1,535**	2,200

Accounting policy for other revenue

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

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

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

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

B2-4 Grants and contributions

	Timing	**Operating 2021 $ '000**	Operating 2020 $ '000	**Capital 2021 $ '000**	Capital 2020 $ '000
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	**2,398**	2,510	**–**	–
Financial assistance – local roads component	2	**729**	710	**–**	–
Payment in advance - future year allocation					
Financial assistance – general component	2	**2,548**	2,650	**–**	–
Financial assistance – local roads component	2	**800**	763	**–**	–
Amount recognised as income during current year		**6,475**	6,633	**–**	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Pensioners' rates subsidies:					
Child care	2	**160**	–	**–**	–
Community centres	2	**114**	145	**36**	140
Employment and training programs	2	**16**	14	**–**	–
Heritage and cultural	2	**410**	229	**–**	–
Local infrastructure replacement scheme subsidy	2	**–**	55	**–**	–
Noxious weeds	2	**25**	–	**–**	–
Recreation and culture	1	**97**	162	**3,822**	4,457
NEXUS Industrial Precinct	2	**6,278**	2,363	**–**	–
Transport (roads to recovery)	1	**–**	–	**883**	883
Roads	1	**800**	73	**1,656**	1,658
Other specific grants	1	**926**	499	**1,898**	579
Previously contributions:					
RMS contributions	1	**392**	493	**–**	–
Total special purpose grants and non-developer contributions – cash		**9,218**	4,033	**8,295**	7,717
Non-cash contributions					
Donated artwork		**–**	–	**143**	205
Subdivision dedications (other than by s7.11) (General Fund)		**–**	–	**8,349**	2,745
Subdivision dedications (other than by s7.11) (Water Fund)		**–**	–	**886**	379
Subdivision dedications (other than by s7.11) (Sewer Fund)		**–**	–	**1,582**	568
Newly Realised Assets		**–**	–	**–**	1,750
Total other contributions – non-cash		**–**	–	**10,960**	5,647
Total special purpose grants and non-developer contributions (tied)		**9,218**	4,033	**19,255**	13,364
Total grants and non-developer contributions		**15,693**	10,666	**19,255**	13,364
Comprising:					
– Commonwealth funding		**7,856**	6,686	**883**	883
– State funding		**7,837**	3,392	**6,334**	6,553
– Other funding		**–**	588	**12,038**	5,928
		15,693	10,666	**19,255**	13,364

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B2-4 Grants and contributions (continued)

Developer contributions

	Notes	Timing	**Operating 2021 $ '000**	Operating 2020 $ '000	**Capital 2021 $ '000**	Capital 2020 $ '000
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G4					
Cash contributions						
S 7.11 – contributions towards amenities/services		2	**–**	–	**4,112**	1,118
S 7.12 – fixed development consent levies		2	**–**	–	**–**	413
S 64 – water supply contributions		2	**–**	–	**1,602**	801
S 64 – sewerage service contributions		2	**–**	–	**2,522**	1,236
Other developer contributions		2	**–**	–	**50**	–
Total developer contributions – cash			**–**	–	**8,286**	3,568
Total developer contributions			**–**	–	**8,286**	3,568
Total contributions			**–**	–	**8,286**	3,568
Total grants and contributions			**15,693**	10,666	**27,541**	16,932
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			**2,215**	–	**7,181**	–
Grants and contributions recognised at a point in time (2)			**13,478**	10,666	**20,360**	16,932
Total grants and contributions			**15,693**	10,666	**27,541**	16,932

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B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

	Operating 2021 $ '000	Operating 2020 $ '000	**Capital 2021 $ '000**	Capital 2020 $ '000
Unspent grants and contributions				
Unspent funds at 1 July	**1,765**	358	**1,024**	1,108
Add: operating grants recognised as income in the current period that have not been spent	**(1,765)**	131	**(1,024)**	18
Add: capital grants recognised as income in the current period that were received for the provision of goods and services in a future period	**3,501**	1,628	**1,899**	732
Less: capital grants recognised in previous reporting periods that have been spent in the current reporting period	**–**	(352)	**–**	(834)
Unspent funds at 30 June	**3,501**	1,765	**1,899**	1,024
Contributions				
Unspent funds at 1 July	**–**	–	**266**	232
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	**–**	–	**620**	34
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	**–**	–	**(19)**	–
Unspent contributions at 30 June	**–**	–	**867**	266

Accounting policy for grants and contributions prior to 1 July 2019

Grant income under AASB 15

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

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

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

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

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

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B2-4 Grants and contributions (continued)

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 for the contribution plan.

Other grants and contributions

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

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

B2-5 Interest and investment revenue

	2021 $ '000	2020 $ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges	**42**	113
– Cash and investments	**2,547**	3,798
Total interest and investment income (losses)	**2,589**	3,911

Accounting policy

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

B2-6 Other income

	Notes	2021 $ '000	2020 $ '000
Rental income			
Other lease income			
External plant and equipment hire		**93**	41
Room/Facility Hire		**1,065**	977
Leaseback fees - council vehicles		**386**	360
Total Other lease income		**1,544**	1,378
Total rental income	C2-2	**1,544**	1,378
Total other income		**1,544**	1,378

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2021 $ '000	2020 $ '000
Salaries and wages	**35,963**	35,110
Employee leave entitlements	**4,765**	3,243
Superannuation	**3,955**	3,871
Workers' compensation insurance	**766**	916
Fringe benefit tax	**142**	102
Payroll tax	**185**	233
Less: capitalised costs	**(2,363)**	(2,976)
Total employee costs expensed	**43,413**	40,499

Accounting policy

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 E3-1 for more information.

B3-2 Materials and services

	Notes	2021 $ '000	2020 $ '000
Raw materials and consumables		**19,673**	16,517
Davey Road Southern Interchange		**6,277**	2,363
Street Lighting LED upgrade		**1,013**	2,945
Contractor and consultancy costs		**11,256**	10,587
Audit Fees	F2-1	**149**	181
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	**324**	257
Advertising		**288**	310
Election expenses		**92**	65
Electricity and Gas		**3,244**	4,320
Insurance		**1,280**	1,328
Electricity – street lighting		**931**	1,323
Conferences and seminars		**87**	114
Equipment purchases		**557**	474
Marketing		**689**	397
Rent and hire charges		**51**	101
Training Costs		**264**	584
Telephone and communications		**254**	105
Other expenses		**316**	244
Legal expenses:			
– Planning and development		**3**	71
– Other		**154**	123
Expenses from short-term leases		**4**	4
Expenses from leases of low value assets		**240**	147
Other expenses		**1,702**	1,606
Total materials and services		**48,848**	44,166

Accounting policy

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

B3-3 Borrowing costs

	Notes	2021 $ '000	2020 $ '000
Interest on leases		**64**	125
Interest on loans		**2,576**	2,649
Amortisation of rehabilitation provision discount	C3-5	**12**	121
Total borrowing costs expensed		**2,652**	2,895

Accounting policy

Borrowing costs are expensed when incurred.

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

	Notes	2021 $ '000	2020 $ '000
Depreciation and amortisation			
Plant and equipment		**1,461**	1,184
Office equipment		**313**	334
Furniture and fittings		**125**	127
Land improvements		**1,835**	1,622
Infrastructure:	C1-6		
– Buildings		**7,014**	5,026
– Other structures		**524**	497
– Roads, bridges and footpaths		**11,411**	10,947
– Stormwater drainage		**2,353**	2,319
– Water supply network		**6,356**	6,225
– Sewerage network		**4,784**	4,815
Right of use assets	C2-1	**480**	476
Other assets:			
– Library books		**287**	267
– Other		**40**	40
Landfill rehabilitation and cell assets		**551**	404
Total depreciation and amortisation costs		**37,534**	34,283
TOTAL DEPRECIATION AND AMORTISATION	C1-6	**37,534**	34,283

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

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

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

Other non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

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

B3-5 Other expenses

	Notes	2021 $ '000	2020 $ '000
Impairment of receivables			
Other		**51**	420
Total impairment of receivables	C1-4	**51**	420
Other			
Contributions/levies to other levels of government			
– NSW fire brigade levy		**500**	466
– NSW rural fire service levy		**232**	209
- SES levy		**95**	79
Donations, contributions and assistance to other organisations (Section 356)		**905**	1,240
Total other expenses		**1,783**	2,414

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

B4-1 Gain or loss from disposal, replacement and de-recognition of assets

	Notes	2021 $ '000	2020 $ '000
Infrastructure, property, plant and equipment	C1-6		
Proceeds from disposal – plant and equipment and infrastructure Less: carrying amount of plant and equipment and infrastructure assets sold/ written off		**305**	416
		(1,612)	(1,372)
Net gain (or loss) on disposal of assets		**(1,307)**	(956)

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 22/06/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

$ '000	2021 Budget	2021 Actual	2021 -------- Variance --------		
REVENUES					
Other revenues	**3,915**	**1,535**	**(2,380)**	**(61)%**	**U**
This budget variance is due to rental income now being disclosed separately as other income.					
Operating grants and contributions	**9,058**	**15,693**	**6,635**	**73%**	**F**
The increase in operating grant funding is mainly due to funding received for the Davey Road Interchange Project.					
Capital grants and contributions	**12,077**	**27,541**	**15,464**	**128%**	**F**
The increase in capital grants and contributions is mainly due to both cash and non-cash developer contributions received.					
Interest and investment revenue	**3,381**	**2,589**	**(792)**	**(23)%**	**U**
The decrease in interest earned reflects the drop in market rates for new and renewed term deposits.					
Net gains from disposal of assets	**1,626**	**–**	**(1,626)**	**(100)%**	**U**
This variance is mainly due to the timing of industrial property sales.					
Other income	**–**	**1,544**	**1,544**	**∞**	**F**
Rental income was budgeted as other revenue but is now to be disclosed separately as other income.					

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B5-1 Material budget variations (continued)

$ '000	2021 Budget	2021 Actual	2021 -------- Variance --------		
EXPENSES					
Materials and services	**32,099**	**48,848**	**(16,749)**	**(52)%**	**U**
This variance is mainly due to operating costs previously disclosed as other expenses now being categorised as materials and services. Grant funded expenditure associated with the Davey Road Interchange Project has also contributed to this variance.					
Other expenses	**15,272**	**1,783**	**13,489**	**88%**	**F**
This variance is due to operational costs previously disclosed as other expenses now being accounted for as materials and services.					
Net losses from disposal of assets	**–**	**1,307**	**(1,307)**	**∞**	**U**
This variance reflects the non-cash write off the book value of renewed infrastructure assets.					
STATEMENT OF CASH FLOWS					
Cash flows from operating activities	**46,978**	**59,949**	**12,971**	**28%**	**F**
This variance mainly reflects more grants and contributions being received than budgeted.					
Cash flows from investing activities	**(51,415)**	**(38,778)**	**12,637**	**(25)%**	**F**
This variance is due to the timing of capital project expenditure.					
Cash flows from financing activities	**3,980**	**(4,823)**	**(8,803)**	**(221)%**	**U**
This variance mainly reflects less loans being drawn down than budgeted and the repayment of loans.					

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2021 $ '000	2020 $ '000
Cash and cash equivalents		
Cash at Bank and on hand	**5,894**	6,849
Deposits at call	**17,304**	–
Total cash and cash equivalents	**23,198**	6,849

Accounting policy
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.

C1-2 Financial investments

	2021 Current $ '000	2021 Non-current $ '000	2020 Current $ '000	2020 Non-current $ '000
Term deposits	**96,700**	**62,175**	105,401	59,701
Total financial investments	**96,700**	**62,175**	105,401	59,701
TOTAL CASH ASSETS AND INVESTMENTS	**119,898**	**62,175**	112,250	59,701

Accounting policy

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.

C1-3 Restricted cash, cash equivalents and investments – details

	2021 Current $ '000	2021 Non-current $ '000	2020 Current $ '000	2020 Non-current $ '000
Total cash, cash equivalents and investments	**119,898**	**62,175**	112,250	59,701
Attributable to:				
External restrictions	**83,927**	**62,175**	65,938	59,701
Internal restrictions	**28,432**	**–**	30,923	–

	2021 $ '000	2020 $ '000
Details of restrictions		
External restrictions – included in liabilities		
Specific purpose unexpended grants – general fund	**5,400**	1,500
External restrictions – included in liabilities	**5,400**	1,500
Other external restrictions		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	**868**	266
Specific purpose unexpended grants (recognised as revenue) – general fund	**–**	1,289
CBD Parking special rate	**110**	–
Water supply	**61,638**	55,209
Sewer fund	**76,587**	64,969
Domestic waste management	**1,499**	2,406
Total external restrictions	**146,102**	125,639
Internal restrictions		
Council has internally restricted cash, cash equivalents and investments as follows:		
Employees leave entitlement	**2,471**	2,342
Restricted AlburyCity project funding	**8,093**	10,900
Deposits, retentions and bonds	**3,963**	3,771
Financial assistance grant received in advance	**3,348**	3,413
Prepaid burial contributions	**2,036**	1,846
Elections	**345**	253
Landfill rehabilitation	**4,331**	3,931
Tabletop community centre	**4**	4
Community Fund	**–**	14
MAMA philanthropy	**–**	276
Environmental Lands	**3,841**	4,173
Total internal restrictions	**28,432**	30,923
Total restrictions	**174,534**	156,562

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

C1-4 Receivables

	2021 Current $ '000	2021 Non-current $ '000	2020 Current $ '000	2020 Non-current $ '000
Rates and annual charges	**9,845**	**–**	8,780	–
User charges and fees	**11,825**	**–**	11,313	–
Accrued revenues				
– Interest on investments	**749**	**–**	1,011	–
– Other income accruals	**2,706**	**–**	1,708	–
Government grants and subsidies	**1,209**	**–**	1,243	–
Net GST receivable	**553**	**–**	–	–
Other debtors	**859**	**–**	977	–
Total	**27,746**	**–**	25,032	–
Less: provision of impairment				
User charges and fees	**(870)**	**–**	(819)	–
Total provision for impairment – receivables	**(870)**	**–**	(819)	–
Total net receivables	**26,876**	**–**	24,213	–

	2021 $ '000	2020 $ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	**819**	466
+ new provisions recognised during the year	**73**	469
– amounts already provided for and written off this year	**–**	(12)
– amounts provided for but recovered during the year	**(22)**	(104)
Balance at the end of the year	**870**	819

Accounting policy

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

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

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

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. 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.

C1-5 Inventories

	2021 Current $ '000	2021 Non-current $ '000	2020 Current $ '000	2020 Non-current $ '000
(i) Inventories at cost				
Real estate for resale	**9,957**	**–**	9,584	–
Stores and materials	**797**	**–**	792	–
Total inventories	**10,754**	**–**	10,376	–

(i) Other disclosures

	2021 Current $ '000	2021 Non-current $ '000	2020 Current $ '000	2020 Non-current $ '000
(a) Details for real estate development				
Residential	**625**	**–**	625	–
Industrial/commercial	**9,332**	**–**	8,959	–
Total real estate for resale	**9,957**	**–**	9,584	–
Represented by:				
Acquisition costs	**4,068**	**–**	4,068	–
Development costs	**5,889**	**–**	5,516	–
Total costs	**9,957**	**–**	9,584	–
Total real estate for resale	**9,957**	**–**	9,584	–
Movements:				
Real estate assets at beginning of the year	**9,584**	**–**	9,238	–
– Purchases and other costs	**373**	**–**	346	–
Total real estate for resale	**9,957**	**–**	9,584	–

(b) Current inventories 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.

	2021 $ '000	2020 $ '000
Real estate for resale	**6,623**	6,719
	6,623	6,719

Accounting policy

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land 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 and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

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C1-5 Inventories (continued)

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period						At 30 June 2021		
	Gross carrying amount $ '000	Accumulated depreciation and impairment $ '000	Net carrying amount $ '000	Additions renewals $ '000	Additions new assets $ '000	Carrying value of disposals $ '000	Depreciation expense $ '000	WIP transfers $ '000	Revaluation increments/(decrements to equity (ARR) $ '000	Gross carrying amount $ '000	Accumulated depreciation and impairment $ '000	Net carrying amount $ '000
Capital work in progress	32,742	–	32,742	11,954	1,947	–	–	(20,747)	–	25,896	–	25,896
Plant and equipment	24,793	(12,154)	12,639	2,035	–	(285)	(1,461)	381	–	25,775	(12,466)	13,309
Office equipment	7,260	(6,203)	1,057	50	–	–	(313)	–	–	7,152	(6,358)	794
Furniture and fittings	4,330	(3,697)	633	–	–	–	(125)	–	–	4,319	(3,811)	508
Land:												
– Operational land	47,928	–	47,928	–	–	–	–	–	2,406	50,334	–	50,334
– Community land	75,849	–	75,849	–	–	–	–	–	4,321	80,170	–	80,170
– Crown land	10,759	–	10,759	–	–	–	–	–	–	10,759	–	10,759
– Land under roads (post 30/6/08)	753	–	753	–	–	–	–	–	32	785	–	785
Land improvements – non-depreciable	5,795	–	5,795	–	–	–	–	–	145	5,940	–	5,940
Land improvements – depreciable	60,777	(17,674)	43,103	623	–	–	(1,835)	326	1,121	63,244	(19,905)	43,339
Infrastructure:												
– Buildings	253,846	(141,750)	112,096	1,044	2,544	(7)	(7,014)	11,023	3,219	275,838	(152,933)	122,905
– Other structures	14,587	(6,679)	7,908	331	–	–	(524)	120	255	15,442	(7,351)	8,091
– Roads, bridges and footpaths	860,030	(307,591)	552,439	10,272	6,703	(1,116)	(11,411)	3,973	12,981	897,929	(324,088)	573,841
– Stormwater drainage	273,829	(70,401)	203,428	1,462	2,515	(26)	(2,353)	40	4,825	284,380	(74,489)	209,891
– Water supply network	476,147	(234,578)	241,569	2,903	969	(173)	(6,356)	500	2,163	483,486	(241,911)	241,575
– Sewerage network	375,219	(177,744)	197,475	1	2,927	(5)	(4,784)	4,384	1,777	385,939	(184,164)	201,775
Other assets:												
– Library books	3,509	(2,410)	1,099	–	–	–	(287)	–	–	3,509	(2,697)	812
– Other	8,026	(342)	7,684	–	143	–	(40)	–	–	8,169	(382)	7,787
Landfill rehabilitation and cell assets	18,611	(1,545)	17,066	–	115	–	(551)	–	–	18,748	(2,118)	16,630
Total infrastructure, property, plant and equipment	2,554,790	(982,768)	1,572,022	**30,675**	**17,863**	**(1,612)**	**(37,054)**	**–**	**33,245**	**2,647,814**	**(1,032,673)**	**1,615,141**

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C1-6 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period							At 30 June 2020		
	Gross carrying amount $ '000	Accumulated depreciation and impairment $ '000	Net carrying amount $ '000	Additions renewals $ '000	Additions new assets $ '000	Carrying value of disposals $ '000	Depreciation expense $ '000	WIP transfers $ '000	Adjustments and transfers $ '000	Revaluation increments/(decrements to equity (ARR) $ '000	Gross carrying amount $ '000	Accumulated depreciation and impairment $ '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

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C1-6 Infrastructure, property, plant and equipment (continued)

Accounting policy

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

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Useful lives of IPPE

Land 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	30 to 60
			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.

Revaluation model

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

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

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

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. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

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

Albury City 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.

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C1-6 Infrastructure, property, plant and equipment (continued)

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. Where the Crown reserves are under a lease arrangement, they are accounted for under AASB 16 Leases.

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 Albury City assets.

C1-7 Intangible assets

Intangible assets are as follows:

	2021 **$ '000**	2020 $ '000
Water Licences		
Opening gross book value	**2,295**	2,278
Movements for the year		
– Market adjustment	**2,370**	17
Closing values at 30 June 2020		
Gross book value	**4,665**	2,295
Total intangible assets – net book value	**4,665**	2,295

Accounting policy
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.

C1-8 Other

Other assets

	2021 **Current** **$ '000**	**2021** **Non-current** **$ '000**	2020 Current $ '000	2020 Non-current $ '000
Prepayments	**838**	**–**	648	–
Other	**3**	**–**	–	–
Total other assets	**841**	**–**	648	–

C2 Leasing activities

C2-1 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

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.

(a) Right of use assets

	Plant & Equipment $ '000	Land & Buildings $ '000	Total $ '000
2021			
Opening balance at 1 July	**274**	**2,620**	**2,894**
Additions to right-of-use assets	**31**	**–**	**31**
Adjustments to right-of-use assets due to re-measurement of lease liability	**–**	**714**	**714**
Depreciation charge	**(162)**	**(319)**	**(481)**
Balance at 30 June	**143**	**3,015**	**3,158**
2020			
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	461	2,909	3,370
Depreciation charge	(187)	(289)	(476)
Balance at 30 June	**274**	**2,620**	**2,894**

(b) Lease liabilities

	2021 Current $ '000	2021 Non-current $ '000	2020 Current $ '000	2020 Non-current $ '000
Lease liabilities	**422**	**2,851**	426	2,552
Total lease liabilities	**422**	**2,851**	426	2,552

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C2-1 Council as a lessee (continued)

(c) (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
2021					
Cash flows	**462**	**1,257**	**2,373**	**4,092**	**3,273**
2020					
Cash flows	504	1,429	2,640	4,573	**2,978**

(d) Income Statement

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

	2021 $ '000	2020 $ '000
Interest on lease liabilities	**64**	125
Income from sub-leasing right of use assets	**25**	67
Depreciation of right of use assets	**480**	476
Expenses relating to short-term leases	**4**	4
Expenses relating to low-value leases	**240**	147
	813	819

(e) Statement of Cash Flows

Total cash outflow for leases	**514**	549
	514	549

(f) 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

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.

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C2-1 Council as a lessee (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 received. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

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

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

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

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

Leases at significantly below market value / Concessionary leases
Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties to community groups; 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:

	2021 **$ '000**	2020 $ '000
Lease income (excluding variable lease payments not dependent on an index or rate)	**1,544**	1,378
Total income relating to operating leases for Council assets	**1,544**	1,378

Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:

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

< 1 year	**909**	799
1–2 years	**774**	671
2–3 years	**672**	609
3–4 years	**524**	512
4–5 years	**417**	431
> 5 years	**4,068**	3,665
Total undiscounted lease payments to be received	**7,364**	6,687

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C2-2 Council as a lessor (continued)

Accounting policy

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

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

If the lease contains lease and non-lease components 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.

C3 Liabilities of Council

C3-1 Payables

	2021 Current $ '000	2021 Non-current $ '000	2020 Current $ '000	2020 Non-current $ '000
Payables				
Goods and services	**4,281**	**–**	4,759	–
Accrued expenses	**6,577**	**–**	5,076	–
Bonds, deposits and retentions	**3,961**	**–**	3,808	–
Total payables	**14,819**	**–**	13,643	–
Income received in advance				
Prepaid Burials	**2,036**	**–**	1,846	–
Prepaid Rates	**1,963**	**–**	3,338	–
Grants in advance	**886**	**–**	366	–
Total income received in advance	**4,885**	**–**	5,550	–
Total payables	**19,704**	**–**	19,193	–

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

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.

C3-2 Contract Liabilities

	2021 Current $ '000	2021 Non-current $ '000	2020 Current $ '000	2020 Non-current $ '000
Grants and contributions received in advance:				
Unexpended operating grants (received prior to performance obligation being satisfied)	**5,400**	**–**	2,465	–
Total grants received in advance	**5,400**	**–**	2,465	–
Total contract liabilities	**5,400**	**–**	2,465	–

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

Significant changes in contract liabilities
The contract liabilities have arisen on adoption of AASB 15 and AASB 1058. Contract liability is primarliy 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.

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

C3-3 Borrowings

	2021	2021	2020	2020

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C3-3 Borrowings (continued)

	Current $ '000	**Non-current $ '000**	Current $ '000	Non-current $ '000
Loans – secured	**4,274**	**50,967**	9,311	50,304
Total borrowings	**4,274**	**50,967**	9,311	50,304

Current borrowings not anticipated to be settled within the next twelve months

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

(a) Changes in liabilities arising from financing activities

	2020		**Non-cash movements**				**2021**
	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	59,615	**(4,374)**	**–**	**–**	**–**	**–**	**55,241**
Lease liability (Note C2-1b)	2,978	**(450)**	**31**	**–**	**–**	**714**	**3,273**
Total liabilities from financing activities	62,593	**(4,824)**	**31**	**–**	**–**	**714**	**58,514**

	2019		Non-cash movements				2020
	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 liability (Note C2-1b)	–	2,978	–	–	–	–	2,978
Total liabilities from financing activities	53,043	9,550	–	–	–	–	62,593

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C3-3 Borrowings (continued)

(b) Financing arrangements

	2021 $ '000	2020 $ '000
Total facilities		
Bank overdraft facilities	**1,000**	1,000
Corporate credit cards	**2,250**	2,000
Total financing arrangements	**3,250**	3,000
Drawn facilities		
– Corporate credit cards	**180**	112
Total drawn financing arrangements	**180**	112
Undrawn facilities		
– Bank overdraft facilities	**1,000**	1,000
– Credit cards/purchase cards	**2,070**	1,888
Total undrawn financing arrangements	**3,070**	2,888

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

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.

C3-4 Employee benefit provisions

	2021 Current $ '000	2021 Non-current $ '000	2020 Current $ '000	2020 Non-current $ '000
Annual leave	**3,820**	**–**	3,407	–
Long service leave	**6,305**	**426**	5,425	537
Total employee benefit provisions	**10,125**	**426**	8,832	537

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

	2021 $ '000	2020 $ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	**5,127**	5,409
	5,127	5,409

Accounting policy

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

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

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

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.

C3-5 Provisions

	2021 Current $ '000	2021 Non-Current $ '000	2020 Current $ '000	2020 Non-Current $ '000
Other				
Landfill Rehabilitation	**–**	**20,362**	1,106	19,130

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C3-5 Provisions (continued)

Total provisions	–	**20,362**	1,106	19,130

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.

Description of and movements in provisions

	Other provisions	
	Restated landfill rehabilitation $ '000	Net carrying amount $ '000
2021		
At beginning of year	**20,236**	**20,236**
Changes to provision:		
– Revised discount rate	**1,050**	**1,050**
– Revised costs	**2,477**	**2,477**
– Revised life	**(93)**	**(93)**
– Revised inflation rate	**(3,296)**	**(3,296)**
Unwinding of discount	**(12)**	**(12)**
Total other provisions at end of year	**20,362**	**20,362**
2020		
At beginning of year	20,396	20,396
– 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

Accounting policy

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

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 B3-3. 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 C3-5. These costs are then depreciated over the lives of the assets to which they relate.

C4 Reserves

C4-1 Accumulated surplus, revaluation reserves, changes in accounting policies, accounting estimates and errors

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.

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

	General 2021 $ '000	Water 2021 $ '000	Sewer 2021 $ '000
Income from continuing operations			
Rates and annual charges	49,015	3,332	17,661
User charges and fees	23,342	12,755	3,348
Interest and investment revenue	704	823	1,062
Other revenues	1,354	181	–
Grants and contributions provided for operating purposes	15,693	–	–
Grants and contributions provided for capital purposes	20,761	2,476	4,304
Other income	1,544	–	–
Total income from continuing operations	112,413	19,567	26,375
Expenses from continuing operations			
Employee benefits and on-costs	38,212	2,528	2,673
Materials and services	36,317	5,315	7,216
Borrowing costs	2,253	–	399
Depreciation, amortisation and impairment of non-financial assets	25,847	6,755	4,932
Other expenses	1,783	–	–
Net losses from the disposal of assets	1,129	173	5
Total expenses from continuing operations	105,541	14,771	15,225
Net operating result for the year	6,872	4,796	11,150
Net operating result for the year before grants and contributions provided for capital purposes	(13,889)	2,320	6,846

D1-2 Statement of Financial Position by fund

	General 2021 $ '000	Water 2021 $ '000	Sewer 2021 $ '000
ASSETS			
Current assets			
Cash and cash equivalents	23,198	–	–
Investments	16,973	43,152	36,575
Receivables	13,050	5,965	7,861
Inventories	10,733	–	21
Other	841	–	–
Total current assets	64,795	49,117	44,457
Non-current assets			
Investments	3,677	18,486	40,012
Infrastructure, property, plant and equipment	1,153,326	250,000	211,815
Intangible assets	514	4,151	–
Right of use assets	3,158	–	–
Total non-current assets	1,160,675	272,637	251,827
TOTAL ASSETS	1,225,470	321,754	296,284
LIABILITIES			
Current liabilities			
Payables	13,187	1,518	114
Income received in advance	4,885	–	–
Contract liabilities	5,400	–	–
Lease liabilities	422	–	–
Borrowings	3,829	–	445
Employee benefit provision	9,152	528	445
Total current liabilities	36,875	2,046	1,004
Non-current liabilities			
Lease liabilities	2,851	–	–
Borrowings	46,605	–	4,362
Employee benefit provision	372	25	29
Provisions	20,362	–	–
Total non-current liabilities	70,190	25	4,391
TOTAL LIABILITIES	107,065	2,071	5,395
Net assets	1,118,405	319,683	290,889
EQUITY			
Accumulated surplus	480,547	197,946	202,585
Revaluation reserves	637,858	121,737	88,304
Total equity	1,118,405	319,683	290,889

D2 Interests in other entities

D2-1 Joint ventures

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.

	2021 **$ '000**	2020 $ '000
Carrying amount	**2**	2
Council's share in profit/(loss) from continuing operations	**(2)**	(2)

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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 financial instruments 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 – interest rate and price risk

	2021 **$ '000**	2020 $ '000
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	**1,819**	1,720

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

(b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

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

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

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

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

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

Receivables – rates and annual charges

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

	Not yet due $ '000	Due $ '000	Total $ '000
2021			
Overdue	**7,478**	**2,367**	**9,845**
2020			
Overdue	6,835	1,945	8,780

Receivables - non-rates and annual charges and contract assets

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

The loss allowance provision as at 30 June 2021 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
2021						
Gross carrying amount	**15,272**	**626**	**233**	**706**	**1,064**	**17,901**
Expected loss rate (%)	**1.82%**	**1.82%**	**1.82%**	**1.82%**	**55.76%**	**5.03%**
ECL provision	**278**	**11**	**4**	**13**	**593**	**899**
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

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

(c) Liquidity risk

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

Council manages this risk by monitoring its cash flow requirements and liquidity levels, and by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances.

Borrowings are also subject to interest rate risk: the risk that movements in interest rates could adversely affect funding costs. Council manages this risk through diversification of borrowing types, maturities and interest rate structures.

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

	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
2021							
Trade/other payables	**0.00%**	**3,961**	**8,991**	**–**	**–**	**12,952**	**14,819**
Borrowings	**4.40%**	**–**	**6,556**	**25,984**	**37,151**	**69,691**	**55,241**
Total financial liabilities		**3,961**	**15,547**	**25,984**	**37,151**	**82,643**	**70,060**
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		3,808	16,510	24,540	39,342	84,200	73,258

E2-1 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).

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E2-1 Fair value measurement (continued)

				Fair value measurement hierarchy							
		Date of latest valuation		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
$ '000	Notes	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Recurring fair value measurements											
Infrastructure, property, plant and equipment	C1-6										
– Plant and equipment		Various	Various	–	–	–	–	**13,309**	12,639	**13,309**	12,639
– Office equipment, furniture & fittings		Various	Various	–	–	–	–	**1,302**	1,690	**1,302**	1,690
– Land – operational		30/06/20	30/06/20	–	–	–	–	**50,334**	47,928	**50,334**	47,928
– Land – community		30/06/20	30/06/20	–	–	–	–	**90,929**	86,608	**90,929**	86,608
– Land under roads		30/06/15	30/06/15	–	–	–	–	**785**	753	**785**	753
– Land improvements – non depreciable		Various	Various	–	–	–	–	**5,940**	5,795	**5,940**	5,795
– Land improvements – depreciable		Various	Various	–	–	–	–	**43,339**	43,103	**43,339**	43,103
– Buildings		30/06/20	30/06/20	–	–	–	–	**122,905**	112,096	**122,905**	112,096
– Other structures		30/06/20	30/06/20	–	–	–	–	**8,091**	7,908	**8,091**	7,908
– Roads, bridges and footpaths		30/06/20	30/06/20	–	–	–	–	**573,841**	552,439	**573,841**	552,439
– Stormwater drainage		30/06/20	30/06/20	–	–	–	–	**209,891**	203,428	**209,891**	203,428
– Water supply networks		30/06/20	30/06/20	–	–	–	–	**241,575**	241,569	**241,575**	241,569
– Sewerage network		30/06/20	30/06/20	–	–	–	–	**201,775**	197,475	**201,775**	197,475
– Landfill rehabilitation and cell assets		30/06/20	30/06/20	–	–	–	–	**16,630**	17,066	**16,630**	17,066
– Library books		Various	Various	–	–	–	–	**812**	1,099	**812**	1,099
– Other		Various	Various	–	–	–	–	**7,787**	7,684	**7,787**	7,684
Total infrastructure, property, plant and equipment				**–**	–	**–**	–	**1,589,245**	1,539,280	**1,589,245**	1,539,280
Non-recurring fair value measurements											
Intangible Assets											
Water Licence		30/06/21	30/06/21	**4,665**	2,295	–	–	–	–	**4,665**	2,295
Total Intangible Assets				**4,665**	2,295	**–**	–	**–**	–	**4,665**	2,295

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E2-1 Fair value measurement (continued)

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

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. During 2020/21 Land - Operational assets have been indexed utilising the Valuer General Rates.

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.

Albury City used Valuer General valuations for Community Land as at 30 June 2020. During 2020/21 Community Land assets have been indexed utilising the Valuer General Rates.

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
During 2020/21 Land under roads assets have been indexed utilising the Valuer General Rates.

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. During 2020/21 Land Improvements – Non-Depreciable assets have been indexed utilising the Australian Bureau of Statistics Price Indexes.

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.

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E2-1 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. During 2020/21 Land Improvements – Depreciable assets have been indexed utilising the Australian Bureau of Statistics Price Indexes.

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. During 2020/21 Buildings have been indexed utilising AlburyCity's Insurer's independent valuations.

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. During 2020/21 Other Structures have been indexed utilising AlburyCity's Insurer's independent valuations.

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 2020/21 Road assets have been indexed utilising the Australian Bureau of Statistics Price Indexes.

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 has been indexed during 2020/21 using the Department of Primary Industries - Office of Water NSW reference rates manual. During 2020/21 Drainage Infrastructure assets have been indexed utilising the Australian Bureau of Statistics Price Indexes.

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. During 2020/21 Sewerage Infrastructure assets have been indexed utilising the 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. During 2020/21 Water assets have been indexed utilising the NSW reference rates manual.

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E2-1 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.

Fair value measurements using significant unobservable inputs (level 3)

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

	Plant and equipment		Office equip, furniture and fittings		Land – operational		Land – community	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	$ '000	$ '000	**$ '000**	$ '000	**$ '000**	$ '000	**$ '000**	$ '000
Opening balance	**12,639**	12,596	**1,690**	2,151	**47,928**	38,402	**86,609**	40,158
Total gains or losses for the period								
Increase in Landfill Rehabilitation Provision	**–**	–	**–**	–	**–**	–	**–**	–
Recognised in other comprehensive income – revaluation surplus	**–**	–	**–**	–	**2,406**	9,526	**4,320**	40,413
Other movements								
Opening Balance Correction	**–**	–	**–**	–	**–**	–	**–**	6,040
Transfers from/(to) another asset class	**–**	–	**50**	–	**–**	–	**–**	–
Purchases (GBV)	**2,416**	1,377	**–**	–	**–**	–	**–**	–
Newly Realised Assets	**–**	–	**–**	–	**–**	–	**–**	–
Disposals (WDV)	**(285)**	(150)	**–**	–	**–**	–	**–**	(2)
Depreciation and impairment	**(1,461)**	(1,184)	**(438)**	(461)	**–**	–	**–**	–
Closing balance	**13,309**	12,639	**1,302**	1,690	**50,334**	47,928	**90,929**	86,609

	Land under roads		Land improvements – non depreciable		Land improvements – depreciable		Buildings	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	$ '000	$ '000	**$ '000**	$ '000	**$ '000**	$ '000	**$ '000**	$ '000
Opening balance	**753**	710	**5,795**	5,795	**43,103**	32,831	**112,096**	116,096
Total gains or losses for the period								
Increase in Landfill Rehabilitation Provision	**–**	–	**–**	–	**–**	–	**–**	–
Recognised in other comprehensive income – revaluation surplus	**32**	–	**145**	–	**1,122**	–	**3,219**	(2,222)
Other movements								
Opening Balance Correction	**–**	–	**–**	–	**–**	–	**–**	–
Transfers from/(to) another asset class	**–**	–	**–**	–	**326**	–	**11,023**	–

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E2-1 Fair value measurement (continued)

	Land under roads		Land improvements – non depreciable		Land improvements – depreciable		Buildings	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	$ '000	$ '000	**$ '000**	$ '000	**$ '000**	$ '000	**$ '000**	$ '000
Purchases (GBV)	**–**	43	**–**	–	**623**	11,894	**3,588**	1,891
Newly Realised Assets	**–**	–	**–**	–	**–**	–	**–**	1,365
Disposals (WDV)	**–**	–	**–**	–	**–**	–	**(7)**	(8)
Depreciation and impairment	**–**	–	**–**	–	**(1,835)**	(1,622)	**(7,014)**	(5,026)
Closing balance	**785**	753	**5,940**	5,795	**43,339**	43,103	**122,905**	112,096

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E2-1 Fair value measurement (continued)

	Other structures		Roads		Drainage		Water	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	$ '000	$ '000	**$ '000**	$ '000	**$ '000**	$ '000	**$ '000**	$ '000
Opening balance	**7,908**	8,738	**552,438**	454,796	**203,427**	182,129	**241,571**	218,192
Total gains or losses for the period								
Increase in Landfill Rehabilitation Provision	**–**	–	**–**	–	**–**	–	**–**	–
Recognised in other comprehensive income – revaluation surplus	**255**	(983)	**12,981**	10,531	**4,826**	2,750	**2,161**	5,324
Other movements								
Opening Balance Correction	**–**	–	**–**	91,447	**–**	19,025	**–**	16,682
Transfers from/(to) another asset class	**121**	–	**3,974**	–	**40**	–	**500**	–
Purchases (GBV)	**331**	270	**16,975**	6,891	**3,977**	1,893	**3,872**	8,471
Newly Realised Assets	**–**	385	**–**	–	**–**	–	**–**	–
Disposals (WDV)	**–**	(5)	**(1,116)**	(280)	**(26)**	(51)	**(173)**	(873)
Depreciation and impairment	**(524)**	(497)	**(11,411)**	(10,947)	**(2,353)**	(2,319)	**(6,356)**	(6,225)
Closing balance	**8,091**	7,908	**573,841**	552,438	**209,891**	203,427	**241,575**	241,571

	Sewer		Landfill rehabilitation		Library books		Other	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	$ '000	$ '000	**$ '000**	$ '000	**$ '000**	$ '000	**$ '000**	$ '000
Opening balance	**197,475**	194,060	**17,066**	17,294	**1,099**	1,157	**7,684**	7,494
Total gains or losses for the period								
Increase in Landfill Rehabilitation Provision	**–**	–	**–**	176	**–**	–	**–**	–
Recognised in other comprehensive income – revaluation surplus	**1,777**	2,789	**–**	–	**–**	–	**–**	–
Other movements								
Opening Balance Correction	**–**	2,182	**–**	–	**–**	–	**–**	–
Transfers from/(to) another asset class	**4,384**	47	**–**	–	**–**	–	**–**	–
Purchases (GBV)	**2,928**	3,214	**115**	–	**–**	209	**143**	230
Newly Realised Assets	**–**	–	**–**	–	**–**	–	**–**	–
Disposals (WDV)	**(5)**	(2)	**–**	–	**–**	–	**–**	–
Depreciation and impairment	**(4,784)**	(4,815)	**(551)**	(404)	**(287)**	(267)	**(40)**	(40)
Closing balance	**201,775**	197,475	**16,630**	17,066	**812**	1,099	**7,787**	7,684

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E2-1 Fair value measurement (continued)

	Total	
	2021	2020
	$ '000	$ '000
Opening balance	**1,539,281**	**1,332,599**
Increase in Landfill Rehabilitation Provision	**–**	**176**
Recognised in other comprehensive income – revaluation surplus	**33,244**	**68,128**
Opening Balance Correction	**–**	**135,376**
Transfers from/(to) another asset class	**20,418**	**47**
Purchases (GBV)	**34,968**	**36,383**
Newly Realised Assets	**–**	**1,750**
Disposals (WDV)	**(1,612)**	**(1,371)**
Depreciation and impairment	**(37,054)**	**(33,807)**
Closing balance	**1,589,245**	**1,539,281**

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E2-1 Fair value measurement (continued)

Information relating to the transfers into and out of the level 3 fair valuation hierarchy includes:
Council has no movements in and out of Level 3

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

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

– Assets are not segregated within the sub-group according to the employees of each sponsoring employer.

– The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.

– Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.

– The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

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

Description of the funding arrangements.

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

The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working lifetime 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 2019 for 3 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities.

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

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was $625,550. The last valuation of the Scheme was performed by the Actuary, Mr Richard Boyfield, FIAA on 30 June 2020.

The amount of additional contributions included in the total employer contribution advised above is $376,600. Council's expected contribution to the plan for the next annual reporting period is $582,329.

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

Employer reserves only *	$millions	Asset Coverage

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E3-1 Contingencies (continued)

Assets	2,620.5	
Past Service Liabilities	2,445.6	107.2%
Vested Benefits	2,468.7	106.2%

* 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.

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.

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E3-1 Contingencies (continued)

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.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

Key management personnel (KMP) of the Council are those persons having the authority and responsibility for planning, directing and controlling the activities of the Council, directly or indirectly.This includes Councillors, the Chief Executive Officer and Deputy Chief Executive Officers.

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

	2021 **$ '000**	2020 $ '000
Compensation:		
Short-term benefits	**1,431**	1,270
Post-employment benefits	**–**	91
Other long-term benefits	**14**	27
Total	**1,445**	1,388

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

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to library or Council swimming pool) will not be disclosed.

Nature of the transaction	Ref	Transactions during the year $ '000	Outstanding balances including commitments $ '000	Terms and conditions
2021				
Development application fees	1	**4**	**–**	
Grant funding		**14**	**–**	
Interest income	2	**107**	**–**	
Membership fees expense	4	**7**	**–**	
Net proceeds from use of Albury Entertainment Centre	1	**14**	**–**	
Purchase of hydraulic parts	4	**10**	**–**	
Rental expense	3 & 4	**173**	**–**	
Rental income	3	**14**	**15**	
2020				
Development application fees	1	–	–	
Grant funding		29	–	
Interest income	2	171	–	
Membership fees expense	4	7	–	
Net proceeds from use of Albury Entertainment Centre	1	3	–	
Purchase of hydraulic parts	4	12	–	
Rental expense	3 & 4	184	–	
Rental income	3	9	–	

1 Charged in accordance with Council's adopted Fees & Charges
2 In accordance with Council's Investment Policy
3 In accordance with Council approved lease agreements
4 30 day creditor payment terms

F1-2 Councillor and Mayoral fees and associated expenses

	2021 **$ '000**	2020 $ '000
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	**60**	44
Councillors' fees	**226**	182
Other Councillors' expenses (including Mayor)	**38**	31
Total	**324**	257

F1-3 Other related parties

	Transactions during the year $ '000	Outstanding balances including commitments $ '000	Terms and conditions
2021			
Riverina and Murray Joint Organisation membership fees	**51**	**–**	
Riverina and Murray Joint Organisation joint project contributions	**11**	**–**	
Rental income from Riverina and Murray Joint Organisation	**15**	**–**	
2020			
Riverina and Murray Joint Organisation membership fees	51	–	
Riverina and Murray Joint Organisation joint project contributions	11	–	
Rental income from Riverina and Murray Joint Organisation	14	–	

F2 Other relationships

F2-1 Audit fees

	2021 $ '000	2020 $ '000
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	**125**	116
Remuneration for audit and other assurance services	**125**	116
Total fees paid or payable to the Auditor-General	**125**	116
(ii) Other non-assurance services: Other firms		
(i) Audit and other assurance services		
Internal audit	**23**	64
Other audit and assurance services	**1**	1
Total fees paid or payable for non-assurance services	**24**	65
Total audit fees	**149**	181

G Other matters

G1-1 Statement of Cash Flows information

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

	2021 $ '000	2020 $ '000
Net operating result from Income Statement	**22,818**	19,879
Depreciation and amortisation	**37,534**	34,283
Losses/(gains) on disposal of assets	**1,307**	956
Non-cash capital grants and contributions	**(3,603)**	(5,647)
Unwinding landfill rehabilitation provision discount rate	**1,038**	121
Movement in operating assets and liabilities:		
Decrease/(increase) in receivables	**(2,714)**	4,554
Increase/(decrease) in provision for impairment of receivables	**51**	353
Decrease/(increase) in inventories	**(5)**	(7)
Decrease/(increase) in other current assets	**(193)**	(325)
Increase/(decrease) in payables	**(478)**	(1,856)
Increase/(decrease) in accrued interest payable	**–**	(37)
Increase/(decrease) in other accrued expenses payable	**1,501**	(424)
Increase/(decrease) in other liabilities	**(512)**	153
Increase/(decrease) in contract liabilities	**2,935**	2,465
Increase/(decrease) in provision for employee benefits	**1,182**	(676)
Increase/(decrease) in other provisions	**(912)**	(1,373)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	**59,949**	52,419

(b) Non-cash investing and financing activities

Developer contributions ‘in kind’ (General Fund)	**3,071**	2,745
Developer contributions ‘in kind’ (Water Fund)	**216**	379
Developer contributions ‘in kind’ (Sewer Fund)	**316**	568
Newly Realised Assets	**–**	1,750
Other dedications	**–**	205
Total non-cash investing and financing activities	**3,603**	5,647

G2-1 Commitments

Capital commitments (exclusive of GST)

	2021 $ '000	2020 $ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Purchase Orders	**1,595**	3,983
Water infrastructure SCADA system, Telemetry & Instrumentation Upgrade	**43**	–
Albury Regional Skate Park facility	**2,484**	–
Lavington Sports Ground - Grandstand & Amenities Building	**–**	1,746
Albury Swim Center Pool filtration replacement	**400**	–
Keene Street Reconstruction	**836**	–
Wonga Wetlands Visitor Education Centre	**219**	–
Riverside Precinct Detailed Design	**–**	152
Kerr Road Reconstruction Stage 6	**1,205**	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	**6,782**	14,250
These expenditures are payable as follows:		
Within the next year	**6,782**	14,250
Total payable	**6,782**	14,250

G3-1 Events occurring after the reporting date

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

G4 Statement of developer contributions as at 30 June 2021

G4-1 Summary of developer contributions

	Opening balance at 1 July 2020 $ '000	Contributions received during the year Cash $ '000	Non-cash $ '000	Interest and investment income earned $ '000	Amounts expended $ '000	Internal borrowings $ '000	Held as restricted asset at 30 June 2021 $ '000	Cumulative balance of internal borrowings (to)/from $ '000
Drainage	18	12	–	–	–	–	30	–
Roads	–	275	–	–	(275)	–	–	–
Parking	228	180	–	5	–	–	413	–
Open Space	–	74	–	–	(74)	–	–	–
Community Facilities	–	143	–	2	–	–	145	–
Thurgoona/Wirlinga	–	2,667	–	–	(2,667)	–	–	–
Nexus	–	269	–	3	(7)	–	265	–
Hamilton Valley	4	–	–	–	(4)	–	–	–
S7.11 contributions – under a plan	250	3,620	–	10	(3,027)	–	853	–
S7.12 levies – under a plan	–	503	–	–	(503)	–	–	–
Total S7.11 and S7.12 revenue under plans	250	4,123	–	10	(3,530)	–	853	–
S7.11 not under plans	16	4,112	–	–	(4,113)	–	15	–
Total contributions	266	8,235	–	10	(7,643)	–	868	–

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 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.

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

$ '000	Amounts 2021	Indicator 2021	Indicators 2020	2019	2018	Benchmark
1. Operating performance ratio						
Total continuing operating revenue excluding capital grants and contributions less operating expenses	**(3,365)**	**(2.57)%**	3.37%	13.69%	15.17%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions	**130,814**					
2. Own source operating revenue ratio						
Total continuing operating revenue excluding all grants and contributions	**115,121**	**72.70%**	80.98%	70.83%	79.47%	> 60.00%
Total continuing operating revenue	**158,355**					
3. Unrestricted current ratio						
Current assets less all external restrictions	**53,972**	**2.05x**	1.93x	2.41x	2.43x	> 1.50x
Current liabilities less specific purpose liabilities	**26,348**					
4. Debt service cover ratio						
Operating result before capital excluding interest and depreciation/impairment/ amortisation	**36,821**	**2.97x**	5.23x	7.58x	7.20x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	**12,410**					
5. Rates and annual charges outstanding percentage						
Rates and annual charges outstanding	**9,845**	**12.49%**	11.13%	11.49%	12.70%	< 10.00%
Rates and annual charges collectable	**78,830**					
6. Cash expense cover ratio						
Current year's cash and cash equivalents plus all term deposits	**182,073**	**20.95 mths**	18.67 mths	22.32 mths	18.56 mths	> 3.00 mths
Monthly payments from cash flow of operating and financing activities	**8,689**					

G5-2 Statement of performance measures by fund

$ '000	General Indicators [1] 2021	2020	Water Indicators 2021	2020	Sewer Indicators 2021	2020	Benchmark
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses / Total continuing operating revenue excluding capital grants and contributions	**(13.67)%**	(8.24)%	**13.57%**	22.46%	**31.02%**	31.83%	> 0.00%
2. Own source operating revenue ratio							
Total continuing operating revenue excluding all grants and contributions / Total continuing operating revenue	**67.57%**	76.13%	**87.35%**	94.12%	**83.68%**	89.64%	> 60.00%
3. Unrestricted current ratio							
Current assets less all external restrictions / Current liabilities less specific purpose liabilities	**2.05x**	1.93x	**24.01x**	16.16x	**44.28x**	34.20x	> 1.50x
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation / Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	**1.36x**	2.93x	**∞**	∞	**14.19x**	7.98x	> 2.00x
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding / Rates and annual charges collectable	**4.78%**	2.89%	**30.62%**	26.55%	**25.32%**	24.88%	< 10.00%
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits / Monthly payments from cash flow of operating and financing activities	**6.46 mths**	7.16 mths	**74.02 mths**	62.93 mths	**70.75 mths**	58.73 mths	> 3.00 mths

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

INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Albury City Council

To the Councillors of the Albury City Council

Opinion

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

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been prepared, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

Lawrissa Chan
Delegate of the Auditor-General for New South Wales

31 March 2022
SYDNEY

Kylie King
Mayor
Albury City Council
PO Box 323
ALBURY NSW 2640

Contact: Lawrissa Chan
Phone no: (02) 9275 7255
Our ref: D2200127/1684

31 March 2022

Dear Cr King

Report on the Conduct of the Audit

for the year ended 30 June 2021

Albury City Council

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

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

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

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

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

Rural fire-fighting equipment not recognised in the financial statements

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

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

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

Quality and timeliness of financial reporting

The quality and timeliness of Council's financial reporting process was significantly impacted by the quality of workpapers supporting the key risk areas of the financial statements. Audit work identified a number of monetary misstatements and disclosure changes that were required to be made to the financial statements. The Council recently underwent an organisational restructure which impacted the availability of resources within the financial reporting team.

During the financial year, management also implemented a new general ledger structure and faced challenges in reconciling opening general ledger balances to the previous year's audited financial statements. While this caused delays to the audit, management were able to resolve this issue by providing us with the final opening balance reconciliation report on 17 March 2022 with minor differences.

INCOME STATEMENT

Operating result

	2021 $m	2020 $m	Variance %
Rates and annual charges revenue	70.0	69.8	▲ 0.3
Grants and contributions revenue	43.2	27.6	▲ 56.5
Operating result from continuing operations	22.8	19.9	▲ 14.6
Net operating result before capital grants and contributions	(4.7)	2.9	▼ 262

The Council's operating result from continuing operations was a surplus of $22.8 million, which was $2.9 million higher compared to the prior year. This was mainly due to the increase in grants and contributions revenue.

The net operating result before capital grants and contributions was a deficit of $4.7 million, which was $7.6 million lower than the prior year. This was mainly due to:

- an increase of $7.5 million in operating expenses, including $2.9 million in employee benefits costs and $4.6 million in materials and services costs
- an increase of $3.2 million in depreciation and amortisation expense
- a decrease of $2.7 million in other revenue/income.

Rates and annual charges revenue increased by $0.2 million (0.3 per cent) in 2020–21 mainly due to the annual rate peg increase applied to ordinary rates (2.6 per cent), partially offset by a decrease in annual charges revenue from domestic waste management services and water supply services.

Grants and contributions revenue increased by $15.6 million (56.5 per cent) in 2020–21 mainly due to:

- an additional grant in relation to Nexus Industrial Precinct of $6.3 million
- an increase in revenue from dedicated assets of $5.6 million and developer contributions of $4.8 million.

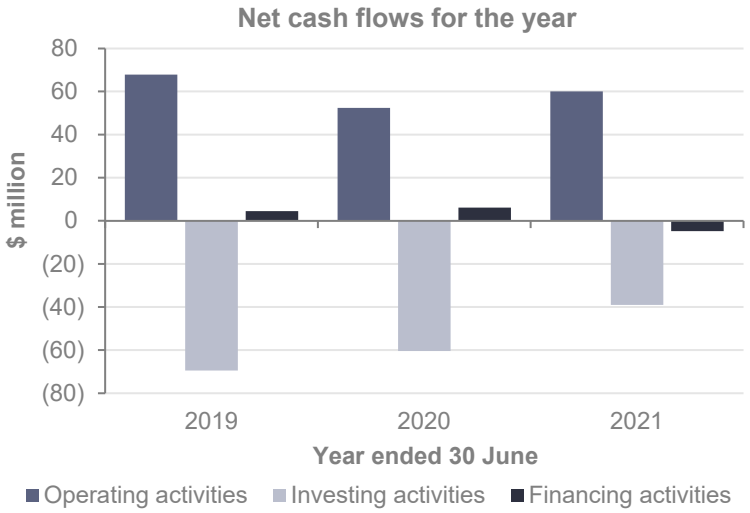
STATEMENT OF CASH FLOWS

The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year.

The increase in cash provided from operating activities is mainly due to the increase in grants and contributions received during the year.

There was a reduction in cash used in investing activities as there were no purchases of investments this year, compared to 14 million in the prior year.

The Council's cash and cash equivalents at 30 June 2021 was $23.2 million (2020: $6.8 million). The net cash flow for the year was an increase of $16.3 million (2020: $1.9 million outflows).



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	$m	$m	
Total cash, cash equivalents and investments	**182.1**	**171.9**	Total cash, cash equivalents and investments increased by $10.2 million.
• External restrictions	146.1	125.6	Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase in Council's externally restricted cash and investments is mainly due to increase in the water supply and sewer fund.
• Internal restrictions	28.4	30.9	Internally restricted cash and investments are due to council policy or decisions to restrict funds for forward plans including strategic capitals projects. The decrease in internally restricted cash and investments is mainly due to the reduction in restricted council project funding.

Debt

The Council has $55.2 million of borrowings at 30 June 2021 (2020: $59.6 million).

The Council has a combined bank overdraft and credit card facility limit of $3.3 million as at 30 June 2021 (2020: $3.0 million). As at 30 June 2021, $3.1 million of the total facility remains unutilised.

PERFORMANCE

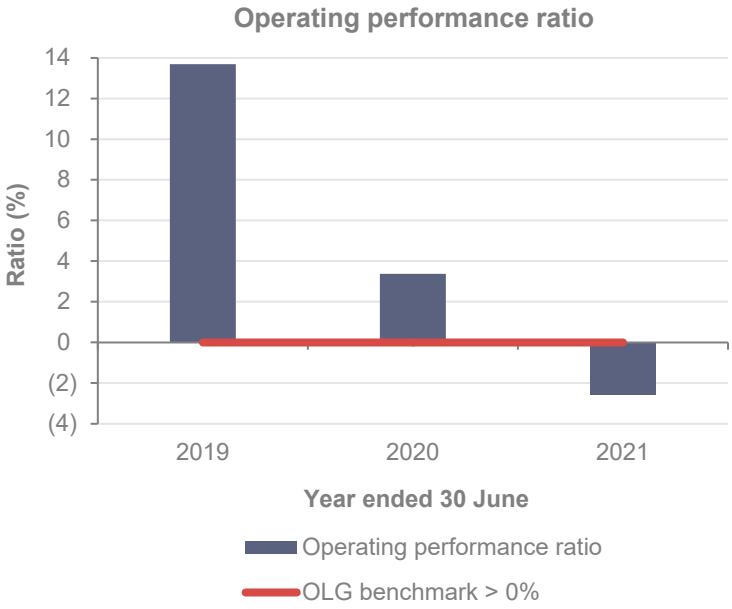
Performance measures

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

Operating performance ratio

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

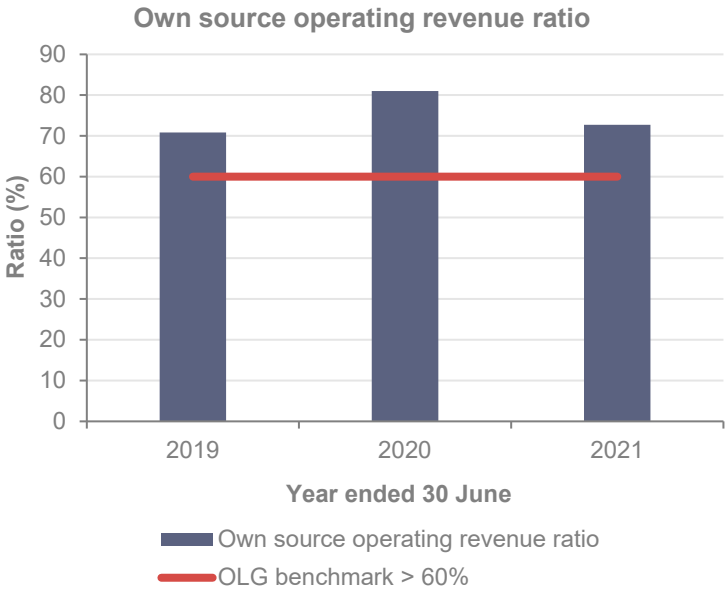
The Council did not meet the OLG benchmark for the current reporting period.



Own source operating revenue ratio

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

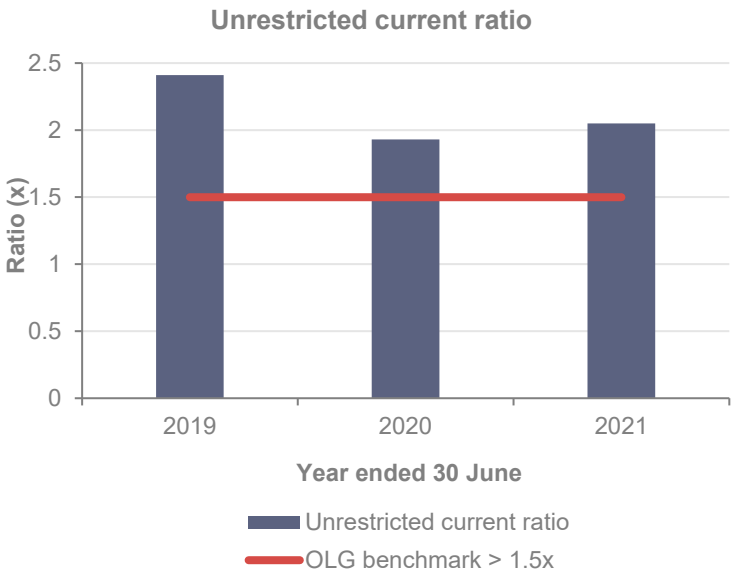
The Council met the OLG benchmark for the current reporting period.



Unrestricted current ratio

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

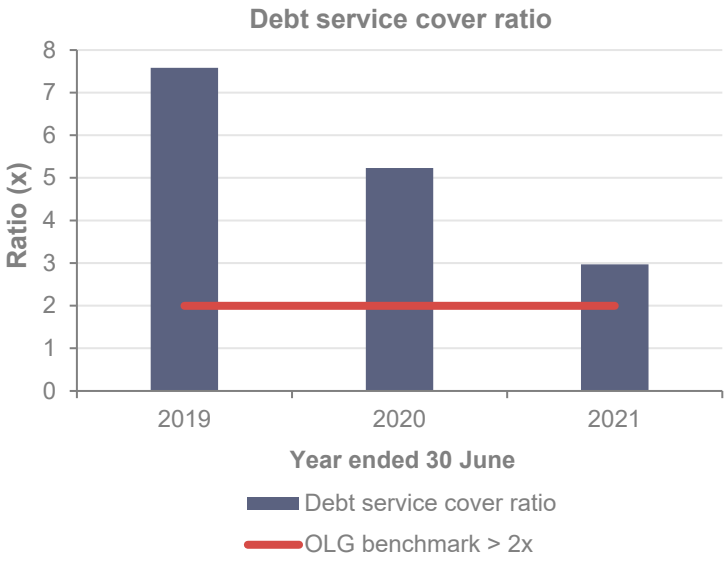
The Council met the OLG benchmark for the current reporting period.



Debt service cover ratio

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

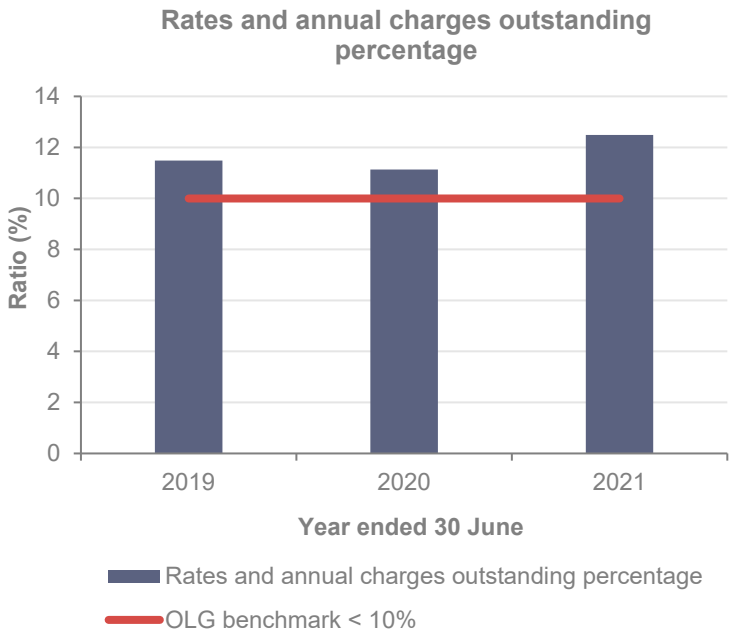
The Council met the OLG benchmark for the current reporting period.



Rates and annual charges outstanding percentage

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

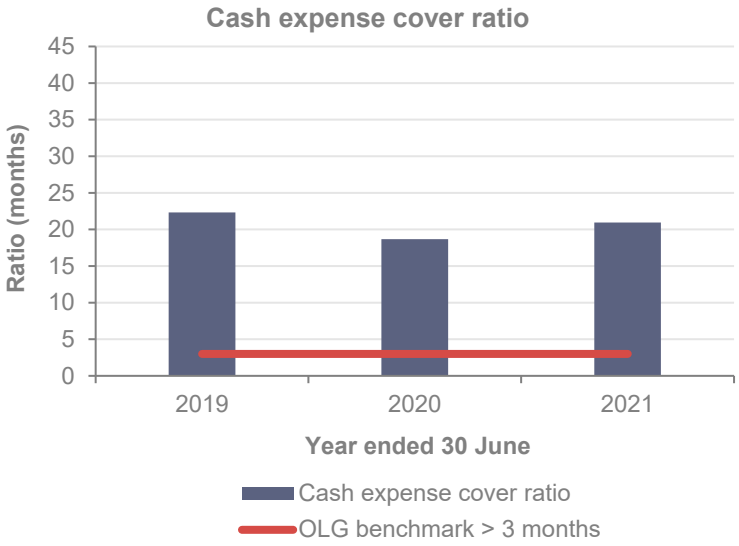
The Council did not meet the OLG benchmark for the current reporting period.



Cash expense cover ratio

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

The Council met the OLG benchmark for the current reporting period.



Infrastructure, property, plant and equipment renewals

Council reported asset renewals of $18.7 million ($17.6 million in 2019-20). Significant renewals included:

- road, bridges and footpaths of $10.2 million ($3.8 million in 2019-20)
- water supply network of $2.9 million ($3.0 million in 2019-20)
- stormwater drainage of $1.4 million (nil in 2019-20)
- buildings of $1.0 million ($1.0 million in 2019-20).

OTHER MATTERS

Legislative compliance

The Council complied with legislative requirements that may materially impact the financial statements.

The Council requested an extension to lodge the audited financial statements by 31 January 2022 and this was approved the Office of Local Government within the Department of Planning and Environment (OLG).

On 21 January 2022, the Council requested a further extension until 28 February 2022, which was approved by OLG on 16 February 2022. Therefore, Council missed the extension deadline of 31 January 2022 without an approved extension from the Office of Local Government.

On 24 February 2022, the Council requested a further extension until 31 March 2022, which was approved by OLG on 29 March 2022. Therefore, Council missed the extension deadline of 28 February 2022 without an approved extension from the Office of Local Government.

Lawrissa Chan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr Frank Zaknich, Chief Executive Officer
Mr Stephen Coates, Chair of the Audit, Risk and Improvement Committee