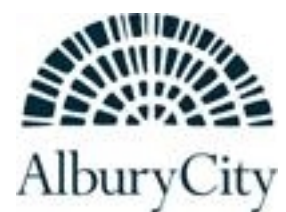


Albury City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



Albury City Council

General Purpose Financial Statements

for the year ended 30 June 2022

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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 2022

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

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

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

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

- present fairly the 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 26 September 2022.



Kylie King

Mayor

27 October 2022



Steve Bowen

Deputy Mayor

27 October 2022



Frank Zaknich

Chief Executive Officer

27 October 2022



Justin Finlayson

Responsible Accounting Officer

27 October 2022

Albury City Council

Income Statement

for the year ended 30 June 2022

Original unaudited budget 2022 \$ '000		Notes	Actual 2022 \$ '000	Actual 2021 \$ '000
Income from continuing operations				
73,191	Rates and annual charges	B2-1	73,849	70,752
38,839	User charges and fees	B2-2	41,713	38,355
4,248	Other revenues	B2-3	5,405	1,535
9,273	Grants and contributions provided for operating purposes	B2-4	20,606	15,694
12,711	Grants and contributions provided for capital purposes	B2-4	24,630	27,541
1,721	Interest and investment income	B2-5	1,349	2,589
930	Other income	B2-6	1,790	1,890
140,913	Total income from continuing operations		169,342	158,356
Expenses from continuing operations				
41,330	Employee benefits and on-costs	B3-1	47,351	43,413
40,964	Materials and services	B3-2	57,311	48,848
2,388	Borrowing costs	B3-3	2,342	2,652
38,103	Depreciation, amortisation and impairment of non-financial assets	B3-4	39,196	37,534
8,154	Other expenses	B3-5	1,601	1,783
—	Net loss from the disposal of assets	B4-1	2,049	1,307
130,939	Total expenses from continuing operations		149,850	135,537
9,974	Net operating result for the year attributable to Council		19,492	22,819
2,738	Net operating result for the year before grants and contributions provided for capital purposes		(5,138)	(4,722)

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 2022

	Notes	2022 \$ '000	2021 \$ '000
Net operating result for the year (from Income Statement)		19,492	22,819
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	121,201	33,245
Total items that will not be reclassified subsequently to the operating result		121,201	33,245
Amounts that will be reclassified subsequently to the operating result when specific conditions are met			
Water licence market adjustment		960	2,371
Total items that will be reclassified subsequently to the operating result when specific conditions are met		960	2,371
Total other comprehensive income for the year		122,161	35,616
Total comprehensive income for the year attributable to Council		141,653	58,435

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 2022

	Notes	2022 \$ '000	Restated 2021 \$ '000	Restated 1 July 2020 ¹ \$ '000
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	16,814	23,198	6,849
Investments	C1-2	130,002	96,700	105,401
Receivables	C1-4	22,082	26,876	24,213
Inventories	C1-5	9,124	10,754	10,376
Other	C1-8	1,021	841	648
Total current assets		179,043	158,369	147,487
Non-current assets				
Investments	C1-2	65,575	62,175	59,701
Infrastructure, property, plant and equipment (IPPE)	C1-6	1,740,262	1,620,235	1,577,116
Intangible assets	C1-7	5,625	4,665	2,295
Right of use assets	C2-1	2,707	3,158	2,894
Total non-current assets		1,814,169	1,690,233	1,642,006
Total assets		1,993,212	1,848,602	1,789,493
LIABILITIES				
Current liabilities				
Payables	C3-1	15,780	16,781	13,643
Contract liabilities	C3-2	6,980	8,322	8,015
Lease liabilities	C2-1	339	422	426
Borrowings	C3-3	4,890	4,274	9,311
Employee benefit provisions	C3-4	9,617	10,125	9,938
Total current liabilities		37,606	39,924	41,333
Non-current liabilities				
Lease liabilities	C2-1	2,509	2,851	2,552
Borrowings	C3-3	59,058	50,967	50,304
Employee benefit provisions	C3-4	540	426	537
Provisions	C3-5	17,774	20,362	19,130
Total non-current liabilities		79,881	74,606	72,523
Total liabilities		117,487	114,530	113,856
Net assets		1,875,725	1,734,072	1,675,637
EQUITY				
Accumulated surplus	C4-1	905,665	886,173	863,354
IPPE revaluation reserve	C4-1	970,060	847,899	812,283
Total equity		1,875,725	1,734,072	1,675,637

(1) See Note G4-1 for details regarding the restatement as a result of prior period errors

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 2022

	Notes	2022			2021		
		Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
Opening balance at 1 July		886,173	847,899	1,734,072	858,260	812,283	1,670,543
Correction of prior period errors	G4-1	–	–	–	5,094	–	5,094
Restated opening balance		886,173	847,899	1,734,072	863,354	812,283	1,675,637
Net operating result for the year		19,492	–	19,492	22,819	–	22,819
Net operating result for the year		19,492	–	19,492	22,819	–	22,819
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant & equipment	C1-6	–	121,201	121,201	–	33,245	33,245
Gain (loss) on revaluation of Water Licence		–	960	960	–	2,371	2,371
Total comprehensive income		19,492	122,161	141,653	22,819	35,616	58,435
Closing balance		905,665	970,060	1,875,725	886,173	847,899	1,734,072

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 2022

Original unaudited budget 2022 \$ '000		Notes	Actual 2022 \$ '000	Actual 2021 \$ '000
Cash flows from operating activities				
Receipts:				
73,134	Rates and annual charges		76,488	68,943
38,612	User charges and fees		41,217	38,319
1,528	Interest received		1,356	2,851
22,237	Grants and contributions		35,448	42,600
–	Bonds, deposits and retentions received		448	153
6,389	Other		9,197	1,595
Payments:				
(40,772)	Payments to employees		(47,745)	(42,231)
(41,106)	Payments for materials and services		(59,728)	(49,331)
(2,362)	Borrowing costs		(2,342)	(1,614)
(8,001)	Other		(3,789)	(1,336)
49,659	Net cash provided from operating activities	G1-1	50,550	59,949
Cash flows from investing activities				
Receipts:				
–	Sale of investments		–	727
–	Proceeds from sale of real estate assets		2,237	–
–	Proceeds from sale of IPPE		57	305
Payments:				
–	Acquisition of term deposits		(36,702)	5,500
(64,363)	Payments for IPPE		(30,459)	(44,937)
–	Purchase of real estate assets		(366)	(373)
(64,363)	Net cash provided from investing activities		(65,233)	(38,778)
Cash flows from financing activities				
Receipts:				
19,500	Proceeds from borrowings		12,982	4,935
Payments:				
(4,415)	Repayment of borrowings		(4,275)	(9,309)
(352)	Principal component of lease payments		(408)	(449)
14,733	Net cash flow provided from financing activities		8,299	(4,823)
29	Net change in cash and cash equivalents		(6,384)	16,348
11,889	Cash and cash equivalents at the beginning of reporting year		23,198	6,849
11,918	Cash and cash equivalents at the end of reporting year	C1-1	16,814	23,197
150,102	plus: Investments – end of year	C1-2	195,577	158,875
162,020	Total cash, cash equivalents and investments		212,391	182,072

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

Albury City Council

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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.

A1-1 Basis of preparation (continued)

Cash and other assets of the following activities 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 but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2022 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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	Restated \$ '000
Functions or activities										
A Growing Sustainable Economy	115,577	112,863	91,326	88,332	24,251	24,531	24,100	24,913	1,620,313	1,528,715
An Enhanced Natural Environment	25,169	21,523	23,226	18,597	1,943	2,926	2,435	1,949	33,809	30,676
A Caring Community	16,097	14,226	19,802	19,498	(3,705)	(5,272)	10,036	8,529	213,343	193,304
A Leading Community	12,499	9,743	15,496	9,110	(2,997)	633	8,665	7,844	125,747	95,907
Total functions and activities	169,342	158,355	149,850	135,537	19,492	22,818	45,236	43,235	1,993,212	1,848,602

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

	2022 \$ '000	2021 \$ '000
Ordinary rates		
Residential	33,074	31,685
Farmland	788	762
Business	11,566	11,193
Less: Pensioner rebates (statutory)	(725)	(747)
Less: Early payment discount (Council policy)	(161)	(169)
Rates levied to ratepayers	44,542	42,724
Pensioner rate subsidies received	489	510
Total ordinary rates	45,031	43,234
Special rates		
Parking	412	540
CBD Promotional levy	167	162
Rates levied to ratepayers	579	702
Total special rates	579	702
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	6,541	5,400
Water supply services	4,291	4,204
Sewerage services	18,049	17,791
Less: Pensioner rebates (statutory)	(763)	(745)
Less: Early payment discount (Council policy)	(23)	(20)
Less: Pensioner rebates (Council policy)	(192)	(163)
Annual charges levied	27,903	26,467
Pensioner subsidies received:		
– Water	169	176
– Sewerage	167	173
Total annual charges	28,239	26,816
Total rates and annual charges	73,849	70,752

Council has used 2021 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 recognised within the underlying revenue item based on their substance.

B2-2 User charges and fees

	2022 \$ '000	2021 \$ '000
User charges		
Water supply services	9,964	11,172
Sewerage services	3,703	2,658
Drainage services	460	447
Waste management services (non-domestic)	14,977	11,914
Total user charges	29,104	26,191
Fees		
Planning and building regulation	2,605	1,317
Private works – section 67	7	148
Section 603 certificates	195	118
Airport	1,869	2,799
Cemeteries	999	856
Child care	3,545	3,465
Community centres	649	607
Sporting ground fees	215	87
Water sales and charges	578	681
Other	1,947	2,086
Total fees	12,609	12,164
Total user charges and fees	41,713	38,355
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	29,104	26,885
User charges and fees recognised at a point in time	12,609	11,470
Total user charges and fees	41,713	38,355

Accounting policy

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

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

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

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

B2-3 Other revenues

	2022 \$ '000	2021 \$ '000
Fines – parking	91	82
Street Lighting LED upgrade	858	–
Sales – general	359	495
Real estate inventory sale	1,108	–
Albury Entertainment Centre	2,398	463
Workers compensation	130	143
Other	461	352
Total other revenue	5,405	1,535

Timing of revenue recognition for other revenue

Other revenue recognised over time	–	–
Other revenue recognised at a point in time	5,405	1,535
Total other revenue	5,405	1,535

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

	Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
General purpose grants and non-developer contributions (untied)				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	2,640	2,398	–	–
Financial assistance – local roads component	829	729	–	–
Payment in advance - future year allocation				
Financial assistance – general component	4,101	2,548	–	–
Financial assistance – local roads component	1,230	800	–	–
Amount recognised as income during current year	8,800	6,475	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Child care	70	160	79	–
Community centres	253	130	179	36
Heritage and cultural	207	410	88	–
Recreation and culture	1,049	97	3,341	3,822
NEXUS Industrial Precinct	6,582	6,278	–	–
Airport Grants	2,199	–	–	–
Transport (roads to recovery)	–	–	883	883
Roads	209	800	976	1,656
Other specific grants	1,237	952	2,144	1,898
Transport	–	–	1,179	–
RMS contributions	–	392	–	–
Total special purpose grants and non-developer contributions – cash	11,806	9,219	8,869	8,295
Non-cash contributions				
Donated artwork	–	–	690	143
Recognition of Museum artefacts	–	–	–	–
Subdivision dedications (other than by s7.11) (General Fund)	–	–	6,954	8,349
Subdivision dedications (other than by s7.11) (Water Fund)	–	–	633	886
Subdivision dedications (other than by s7.11) (Sewer Fund)	–	–	958	1,582
Total other contributions – non-cash	–	–	9,235	10,960
Total special purpose grants and non-developer contributions (tied)	11,806	9,219	18,104	19,255
Total grants and non-developer contributions	20,606	15,694	18,104	19,255
Comprising:				
– Commonwealth funding	10,097	7,856	2,068	883
– State funding	9,101	7,837	5,923	6,334
– Other funding	1,408	1	10,113	12,038
	20,606	15,694	18,104	19,255

B2-4 Grants and contributions (continued)

	Operating 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
Notes				
Developer contributions:				
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):				
Cash contributions				
S 7.11 – contributions towards amenities/services	–	–	3,650	4,112
S 64 – water supply contributions	–	–	1,208	1,602
S 64 – sewerage service contributions	–	–	1,656	2,522
Other developer contributions	–	–	12	50
Total developer contributions – cash	–	–	6,526	8,286
Total developer contributions	–	–	6,526	8,286
Total grants and contributions	20,606	15,694	24,630	27,541
Timing of revenue recognition for grants and contributions				
Grants and contributions recognised over time	2,697	2,215	7,646	7,181
Grants and contributions recognised at a point in time	17,909	13,479	16,984	20,360
Total grants and contributions	20,606	15,694	24,630	27,541

G5

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 2022 \$ '000	Operating 2021 \$ '000	Capital 2022 \$ '000	Capital 2021 \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	3,501	1,765	1,899	1,024
Add: capital grants recognised as income in the current period that were received for the provision of goods and services in a future period	423	3,501	3,560	1,899
Less: capital grants recognised in previous reporting periods that have been spent in the current reporting period	(3,501)	(1,765)	(1,899)	(1,024)
Unspent funds at 30 June	423	3,501	3,560	1,899
Contributions				
Unspent funds at 1 July	–	–	867	266
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	1,412	620
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(30)	(19)
Unspent contributions at 30 June	–	–	2,249	867

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

Capital grants

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

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

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

Developer Contributions

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

B2-4 Grants and contributions (continued)

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

	2022 \$ '000	2021 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges	119	42
– Cash and investments	1,230	2,547
Total interest and investment income (losses)	1,349	2,589

Accounting policy

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

B2-6 Other income

	Notes	2022 \$ '000	2021 \$ '000
Rental income			
Other lease income			
External plant and equipment hire		1	93
Room/Facility Hire		1,112	1,065
Leaseback fees - council vehicles		677	732
Total other lease income		1,790	1,890
Total rental income	C2-2	1,790	1,890
Total other income		1,790	1,890

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2022 \$ '000	2021 \$ '000
Salaries and wages	41,074	35,963
Employee leave entitlements	3,708	4,765
Superannuation	4,385	3,955
Workers' compensation insurance	606	766
Fringe benefit tax	139	142
Payroll tax	162	185
Less: capitalised costs	(2,723)	(2,363)
Total employee costs expensed	47,351	43,413

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	2022 \$ '000	2021 \$ '000
Raw materials and consumables		22,454	19,673
Davey Road Southern Interchange		4,110	6,277
Street Lighting LED upgrade		118	1,013
Contractor and consultancy costs		20,408	11,256
Audit Fees	F2-1	238	149
Councillor and Mayoral fees and associated expenses	F1-2	306	324
Advertising		71	288
Election expenses		94	92
Electricity and Gas		3,228	3,244
Electricity – street lighting		571	931
Insurance		1,433	1,280
Conferences and seminars		121	87
Equipment purchases		135	557
Marketing		579	689
Rent and hire charges		115	51
Training Costs		419	264
Telephone and communications		289	254
Legal expense		150	157
Expenses from short-term leases		–	4
Expenses from leases of low value assets		–	240
Other expenses		2,472	2,018
Total materials and services		57,311	48,848

Accounting policy

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

B3-3 Borrowing costs

	Notes	2022 \$ '000	2021 \$ '000
Interest on leases		59	64
Interest on loans		2,280	2,576
Amortisation of rehabilitation provision discount	C3-5	3	12
Total borrowing costs expensed		2,342	2,652

Accounting policy

Borrowing costs are expensed when incurred.

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

	Notes	2022 \$ '000	2021 \$ '000
Depreciation and amortisation			
Plant and equipment		1,376	1,461
Office equipment		262	313
Furniture and fittings		55	125
Land improvements		1,901	1,835
Infrastructure:	C1-6		
– Buildings		7,885	7,014
– Other structures		598	524
– Roads, bridges and footpaths		12,120	11,411
– Stormwater drainage		2,451	2,353
– Water supply network		6,283	6,356
– Sewerage network		4,871	4,784
Right of use assets	C2-1	434	480
Other assets:			
– Library books		139	287
– Other		–	40
Landfill rehabilitation and cell assets		821	551
Total depreciation and amortisation costs		39,196	37,534
TOTAL DEPRECIATION AND AMORTISATION		39,196	37,534

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	2022 \$ '000	2021 \$ '000
Impairment of receivables			
Other		42	51
Total impairment of receivables	C1-4	42	51
Other			
Contributions/levies to other levels of government			
– NSW fire brigade levy		460	500
– NSW rural fire service levy		276	232
- SES levy		72	95
Donations, contributions and assistance to other organisations (Section 356)		751	905
Total other expenses		1,601	1,783

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	2022 \$ '000	2021 \$ '000
Infrastructure, property, plant and equipment	C1-6		
Proceeds from disposal – plant and equipment and Infrastructure		57	305
Less: carrying amount of plant and equipment and Infrastructure assets sold/written off		(2,106)	(1,612)
Net gain (or loss) from disposal of assets		(2,049)	(1,307)

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 28/06/2021 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	2022 Budget	2022 Actual	2022 ----- Variance -----	
Revenues				
Other revenues	4,248	5,405	1,157	27% F
This variance is mainly due to higher ticket sales for the Albury Entertainment Centre.				
Operating grants and contributions	9,273	20,606	11,333	122% F
The increase in operating grant funding is mainly due to funding received of \$6.6M for the Davey Road Interchange Project, and Financial Assistance Grants in advance of \$2M, and Albury Airport stimulus grant funding of \$2.2M.				
Capital grants and contributions	12,711	24,630	11,919	94% F
The variance is mainly due non-cash contributions being the recognition of assets from subdivisions of \$8.5M and the recognition of museum artefacts of \$5M.				
Interest and investment revenue	1,721	1,349	(372)	(22)% U
The decrease in interest earned reflects the drop in market rates for new and renewed term deposits.				
Other income	930	1,790	860	92% F
This variance is due to higher lease/rental income than budgeted.				

B5-1 Material budget variations (continued)

\$ '000	2022 Budget	2022 Actual	2022 ----- Variance -----	
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Expenses

Employee benefits and on-costs	41,330	47,351	(6,021)	(15)% U
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Actual employee costs were in line with the adopted payroll budget model, however greater than the adopted budget as time spent by employees maintaining facilities, infrastructure and open spaces was funded by maintenance program budgets.

Materials and services	40,964	57,311	(16,347)	(40)% U
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This variance is largely offset by increased income. Examples include grant funded Davey Road Interchange Project expenditure \$4.1M, Resource Recovery costs \$4.4M, and original budget savings target of \$4M funded by increased income from operations. The balance mainly relates to increased maintenance of open spaces, properties and buildings.

Other expenses	8,154	1,601	6,553	80% F
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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	—	2,049	(2,049)	∞ U
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This variance reflects the (non-cash) book value of asset disposals.

Statement of cash flows

Cash flows from financing activities	14,733	8,299	(6,434)	(44)% U
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This variance mainly reflects less loans being drawn down than budgeted.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2022 \$ '000	2021 \$ '000
Cash assets		
Cash at Bank and on hand	75	5,894
Deposits at call	16,739	17,304
Total cash and cash equivalents	16,814	23,198

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

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Term deposits	130,002	65,575	96,700	62,175
Total financial investments	130,002	65,575	96,700	62,175
TOTAL CASH ASSETS AND INVESTMENTS	146,816	65,575	119,898	62,175

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 and allocated cash, cash equivalents and investments

	2022 \$ '000	2021 \$ '000
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(a) Externally restricted cash, cash equivalents and investments

Total cash, cash equivalents and investments	212,391	182,073
Less: Externally restricted cash, cash equivalents and investments	(147,981)	(146,102)
Cash, cash equivalents and investments not subject to external restrictions	64,410	35,971

External restrictions

External restrictions – included in liabilities

External restrictions included in cash, cash equivalents and investments above comprise:

Specific purpose unexpended grants – general fund	3,983	5,400
External restrictions – included in liabilities	3,983	5,400

Other external restrictions

External restrictions included in cash, cash equivalents and investments above comprise:

Developer contributions – general	2,269	868
CBD Parking special rate	–	110
Water supply	57,686	61,638
Sewer fund	83,350	76,587
Domestic waste management	693	1,499
Total external restrictions	147,981	146,102

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

	2022 \$ '000	2021 \$ '000
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(b) Internal allocations

Internal allocations

At 30 June, Council has internally allocated funds to the following:

Employees leave entitlement	2,684	2,471
Project funding	22,590	8,093
Deposits, retentions and bonds	4,409	3,963
Financial assistance grant received in advance	5,331	3,348
Prepaid burial contributions	2,243	2,036
Elections	61	345
Landfill rehabilitation	4,848	4,331
Tabletop community centre	4	4
Environmental Lands	3,629	3,841
Total internal allocations	45,799	28,432

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

	2022 \$ '000	2021 \$ '000
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(c) Unrestricted and unallocated

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

	2022	2021
	\$ '000	\$ '000
Unrestricted and unallocated cash, cash equivalents and investments	18,611	7,539

C1-4 Receivables

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Rates and annual charges	7,395	–	9,845	–
User charges and fees	12,432	–	11,825	–
Interest on investments	742	–	749	–
Government grants and subsidies	346	–	1,209	–
Net GST receivable	221	–	553	–
Other income accruals	1,202	–	2,706	–
Other debtors	651	–	859	–
Total	22,989	–	27,746	–
Less: provision for impairment				
User charges and fees	(907)	–	(870)	–
Total provision for impairment – receivables	(907)	–	(870)	–
Total net receivables	22,082	–	26,876	–

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, Albury City 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 Albury City's historical experience and informed credit assessment, and including forward-looking information.

Albury City 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, Albury City 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, Albury City 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 Albury City and the cash flows expected to be received. This is applied using a probability weighted approach.

Albury City writes off a trade receivable when there is information indicating that there is no realistic prospect of recovery. Where Albury City 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

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
(i) Inventories at cost				
Real estate for resale	8,086	–	9,957	–
Stores and materials	1,038	–	797	–
Total inventories	9,124	–	10,754	–

(ii) Other disclosures

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
(a) Details for real estate development				
Residential	992	–	625	–
Industrial/commercial	7,094	–	9,332	–
Total real estate for resale	8,086	–	9,957	–

Represented by:

Acquisition costs	2,983	–	4,068	–
Development costs	5,103	–	5,889	–
Total costs	8,086	–	9,957	–
Total real estate for resale	8,086	–	9,957	–

Movements:

Real estate assets at beginning of the year	9,957	–	9,584	–
– Purchases and other costs	–	–	373	–
– Transfer In/Out	(601)	–	–	–
– Sales	(1,270)	–	–	–
Total real estate for resale	8,086	–	9,957	–

(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;

	2022 \$ '000	2021 \$ '000
Real estate for resale	6,220	6,623
	6,220	6,623

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.

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 2021			Asset movements during the reporting period						At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments/(decrements to equity) (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	Restated \$ '000	\$ '000	Restated \$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	25,896	–	25,896	14,760	4,677	(929)	–	(6,610)	–	37,794	–	37,794
Plant and equipment	25,775	(12,466)	13,309	–	936	(325)	(1,376)	720	–	26,399	(13,135)	13,264
Office equipment	7,152	(6,358)	794	–	–	(109)	(262)	–	–	7,356	(6,933)	423
Furniture and fittings	4,319	(3,811)	508	–	22	–	(55)	–	–	4,330	(3,855)	475
Land:												
– Operational land	50,334	–	50,334	–	–	–	–	–	5,231	55,565	–	55,565
– Community land	80,170	–	80,170	–	896	–	–	–	8,329	89,395	–	89,395
– Crown land	10,759	–	10,759	–	–	–	–	–	1,118	11,877	–	11,877
– Land under roads	785	–	785	321	–	–	–	–	82	1,188	–	1,188
Land improvements – non-depreciable	5,940	–	5,940	–	–	–	–	–	522	6,462	–	6,462
Land improvements – depreciable	63,244	(19,905)	43,339	20	100	–	(1,901)	–	3,957	67,320	(21,805)	45,515
Infrastructure:												
– Buildings	275,838	(152,933)	122,905	278	182	–	(7,885)	1,787	9,407	287,492	(160,818)	126,674
– Other structures	15,442	(7,351)	8,091	402	–	(7)	(598)	–	3,198	19,015	(7,929)	11,086
– Roads, bridges and footpaths	897,929	(324,088)	573,841	4,549	5,118	(282)	(12,120)	3,029	49,319	958,995	(335,541)	623,454
– Stormwater drainage	284,380	(74,489)	209,891	406	1,990	(102)	(2,451)	–	18,305	304,941	(76,902)	228,039
– Water supply network	483,486	(241,911)	241,575	1,672	1,539	(205)	(6,283)	832	13,250	499,929	(247,549)	252,380
– Sewerage network	385,939	(184,164)	201,775	117	956	(147)	(4,871)	–	10,915	397,391	(188,646)	208,745
Other assets:												
– Library books	3,509	(2,697)	812	–	396	–	(139)	–	–	3,905	(2,836)	1,069
– Other	13,263	(382)	12,881	–	357	–	–	242	–	13,694	(214)	13,480
Landfill rehabilitation and cell assets	18,748	(2,118)	16,630	–	–	–	(821)	–	(2,432)	18,815	(5,438)	13,377
Total infrastructure, property, plant and equipment	2,652,908	(1,032,673)	1,620,235	22,525	17,169	(2,106)	(38,762)	–	121,201	2,811,863	(1,071,601)	1,740,262

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

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period						At 30 June 2021		
	Gross carrying amount Restated \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount Restated \$ '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 Restated \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount Restated \$ '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	13,120	(342)	12,778	–	143	–	(40)	–	–	13,263	(382)	12,881
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	2,559,884	(982,768)	1,577,116	30,675	17,863	(1,612)	(37,054)	–	33,245	2,652,908	(1,032,673)	1,620,235

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.

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.

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

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

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:

	2022 \$ '000	2021 \$ '000
Water Licences		
Opening gross book value at 1 July	4,665	2,295
Movements for the year		
– Market adjustment	960	2,370
Closing values at 30 June		
Gross book value	5,625	4,665
Total intangible assets – net book value	5,625	4,665

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

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Prepayments	1,013	–	838	–
Other	8	–	3	–
Total other assets	1,021	–	841	–

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of assets including land, buildings, office 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
2022			
Opening balance at 1 July	143	3,015	3,158
Additions	40	–	40
Adjustments	(2)	(56)	(58)
Depreciation charge	(114)	(319)	(433)
Balance at 30 June	67	2,640	2,707
2021			
Opening balance at 1 July	274	2,620	2,894
Additions	31	–	31
Adjustments	–	714	714
Depreciation charge	(162)	(319)	(481)
Balance at 30 June	143	3,015	3,158

(b) Lease liabilities

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Lease liabilities	339	2,509	422	2,851
Total lease liabilities	339	2,509	422	2,851

C2-1 Council as a lessee (continued)

(c) 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
2022					
Cash flows	392	1,119	2,097	3,608	2,848
2021					
Cash flows	462	1,257	2,373	4,092	3,273

(d) Income Statement

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

	2022 \$ '000	2021 \$ '000
Interest on lease liabilities	59	64
Income from sub-leasing right of use assets	–	25
Depreciation of right of use assets	434	480
Expenses relating to short-term leases	–	4
Expenses relating to low-value leases	7	240
	500	813

(e) Statement of Cash Flows

Total cash outflow for leases	474	514
	474	514

(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.

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 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:

	2022 \$ '000	2021 \$ '000
Lease income (excluding variable lease payments not dependent on an index or rate)	1,790	1,890
Total income relating to operating leases for Council assets	1,790	1,890

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	864	909
1–2 years	759	774
2–3 years	570	672
3–4 years	460	524
4–5 years	412	417
> 5 years	3,086	4,068
Total undiscounted lease payments to be received	6,151	7,364

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

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Payables				
Goods and services	5,314	—	4,281	—
Accrued expenses	3,905	—	6,576	—
Bonds, deposits and retentions	4,409	—	3,961	—
Prepaid rates	2,152	—	1,963	—
Total payables	15,780	—	16,781	—
Total payables	15,780	—	16,781	—

Accounting policy

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

Payables

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

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Grants and contributions received in advance:				
Unexpended grants (received prior to performance obligation being satisfied)	3,984	—	5,400	—
Total grants received in advance	3,984	—	5,400	—
Prepaid Burials	2,243	—	2,036	—
Other advance payments	753	—	886	—
Total user fees and charges received in advance	2,996	—	2,922	—
Total contract liabilities	6,980	—	8,322	—

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 primarily due to grants in the scope of AASB 15 and capital grants received by Council to acquire or construct assets which will be under Council's control.

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

	2022	2022	2021	2021
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C3-3 Borrowings (continued)

	Current \$ '000	Non-current \$ '000	Current \$ '000	Non-current \$ '000
Loans – secured	4,890	59,058	4,274	50,967
Total borrowings	4,890	59,058	4,274	50,967

(a) Changes in liabilities arising from financing activities

	2021		Non-cash movements				2022
	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	55,241	8,707	–	–	–	–	63,948
Lease liability (Note C2-1b)	3,273	(408)	40	–	–	(57)	2,848
Total liabilities from financing activities	58,514	8,299	40	–	–	(57)	66,796

	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

C3-3 Borrowings (continued)

(b) Financing arrangements

	2022 \$ '000	2021 \$ '000
Total facilities		
Bank overdraft facilities	1,000	1,000
Corporate credit cards	2,250	2,250
Total financing arrangements	3,250	3,250
Drawn facilities		
– Corporate credit cards	194	180
Total drawn financing arrangements	194	180
Undrawn facilities		
– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	2,056	2,070
Total undrawn financing arrangements	3,056	3,070

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 less transaction costs. 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

	2022 Current \$ '000	2022 Non-current \$ '000	2021 Current \$ '000	2021 Non-current \$ '000
Annual leave	4,081	–	3,820	–
Long service leave	5,536	540	6,305	426
Total employee benefit provisions	9,617	540	10,125	426

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

	2022 \$ '000	2021 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	4,974	5,127
	4,974	5,127

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

	2022 Current \$ '000	2022 Non-Current \$ '000	2021 Current \$ '000	2021 Non-Current \$ '000
Other				
Landfill Rehabilitation	–	17,774	–	20,362

C3-5 Provisions (continued)

Total provisions	–	17,774	–	20,362
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Movements in provisions

	Other provisions	
	Restated landfill rehabilitation \$ '000	Total \$ '000
2022		
At beginning of year	20,362	20,362
Changes to provision:		
– Revised discount rate	(3,206)	(3,206)
– Revised costs	29	29
– Revised life	138	138
– Revised inflation rate	454	454
Unwinding of discount	(3)	(3)
Total other provisions at end of year	17,774	17,774
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

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 Nature and purpose of reserves

IPPE 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 2022 \$ '000	Water 2022 \$ '000	Sewer 2022 \$ '000
Income from continuing operations			
Rates and annual charges	51,827	4,106	17,916
User charges and fees	26,983	10,543	4,187
Interest and investment revenue	448	417	484
Other revenues	5,404	1	—
Grants and contributions provided for operating purposes	20,606	—	—
Grants and contributions provided for capital purposes	20,127	1,839	2,664
Other income	1,790	—	—
Total income from continuing operations	127,185	16,906	25,251
Expenses from continuing operations			
Employee benefits and on-costs	41,713	2,035	3,603
Materials and services	43,812	5,038	8,461
Borrowing costs	2,009	—	333
Depreciation, amortisation and impairment of non-financial assets	27,423	6,745	5,028
Other expenses	1,601	—	—
Net losses from the disposal of assets	1,240	415	394
Total expenses from continuing operations	117,798	14,233	17,819
Net operating result for the year	9,387	2,673	7,432
Net operating result for the year before grants and contributions provided for capital purposes	(10,740)	834	4,768

D1-2 Statement of Financial Position by fund

	General 2022 \$ '000	Water 2022 \$ '000	Sewer 2022 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	16,814	–	–
Investments	50,884	38,190	40,928
Receivables	8,912	5,281	7,889
Inventories	8,854	250	20
Other	953	68	–
Total current assets	86,417	43,789	48,837
Non-current assets			
Investments	3,657	19,496	42,422
Infrastructure, property, plant and equipment	1,259,579	260,850	219,833
Intangible assets	525	5,100	–
Right of use assets	2,707	–	–
Total non-current assets	1,266,468	285,446	262,255
Total assets	1,352,885	329,235	311,092
LIABILITIES			
Current liabilities			
Payables	14,717	919	144
Contract liabilities	6,980	–	–
Lease liabilities	339	–	–
Borrowings	4,467	–	423
Employee benefit provision	8,591	460	566
Total current liabilities	35,094	1,379	1,133
Non-current liabilities			
Lease liabilities	2,509	–	–
Borrowings	55,128	–	3,930
Employee benefit provision	480	28	32
Provisions	17,774	–	–
Total non-current liabilities	75,891	28	3,962
Total liabilities	110,985	1,407	5,095
Net assets	1,241,900	327,828	305,997
EQUITY			
Accumulated surplus	495,029	200,619	210,017
Revaluation reserves	746,871	127,209	95,980
Total equity	1,241,900	327,828	305,997

D2 Interests in other entities

D2-1 Interests in associates

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.

	2022 \$ '000	2021 \$ '000
Carrying amount	5	2
Council's share in profit/(loss) from continuing operations	5	(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 Council will not be able to pay its debts as and when they fall due.

(a) Market risk – interest rate and price risk

	2022 \$ '000	2021 \$ '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	1,955	1,819

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	Overdue < 5 years \$ '000	overdue rates and annual charges - ≥ 5 years \$ '000	Total \$ '000
2022				
Receivables – rates and annual charges	4,939	2,456	–	7,395
2021				
Receivables – rates and annual charges	7,478	2,367	–	9,845

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 is determined as follows. The expected credit losses incorporate forward-looking information.

	Not yet overdue \$ '000	0 - 30 days \$ '000	Overdue debts 31 - 60 days \$ '000	61 - 90 days \$ '000	> 90 days overdue \$ '000	Total \$ '000
2022						
Gross carrying amount	10,551	3,130	509	247	1,157	15,594
Expected loss rate (%)	1.82%	1.82%	1.82%	1.82%	55.76%	5.82%
ECL provision	192	57	9	4	645	907
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

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 %	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
2022						
Payables	0.00%	15,295	–	–	15,295	15,780
Borrowings	4.31%	7,647	29,384	47,929	84,960	63,948
Total financial liabilities		22,942	29,384	47,929	100,255	79,728
2021						
Payables	0.00%	12,952	–	–	12,952	16,781
Borrowings	4.40%	6,556	25,984	37,151	69,691	55,241
Total financial liabilities		19,508	25,984	37,151	82,643	72,022

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).

E2-1 Fair value measurement (continued)

		Fair value measurement hierarchy									
\$ '000	Notes	Date of latest valuation		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
									Restated		Restated
Recurring fair value measurements											
Infrastructure, property, plant and equipment C1-6											
– Plant and equipment	Various	Various	–	–	–	–	13,264	13,309	13,264	13,309	
– Office equipment, furniture & fittings	Various	Various	–	–	–	–	898	1,302	898	1,302	
– Land – operational	30/06/20	30/06/20	–	–	–	–	55,565	50,334	55,565	50,334	
– Land – community	30/06/20	30/06/20	–	–	–	–	101,272	90,929	101,272	90,929	
– Land under roads	30/06/15	30/06/15	–	–	–	–	1,188	785	1,188	785	
– Land improvements – non depreciable	Various	Various	–	–	–	–	6,462	5,940	6,462	5,940	
– Land improvements – depreciable	Various	Various	–	–	–	–	45,515	43,339	45,515	43,339	
– Buildings	30/06/20	30/06/20	–	–	–	–	126,674	122,905	126,674	122,905	
– Other structures	30/06/20	30/06/20	–	–	–	–	11,086	8,091	11,086	8,091	
– Roads, bridges and footpaths	30/06/20	30/06/20	–	–	–	–	623,454	573,841	623,454	573,841	
– Stormwater drainage	30/06/20	30/06/20	–	–	–	–	228,039	209,891	228,039	209,891	
– Water supply networks	30/06/20	30/06/20	–	–	–	–	252,380	241,575	252,380	241,575	
– Sewerage network	30/06/20	30/06/20	–	–	–	–	208,745	201,775	208,745	201,775	
– Landfill rehabilitation and cell assets	30/06/20	30/06/20	–	–	–	–	13,377	16,630	13,377	16,630	
– Library books	Various	Various	–	–	–	–	1,069	812	1,069	812	
– Other	Various	Various	–	–	–	–	13,480	12,881	13,480	12,881	
Total infrastructure, property, plant and equipment			–	–	–	–	1,702,468	1,594,339	1,702,468	1,594,339	
Non-recurring fair value measurements											
Intangible Assets											
Water Licence	30/06/22	30/06/21	5,625	4,665	–	–	–	–	5,625	4,665	
Total Intangible Assets			5,625	4,665	–	–	–	–	5,625	4,665	

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 2021/22 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 2021/22 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 2021/22 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 2021/22 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.

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 2021/22 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 2021/22 Buildings have been indexed utilising Australian Bureau of Statistics Price Indexes.

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 2021/22 Other Structures have been indexed utilising Australian Bureau of Statistics Price Indexes.

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 2021/22 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 2021/22 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 2021/22 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 2021/22 Water assets have been indexed utilising the NSW reference rates manual.

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 equipment, furniture and fittings		Land – operational		Land – community	
	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000
Opening balance	13,309	12,639	1,302	1,690	50,334	47,928	90,929	86,609
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	–	–	–	–	5,231	2,406	9,447	4,320
Other movements								
Transfers from/(to) another asset class	720	–	–	50	–	–	–	–
Purchases (GBV)	936	2,416	22	–	–	–	–	–
Newly Realised Assets	–	–	–	–	–	–	896	–
Disposals (WDV)	(325)	(285)	(109)	–	–	–	–	–
Depreciation and impairment	(1,376)	(1,461)	(317)	(438)	–	–	–	–
Closing balance	13,264	13,309	898	1,302	55,565	50,334	101,272	90,929

	Land under roads		Land improvements – non depreciable		Land improvements – depreciable		Buildings	
	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000	2022 \$ '000	2021 \$ '000
Opening balance	785	753	5,940	5,795	43,339	43,103	122,905	112,096
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	82	32	522	145	3,957	1,122	9,407	3,219
Other movements								
Transfers from/(to) another asset class	–	–	–	–	–	326	1,787	11,023
Purchases (GBV)	–	–	–	–	100	623	182	3,588
Newly Realised Assets	321	–	–	–	20	–	278	–
Disposals (WDV)	–	–	–	–	–	–	–	(7)
Depreciation and impairment	–	–	–	–	(1,901)	(1,835)	(7,885)	(7,014)
Closing balance	1,188	785	6,462	5,940	45,515	43,339	126,674	122,905

E2-1 Fair value measurement (continued)

	Other structures		Roads		Drainage		Water	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	8,091	7,908	573,841	552,438	209,891	203,427	241,575	241,571
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	3,198	255	49,319	12,981	18,305	4,826	13,250	2,161
Other movements								
Transfers from/(to) another asset class	–	121	3,029	3,974	–	40	832	500
Purchases (GBV)	–	331	9,667	16,975	1,990	3,977	1,539	3,872
Newly Realised Assets	402	–	–	–	406	–	1,672	–
Disposals (WDV)	(7)	–	(282)	(1,116)	(102)	(26)	(205)	(173)
Depreciation and impairment	(598)	(524)	(12,120)	(11,411)	(2,451)	(2,353)	(6,283)	(6,356)
Closing balance	11,086	8,091	623,454	573,841	228,039	209,891	252,380	241,575

	Sewer		Landfill rehabilitation		Library books		Other	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	Restated \$ '000
Opening balance	201,775	197,475	16,630	17,066	812	1,099	12,881	12,778
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	10,915	1,777	(2,432)	–	–	–	–	–
Other movements								
Transfers from/(to) another asset class	–	4,384	–	–	–	–	242	–
Purchases (GBV)	956	2,928	–	115	396	–	357	143
Newly Realised Assets	117	–	–	–	–	–	–	–
Disposals (WDV)	(147)	(5)	–	–	–	–	–	–
Depreciation and impairment	(4,871)	(4,784)	(821)	(551)	(139)	(287)	–	(40)
Closing balance	208,745	201,775	13,377	16,630	1,069	812	13,480	12,881

E2-1 Fair value measurement (continued)

	Total	
	2022	2021
	\$ '000	Restated \$ '000
Opening balance	1,594,339	1,544,375
Recognised in other comprehensive income – revaluation surplus	121,201	33,244
Transfers from/(to) another asset class	6,610	20,418
Purchases (GBV)	16,145	34,968
Newly Realised Assets	4,112	–
Disposals (WDV)	(1,177)	(1,612)
Depreciation and impairment	(38,762)	(37,054)
Closing balance	1,702,468	1,594,339

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

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

* for 180 points members, employers are required to contribute 7.5% of salaries for the year ending 30 June 2022 (increasing to 8.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40 million per annum for 1 July 2019 to 31 December 2021 and \$20.0 million per annum for 1 January to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2021. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding 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 2022 was \$388,119.02. The last valuation of the Scheme was performed by the Actuary, Mr Richard Boyfield, FIAA on 30 June 2021.

E3-1 Contingencies (continued)

The amount of additional contributions included in the total employer contribution advised above is \$183,584.40. Council's expected contribution to the plan for the next annual reporting period is \$344,071.92.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2022 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,376.6	
Past Service Liabilities	2,380.7	99.8%
Vested Benefits	2,391.7	99.4%

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

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

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

Investment return	5.5% 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.

E3-1 Contingencies (continued)

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

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

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

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

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

ASSETS NOT RECOGNISED

(i) Land under roads

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

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:

	2022 \$ '000	2021 \$ '000
Compensation:		
Short-term benefits	1,419	1,431
Other long-term benefits	45	14
Total	1,464	1,445

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
2022				
Development application fees	1	–	–	
Grant funding		–	–	
Interest income	2	31	–	
Membership fees expense	4	7	–	
Net proceeds from use of Albury Entertainment Centre	1	–	–	
Purchase of hydraulic parts	4	5	–	
Rental expense	3 & 4	74	–	
Rental income	3	6	–	
Vehicle and parts	4	226	–	
Carpet installation	4	40	–	
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	
Vehicle and parts	4	–	–	
Carpet installation	4	–	–	

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

	2022	2021
	\$ '000	\$ '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	55	60
Councillors' fees	208	226
Other Councillors' expenses (including Mayor)	43	38
Total	306	324

F1-3 Other related parties

	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions
2022			
Expenses			
-Riverina and Murray Joint Organisation membership fees	47	—	
-Riverina and Murray Joint Organisation joint project contributions	—	—	
Income			
-Riverina and Murray Joint Organisation regional waste project	453	—	
-Rental income from Riverina and Murray Joint Organisation	21	—	
2021			
Expenses			
-Riverina and Murray Joint Organisation membership fees	51	—	
-Riverina and Murray Joint Organisation joint project contributions	11	—	
Income			
-Riverina and Murray Joint Organisation regional waste project	—	—	
-Rental income from Riverina and Murray Joint Organisation	15	—	

F2 Other relationships

F2-1 Audit fees

	2022 \$ '000	2021 \$ '000
--	-----------------	-----------------

During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

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

Audit and review of financial statements	133	125
Remuneration for audit and other assurance services	133	125
Total fees paid or payable to the Auditor-General	133	125

G Other matters

G1-1 Statement of Cash Flows information

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

	2022 \$ '000	2021 \$ '000
Net operating result from Income Statement	19,492	22,819
Depreciation and amortisation	39,196	37,534
Losses/(gains) on disposal of assets	2,049	1,307
Non-cash capital grants and contributions	(9,235)	(3,603)
Unwinding landfill rehabilitation provision discount rate	(3)	1,038
Movement in operating assets and liabilities:		
(Increase) / decrease of receivables	4,757	(2,714)
Increase / (decrease) in provision for impairment of receivables	37	51
(Increase) / decrease of inventories	(241)	(5)
(Increase) / decrease of other current assets	(180)	(193)
Increase / (decrease) in payables	1,033	(478)
Increase / (decrease) in other accrued expenses payable	(2,671)	1,501
Increase / (decrease) in other liabilities	637	(512)
Increase / (decrease) in contract liabilities	(1,342)	2,935
Increase / (decrease) in employee benefit provision	(394)	1,182
Increase / (decrease) in other provisions	(2,585)	(912)
Net cash flows from operating activities	50,550	59,950

(b) Non-cash investing and financing activities

Developer contributions 'in kind' (General Fund)	6,954	3,071
Developer contributions 'in kind' (Water Fund)	633	216
Developer contributions 'in kind' (Sewer Fund)	958	316
Donated Artwork	690	—
Recognition of Museum artefacts	5,094	—
Total non-cash investing and financing activities	14,329	3,603

G2-1 Commitments

Capital commitments (exclusive of GST)

	2022 \$ '000	2021 \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Purchase Orders	1,510	1,595
Albury Riverside Precinct	3,813	–
Albury Regional Skate Park facility	–	2,484
Brooklyn Fields Trunk Sewer (Stage 3 to Woolshed Creek) and Lipsett Gravity main	2,216	–
Ernest Grant Park Car Park, Playspace and Skatepark	1,219	–
Kerr Road Reconstruction Stage 6	–	1,205
Thurgoona Oval Sports Pavilion	1,193	–
Keene Street Reconstruction	1,165	836
Albury Swim Center Pool filtration replacement	–	400
Wonga Wetlands Visitor Education Centre	–	219
Water infrastructure SCADA system, Telemetry & Instrumentation Upgrade	–	43
Total commitments	11,116	6,782
These expenditures are payable as follows:		
Within the next year	11,116	6,782
Total payable	11,116	6,782

G3-1 Events occurring after the reporting date

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

G4 Changes from prior year statements

G4-1 Correction of errors

Museum artefacts held by Albury City Council have previously been disclosed as a contingent asset. These assets have now been brought to account on the basis of estimated fair value.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2020) and taking the adjustment through to accumulated surplus at that date. Comparatives have been changed to reflect the correction of errors. The impact on each line item at 1 July 2020 is shown in the table below.

Changes to the opening Statement of Financial Position at 1 July 2020

Statement of Financial Position

	Original Balance 1 July, 2020 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 1 July, 2020 \$ '000
Infrastructure, property, plant and equipment	1,572,022	5,094	1,577,116
Total assets	1,784,399	5,094	1,789,493
Net assets	1,670,543	5,094	1,675,637
Accumulated surplus	858,260	5,094	863,354
Total equity	1,670,543	5,094	1,675,637

Adjustments to the comparative figures for the year ended 30 June 2021

Statement of Financial Position

	Original Balance 30 June, 2021 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2021 \$ '000
Infrastructure, property, plant and equipment	1,615,141	5,094	1,620,235
Total assets	1,843,508	5,094	1,848,602
Net assets	1,728,978	5,094	1,734,072
Accumulated surplus	881,079	5,094	886,173
Total equity	1,728,978	5,094	1,734,072

G5 Statement of developer contributions as at 30 June 2022

G5-1 Summary of developer contributions

	Opening balance at 1 July 2021 \$ '000	Contributions received during the year		Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2022 \$ '000
		Cash \$ '000	Non-cash \$ '000				
Drainage	30	2	–	–	(32)	–	–
Roads	–	12	–	–	(12)	–	–
Parking	413	–	–	4	–	–	417
Community facilities	145	6	–	1	–	–	152
Open space	–	4	–	–	(4)	–	–
Thurgoona/Wirlinga	–	2,959	–	1	(2,801)	–	159
Nexus	265	–	–	2	–	–	267
S7.11 contributions – under a plan	853	2,983	–	8	(2,849)	–	995
S7.12 levies – under a plan	–	508	–	–	(508)	–	–
Total S7.11 and S7.12 revenue under plans	853	3,491	–	8	(3,357)	–	995
S7.11 not under plans	15	2,905	–	11	(1,657)	–	1,274
Total contributions	868	6,396	–	19	(5,014)	–	2,269

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.

G6 Statement of performance measures

G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2022	Indicator 2022	2021	Indicators 2020	2019	Benchmark
1. Operating performance ratio						
Total continuing operating revenue excluding capital grants and contributions less operating expenses	(3,047)	(2.11)%	(2.57)%	3.37%	13.69%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions	144,712					
2. Own source operating revenue ratio						
Total continuing operating revenue excluding all grants and contributions	124,106	73.29%	72.70%	80.98%	70.83%	> 60.00%
Total continuing operating revenue inclusive of all grants and contributions	169,342					
3. Unrestricted current ratio						
Current assets less all external restrictions	90,417	3.16x	2.05x	1.93x	2.41x	> 1.50x
Current liabilities less specific purpose liabilities	28,649					
4. Debt service cover ratio						
Operating result before capital excluding interest and depreciation/impairment/amortisation	38,491	5.48x	2.97x	5.23x	7.58x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	7,025					
5. Rates and annual charges outstanding percentage						
Rates and annual charges outstanding	7,395	8.82%	12.37%	11.13%	11.49%	< 10.00%
Rates and annual charges collectable	83,813					
6. Cash expense cover ratio						
Current year's cash and cash equivalents plus all term deposits X12	212,391	21.55 months	20.95 months	18.67 months	22.32 months	> 3.00 months
Payments from cash flow of operating and financing activities	9,857					

G6-2 Statement of performance measures by fund

\$ '000	General Indicators ¹		Water Indicators		Sewer Indicators		Benchmark
	2022	2021	2022	2021	2022	2021	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses	(8.08)%	(13.67)%	5.54%	13.57%	21.11%	31.02%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding all grants and contributions	67.97%	67.57%	89.12%	87.35%	89.45%	83.68%	> 60.00%
Total continuing operating revenue including all grants and contributions							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.94x	2.05x	4.06x	24.01x	6.98x	44.28x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation	3.13x	1.36x	∞	∞	29.98x	14.19x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	4.34%	4.78%	21.37%	26.50%	16.28%	25.32%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits X12	9.59 months	6.46 months	44.27 months	74.02 months	73.83 months	70.75 months	> 3.00 months
Payments from cash flow of operating and financing activities							

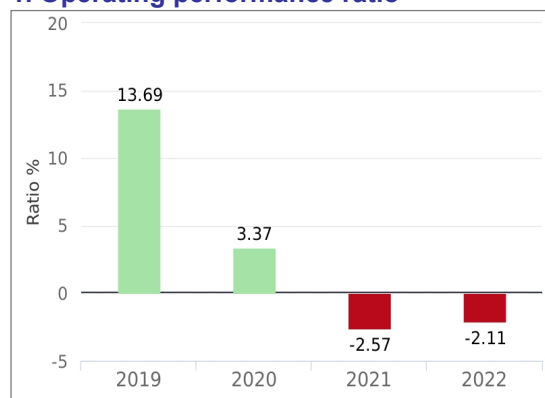
(1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2021/22 result

2021/22 ratio (2.11)%

This trend is mainly due to year on year increases for (non-cash) depreciation expense which reflects the increasing cost to renew infrastructure assets.

AlburyCity's operating revenue has also been impacted by COVID in recent years. During 2021/22 less revenue was raised for water and wastewater services due to less water consumption.

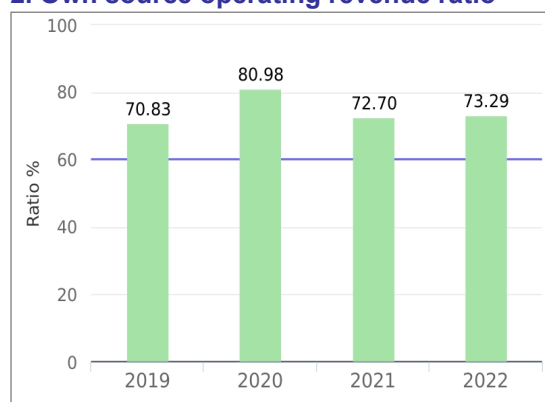
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2021/22 result

2021/22 ratio 73.29%

AlburyCity's own source revenue including rates and charges has been maintained above the minimum benchmark.

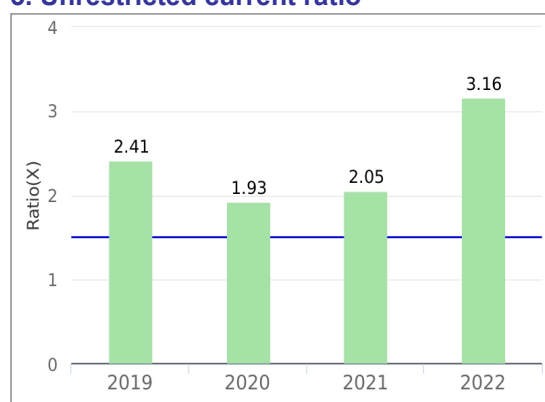
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2021/22 result

2021/22 ratio 3.16x

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

Benchmark: — > 1.50x

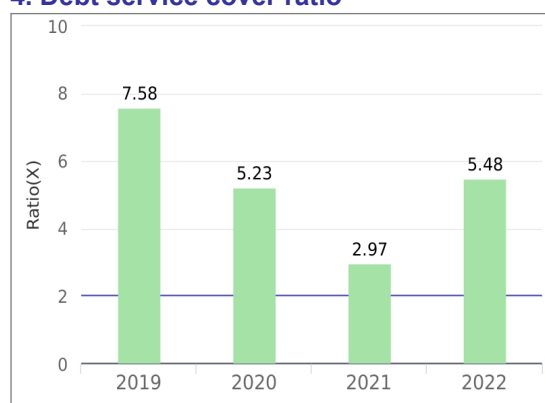
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 5.48x

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

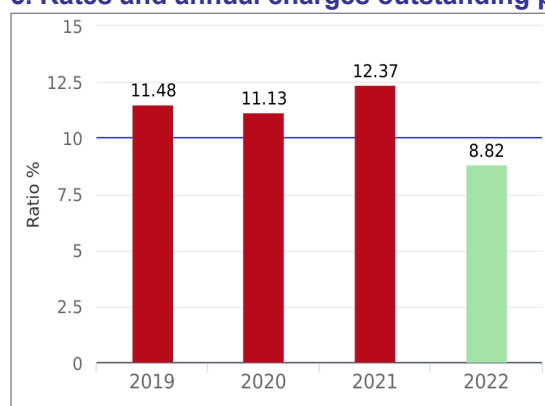
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2021/22 result

2021/22 ratio 8.82%

The majority of the outstanding balance relates to the third water bill that is not payable until after year end. The decrease in 2022 mainly relates to a smaller end of year water bill due to less water consumption.

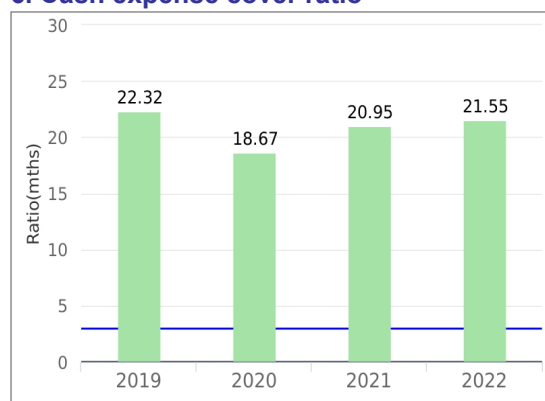
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2021/22 result

2021/22 ratio 21.55 months

AlburyCity's result is well above the minimum benchmark.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Albury City Council

To the Councillors of 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 2022, the Statement of Financial Position as at 30 June 2022, 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 2022, 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 2022 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.

A handwritten signature in black ink, appearing to read 'Lawrissa Chan', with a stylized flourish at the end.

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

27 October 2022
SYDNEY



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

Contact: Lawrissa Chan
Phone no: 02 9275 7255
Our ref: D2221630/1684

27 October 2022

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2022
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 2022 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 2022 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2022	2021	Variance
	\$m	\$m	%
Rates and annual charges revenue	73.8	70.8	4.2
Grants and contributions revenue	45.2	43.2	4.6
Operating result from continuing operations	19.5	22.8	14.5
Net operating result before capital grants and contributions	(5.1)	(4.7)	8.5

Rates and annual charges revenue increased by \$3.0 million (4.2 per cent) due to the annual rate peg increase applied to ordinary rates (2.0 per cent) and the increase in rateable properties.

Grants and contributions revenue increased by \$2.0 million (4.6 per cent) due to the increase in financial assistance grants received in advance (\$2.0 million).

Council's operating result from continuing operations was a surplus of \$19.5 million, which was \$3.3 million lower than the 2020–21 result. This was mainly due to the decrease in grants and contributions for capital purposes (\$3.0 million).

The net operating result before capital grants and contributions was a deficit of \$5.1 million, which was \$0.4 million lower than the 2020–21 result. This was mainly due to the increase in materials and services expenses.

STATEMENT OF CASH FLOWS

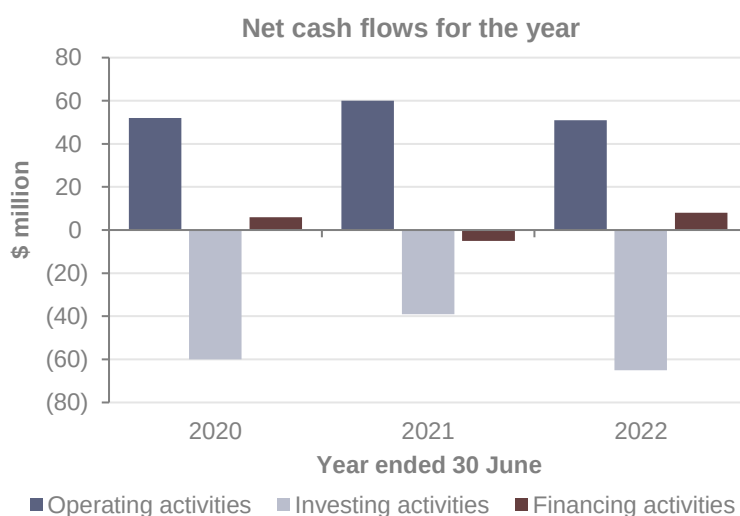
The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year.

Net cash inflows from operating activities decreased by \$9.4 million mainly due to the increase in materials and services expenditure during the year.

Net cash outflows from investing activities increased by \$26.5 million mainly due to acquisition of investment securities.

Net cash flow from financing activities increased by \$13.1 million mainly due to proceeds from borrowings.

The Council's cash and cash equivalent balances at 30 June 2022 was \$16.8 million (2021: \$23.2 million). The net cash flow for the year was a decrease of \$6.4 million.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	212.4	182.1	- Cash and investments increased by \$30.3 million. - 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 sewer fund.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	148.0	146.1	Internal allocations are those cash and investments that Council have allocated by resolution or policy of Council to identified programs of works and any forward plans identified by Council. The increase in internal allocations is mainly due to the increase in restricted council project funding.
• Internal allocations	45.8	28.4	

Debt

The Council has \$63.9 million of borrowings at 30 June 2022 (2021: \$55.2 million).

The Council has a combined bank overdraft and credit card facility limit of \$3.3 million as at 30 June 2022 (2021: \$3.3 million). As at 30 June 2022, \$3.1 million of the total facility remained unutilised.

PERFORMANCE

Performance measures

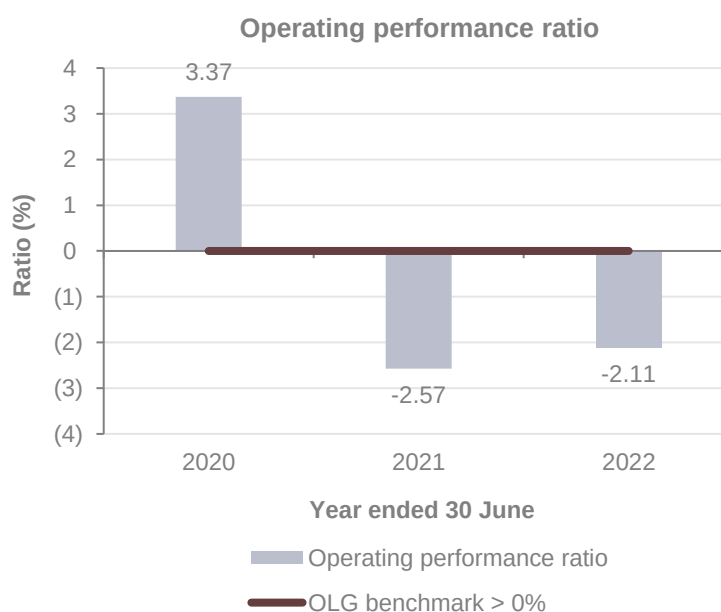
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

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.

The operating performance ratio has improved mainly due to the increase in operating grants and contributions and other revenue.



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.

The own source operating revenue ratio has remained steady compared to the prior year.

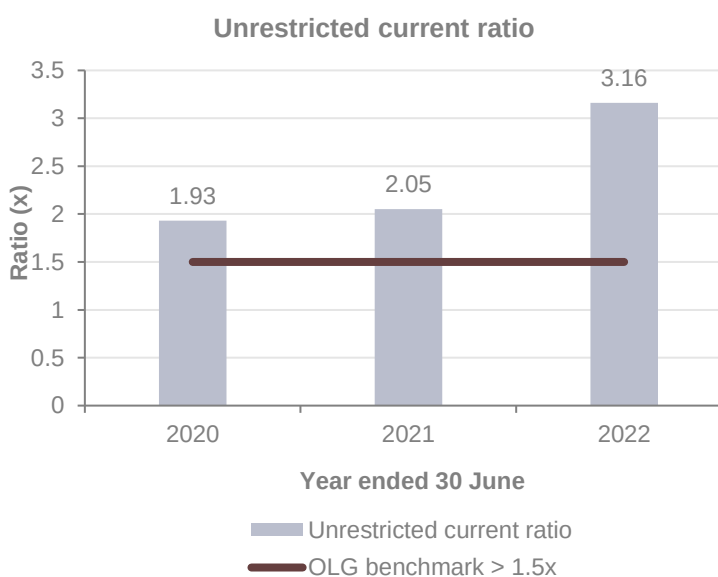


Unrestricted current ratio

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

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

The increase in the unrestricted current ratio is mainly due to the increase in current assets.

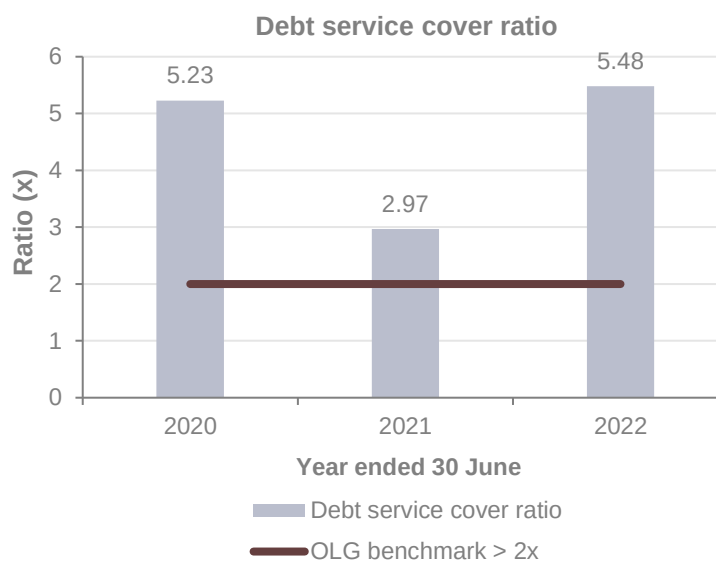


Debt service cover ratio

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

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

The increase in the debt service cover ratio is mainly due to the reduction in principal repayments for borrowings.

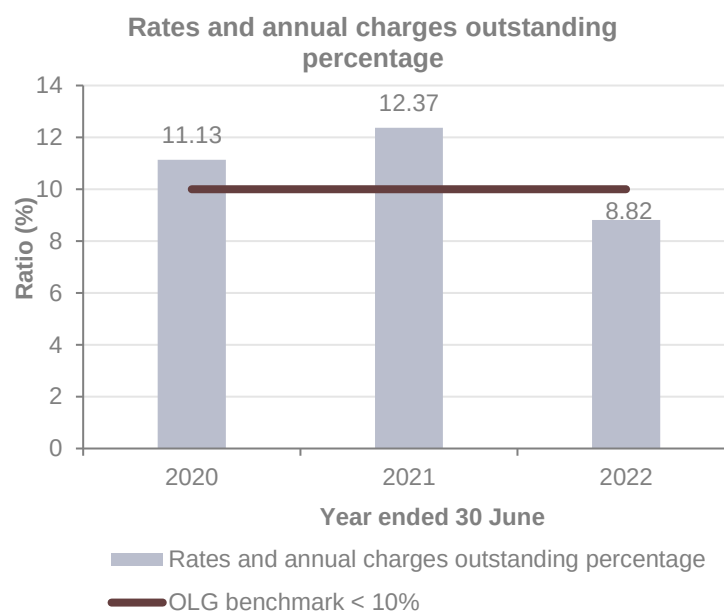


Rates and annual charges outstanding percentage

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

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

The decrease in the rates and annual charges outstanding percentage is mainly due to the lower water bill that was invoiced before year end.

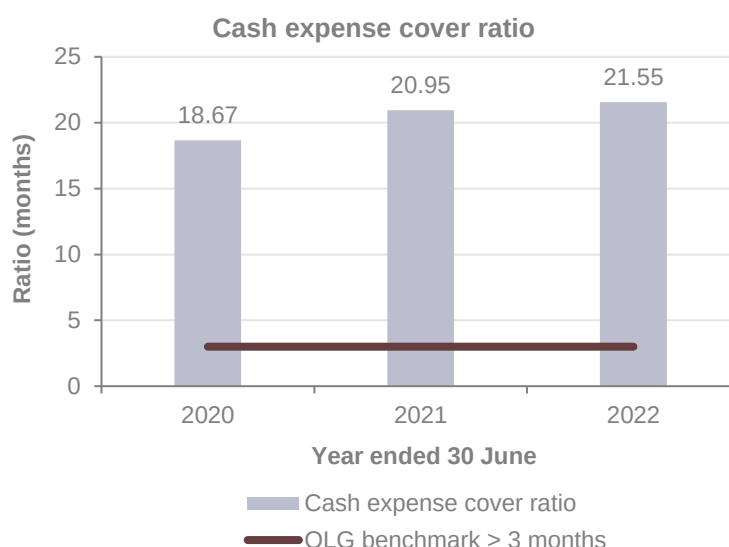


Cash expense cover ratio

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.

The cash expense cover ratio has remained steady compared to the prior year.



Infrastructure, property, plant and equipment renewals

Council reported asset renewals of \$22.5 million in the 2021-22 financial year, compared to \$30.7 million in the prior year.

OTHER MATTERS

Legislative compliance

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

The Council's:

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

Lawrissa Chan
Director, Financial Audit

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