Albury City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Albury City Council

General Purpose Financial Statements
for the financial year ended 30 June 2011

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Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Albury City Council.

(ii) Albury City Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

Council's Statutory Charter is specified in Paragraph 8 of the LGA and includes;

- carrying out activities and providing goods, services & facilities appropriate to the current & future needs of the Local community and of the wider public
- responsibility for administering regulatory requirements under the LGA and other applicable legislation, &
- a role in the management, improvement and development of the resources of the local government area.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

(iii) All figures presented in these financial statements are presented in Australian Currency.

(iv) These financial statements were authorised for issue by the Council on dd/mm/yy.
Council has the power to amend and reissue the financial statements.

Albury City Council

General Purpose Financial Statements
for the financial year ended 30 June 2011

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

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

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

To the best of our knowledge and belief, these Financial Statements:

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

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

Signed in accordance with a resolution of Council made on 26 September 2011

Alice Glachan
MAYOR

Neville Hull
COUNCILLOR

Les Tomich
GENERAL MANAGER

Mal Dunstone
RESPONSIBLE ACCOUNTING OFFICER

Albury City Council

Income Statement
for the financial year ended 30 June 2011

Budget 2011 (1)	$ '000	Notes	Actual 2011	Actual 2010
	Income from Continuing Operations			
	Revenue:			
36,031	Rates & Annual Charges	3a	36,081	34,266
36,217	User Charges & Fees	3b	34,150	34,099
1,282	Interest & Investment Revenue	3c	2,135	2,289
2,142	Other Revenues	3d	2,562	1,955
8,286	Grants & Contributions provided for Operating Purposes	3e,f	10,163	8,750
5,532	Grants & Contributions provided for Capital Purposes	3e,f	7,239	11,797
	Other Income:			
303	Net gains from the disposal of assets	5	206	4,576
	Entities using the equity method	19	-	78
89,793	Total Income from Continuing Operations		92,536	97,810
	Expenses from Continuing Operations			
33,816	Employee Benefits & On-Costs	4a	33,517	32,350
3,614	Borrowing Costs	4b	3,096	3,062
21,028	Materials & Contracts	4c	22,937	18,834
24,630	Depreciation & Amortisation	4d	24,371	23,403
11,104	Other Expenses	4e	11,396	11,125
	Entities using the equity method	19	11	-
94,192	Total Expenses from Continuing Operations		95,328	88,774
(4,399)	Operating Result from Continuing Operations		**(2,792)**	**9,036**
(4,399)	Net Operating Result for the Year		(2,792)	9,036
(4,399)	**Net Operating Result attributable to Council**		(2,792)	9,036
(9,931)	**Net Operating Result for the year before Grants and Contributions provided for Capital Purposes**		(10,031)	(2,761)

(1) Original Budget as approved by Council - refer Note 16

Albury City Council

Statement of Comprehensive Income
for the financial year ended 30 June 2011

$ '000	Notes	Actual 2011	Actual 2010
Net Operating Result for the year (as per Income statement)		**(2,792)**	**9,036**
Other Comprehensive Income			
Gain (loss) on revaluation of I,PP&E	20b (ii)	29,507	23,820
Other Movements in Reserves	20b (ii)	-	212
Total Other Comprehensive Income for the year		**29,507**	**24,032**
Total Comprehensive Income for the Year		26,715	33,068
Total Comprehensive Income attributable to Council		26,715	33,068
Total Comprehensive Income attributable to Minority Interests			-

Albury City Council

Balance Sheet
as at 30 June 2011

$ '000	Notes	Actual 2011	Actual 2010
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	27,378	21,821
Investments	6b	928	1,695
Receivables	7	11,764	11,042
Inventories	8	4,185	4,443
Other	8	141	174
Total Current Assets		**44,396**	**39,175**
Non-Current Assets			
Investments	6b	2,569	2,385
Receivables	7	14,837	13,960
Infrastructure, Property, Plant & Equipment	9	908,240	884,734
Investments accounted for using the equity method	19	1,247	1,328
Other	8	1,823	1,823
Total Non-Current Assets		**928,716**	**904,230**
TOTAL ASSETS		973,112	943,405
LIABILITIES			
Current Liabilities			
Payables	10	14,687	9,378
Borrowings	10	2,920	2,816
Provisions	10	9,490	9,152
Total Current Liabilities		**27,097**	**21,346**
Non-Current Liabilities			
Payables	10	-	8,050
Borrowings	10	41,244	36,246
Provisions	10	3,424	3,131
Total Non-Current Liabilities		**44,668**	**47,427**
TOTAL LIABILITIES		71,765	68,773
Net Assets		901,347	874,632
EQUITY			
Retained Earnings	20	622,808	625,600
Revaluation Reserves	20	278,539	249,032
Council Equity Interest		901,347	874,632
Minority Equity Interest		-	-
Total Equity		901,347	874,632

Albury City Council

Statement of Changes in Equity
for the financial year ended 30 June 2011

$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2011						
Opening Balance (as per Last Year's Audited Accounts)		625,600	249,032	**874,632**	-	**874,632**
a. Correction of Prior Period Errors	20 (c)	-	-	**-**		**-**
b. Changes in Accounting Policies (prior year effects)	20 (d)	-		**-**		**-**
Revised Opening Balance (as at 1/7/10)		**625,600**	**249,032**	**874,632**	**-**	**874,632**
c. Net Operating Result for the Year		**(2,792)**		**(2,792)**	**-**	**(2,792)**
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)		29,507	**29,507**		**29,507**
Other Comprehensive Income		**-**	**29,507**	**29,507**	**-**	**29,507**
Total Comprehensive Income (c&d)		**(2,792)**	**29,507**	**26,715**	**-**	**26,715**
Equity - Balance at end of the reporting period		**622,808**	**278,539**	**901,347**	**-**	**901,347**

$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2010						
Opening Balance (as per Last Year's Audited Accounts)		616,564	225,000	**841,564**	-	**841,564**
Revised Opening Balance (as at 1/7/09)		**616,564**	**225,000**	**841,564**	**-**	**841,564**
c. Net Operating Result for the Year		9,036	-	**9,036**	-	**9,036**
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	23,820	**23,820**	-	**23,820**
- Other Movements (enter details here)	20b (ii)	-	212	**212**	-	**212**
Other Comprehensive Income		**-**	**24,032**	**24,032**	**-**	**24,032**
Total Comprehensive Income (c&d)		**9,036**	**24,032**	**33,068**	**-**	**33,068**
Equity - Balance at end of the reporting period		**625,600**	**249,032**	**874,632**	**-**	**874,632**

Albury City Council

Statement of Cash Flows
for the financial year ended 30 June 2011

Budget 2011	$ '000	Notes	Actual 2011	Actual 2010
	Cash Flows from Operating Activities			
	Receipts:			
36,667	Rates & Annual Charges		36,122	41,016
35,235	User Charges & Fees		32,858	25,418
1,282	Investment & Interest Revenue Received		1,671	1,394
12,946	Grants & Contributions		15,178	15,877
2,127	Other		1,829	1,963
	Payments:			
(30,843)	Employee Benefits & On-Costs		(33,177)	(31,805)
(23,442)	Materials & Contracts		(24,304)	(18,134)
(3,729)	Borrowing Costs		(2,855)	(2,552)
	Bonds & Deposits Refunded		(111)	-
(11,241)	Other		(11,546)	(10,898)
19,002	**Net Cash provided (or used in) Operating Activities**	11b	15,665	22,279
	Cash Flows from Investing Activities			
	Receipts:			
	Sale of Investment Securities		2,000	-
448	Sale of Real Estate Assets		120	-
569	Sale of Infrastructure, Property, Plant & Equipment		705	1,040
	Sale of Interests in Joint Ventures & Associates		-	176
	Distributions Received from Joint Ventures & Associates		70	-
	Payments:			
	Purchase of Investment Securities		(953)	-
(22,477)	Purchase of Infrastructure, Property, Plant & Equipment		(17,147)	(26,395)
	Purchase of Real Estate Assets		(5)	-
(21,460)	**Net Cash provided (or used in) Investing Activities**		(15,210)	(25,179)
	Cash Flows from Financing Activities			
	Receipts:			
7,735	Proceeds from Borrowings & Advances		8,020	6,458
	Payments:			
(3,033)	Repayment of Borrowings & Advances		(2,842)	(2,597)
	Repayment of Finance Lease Liabilities		(76)	(217)
4,702	**Net Cash Flow provided (used in) Financing Activities**		5,102	3,644
2,244	**Net Increase/(Decrease) in Cash & Cash Equivalents**		5,557	744
23,988	plus: **Cash & Cash Equivalents - beginning of year**	11a	21,821	21,077
26,232	**Cash & Cash Equivalents - end of the year**	11a	27,378	21,821

Additional Information:

plus: **Investments on hand - end of year**	6b	3,497	4,080
Total Cash, Cash Equivalents & Investments		30,875	25,901

Please refer to Note 11 for information on the following:
- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

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n/a - not applicable

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies

a Statement of Compliance

Compliance with Australian equivalents to International Financial Reporting Standards
This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the NSW Local Government Act 1993 and regulations thereunder and the Local Government Code of Accounting Practice and Financial Reporting.

b Basis of Preparation

This financial report has been prepared on an accrual basis in accordance with the historical cost convention and, except where stated, does not take into account changing money values or fair value of assets. The financial report is presented in Australian dollars.

b (i) Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates, and requires management to exercise its judgment in applying Council's accounting policies. The areas involving a higher degree of judgment or complexity, or cases where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note. Nothing contained within this report may be taken to be an admission of any liability to any person under any circumstance.

In particular, the valuation of collateralised debt obligations (CDOs) is subject to the difficulties set out in Appendix B to the Review of NSW Local Government Investments (Cole Inquiry Report). Valuations were provided by the promoters or distributors of the product, and largely represent an estimate of the market price.

The valuations adopted for the purposes of these financial statements are consistent with the information contained within the Cole Inquiry Report and other information subsequently obtained by Council.

c Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

c (i) Rates, annual charges, grants and contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

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

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably.

Council received payment of the Financial Assistance grant of $1.5 million in advance during 2010-11. This payment was due in 2012; accordingly future budgeted revenue will be reduced by this amount.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3.

The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

c (ii) User charges and fees

User charges and fees are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs. A provision for doubtful debt is recognised when collection in full is no longer probable.

c (iii) Sale of infrastructure, property, plant and equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

This is primarily when the purchaser takes delivery of the asset. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

c (iv) Interest Income

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is ex-dividend date.

d Expenses

d (i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

d (ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

d (iii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested and dividend income. Borrowing costs are expensed as incurred and included in net financing costs. The interest expense component of finance lease payments is recognised in the income statement using the effective interest method.

e Principles of consolidation

e (i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

The General Purpose financial report of Council incorporates all commercial and non-business operations which the council controls, either directly or through the operations of controlled entities.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies

Besides the Table Top Community Centre Management Committee, Council has no other committees pursuant to Section 355 of the Local Government Act. The Table Top Community Centre Management Committee has not been included in the consolidated accounts on the basis that its revenue and expenditure from continuing operations is immaterial.

e (ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all money and property 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 property subject to Council's control have been included in these reports.

Trust monies and property held by Council but not subject to the control of Council, have been excluded from 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.

e (iii) Associates and Joint Ventures

Associates and Joint Ventures are those entities over which Council exercises significant influence or joint control.

Investments in associates and joint ventures are accounted for using the equity method. Investments in associates and joint ventures are carried at the lower of the equity accounted amount and recoverable amount. The Council's equity accounted share of the net profit or loss of associates and joint ventures is recognised in the Income Statement from the date joint operations commenced.

f Leases

Leases of Infrastructure, property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in Borrowings. The infrastructure, property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Lease payments are accounted for as described in Note 1(d).

g Impairment of assets

The carrying amount of the Council's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the asset's recoverable amount is estimated. 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.

Value in use in respect of not-for-profit entities is represented by the depreciated replacement cost when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows, i.e. Infrastructure, property, plant and equipment.

h Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term and 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.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Bank

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies

overdrafts that are repayable on demand and form an integral part of the Council's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

i Receivables

Receivables are stated at their cost less impairment losses (refer Note 1(g)). Receivables are due for settlement no more than 30 days from the date of recognition unless specific payment arrangements have been approved.

j Inventories

j (i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress, and finished goods are inventories held for distribution. These are stated at the lower of cost and current replacement cost. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs.

j (ii) Real Estate Developments / Land held for resale

Real Estate developments and land held for resale are 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.

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.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

k Non-current assets held for sale

AlburyCity currently holds no non-current assets classified as held for sale

l Investments

l (i) Investments in debt and equity securities

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the income statement. Details of classifications of financial instruments are given in Note 15.

Where the Council has the positive intent and ability to hold securities to maturity, they are stated at amortised cost less impairment losses.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

m Infrastructure, property, plant and equipment

All Infrastructure, property, plant and equipment [except for investment properties – refer Note 1(l)] is stated at cost (or deemed cost) less depreciation and impairment losses. Items of Infrastructure, property, plant and equipment that existed at 1 July 2004 have been measured on the basis of deemed cost, being the fair value at the date of restructure of the Council.

Items of Infrastructure, property, plant and equipment are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. The term "fair value" refers to the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies

transaction. Where there is not market based evidence for a specific item the fair value is determined by reference to an estimate based upon a depreciated replacement cost.

The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Major improvements to infrastructure assets including water and sewerage reticulation are capitalised as part of the cost of the asset to which they relate. In all other circumstances such costs are expensed as incurred. Borrowing costs associated with significant community projects are capitalised as part of the cost of the asset to which they relate.

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.

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:

Buildings	13 – 60 years (1.7% - 7.7%)
Plant and equipment	5 - 20 years (5.0% - 20.0%)
Office equipment	4 -10 years (10.0% to 25.0%
Furniture and fittings	7 - 33 years (3% - 15%)
Land improvements (depreciable)	33 years (3.0%)
Library Books	10 years (10%)
Other assets	7 – 20 years (5% - 15%)
Other structures	10 years (10%)
Roads, bridges & footpaths	5 – 100 years (1% - 20%)
Stormwater drainage	100 Years (1%)
Water supply network	15 – 100 yrs (1% - 6.67%)
Sewerage network	20 – 100 years (15 – 5%)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Council revalues infrastructure assets, being Roads, Bridges and Footpaths, Stormwater Drainage, Water Supply Network and Sewerage Network, on an annual basis. Council utilizes input from its Engineering Department for the purposes of determining unit quantities and fair value of those units. Values for the 2010-11 period have been reassessed in accordance with a revised methodology which recognises more current price attributes including recent contract values.

Council revalued Land & Buildings during 2007-08 utilising the services of registered valuers, AssetVal Pty Ltd of Building 3, 747 Lutton Road MURARRIE QLD. AssetVal Pty Ltd provided comprehensive estimates of fair value of land, buildings, structures and land improvements as at 30 June 2008.

The 2008 estimate valued assets on the basis of:

- Market Value – the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.
- Depreciated replacement cost – the cost per unit of future economic benefit of the most appropriate modern replacement facility, adjusted for any differences in production capacity and useful life.

AssetVal has been contracted to provide valuations on all new buildings and a desktop revaluation of existing assets for a period of four years.

Valuation adjustments applied as at 30 June 2011:

Land	0%
Buildings & Structures	3.0%

Council is in the process of revaluing its artistic and museum exhibits, this process including a full audit of the collection was not completed as at 30 June 2011

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies

and has not been included in the 2010-11 Statements.

n Other assets

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

o Payables

These amounts represent liabilities for goods and services provided to the Council prior to the reporting date which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

p Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

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

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Council's outstanding borrowings during the year.

q Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable (more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses.
If the effect is material, a provision is based on present values determined by discounting the expected future cash flows required to settle the obligation that reflects current market assessments of the time value of money and the risks specific to the liability, being the risk free rates on government bonds most closely matching the expected future payments. The unwinding of the discount is treated as an expense as part of borrowing expenses related to the particular provision.

Site restoration

In accordance with the Council's published environmental policy and applicable legal requirements, a provision for site restoration and environmental clean-up costs is recognised.

Provision has been made in full at the reporting date based on current estimates of costs to remediate the Albury Landfill site. Works associated with the Wirlinga Sanitary Depot have now been completed and this provision has been written out of Councils liabilities. The cost to remediate the Landfill site has been discounted to present value.

Significant uncertainty exists as to the amount of restoration obligations which will be incurred due to the impact of changes in environmental legislative requirements, the extent of site disturbance and the emergence of new restoration techniques. The amount of the provision relating to the restoration of waste disposal sites is recognised as a non-current liability together with a corresponding asset.

At each reporting date restoration costs are assessed in line with changes in discount rates, and the timing or amount of the costs to be incurred. Changes in the liability relating to site restoration obligations are added to or deducted from related assets, other than the unwinding of the discount which is recognised as a finance cost in the income statement as it occurs.

r Employee benefits

A provision is recognised for employee benefits in respect of service up to the reporting date.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies

r (i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefit and annual leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Sick leave costs are recognised when the leave is taken and measured at the rates paid or payable.

r (ii) Long service leave

The liability for long service leave 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 reporting date 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 reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

r (iii) 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.
A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit superannuation plans on the same basis as its obligations to defined contribution superannuation plans (see below). The Local Government Superannuation Scheme has advised that it is unable to provide individual councils with an accurate split of their share of the Scheme's assets and liabilities and so no asset or liability is recognised.

Contributions to defined contribution superannuation 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.

s Rounding of amounts

Unless otherwise indicated, amounts in the financial report have been rounded off to the nearest thousand dollars.

t Land under roads

Council has elected not to recognise land under roads held prior to 30/06/08. Increases to land under roads subsequent to this date, have been treated in accordance with AASB 1051. Where payments have been made they have been recorded initially at cost.

Council has included new gifted items received since 2008-09 at a rate of $1.04/sqm using the Englobo

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies

method of valuation in accordance with the Local Government Code of Accounting Practice - Code 19.

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

u Allocation between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

v Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

w Financial Instruments

Recognition & initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when Council becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Classification & subsequent measurement

(i) Financial assets at fair value through profit & loss

Financial assets are classified at fair value through profit of loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) Loans & receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies

and are subsequently measured at amortised cost using the effective interest rate method.

(iii) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is Council's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118 *Revenue*.

x New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2011.

Council has not adopted any of these standards early.

Council's assessment of the impact of these new standards and interpretations is set out below.

Applicable to Local Government with implications:

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect Council's accounting for its financial assets.

The standard is not applicable until 1 January 2013 but is available for early adoption.

Council is yet to assess its full impact.

However, initial indications are that it may affect Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies

Applicable to Local Government but no implications for Council;

i. AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions [AASB 2] (effective from 1 January 2010)

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash.

They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity or a cash settled transaction.

ii. AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (effective from 1 February 2010)

In October 2009 the AASB issued an amendment to AASB 132 Financial Instruments: Presentation which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer.

Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities.

The amendment must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

iii. AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (effective from 1 January 2011)

In December 2009, the AASB made an amendment to Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme.

It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements.

Council does not make any such prepayments. The amendment is therefore not expected to have any impact on Council.

iv. AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap).

It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Applicable to Local Government but not relevant to Council at this stage;

None

Not applicable to Local Government per se;

Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively.

The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party.

y Rounding of amounts

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 1. Summary of Significant Accounting Policies

z Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

aa Disclaimer

Nothing contained within this report may be taken to be an admission of any liability to any person under any circumstances.

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 2(a). Council Functions / Activities - Financial Information

$ '000	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
Functions/Activities	**Income from Continuing Operations**			**Expenses from Continuing Operations**			**Operating Result from Continuing Operations**			**Grants included in Income from Continuing Operations**		**Total Assets held (Current & Non-current)**	
	Original Budget 2011	**Actual 2011**	Actual 2010	**Original Budget 2011**	**Actual 2011**	Actual 2010	**Original Budget 2011**	**Actual 2011**	Actual 2010	**Actual 2011**	Actual 2010	**Actual 2011**	Actual 2010
Governance		-	-	670	601	-	(670)	(601)	-	-	-	-	-
Administration	3,679	3,984	7,219	13,597	12,670	14,127	(9,918)	(8,686)	(6,908)	491	579	58,803	52,749
Public Order & Safety	806	796	636	1,959	1,955	1,733	(1,153)	(1,159)	(1,097)	336	203	5,219	5,179
Health	83	107	86	284	273	251	(201)	(166)	(165)		-		-
Environment	9,579	6,522	7,960	10,109	10,775	10,016	(530)	(4,253)	(2,056)	176	90		-
Community Services & Education	3,286	3,280	3,313	4,338	4,511	4,366	(1,052)	(1,231)	(1,053)	543	528	8,927	8,855
Housing & Community Amenities	1,614	3,626	3,081	4,543	4,745	4,511	(2,929)	(1,119)	(1,430)	886	1,477	90,502	88,881
Water Supplies	9,259	8,499	8,799	9,366	9,271	8,685	(107)	(772)	114	140	339	202,769	195,172
Sewerage Services	12,860	13,504	14,595	10,509	10,630	9,972	2,351	2,874	4,623	153	174	165,989	168,598
Recreation & Culture	3,928	4,286	3,694	15,904	17,376	15,345	(11,976)	(13,090)	(11,651)	288	730	126,807	124,443
Mining, Manufacturing & Construction	774	684	805	4,700	4,308	3,953	(3,926)	(3,624)	(3,148)		-		-
Transport & Communication	8,660	10,087	12,489	15,936	15,942	14,141	(7,276)	(5,855)	(1,652)	2,712	1,394	311,062	296,316
Economic Affairs	786	946	401	2,277	2,260	1,674	(1,491)	(1,314)	(1,273)	600	231	1,787	1,884
Total Functions & Activities	**55,314**	**56,321**	**63,078**	**94,192**	**95,317**	**88,774**	**(38,878)**	**(38,996)**	**(25,696)**	**6,325**	**5,745**	**971,865**	**942,077**
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)		-	78		11	-	-	(11)	78		-	1,247	1,328
General Purpose Income [1]	34,479	36,215	34,654			-	34,479	36,215	34,654	6,707	6,257		-
Operating Result from Continuing Operations	**89,793**	**92,536**	**97,810**	**94,192**	**95,328**	**88,774**	**(4,399)**	**(2,792)**	**9,036**	**13,032**	**12,002**	**973,112**	**943,405**

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Untied General Purpose Grants & Unrestricted Interest & Investment Income.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 2(b). Council Functions / Activities - Component Descriptions

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

GOVERNANCE
Costs relating to the Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance.

ADMINISTRATION
Corporate Support and Other Support Services (not otherwise attributed to the listed functions / activities).

PUBLIC ORDER & SAFETY
Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

HEALTH
Inspection, immunisations, food control, health centres, other, administration.

ENVIRONMENT
Noxious plants and insect/vermin control, other environmental protection, solid waste management, street cleaning, drainage, stormwater management.

COMMUNITY SERVICES & EDUCATION
Administration, family day care, child care, youth services, other family and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

HOUSING & COMMUNITY AMENITIES
Housing, town planning, street lighting, other sanitation and garbage, public cemeteries, public conveniences, other community amenities.

WATER SUPPLIES
SEWERAGE SERVICES

RECREATION & CULTURE
Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

FUEL & ENERGY - Gas Supplies

MINING, MANUFACTURING & CONSTRUCTION
Building control, abattoirs, quarries & pits, other.

TRANSPORT & COMMUNICATION
Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RTA works, other.

ECONOMIC AFFAIRS
Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards and markets, real estate development, commercial nurseries, other business undertakings.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations

$ '000	Notes	Actual 2011	Actual 2010
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		20,132	19,383
Farmland		459	425
Business		7,349	7,110
Total Ordinary Rates		**27,940**	**26,918**
Special Rates			
Parking		416	397
Promotional Levy		124	120
Total Special Rates		**540**	**517**
Annual Charges (pursuant to s.496, s.501 & s.611)			
Domestic Waste Management Services		2,568	2,237
Stormwater Management Services		101	93
Water Supply Services		2,106	2,034
Sewerage Services		2,826	2,467
Total Annual Charges		**7,601**	**6,831**
TOTAL RATES & ANNUAL CHARGES		36,081	34,266

Council has used 2007 year valuations provided by the NSW Valuer General in calculating its rates.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

$ '000	Notes	Actual 2011	Actual 2010
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		4,130	4,285
Sewerage Services		8,506	8,233
Drainage Services		355	393
Waste Management Services (non-domestic)		6,332	5,359
Total User Charges		**19,323**	**18,270**
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s608 & 610A)			
Planning & Building Regulation		1,066	1,153
Private Works - Section 67		1,166	2,836
Section 603 Certificates		86	98
Total Fees & Charges - Statutory/Regulatory		**2,318**	**4,087**
(ii) Fees & Charges - Other (incl. General User Charges (per s.610C)**)**			
Aerodrome		5,296	5,014
Cemeteries		1,037	820
Child Care		2,266	2,318
Community Centres		2,106	1,914
Leaseback Fees - Council Vehicles		153	150
Sporting Grounds Fees		154	156
Swimming Centres		114	111
Water Sales & Charges		661	652
Other		722	607
Total Fees & Charges - Other		**12,509**	**11,742**
TOTAL USER CHARGES & FEES		34,150	34,099

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

$ '000	Notes	Actual 2011	Actual 2010
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		131	112
- Interest earned on Investments (interest & coupon payment income)		1,540	1,282
Fair Value Adjustments			
- Fair Valuation movements in Investments (unrealised capital gains/losses)		464	895
TOTAL INTEREST & INVESTMENT REVENUE		2,135	2,289
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges		131	112
General Council Cash & Investments		1,502	1,400
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		98	92
- Section 64		64	61
Water Fund Operations		131	149
Sewerage Fund Operations		209	475
Total Interest & Investment Revenue Recognised		**2,135**	**2,289**
(d). Other Revenues			
Rental Income - Other Council Properties		595	666
Ex Gratia Rates		66	79
Parking Fines		298	237
Other Fines		30	12
Legal Fees Recovery - Rates & Charges (Extra Charges)		296	208
Sales - General		1,277	753
TOTAL OTHER REVENUE		2,562	1,955

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

$ '000	2011 Operating	2010 Operating	2011 Capital	2010 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance - General Component	5,111	4,725	-	-
Financial Assistance - Local Roads Component	1,201	1,106	-	-
Pensioners' Rates Subsidies - General Component	395	426	-	-
Total General Purpose	**6,707**	**6,257**	**-**	**-**
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	140	144	-	-
- Sewerage	153	159	-	-
- Domestic Waste Management	77	67	-	-
Community Centres	649	797	-	-
Employment & Training Programs	87	56	-	-
Heritage & Cultural	126	20	920	1,813
Street Lighting	148	163	750	-
Transport (Other Roads & Bridges Funding)	73	73	683	1,372
Other	1,191	416	1,328	665
Total Specific Purpose	**2,644**	**1,895**	**3,681**	**3,850**
Total Grants	**9,351**	**8,152**	**3,681**	**3,850**
Grant Revenue is attributable to:				
- Commonwealth Funding	7,871	6,602	738	1,314
- State Funding	1,295	1,440	1,807	2,536
- Other Funding	185	110	1,136	-
	9,351	**8,152**	**3,681**	**3,850**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

$ '000		2011 Operating	2010 Operating	2011 Capital	2010 Capital
(f). Contributions					
Developer Contributions:					
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):					
S 94 - Contributions towards amenities/services		-	-	570	566
S 64 - Water Supply Contributions		-	-	444	505
S 64 - Sewerage Service Contributions		-	-	558	717
Total Developer Contributions	17	**-**	**-**	**1,572**	**1,788**
Other Contributions:					
Dedications (other than by S94)		-	-	1,378	2,751
RTA Contributions (Regional/Local, Block Grant)		538	435	-	-
Sewerage (excl. Section 64 contributions)		-	-	334	1,513
Water Supplies (excl. Section 64 contributions)		-	-	274	532
Other		274	163	-	1,363
Total Other Contributions		**812**	**598**	**1,986**	**6,159**
Total Contributions		812	598	3,558	7,947
TOTAL GRANTS & CONTRIBUTIONS		10,163	8,750	7,239	11,797

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 3. Income from Continuing Operations (continued)

$ '000	Actual 2011	Actual 2010
(g). Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	4,819	7,543
add: Grants and contributions recognised in the current period which have not been spent:	2,097	897
less: Grants an contributions recognised in a previous reporting period which have been spent in the current reporting period:	(3,176)	(3,621)
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	**(1,079)**	**(2,724)**
Unexpended at the Close of this Reporting Period and held as Restricted Assets	3,740	4,819
Comprising:		
- Specific Purpose Unexpended Grants	366	902
- Developer Contributions	3,374	3,917
- Other Contributions		-
	3,740	**4,819**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations

$ '000	Notes	Actual 2011	Actual 2010
(a) Employee Benefits & On-Costs			
Salaries and Wages		27,692	26,234
Travelling		99	144
Employee Leave Entitlements (ELE)		2,710	2,666
Superannuation - Defined Contribution Plans		1,742	1,668
Superannuation - Defined Benefit Plans		1,550	1,680
Workers' Compensation Insurance		778	859
Fringe Benefit Tax (FBT)		163	105
Payroll Tax		161	185
Training Costs (other than Salaries & Wages)		678	635
Total Employee Costs		**35,573**	**34,176**
less: Capitalised Costs		(2,056)	(1,826)
TOTAL EMPLOYEE COSTS EXPENSED		33,517	32,350
Number of "Equivalent Full Time" Employees at year end		**466**	**452**
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		2,845	2,530
Charges relating to Finance Leases		9	22
Total Interest Bearing Liability Costs		**2,854**	**2,552**
(ii) Other Borrowing Costs			
- Remediation Liabilities	26	242	510
Total Other Borrowing Costs		**242**	**510**
TOTAL BORROWING COSTS EXPENSED		3,096	3,062

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations (continued)

$ '000	Notes	Actual 2011	Actual 2010
(c) Materials & Contracts			
Raw Materials & Consumables		13,304	9,687
Contractor & Consultancy Costs		7,124	6,678
Auditors Remuneration			
- Audit Services: Council's Auditor		53	47
Internal Audit		38	62
Legal Expenses:			
- Legal Expenses: Planning & Development		60	53
- Legal Expenses: Other		232	190
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments (1)		485	509
Other		1,641	1,608
Total Materials & Contracts		**22,937**	**18,834**
TOTAL MATERIALS & CONTRACTS		22,937	18,834
1. Operating Lease Payments are attributable to:			
- Computers		422	395
- Motor Vehicles		11	64
- Other		52	50
		485	**509**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations (continued)

$ '000	Notes	Impairment Costs Actual 2011	Impairment Costs Actual 2010	Depreciation/Amortisation Actual 2011	Depreciation/Amortisation Actual 2010
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	2,401	2,420
Office Equipment		-	-	471	455
Furniture & Fittings		-	-	316	305
Land Improvements (depreciable)		-	-	655	656
Buildings - Non Specialised		-	-	3,295	3,139
Other Structures		-	-	233	160
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	7,067	6,760
- Stormwater Drainage		-	-	1,051	1,017
- Water Supply Network		-	-	5,206	4,943
- Sewerage Network		-	-	3,419	3,367
Other Assets					
- Library Books		-	-	167	89
- Other		-	-	66	68
Asset Reinstatement Costs	9 & 26	-	-	24	24
Total Depreciation & Impairment Costs		**-**	**-**	**24,371**	**23,403**
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	24,371	23,403

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 4. Expenses from Continuing Operations (continued)

$ '000	Notes	Actual 2011	Actual 2010
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		374	343
Bad & Doubtful Debts		50	63
- NSW Fire Brigade Levy		421	379
- NSW Rural Fire Service Levy		232	179
- Other Contributions/Levies		50	58
Councillor Expenses - Mayoral Fee		47	46
Councillor Expenses - Councillors' Fees		141	131
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		33	40
Conferences & Seminars		129	134
Donations, Contributions & Assistance to other organisations (Section 356)		1,398	1,452
Election Expenses		80	80
Electricity & Heating		3,705	3,540
Equipment Purchases		391	508
Insurance		945	1,138
Interest on Deposits		125	115
Marketing		613	546
Postage		112	116
Rent & Hire Charges		219	253
Revaluation Decrements (Fair Valuation of I,PP&E Assets)	9(a)	146	-
Street Lighting		933	859
Subscriptions & Publications		150	179
Telephone & Communications		361	306
Vehicle Registrations		148	139
Other		593	521
Total Other Expenses		**11,396**	**11,125**
TOTAL OTHER EXPENSES		11,396	11,125

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 5. Gains or Losses from the Disposal of Assets

$ '000	Notes	Actual 2011	Actual 2010
Property (excl. Investment Property)			
Proceeds from Disposal		-	14,461
less: Carrying Amount of Property Assets Sold / Written Off		(307)	(10,079)
Net Gain/(Loss) on Disposal		**(307)**	**4,382**
Plant & Equipment			
Proceeds from Disposal		705	539
less: Carrying Amount of P&E Assets Sold		(310)	(345)
Net Gain/(Loss) on Disposal		**395**	**194**
Real Estate Assets Held For Sale			
Proceeds from Disposal		120	-
less: Carrying Amount of Real Estate Assets Sold		(2)	-
Net Gain/(Loss) on Disposal		**118**	**-**
Financial Assets			
Proceeds from Disposal / Redemptions		1,000	-
less: Carrying Amount of Financial Assets Sold / Redeemed		(1,000)	-
Net Gain/(Loss) on Disposal		**-**	**-**
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		206	4,576

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 6a. - Cash Assets and Note 6b. - Investment Securities

$ '000	Notes	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		1,455	-	2,563	-
Cash-Equivalent Assets[1]					
- Short Term Deposits		25,923	-	19,258	-
Total Cash & Cash Equivalents		**27,378**	**-**	**21,821**	**-**
Investment Securities (Note 6b)					
- NCD's, FRN's (with Maturities > 3 months)		-	2,283	-	2,145
- CDO's		928	286	1,695	240
Total Investment Securities		**928**	**2,569**	**1,695**	**2,385**
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		28,306	2,569	23,516	2,385

[1] Those Investments where time to maturity (from date of purchase) is < 3 mths.

Cash, Cash Equivalents & Investments were classified at year end in accordance with AASB 139 as follows:

Cash & Cash Equivalents					
a. "At Fair Value through the Profit & Loss"		**27,378**	**-**	**21,821**	**-**
Investments					
a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	928	2,569	1,695	2,385
Investments		**928**	**2,569**	**1,695**	**2,385**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 6b. Investments (continued)

$ '000	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	1,695	2,385	-	3,186
Revaluations (through the Income Statement)	-	465	(894)	894
Disposals (sales & redemptions)	(1,000)	-	-	-
Transfers between Current/Non Current	233	(281)	2,589	(1,695)
Balance at End of Year	**928**	**2,569**	**1,695**	**2,385**
Comprising:				
- NCD's, FRN's (with Maturities > 3 months)	-	2,283	-	2,145
- CDO's	928	286	1,695	240
Total	**928**	**2,569**	**1,695**	**2,385**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details

$ '000	2011 Actual Current	2011 Actual Non Current	2010 Actual Current	2010 Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	28,306	2,569	23,516	2,385
attributable to:				
External Restrictions (refer below)	7,728	2,569	8,155	2,385
Internal Restrictions (refer below)	8,224	-	7,760	-
Unrestricted	12,354	-	7,601	-
	28,306	**2,569**	**23,516**	**2,385**

2011 $ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Details of Restrictions				
External Restrictions - Included in Liabilities				
Specific Purpose Unexpended Loans-General (A)	3,644		(501)	3,143
External Restrictions - Included in Liabilities	3,644	-	(501)	3,143
External Restrictions - Other				
Developer Contributions - General (D)	2,333	667	(966)	2,034
Developer Contributions - Water Fund (D)	493	463	(564)	399
Developer Contributions - Sewer Fund (D)	1,091	604	(754)	941
Specific Purpose Unexpended Grants (F)	902	-	(536)	366
Water Supplies (G)	682	18	-	700
Sewerage Services (G)	1,023	1,601	-	2,624
Domestic Waste Management (G)	372		(289)	83
Other	-	7		7
External Restrictions - Other	6,896	3,360	(3,109)	7,154
Total External Restrictions	**10,540**	**3,360**	**(3,610)**	**10,297**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details (continued)

2011 $ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Employees Leave Entitlement	2,152	306	-	2,458
Deposits, Retentions & Bonds	744	-	(83)	661
Other.....Prepaid Burial Contributions	881	19	-	900
Other.....Elections	186	80	-	266
Other.....Land Remediation	1,165	182	-	1,347
Other.....Tabletop Community Centre	4	-	-	4
Other.....Development Fund	655	-	(273)	382
Other.....Community Bank	208	638	(405)	441
Other.....Albury Central Carparking Development	1,765	-		1,765
Total Internal Restrictions	**7,760**	**1,225**	**(761)**	**8,224**
TOTAL RESTRICTIONS	18,300	4,585	(4,371)	18,521

A Loan moneys which must be applied for the purposes for which the loans were raised.
B Advances by the Roads and Traffic Authority for works on the State's classified roads.
C Self Insurance liability resulting from reported claims or incurred claims not yet reported.
D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
E RTA Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
F Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 7. Receivables

$ '000	Notes	2011 Current	2011 Non Current	2010 Current	2010 Non Current
Purpose					
Rates & Annual Charges		1,107	-	1,148	-
User Charges & Fees		9,179	-	8,428	-
Private Works		796	13,960	977	13,960
Accrued Revenues		-	-	-	-
Government Grants & Subsidies		776	-	538	-
Other Debtors		16	877	13	-
Total		**11,874**	**14,837**	**11,104**	**13,960**
less: Provision for Impairment					
User Charges & Fees		(110)	-	(62)	-
Total Provision for Impairment - Receivables		**(110)**	**-**	**(62)**	**-**
TOTAL NET RECEIVABLES		11,764	14,837	11,042	13,960
Externally Restricted Receivables					
Water Supply					
- Specific Purpose Grants		140	-	144	-
- Rates & Availability Charges		2,724	-	2,656	-
- Other		173	-	360	-
Sewerage Services					
- Specific Purpose Grants		153	-	159	-
- Rates & Availability Charges		4,550	-	4,353	-
- Other		4	-	89	-
Total External Restrictions		**7,744**	**-**	**7,761**	**-**
Internally Restricted Receivables					
Unrestricted Receivables		**4,020**	**14,837**	**3,281**	**13,960**
TOTAL NET RECEIVABLES		11,764	14,837	11,042	13,960

Notes on Debtors above:

(i) Rates & Annual Charges Outstanding are secured against the property.

(ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding. An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.

(iii) Interest was charged on overdue rates & charges at 9.00% (2010 9.00%). Generally all other receivables are non interest bearing.

(iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 8. Inventories & Other Assets

$ '000	Notes	2011 Current	2011 Non Current	2010 Current	2010 Non Current
Inventories					
Real Estate for resale (refer below)		3,541	-	3,538	-
Stores & Materials		640	-	694	-
Other		4	-	211	-
Total Inventories		**4,185**	**-**	**4,443**	**-**
Other Assets					
Prepayments		141	-	174	-
Other - Water Licence		-	1,823	-	1,823
Total Other Assets		**141**	**1,823**	**174**	**1,823**
TOTAL INVENTORIES / OTHER ASSETS		4,326	1,823	4,617	1,823
Externally Restricted Assets					
Water					
Nil					
Stores & Materials		320	-	329	-
Water Licence			1,652	-	1,652
Total Water		**320**	**1,652**	**329**	**1,652**
Sewerage					
Stores & Materials		13	-	17	-
Total Sewerage		**13**	**-**	**17**	**-**
Domestic Waste Management					
Nil					
Total Externally Restricted Assets		333	1,652	346	1,652
Total Unrestricted Assets		3,993	171	4,271	171
TOTAL INVENTORIES & OTHER ASSETS		**4,326**	**1,823**	**4,617**	**1,823**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 8. Inventories & Other Assets (continued)

$ '000	2011 Current	2011 Non Current	2010 Current	2010 Non Current
(i) Other Disclosures				
(a) Details for Real Estate Development				
Residential	331	-	474	-
Industrial/Commercial	3,210		3,064	-
Total Real Estate for Resale	**3,541**	**-**	**3,538**	**-**
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	2,916	-	2,918	-
Development Costs	625		620	-
Total Costs	**3,541**	**-**	**3,538**	**-**
Total Real Estate for Resale	**3,541**	**-**	**3,538**	**-**
Movements:				
Real Estate assets at beginning of the year	3,538	-	5,145	-
- Purchases and other costs	7	-	239	-
- Transfers in from (out to) Note 9	-		(1,846)	-
Total Real Estate for Resale	**3,545**	**-**	**3,538**	**-**

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

The following Inventories & Other Assets, even though classified as current are not expected to be recovered in the next 12 months;

	2011	2010
Real Estate for Resale	2,981	3,349
	2,981	**3,349**

(d) Inventory Write Downs

There were no amounts recognised as an expense relating to the write down of Inventory balances held during the year.

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 9a. Infrastructure, Property, Plant & Equipment

$ '000	as at 30/06/2010				Asset Movements during the Reporting Period						as at 30/06/2011		
	At Cost	At Fair Value	Accumulated Deprec.	Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Adjustments & Transfers	Revaluation Decrements to P&L	Revaluation Increments to Equity (ARR)	At Fair Value	Accumulated Dep'n	Carrying Value
Capital Work in Progress	3,921	-	-	3,921	5,969			(2,581)			7,309	-	7,309
Plant & Equipment	20,424	-	13,739	6,685	2,450	(310)	(2,401)				19,609	13,185	6,424
Office Equipment	5,739	-	3,977	1,762	198		(471)	130			4,675	3,056	1,619
Furniture & Fittings	4,342	-	1,972	2,370	239		(316)				3,853	1,560	2,293
Land:													
- Operational Land	-	69,360	-	69,360	198						69,558	-	69,558
- Land under Roads (post 30/6/08)	251	-	-	251	18				(146)		123	-	123
Land Improvements - depreciable	-	23,116	10,472	12,644	4,478		(655)	1,374			28,967	11,126	17,841
Buildings - Non Specialised	-	152,765	62,142	90,623	1,221	(307)	(3,295)	538		4,807	158,020	64,433	93,587
Other Structures	-	4,773	1,687	3,086	193		(233)	8		15	4,979	1,910	3,069
Infrastructure:													
- Roads, Bridges, Footpaths	-	447,519	181,020	266,499	1,326		(7,067)	422		14,916	468,819	192,723	276,096
- Stormwater Drainage	-	110,256	26,261	83,995	353		(1,051)			1,266	112,447	27,884	84,563
- Water Supply Network	-	333,840	146,963	186,877	1,647		(5,206)	11		10,855	346,867	152,683	194,184
- Sewerage Network	-	278,221	124,572	153,649	666		(3,419)	71		(2,352)	279,042	130,427	148,615
Other Assets:													
- Library Books	1,702	-	432	1,270	206		(167)				1,908	599	1,309
- Other	3,412	-	2,528	884			(66)	(2)			3,411	2,595	816
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)													
- Tip Asset	1,621	-	763	858			(24)				1,621	787	834
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	**41,412**	**1,419,850**	**576,528**	**884,734**	**19,162**	**(617)**	**(24,371)**	**(29)**	**(146)**	**29,507**	**1,511,208**	**602,968**	**908,240**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 9b. Externally Restricted Infrastructure, Property, Plant & Equipment

$ '000 Class of Asset	Actual 2011				Actual 2010			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
WIP		571		**571**	-	79	-	**79**
Plant & Equipment				**-**	-	679	679	**-**
Office Equipment		9	5	**4**	-	33	27	**6**
Furniture & Fittings				**-**	-	9	9	**-**
Land								
- Operational Land		1,178		**1,178**	-	1,179	-	**1,179**
- Community Land		464		**464**	-	464	-	**464**
Buildings		962	692	**270**	-	934	684	**250**
Infrastructure		346,868	152,684	**194,184**	-	333,840	146,963	**186,877**
Total Water Supply	**-**	**350,052**	**153,381**	**196,671**	**-**	**337,217**	**148,362**	**188,855**
Sewerage Services								
WIP		825		**825**	-	125	-	**125**
Plant & Equipment		95	19	**76**	-	535	440	**95**
Office Equipment		58	50	**8**	-	197	177	**20**
Furniture & Fittings				**-**	-	2	2	**-**
Land								
- Operational Land		5,882		**5,882**	-	5,685	-	**5,685**
- Community Land		1,249		**1,249**	-	1,249	-	**1,249**
- Improvements - depreciable		79		**79**	-	79	-	**79**
Buildings		1,860	977	**883**	-	1,806	930	**876**
Other Structures		110	24	**86**	-	110	22	**88**
Infrastructure		279,042	130,427	**148,615**	-	278,221	124,572	**153,649**
Total Sewerage Services	**-**	**289,200**	**131,497**	**157,703**	**-**	**288,009**	**126,143**	**161,866**
TOTAL RESTRICTED I,PP&E	**-**	**639,252**	**284,878**	**354,374**	**-**	**625,226**	**274,505**	**350,721**

Note 9c. Infrastructure, Property, Plant & Equipment - Current Year Impairments

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 10a. Payables, Borrowings & Provisions

$ '000	Notes	2011 Current	2011 Non Current	2010 Current	2010 Non Current
Payables					
Goods & Services - operating expenditure		3,235	-	4,863	-
Payments Received In Advance		1,144	-	1,914	-
Accrued Expenses:					
- Other Expenditure Accruals		9,647	-	1,829	8,050
Security Bonds, Deposits & Retentions		661	-	772	-
Total Payables		**14,687**	**-**	**9,378**	**8,050**
Borrowings					
Loans - Secured [1]		2,805	41,244	2,740	36,131
Finance Lease Liabilities		115	-	76	115
Total Borrowings		**2,920**	**41,244**	**2,816**	**36,246**
Provisions					
Employee Benefits;					
Annual Leave		2,994	-	3,002	-
Long Service Leave		6,496	343	6,150	341
Sub Total - Aggregate Employee Benefits		**9,490**	**343**	**9,152**	**341**
Asset Remediation/Restoration (Future Works)	26	-	3,031	-	2,790
Other (under recovery of real estate)		-	50	-	-
Total Provisions		**9,490**	**3,424**	**9,152**	**3,131**
Total Payables, Borrowings & Provisions		27,097	44,668	21,346	47,427

(i) Liabilities relating to Restricted Assets

	2011 Current	2011 Non Current	2010 Current	2010 Non Current
Externally Restricted Assets				
Water	601	-	792	-
Sewer	1,601	13,413	1,370	14,834
Liabilities relating to externally restricted assets	2,202	13,413	2,162	14,834
Internally Restricted Assets				
Total Liabilities relating to restricted assets	**2,202**	**13,413**	**2,162**	**14,834**

1. Loans are secured over the General Rating Income of Council
Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 10a. Payables, Borrowings & Provisions (continued)

$ '000	2011	2010

(ii) Current Liabilities not anticipated to be settled within the next 12 months

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

Provisions - Employees Benefits	7,310	6,924
	7,310	**6,924**

Note 10b. Description of and movements in Provisions

	2010	2011				
Class of Provision	**Opening Balance as at 1/7/10**	**Additional Provisions**	**Decrease due to Payments**	**Remeasurement effects due to Discounting**	**Unused amounts reversed**	**Closing Balance as at 30/6/11**
Annual Leave	3,002	1,897	(1,905)			**2,994**
Long Service Leave	6,491	779	(431)			**6,839**
Asset Remediation	2,790	241				**3,031**
Other	-	50				**50**
TOTAL	**12,283**	**2,967**	**(2,336)**	**-**	**-**	**12,914**

a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

b. Self Insurance Provisions represent both (i) Claims Incurred but Not reported and (ii) Claims Reported & Estimated as a result of Council's being a self insurer up to certain levels of Excess.

c. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 11. Statement of Cash Flows - Additional Information

$ '000	Notes	Actual 2011	Actual 2010
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	27,378	21,821
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		**27,378**	**21,821**
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		**(2,792)**	**9,036**
Adjust for non cash items:			
Depreciation & Amortisation		24,371	23,403
Net Losses/(Gains) on Disposal of Assets		(206)	(4,576)
Non Cash Capital Grants and Contributions		(1,986)	(4,577)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "@ Fair Value" or "Held for Trading"		(464)	(895)
- Write Offs relating to the Fair Valuation of I,PP&E		146	-
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
Unwinding of Discount Rates on Reinstatement Provisions		241	510
Share of Net (Profits) or Losses of Associates/Joint Ventures		11	(78)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(1,647)	(218)
Increase/(Decrease) in Provision for Doubtful Debts		48	57
Decrease/(Increase) in Inventories		261	(184)
Decrease/(Increase) in Other Assets		33	(104)
Increase/(Decrease) in Payables		(1,628)	884
Increase/(Decrease) in other accrued Expenses Payable		(232)	210
Increase/(Decrease) in Other Liabilities		(881)	(1,734)
Increase/(Decrease) in Employee Leave Entitlements		340	545
Increase/(Decrease) in Other Provisions		50	-
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		**15,665**	**22,279**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 11. Statement of Cash Flows - Additional Information (continued)

$ '000	Notes	Actual 2011	Actual 2010
(c) Non-Cash Investing & Financing Activities			
S94 Contributions "in kind"	3	1,378	2,751
S64 Contributions "in kind"	3	608	2,045
Total Non-Cash Investing & Financing Activities		**1,986**	**4,796**
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities [1]		1,000	1,000
Credit Cards / Purchase Cards		300	160
Total Financing Arrangements		**1,300**	**1,160**
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
- Credit Cards / Purchase Cards		-	-
- Other		-	-
Total Financing Arrangements Utilised		**-**	**-**

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

(ii) Secured Loan Liabilities

The majority of loans are secured by a mortgage over future years Rate Revenue only. Council has one infrastructure loan with Crown Asset and Liability Management Branch NSW Treasury that requires no security.

(e) Net Cash Flows Attributable to Discontinued Operations

Please refer to Note 24 for details of Cash Flows that relate to Discontinued Operations

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 12. Commitments for Expenditure

$ '000	Notes	Actual 2011	Actual 2010
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		-	28
Other Structures		545	155
Total Commitments		**545**	**183**
These expenditures are payable as follows:			
Within the next year		545	183
Total Payable		**545**	**183**
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		545	183
Total Sources of Funding		**545**	**183**
(b) Other Expenditure Commitments (exclusive of GST)			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
DWM & Recycling Services		3,000	8,000
Cleaning Services		683	1,077
Audit Services		65	149
Fleet Management		-	196
Other (Remuneration)		647	884
Other (Operating Leases)		1,435	1,098
Other		1,161	874
Total Commitments		**6,991**	**12,278**
These expenditures are payable as follows:			
Within the next year		4,657	4,377
Later than one year and not later than 5 years		2,334	7,901
Total Payable		**6,991**	**12,278**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 12. Commitments for Expenditure (continued)

$ '000	Notes	Actual 2011	Actual 2010
(c) Finance Lease Commitments			
(i) Commitments under Finance Leases at the Reporting Date are payable as follows:			
Within the next year		115	76
Later than one year and not later than 5 years		-	115
Total Minimum Lease Payments		**115**	**191**
less: Future Finance Charges		-	-
Amount Recognised as a Liability		**115**	**191**
(ii) Finance Lease Liability Recognised represent;			
Current Liabilities		115	76
Non-Current Liabilities		-	115
Total Finance Lease Liabilities Disclosed		**115**	**191**

(iii) General Details

Council Leases the following Property, Plant & Equipment under Finance Leases:

	Term (Years)	Option to Purchase	Contingent Rent Clauses		
Heavy Plant - Carrying Value	1	N	N	115	191
Total Carrying Value at Year End				**115**	**191**

(d) Operating Lease Commitments (Non Cancellable)

a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:		
Within the next year	361	154
Later than one year and not later than 5 years	1,074	944
Total Non Cancellable Operating Lease Commitments	**1,435**	**1,098**

b. Non Cancellable Operating Leases include the following assets:

Heavy Plant

Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 12. Commitments for Expenditure (continued)

$ '000	Notes	Actual 2011	Actual 2010

Conditions relating to Finance & Operating Leases:

- All Finance & Operating Lease Agreements are secured only against the Leased Asset.

- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

(e) Investment Property Commitments

Nil

(f) Remuneration Commitments

Commitments for the payment of salaries & other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities are payable:

Within the next year	259	259
Later than one year and not later than 5 years	388	625
Total Payable	**647**	**884**

(g) Investment in Associates / Joint Ventures - Commitments

For Capital Commitments and Other Commitments relating to Investments in Associates & Joint Ventures, refer to Note 19 (b)

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 13a(i). Statement of Performance Measurement - Indicators (Consolidated)

$ '000	Amounts 2011	Indicator 2011	Prior Periods 2010	2009
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions [1]	25,610	1.46 : 1	1.60	1.68
Current Liabilities less Specific Purpose Liabilities [2]	17,585			
2. Debt Service Ratio				
Debt Service Cost	5,771	7.05%	6.43%	5.92%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	81,841			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	36,081	38.99%	42.05%	47.02%
Income from Continuing Operations	92,536			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	1,107	2.94%	2.70%	2.54%
Rates, Annual & Extra Charges Collectible	37,656			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals[3] [Buildings & Infrastructure]	7,175	35.81%	55.69%	67.22%
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	20,038			

Notes

[1] Refer Notes 6-8 inclusive.
Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

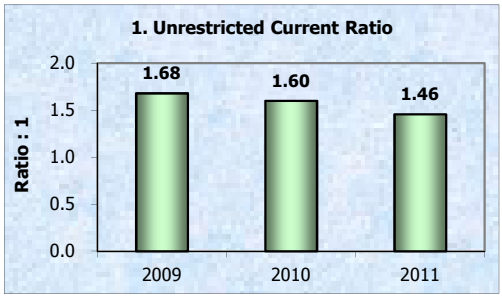
[2] Refer to Note 10(a).

[3] Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity or performanc as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

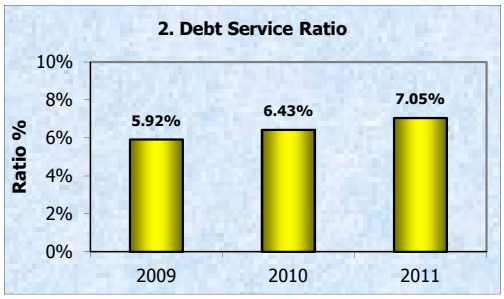
Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

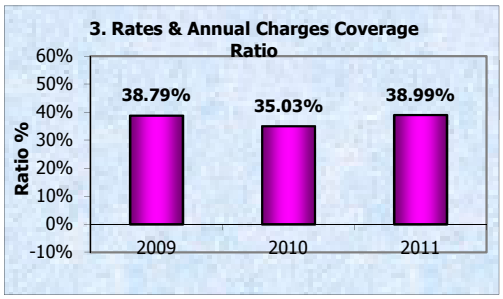
Note 13a(i). Statement of Performance Measurement - Graphs (Consolidated)



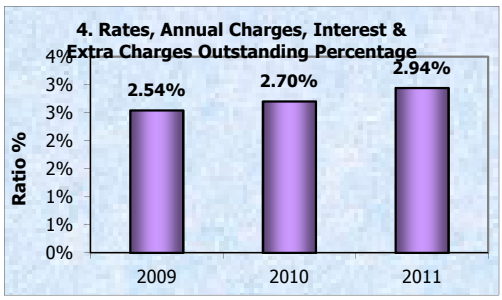
Purpose of Unrestricted Current Ratio	Commentary on 2010/11 Result
To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.	**2010/11 Ratio 1.46 : 1** A ratio in excess of 1.5:1 is considered appropriate. This ratio remains in line with the 2010 result. Current Assets less external restrictions has increased, primarily due to a movement in the cash & cash equivalent balance.



Purpose of Debt Service Ratio	Commentary on 2010/11 Result
To assess the impact of loan principal & interest repayments on the discretionary revenue of council.	**2010/11 Ratio 7.05%** A ratio of less than 15.1% for a developing city like Albury is considered appropriate. Albury remains well below the recommended threshold at 7.05%. Councils ten year operating plan assumes further borrowing to carryout needed capital works. Councils forward plan sets out ratio levels of under 10%.



Purpose of Rates & Annual Charges Coverage Ratio	Commentary on 2010/11 Result
To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.	**2010/11 Ratio 38.99%** AluryCity's reliance on rates and annual charges has increased this year, improvements in returns on investments have been offset by a decrease in sale of property which last year included a major CBD sale.



Purpose of Rates & Annual Charges Outstanding Ratio	Commentary on 2010/11 Result
To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.	**2010/11 Ratio 2.94%** The NSW LGMA recommends levels below 4% for this ratio. AlburyCity retains low levels of debt, well below the 4% benchmark. The slight rise in this ratio reflects the difficulties some sections of the community are facing at this time.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 13b. Statement of Performance Measurement - Indicators (by Fund)

$ '000	Water 2011	Sewer 2011	General[1] 2011
Local Government Industry Indicators			
1. Unrestricted Current Ratio Current Assets less all External Restrictions [(1)] / Current Liabilities less Specific Purpose Liabilities [(2,3)]	**6.75 : 1**	**4.53 : 1**	**1.46 : 1**
2. Debt Service Ratio Debt Service Cost / Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	**0.00%**	**18.73%**	**5.50%**
3. Rates & Annual Charges Coverage Ratio Rates & Annual Charges / Income from Continuing Operations	**26.42%**	**68.32%**	**34.88%**
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage Rates, Annual & Extra Charges Outstanding / Rates, Annual & Extra Charges Collectible	**39.50%**	**37.99%**	**16.04%**
5. Building & Infrastructure Renewals Ratio Asset Renewals[(4)] [Buildings & Infrastructure] / Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	**31.63%**	**10.12%**	**45.41%**

Notes

[(1)] General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.

Note 14. Investment Properties

Council has not classified any Land or Buildings as "Investment Properties".

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 15. Financial Risk Management

$ '000

Risk Management

Oversight of the financial risk management framework

Councillors of AlburyCity have overall responsibility for the establishment and oversight of the organisation's risk management framework.

Council delegate this responsibility to the appointed General Manager who oversees an appropriate management structure.

Council's overall risk management strategy seeks to assist the organisation in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The General Manager operates under policies approved by Council. The Department of Local Government periodically makes declarations through Ministerial Orders and the issuance of circulars and guidelines. Council's policies comply with both issued orders and regulations including its investment policies.

Risk management policies are approved and reviewed by Council on a regular basis. These include credit risk policies and future cash flow requirements.

Council has established an Audit Committee. The committee includes independent members and representatives from Council and management. The Audit Committee has an oversight role of Council's financial risk management process, system of internal control and financial reporting process. It makes recommendations and reports to Council and the General Manager on its functions.

Management is responsible for developing and monitoring the Council's risk management policies, including those related to its investment activities. The Council's risk management policies are established to identify and analyse the risks faced by Council, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed periodically to reflect changes in local conditions and the Council's activities.

Risk Profile

The Council's major balance sheet item is its property, plant, and equipment and infrastructure asset portfolio. Its remaining net asset base principally consists of cash and deposits with banks, investments, accounts receivable and payable, employee entitlements and loans.

Financial risk exposures & management

The main risks the Council is exposed to through its financial instruments are:

- Credit risk
- Liquidity risk
- Market risk

Albury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 15. Financial Risk Management - (Continued)

$ '000

Financial risk exposures & management (continued)

Credit risk

Credit risk is the risk of loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Council's receivables from customers and investment securities.

Trade and receivables

The Council's exposure to credit risk is influenced mainly by the characteristics of the individual customer. Rates and annual charges are secured against the underlying property. Council's largest receivables credit risk exposure is via its sundry debtors. These are primarily related to Council's landfill and airport operations. Losses have occurred infrequently on these balances. Customers that fail to meet the Council's benchmark creditworthiness may transact with the Council on a prepayment basis.

A substantial portion of the remaining revenues are generated through grants. Those streams of revenue which are backed by state or federal government, individually do not expose the Council to credit risk.

The Council has established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables and investments.

Investments

Council limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a good credit rating. Given these high credit ratings, generally management does not expect any counterparty to fail to meet its obligations.

Council as part of its investment portfolio has investments in CDO's. Any investments, other than cash, are exposed to financial market turbulence. The value of these investments are a function of their credit, liquidity and market risk. Management continue to monitor all information sources relating to these investments with the intention of realising the best possible outcome for the organisation from these financial instruments held, given the options available to it.

Liquidity risk

Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they fall due. The Council's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Council's reputation.

Council undertakes a comprehensive annual budget process that identifies its commitments. As part of this process management ensure that they access to appropriate cash flows to fund scheduled operations. The investment portfolio is managed so as to provide adequate liquidity at all times, particularly during the periods between the quarterly receipt of rates instalments and grants. In addition, Council has access to overdraft facilities set out in Note 12. Council has appraised its liquidity position and is confident in its ability to meet its ongoing obligations.

Market risk

Market risk is the risk that the changes in market prices, such as interest rates will affect the Council's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Council through its cash and term deposits has ongoing exposure to interest rate risk.

The Council also utilises long term borrowing facilities to fund capital projects. These facilities are on a fixed rate basis. Council is therefore not immediately exposed to interest rate fluctuations on these borrowings.

Currency risk

The Council is not exposed to any currency risk on sales, purchases or borrowings that are denominated in a currency other than the Australian dollar (AUD).

Albury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2011

Note 15. Financial Risk Management - (Continued)

$ '000

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2011	2010	2011	2010
Financial Assets				
Cash and Cash Equivalents	27,378	21,821	27,378	21,821
Investments				
- "Held for Trading"	3,497	4,080	3,497	4,080
Receivables	26,601	25,002	26,601	25,002
Total Financial Assets	**57,476**	50,903	**57,476**	50,903
Financial Liabilities				
Payables	13,543	15,514	13,543	15,514
Loans / Advances	44,049	38,871	44,049	38,871
Lease Liabilities	115	191	115	191
Total Financial Liabilities	**57,707**	54,576	**57,707**	54,576

Fair Value is determined as follows:

- **Cash & Cash Equivalents**, **Receivables**, **Payables** - are estimated to be the carrying value which approximates mkt valu
- **Borrowings** & **Held to Maturity** Investments - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) **"at fair value through profit & loss"** or (ii) **Available for Sale** - are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

$ '000

(a) Fair Value Measurements

The fair value of financial assets and financial liabilities must be estimated in accordance with Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 7 Financial Instruments: Disclosures, requires the disclosure of how fair valuations have been arrived at for all financial assets and financial liabilities that have been measured at fair value.

Arriving at fair values for financial assets and liabilities can be broken up into 3 distinct measurement hierarchies

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table presents the financial assets and financial liabilities that have been measured and recognise at fair values:

2011	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Investments				
- "Held for Trading"	2,283		1,214	3,497
Total Financial Assets	**2,283**	**-**	**1,214**	**3,497**
Financial Liabilities				
- Other (Loans - Secured)	44,049			44,049
- Other (Finance Lease)	115			115
Total Financial Liabilities	**44,164**	**-**	**-**	**44,164**

2010	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Investments				
- "Held for Trading"	2,145	-	1,935	4,080
Total Financial Assets	**2,145**	**-**	**1,935**	**4,080**
Financial Liabilities				
- Other (Loans - Secured)	38,871	-	-	38,871
- Other (Finance Lease)	191	-	-	191
Total Financial Liabilities	**39,062**	**-**	**-**	**39,062**

The following table presents the movement in Level 3 financial instruments

	Liabilities 2011	**Liabilities 2010**	**Assets 2011**	**Assets 2010**
Opening Balance (of Level 3 fair values)	39,062	35,418	4,080	3,186
Transfer to/(from) Level 3	8,020	6,459		-
Gains/(Losses) recognised in the Income Statement			417	894
Disposals	(2,918)	(2,815)	(1,000)	-
Closing Balance	**44,164**	**39,062**	**3,497**	**4,080**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

$ '000

(b) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss' "Available-for-sale" financial assets & "Held-to-maturity" Investments

Council's objective is to maximise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital.

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and it's staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

Cash & Investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with Cash & Investments is 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.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

The following represents a summary of the sensitivity of Council's Income Statement and Accumulated Surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of Values/Rates		Decrease of Values/Rates	
2011	**Profit**	**Equity**	**Profit**	**Equity**
Possible impact of a 10% movement in Market Values	2,738	2,738	(2,738)	(2,738)
Possible impact of a 1% movement in Interest Rates	274	274	(274)	(274)
2010				
Possible impact of a 10% movement in Market Values	2,182	2,182	(2,182)	(2,182)
Possible impact of a 1% movement in Interest Rates	218	218	(218)	(218)

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

$ '000

(c) Receivables

Council's major receivables comprise **(i)** Rates & Annual charges and **(ii)** User Charges & Fees.

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

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

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

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

A profile of Council's receivables credit risk at balance date follows:

(i) Ageing of Receivables	**2011 Rates & Annual Charges**	**2011 Other Receivables**	**2010 Rates & Annual Charges**	**2010 Other Receivables**
Current (not yet overdue)	1,107	25,604	1,148	23,916
	1,107	**25,604**	**1,148**	**23,916**

(ii) Movement in Provision for Impairment of Receivables	**2011**	**2010**
Balance at the beginning of the year	62	5
+ new provisions recognised during the year	59	62
- amounts already provided for & written off this year	(2)	(5)
- amounts provided for but recovered during the year	(9)	
Balance at the end of the year	**110**	**62**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 15. Financial Risk Management (continued)

$ '000

(d) Payables & Borrowings

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

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

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

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the Liquidity Table below:

$ '000	Subject to no maturity	payable in: ≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs	Total Cash Outflows	Actual Carrying Values
2011									
Trade/Other Payables	661	14,026						14,687	**13,543**
Loans & Advances		2,805	2,818	4,741	2,522	2,669	28,494	44,049	**44,049**
Lease Liabilities		115						115	**115**
Total Financial Liabilities	**661**	**16,946**	**2,818**	**4,741**	**2,522**	**2,669**	**28,494**	**58,851**	**57,707**
2010									
Trade/Other Payables	772	8,606	8,050	-	-	-	-	17,428	**15,514**
Loans & Advances	-	2,740	2,617	2,617	4,519	2,282	24,096	38,871	**38,871**
Lease Liabilities	-	76	115	-	-	-	-	191	**191**
Total Financial Liabilities	**772**	**11,422**	**10,782**	**2,617**	**4,519**	**2,282**	**24,096**	**56,490**	**54,576**

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

The following interest rates were applicable to Council's Borrowings at balance date:	2011 Carrying Value	2011 Average Interest Rate	2010 Carrying Value	2010 Average Interest Rate
Bank Overdraft	-	10.1%	-	9.9%
Trade/Other Payables	13,543		15,514	
Loans & Advances - Fixed Interest Rate	44,049	7.0%	38,871	6.9%
Lease Liabilities	115		191	
	57,707		54,576	

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 16. Material Budget Variations

$ '000

Council's Original Financial Budget for 10/11 was incorporated as part of its Management Plan and was adopted by the Council on 02 May 2010.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act requires Council to review its Financial Budget on a Quarterly Basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

Note that for Variations* of Budget to Actual :
Material Variations represent those variances that amount to **10%** or more of the original budgeted figure.
F = Favourable Budget Variation, **U** = Unfavourable Budget Variation

$ '000	2011 Budget	2011 Actual	2011 Variance*		
REVENUES					
Rates & Annual Charges	36,031	36,081	50	0%	F
User Charges & Fees	36,217	34,150	(2,067)	(6%)	U
Interest & Investment Revenue	1,282	2,135	853	67%	F
The majority of this movement relates to the revaluation of of a segment of Council's investment (CDO's) amounting to $416K and better han anticipated investment returns due to higher cash holdings and stronger interest rates.					
Other Revenues	2,142	2,562	420	20%	F
Higher than anticipated conference income, which was originally budgeted as a net cost to Council; $725K which was offset by budget for flood studies; ($104K) and Economic Development income ($183K) which was later moved to "Grant Funding".					
Operating Grants & Contributions	8,286	10,163	1,877	23%	F
A number of grants have been received in 2011 which were either not anticipated for the original budget or were greater than originally anticipated, these include: Financial Assistance Grant $296K, Strengthening Basin Communities $569K, Evocites $146K which was (originally budgeted as "Other Income) Road & Drainage grants $283K and Bonegilla Project grants $71K.					
Capital Grants & Contributions	5,532	7,239	1,707	31%	F
Unbudgeted Infrastructure contributions from subdivisions 2010-11 $1.98M					
Net Gains from Disposal of Assets	303	206	(97)	(32%)	U
Net Variance due to unbudgeted write off of demolished buildings ($148K), and lower than anticipated Real Estate sales ($141K) offset by better than anticipated Fleet sales $185K					

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 16. Material Budget Variations (continued)

$ '000	2011 Budget	2011 Actual	2011 Variance*		
EXPENSES					
Employee Benefits & On-Costs	33,816	33,517	299	1%	F
Borrowing Costs	3,614	3,096	518	14%	F
General Fund borrowings were budgeted for takeup in July 2010, however these were delayed until December, Sewer Fund Loans have been delayed until 2011-12, thus reducing interest on new loans.					
Materials & Contracts	21,028	22,937	(1,909)	(9%)	U
Depreciation & Amortisation	24,630	24,371	259	1%	F
Other Expenses	11,104	11,396	(292)	(3%)	U
Budget Variations relating to Council's Cash Flow Statement include:					
Cash Flows from Operating Activities	19,002	15,665	(3,337)	(17.6%)	U
Cash from operating activities has declined by a total of ($4,246), this is comprised of a reduction in income relative to budget of ($1,428) and additional expenditure over budget of ($2,818). The reduction in income to budget is derived generally from grant funding anticipated in Councils original budget, but not received. The movement in expenditure over budget of ($2,818) is primarily reflected in wages & salary cost of ($2,166) which is the capitalised wages value of ($2,056) which Council budgets in its capital budget.					
Cash Flows from Investing Activities	(21,460)	(15,210)	6,250	(29.1%)	F
The favorable return from Investing Activities lies in the majority with reduced expenditure on purchase of Property, Plant & Equipment of $5,410. This movement reflects timing factors only as the projects will be completed over the next financial year.					
Cash Flows from Financing Activities	4,702	5,102	400	8.5%	F

Note 17. Statement of Developer Contributions

$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year Cash	Contributions received during the Year Non Cash	Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections Future income	Projections Exp still outstanding	Projections Over or (under) Funding	Cumulative Internal Borrowings due/(payable)
Drainage	376	37	-	14	(131)	-	**296**	-	-	296	-
Roads	726	343	-	28	(513)	-	**584**	-	-	584	-
Traffic Facilities	-	-	-	-	-	-	**-**	-	-	-	-
Parking	454	15	-	24	-	-	**493**	-	-	493	-
Open Space	295	72	-	13	(103)	-	**277**	-	-	277	-
Community Facilities	484	103	-	19	(215)	-	**391**	-	-	391	-
S94 Contributions - under a Plan	**2,335**	**570**	**-**	**98**	**(962)**	**-**	**2,041**	**-**	**-**	**2,041**	**-**
S94A Levies - under a Plan	**-**	**-**	**-**	**-**	**-**	**-**	**-**				**-**
Total S94 Revenue Under Plans	**2,335**	**570**	**-**	**98**	**(962)**	**-**	**2,041**				**-**
S94 not under Plans	-	-	-	-	-	-	**-**	-	-	-	-
S93F Planning Agreements	-						**-**				
S64 Contributions	1,582	1,002		64	(1,315)		**1,333**				
Total Contributions	**3,917**	**1,572**	**-**	**162**	**(2,277)**	**-**	**3,374**	**-**	**-**	**2,041**	**-**

Note 17. Statement of Developer Contributions (continued)

$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - ALBURY

PURPOSE	Opening Balance	Contributions received during the Year Cash	Contributions received during the Year Non Cash	Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections Future income	Projections Exp still outstanding	Projections Over or (under) Funding	Cumulative Internal Borrowings due/(payable)
Drainage	376	37		14	(131)		**296**			296	
Roads	711	329		28	(484)		**584**			584	
Parking	454	15		24			**493**			493	
Open Space	292	71		13	(99)		**277**			277	
Community Facilities	402	80		19	(110)		**391**			391	
Total	**2,235**	**532**	**-**	**98**	**(824)**	**-**	**2,041**	**-**	**-**	**2,041**	**-**

CONTRIBUTION PLAN - Hume

PURPOSE	Opening Balance	Contributions received during the Year Cash	Contributions received during the Year Non Cash	Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections Future income	Projections Exp still outstanding	Projections Over or (under) Funding	Cumulative Internal Borrowings due/(payable)
Roads	15	14			(29)		**-**			-	
Open Space	3	1			(4)		**-**			-	
Community Facilities	82	23			(105)		**-**			-	
Total	**100**	**38**	**-**	**-**	**(138)**	**-**	**-**	**-**	**-**	**-**	**-**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

$ '000

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but their knowledge & disclosure is considered relevant to the users of Council's Financial Report.

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

Member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category and that member Councils will need to make significantly higher contributions from 2010/2011 & beyond.

The Local Government Superannuation Scheme has provided Council with an estimate of the total deficit of the scheme as $286M, of which Councils portion is estimated at $2.6M. Defined Benefit Scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans.

(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 Councils 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 30/06 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 of any increased prudential requirements of APRA.

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

$ '000

LIABILITIES NOT RECOGNISED (continued):

(iv) Council as Guarantor of Loan

AlburyCity is acting as guarantor of a commercial loan to the original principal value of $120,000 from the Bendigo Bank over a period of 15 years in relation to the North Street Building for Albury Wodonga Table Tennis Association (AWTTA).

(v) Landfill Aftercare

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

The ultimate cost of after-care is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the nature of site disturbance and future developments and the emergence of new remediatior techniques. Furthermore, the after-care costs may continue for many years after the closure of the site, the timing of costs subject to a number of factors including the estimated life expectancy of the site. Best estimates suggest that the Landfill site has a residual life of approximately 40 years based on current waste volumes. Therefore, a liability for these contingent costs have not been recognised in the financial statements.

(vi) Council has provided no other Guarantees other than those listed above.

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.

(ii) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

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

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

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Councils intention to spend funds in the manner and timing set out in those Plans.

(iii) Potential Land Acquisitions due to Planning Restrictions imposed by Council

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

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

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

$ '000

LIABILITIES NOT RECOGNISED (continued)**:**

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 & including 30/6/08.

(ii) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but updated Infringement Notices.

Due to the limited information available on the status, value and duration of outstanding Notices, Council is unable to determine the value of outstanding income.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

$ '000

Council's objectives can and in some cases are best met through the use of separate entities & operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, Bodies and other Outside Organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of Councils (i) interest and (ii) control and the type (form) of entity/operation, as follows;

Associated Entities & Joint Venture Entities **Note 19(b)**(i)&(ii)

Arrangements in the form of a Separate Entity that deploys the resources of the operation itself. Under Associated Entities, Council significantly influences the operations (but does not control them, whilst for JV Entities, Council Jointly Controls the Operations with other parties.

Summary of Associated Entities

Associated Entities and Joint Venture Entities as per Notes 19(b)(i) & (ii) are accounted for using the Equity Accounting Method - and are disclosed as a 1 line entry in both the Income Statement and Balance Sheet.

	Council's Share of Net Income		Council's Share of Net Assets	
	Actual 2011	Actual 2010	Actual 2011	Actual 2010
Associated Entities	(11)	78	1,247	1,328
Total	**(11)**	**78**	**1,247**	**1,328**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

$ '000

19(a) Subsidiaries (ie. Entities & Operations controlled by Council)

Council has no interest in any Subsidiaries.

19(b) Associated Entities & Joint Venture Entities

(i) ASSOCIATED ENTITIES

(a) Net Carrying Amounts - Council's Share

Name of Entity	Principal Activity	2011	2010
Hume Gardens Residential Developmer	Development of Residential Land	362	437
Thurgoona Industrial Estate	Development of Industrial Land	885	891
Total Carrying Amounts - Associated Entities		**1,247**	**1,328**

(b) Relevant Interests

	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
Name of Entity	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Hume Gardens Residential Developmer	13.9%	10%	13.9%	10%	20%	20%
Thurgoona Industrial Estate	13.6%	14%	13.6%	14%	50%	50%

(c) Movement in Carrying Amounts of Councils Equity Interest

	Hume Gardens Residential Development		Thurgoona Industrial Estate	
	2011	**2010**	**2011**	**2010**
Opening Balance	437	528	891	897
Share in Operating Result	(5)	84	(6)	(6)
Distributions Received	(70)	(175)		-
Councils Equity Share in the Joint Venture Entity	**362**	**437**	**885**	**891**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

$ '000

19(b) Associated Entities & Joint Venture Entities (continued)

(d) Summarised Financial Information of Associated Entities - Council's Share

2011	Assets	Liabilities	Net Assets	Revenues	Profit
Hume Gardens Residential Developmer	362	-	**362**	(5)	(5)
Thurgoona Industrial Estate	885	-	**885**	(6)	(6)
Totals	**1,247**	**-**	**1,247**	**(11)**	**(11)**

2010	Assets	Liabilities	Net Assets	Revenues	Profit
Hume Gardens Residential Developmer	437	-	**437**	163	84
Thurgoona Industrial Estate	891	-	**891**	(6)	(6)
Totals	**1,328**	**-**	**1,328**	**157**	**78**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 20. Equity - Retained Earnings and Revaluation Reserves

$ '000	Notes	Actual 2011	Actual 2010
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		625,600	616,564
d. Net Operating Result for the Year		(2,792)	9,036
Balance at End of the Reporting Period		622,808	625,600
b. Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		278,539	249,032
Total		**278,539**	**249,032**
(ii). Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		249,032	225,000
- Revaluations for the year	9(a)	29,507	23,820
- Other movements			212
- Balance at End of Year		**278,539**	**249,032**
TOTAL VALUE OF RESERVES		**278,539**	**249,032**

(iii). Nature & Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

c. Correction of Error/s relating to a Previous Reporting Period

Council made no correction of errors during the current reporting period.

d. Voluntary Changes in Accounting Policies

Council made no voluntary changes in any accounting policies during the year.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund $ '000		Actual 2011	Actual 2011	Actual 2011
Continuing Operations		**Water**	**Sewer**	**General**[1]
Income from Continuing Operations				
Rates & Annual Charges		2,106	9,144	24,831
User Charges & Fees		4,791	2,832	26,527
Interest & Investment Revenue		150	254	1,731
Other Revenues		66	104	2,392
Grants & Contributions provided for Operating Purposes		140	153	9,870
Grants & Contributions provided for Capital Purposes		718	892	5,629
Other Income				
Net Gains from Disposal of Assets		-	6	200
Total Income from Continuing Operations	-	**7,971**	**13,385**	**71,180**
Expenses from Continuing Operations				
Employee Benefits & on-costs		1,444	2,119	29,954
Borrowing Costs		-	1,112	1,984
Materials & Contracts		913	2,229	19,795
Depreciation & Amortisation		5,216	3,499	15,656
Other Expenses		3,485	3,534	4,377
Share of interests in Joint Ventures & Associates using the Equity Method				11
Total Expenses from Continuing Operations		**11,058**	**12,493**	**71,777**
Operating Result from Continuing Operations		(3,087)	892	(597)
Net Operating Result for the Year		(3,087)	892	(597)
Net Operating Result attributable to each Council Fund		(3,087)	892	(597)
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	-	(3,805)	-	(6,226)

[1] General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal charges & recoveries made between the Funds.

Albury City Council

Notes to the Financial Statements
as at 30 June 2011

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund $ '000	Actual 2011	Actual 2011	Actual 2011
ASSETS	**Water**	**Sewer**	**General**[1]
Current Assets			
Cash & Cash Equivalents	82	3,104	24,192
Investments	875	-	53
Receivables	3,037	4,707	4,020
Inventories	320	13	3,852
Other	-	-	141
Total Current Assets	4,314	7,824	32,258
Non-Current Assets			
Investments	142	461	1,966
Receivables	-	-	14,837
Infrastructure, Property, Plant & Equipment	196,671	157,703	553,866
Investments Accounted for using the equity method	-	-	1,247
Other	1,652	-	171
Total Non-Current Assets	198,465	158,164	572,087
TOTAL ASSETS	**202,779**	**165,988**	**604,345**
LIABILITIES			
Current Liabilities			
Payables	68	160	14,459
Borrowings	-	1,047	1,873
Provisions	533	393	8,564
Total Current Liabilities	601	1,600	24,896
Non-Current Liabilities			
Payables	-	-	-
Borrowings	-	13,414	27,830
Provisions	-	-	3,424
Total Non-Current Liabilities	-	13,414	31,254
TOTAL LIABILITIES	**601**	**15,014**	**56,150**
Net Assets	**202,178**	**150,974**	**548,195**
EQUITY			
Retained Earnings	153,625	120,674	348,509
Revaluation Reserves	48,553	30,300	199,686
Council Equity Interest	**202,178**	**150,974**	**548,195**
Total Equity	**202,178**	**150,974**	**548,195**

[1] General Fund refers to all Council's activities other than Water & Sewer.

* represents ADD DESCRIPTION HERE…

NB. All amounts disclosed above are Gross - that is, they include internal receivables & payables between the Funds.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 22. "Held for Sale" Non Current Assets & Disposal Groups

Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

Note 23. Events occurring after Balance Sheet Date

Events that occur after the reporting date of 30 June 2011, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 17/10/11.

Events that occur after the Reporting Date represent one of two types:

(i) Events that have provided evidence of conditions that existed at the Reporting Date

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2011.

(ii) Events that have provided evidence of conditions that arose after the Reporting Date

These financial statements (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2011 and which are only indicative of conditions that arose after 30 June 2011.

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

Note 24. Discontinued Operations

Council has not classified any of its Operations as "Discontinued".

Note 25. Intangible Assets

Intangible Assets represent identifiable non-monetary asset without physical substance.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

$ '000

Albury Landfill

The Albury Landfill site is anticipated to end its useful life in 2046, based on a consultants feasability study with an estimated cost of $5M in 2002 dollars ($17.3M in 2046).

Council currently holds a provision of $3.0M to offset this cost.

- the remaining useful life of the Albury Landfill being estimated at beyond 20 years and accordingly the effects of discounting the future cash outflows to present values deems the amounts immaterial,

- preliminary estimates of the individual amounts required to undertake the future restoration works do not materially affect either Council's Financial Results or Financial Position as at 30/06/11.

Accordingly, no Provision amounts have been brought to account in these Financial Statements for such future Reinstatement & Restoration Costs.

Council has legal/public obligations to make, restore, rehabilitate or reinstate any of its assets/operations;

Asset/Operation	Estimated year of restoration		NPV of Provision 2011	NPV of Provision 2010
Albury Landfill	2046		3,031	2,790
Balance at End of the Reporting Period		10	3,031	2,790

Under AASB 116 - Property, Plant & Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 - Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

Reconciliation of movement in Provision for year:

Balance at beginning of year	2,790	2,280
Amounts capitalised to new or existing assets:		
Amortisation of discount (expensed to borrowing costs)	241	510
Total - Reinstatement, rehabilitation and restoration provision	**3,031**	**2,790**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 27. Additional Council Disclosures - Financial Information

$ '000

Key Financial Figures of Council over the past 5 years (consolidated)

Financial Performance Figures	**2011**	**2010**	2009	2008	2007
Inflows:					
Rates & Annual Charges Revenue	**36,081**	34,266	38,228	35,491	33,799
User Charges Revenue	**34,150**	34,099	20,303	22,778	21,810
Interest & Investment Revenue (Losses)	**2,135**	2,289	355	37	2,124
Grants Income - Operating & Capital	**13,032**	12,002	12,626	21,843	9,970
Total Income from Continuing Operations	**92,536**	97,810	83,494	82,189	80,536
Sale Proceeds from I,PP&E	**825**	1,040	1,336	5,575	10,448
New Loan Borrowings & Advances	**8,020**	6,458	12,980	3,400	7,800
Outflows:					
Employee Benefits & On-cost Expenses	**33,517**	32,350	29,425	27,303	25,214
Borrowing Costs	**3,096**	3,062	2,527	1,741	1,743
Materials & Contracts Expenses	**22,937**	18,834	20,838	19,175	19,480
Total Expenses from Continuing Operations	**95,328**	88,774	85,011	78,988	74,046
Total Cash purchases of I,PP&E	**17,147**	26,395	27,493	33,469	30,503
Total Loan Repayments (incl. Finance Leases)	**2,918**	2,814	2,275	2,108	1,996
Operating Surplus/(Deficit) (excl. Capital Income)	**(10,031)**	(2,761)	(10,852)	(9,427)	(1,025)

Financial Position Figures	**2011**	**2010**	2009	2008	2007
Current Assets	**44,396**	39,175	38,104	29,159	35,879
Current Liabilities	**27,097**	21,346	21,432	20,015	17,117
Net Current Assets	**17,299**	17,829	16,672	9,144	18,762
Available Working Capital (Unrestricted Net Current Assets)	**4,901**	7,937	10,185	5,124	10,754
Cash & Investments - Unrestricted	**12,354**	7,601	7,954	4,371	7,384
Cash & Investments - Internal Restrictions	**8,224**	7,760	7,839	6,822	6,037
Cash & Investments - Total	**30,875**	25,901	24,263	19,667	23,383
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	**44,164**	39,062	35,418	24,713	23,422
Total Value of I,PP&E (excl. Land & Earthworks)	**1,441,527**	1,391,651	1,321,906	1,271,308	1,063,605
Total Accumulated Depreciation	**602,968**	576,528	536,186	529,113	428,455
Indicative Remaining Useful Life (as a % of GBV)	58%	59%	59%	58%	60%

Source: Published audited financial statements of Council (current year & prior year)

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2011

Note 28. Council Information & Contact Details

Principal Place of Business:
553 Kiewa Street
ALBURY NSW 2640

Contact Details
Mailing Address:
PO Box 323
ALBURY NSW 2640

Opening Hours:
Mon - Fri 8.30am to 5.00pm

Telephone: 02 6023 8111
Facsimile: 1800 133 391

Internet: www.alburycity.nsw.gov.au
Email: info@alburycity.nsw.gov.au

Officers
GENERAL MANAGER
Les Tomich

RESPONSIBLE ACCOUNTING OFFICER
Mal Dunstone

PUBLIC OFFICER
Judy Charlton

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Independent auditors' report to Albury City Council (Section 417(2) – report on the general purpose financial statements)

Report on the financial statements

We have audited the accompanying financial statements of Albury City Council ('the Council'), which comprises the balance sheet as at 30 June 2011 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 27 and the Statement by Councillors and Management of the Council. The financial statements and Council's statement are in the approved form as required by Section 413(2)(c) of the Local Government Act, 1993. Our audit responsibilities do not extend to the Original Budget figures disclosed in the income statement, cash flow statement, Notes 2(a) and 16 to the financial statements nor the attached Special Schedules.

Council's responsibility for the financial statements

The Councillors and management of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), Local Government Act 1993 (as amended) and the Regulations made there under and the Local Government Code of Accounting Practice and Financial Reporting. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

We performed the procedures to assess whether in all material respects the financial statements presents fairly, in accordance with the Local Government Act 1993 (as amended) and the Regulations made there under and the Local Government Code of Accounting Practice and Financial Reporting and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Council's financial position and of its performance.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit opinion expressed in this report has been formed on the above basis.

Auditors' opinion

In our opinion:

a) 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;

b) the Council's financial statements:

- have been properly prepared in accordance with the requirements of this Division;
- are consistent with the Council's accounting records;
- present fairly the Council's financial position and result of its operations; and
- are in accordance with applicable Accounting Standards.

c) all information relevant to the conduct of the audit has been obtained; and

d) there are no material deficiencies in the accounting records or financial statements that have come to light during the course of the audit.

Significant Uncertainty Regarding Investment in Structured Securities

Without qualification to the opinion expressed above, we draw attention to Note 1 (w), 3(c) and 15 to the financial statements. The global financial crisis continues to impact the value, recoverability, liquidity, cash flows and rates of return on many financial assets including Collateralised Debt Obligations (CDOs).

At 30 June 2011, Albury City Council's cash assets and investment portfolio totalled $30.9 million and included securities totalling $3.5 million that have been significantly impacted by this market volatility. The impact on individual securities varies depending on their degree of exposure to affected markets.

Many of these securities do not have market values that are independently quoted and they are not widely traded. Independent market valuations are not readily available and in many cases, values are assessed based on estimates from issuers and/or evaluation models for which there is limited market evidence available to verify their reasonableness.

The ultimate outcome of the fair value and recoverability of these securities cannot presently be determined, and no provision for any further potential impairment that may result has been made in the financial statements.

WHK Audit & Risk Assessment

Timothy S Frazer
Partner

Dated at Albury this 17th day of October 2011

WHK

Albury City Council

Report on the Conduct of the Audit

Year Ended 30 June 2011

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1 Report on the Conduct of the Audit

We have completed our audit of the financial reports for Albury City Council for the year ended 30 June 2011, in accordance with Section 415 of the Local Government Act, 1993. Our audit opinion under Section 417(2) has been issued to Council.

The Council is responsible for the preparation and presentation of the financial reports and the information they contain. The financial reports consist of the general purpose financial report and Council's statement in the approved form required by Section 413 (2) and (c) respectively of the Local Government Act 1993.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial reports are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosure in the financial reports, and the evaluation of accounting policies and significant accounting estimates, These procedures have been undertaken to form an opinion as to whether in all material respects, the financial reports are presented fairly in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and statutory requirements so as to present a view which is consistent with our understanding of the Council's financial position, the results of its operations and its cash flows.

Following from our audit there are a number of comments we wish to raise concerning Council's financial position. These comments are set out in this report below.

2 Operating Result

Albury City Council (the 'Council' or 'AlburyCity') is a regional Council in Southern New South Wales, whose affairs are governed by:

- Local Government Act 1993;
- Local Government Regulations;
- Local Government Code of Accounting Practice and Financial Reporting; and
- Local Government Asset Accounting Manual Regulations.

The Council is responsible for the administration and implementation of the strategic policies voted on in Council.

The Council recorded a deficit net operating result from continuing operations (including capital contributions) of $2,792k (2010: $9,036k surplus) for the year ended 30 June 2011.

Significant income and expense items in the current year were:

	2011 $'000	2010 $'000
Rates and annual charges	36,081	34,266
User charges and fees	34,150	34,099
Grants and contributions - operating	10,163	8,750
Grants and contributions - capital	7,239	11,797
Other income	206	4,654
Employee costs	(33,517)	(32,350)
Materials and contracts	(22,937)	(18,834)
Depreciation and amortisation	(24,371)	(23,403)

The above movements all have a significant impact on Council's operating result.

2 Operating Result (continued)

The size of Council's operations continue to grow based on expenditure and net assets. Other income however declined in the current year due to $4.6m being recognised as a gain from the disposal of assets (Volt Lane) in the prior year.

Grants and contributions received by Council continue to have a major bearing on the result. A large component of these are of a capital nature, $7,239k (2010: $11,797k).

The statement of comprehensive income shows a net operating deficit for the year before grants and contributions provided for capital purposes of $10,031k (2010: ($2,761k).

A significant driver of the operating deficit is depreciation expense $24,371k (2010: $23,403k) which continues to grow with Council's asset base. Depreciation is a non-cash item and therefore does not affect the Council's unrestricted working capital reported in Section 3 of this report. Council's long term ability to maintain and renew its asset base could be impaired if ongoing losses are reported.

We recognise that the Council has implemented a long term financial plan which focuses on sustainability. The Council has also enacted, in conjunction with community consultation, a special variation to the general rate to assist in achieving sustainable operating results.

The above significant items are based on the operational results from Council as disclosed in the statement of comprehensive income and accompanying notes.

3 Financial Position

A measure of Council's financial position is its unrestricted working capital. The following table sets out the unrestricted working capital position of Council as at the end of the financial year.

	2011 $'000	2010 $'000
Cash and Liquid Investments	27,378	21,821
External Restrictions - included in liabilities	(3,143)	(3,644)
- not included in liabilities	(7,154)	(6,896)
Internal Restrictions - included in liabilities	(5,366)	(4,942)
- not included in liabilities	(2,858)	(2,818)
Unrestricted Cash and Investments	**8,857**	**3,521**
Other Net Current Assets / (Liabilities) excluding anticipated LSL Provision & restrictions included in liabilities	(6,442)	(2,546)
Unrestricted Working Capital	2,415	975

Council has used internal restrictions extensively and these are a discretionary item specific to each individual Council. It should be noted that the level of internal restrictions can be adjusted via Council vote and for AlburyCity several future development projects have already been costed via the use of internal restrictions.

The above represents the amount of available working capital Council has to meet its future spending requirements after making allowance for any restrictions (internal and external) in place over the use of such working capital.

Despite the large cash and liquid investments balance at year end, the unrestricted working capital is relatively small.

3 Financial Position (continued)

The calculation shows an improvement which is inconsistent with the trend of the unrestricted current ratio disclosed in Note 13 to the financial statements of 1.46:1 (2010: 1.60:1). An analysis of the unrestricted current ratio in Note 13 compared to the above unrestricted working capital calculation noted the following per the balance sheet:

- Total current assets have increased by $5,221k (13%) from the 2010 financial year however restrictions over current assets have decreased $475k (3%);
- Total current liabilities have increased by $5,751k (27%) from the 2010 financial year however restrictions over current liabilities have increased by $40k (2%).

While on a dollar basis unrestricted working capital per the above calculation has improved, the unrestricted current ratio disclosed in Note 13 has decreased. Both indicators still show a positive position for Council as at year end. The anomaly in the trending between the two indicators is linked back to the components included in the calculations, i.e. the inclusion of internal restrictions and adjustment for current assets not expected to be realized in the next twelve months, in the above calculation

Council still has a sizeable balance of internal restrictions as at year end and these have increased but not to the same extent as the overall cash balance.

We recommend that Council continue to monitor its unrestricted working capital position and unrestricted current ratio when reviewing its financial position.

4 Performance Indicators

Refer to Note 13 of the financial statements.

4.1 LIQUIDITY (UNRESTRICTED CURRENT) RATIO

The liquidity ratios are used to assess the adequacy of working capital and Council's ability to satisfy its obligations in the short term.

The liquidity ratios at Note 13 show a slight deterioration in the Council's liquidity position. The decrease in the ratio is primarily a result of increased total external restrictions. The 2011 ratio indicates that Council has capacity to pay its debts as and when they fall due.

4.2 DEBT SERVICE RATIO

This ratio demonstrates the percentage of Council revenue required to service the debts carried by Council.

This ratio indicates 7.05% (2010: 6.43%) of Council's revenue is consumed servicing debt, confirming that although this has increased on the prior year, Council continues to maintain a low level of borrowings relative to its overall size.

4.3 RATES & ANNUAL CHARGES COVERAGE RATIO

The rate coverage ratio is used to assess Council's degree of dependence upon revenues from rates and annual charges and to assess the security of Council's income.

The rates coverage ratio at year end is 38.99% (2010: 42.05%) which indicates a large portion of Council's income is sourced from this area, and is relatively consistent with the past several years. Other sources include user charges and fees of 37% (2010: 35%) and grants & contributions 19% (2010: 21%).

4.4 RATES & ANNUAL CHARGES OUTSTANDING PERCENTAGE

The rates and annual charges outstanding percentage is used to assess the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.

The percentage of rates and annual charges outstanding at year end is 2.94% (2010: 2.70%). We regard this level of outstanding rates and annual charges as satisfactory. These debts are secured over the underlying property and the level of default is minimal.

4 Performance Indicators (continued)

4.5 ASSET RENEWALS RATIO

The asset renewals ratio consists of expenditure during the year on infrastructure asset renewals over a base of the depreciation, amortisation and impairment expense. The ratio highlights the rate at which Council is freshening up their existing infrastructure base relative to the standard depletion of these assets.

The ratio of 35.81% (2010: 55.69%) indicates that in the current year Council's expenditure in this area is only a portion of the associated depreciation expense. This indicates that Council's asset base is theoretically deteriorating at a greater rate than funding is being provided to retain it in its present condition.

We note the Council's analysis of the capital expenditure on infrastructure assets is improving and the trending of this ratio in future years is expected to provide more meaningful feedback on the adequacy of Council's renewal expenditure.

5 Specific Balance Sheet Items

5.1 COLLATERALISED DEBT OBLIGATIONS (CDO'S)

CDOs are a long term, structured instrument designed to provide a premium rate of return relative to the local fixed interest market. They are similar to debentures paying a periodic interest coupon to holders. They are linked to a pooled reference group of organisations.

In the prior years, the investment balance was written-down as a result of the continuing impact of the global financial crisis. The write-down was represented by the unrealised movement in fair value of the instrument.

Over the past two years, indicative fair values used by AlburyCity resulted in an appreciation of these structured investments. A write-up of $464k (2010 $895k) has been recognised as investment income in the financial statements, and is based on the same valuation methodology used to determine the write-down in prior years.

The indicative fair values used by AlburyCity in determining the carrying amount for these structured investments as at 30 June 2011 is not based on an active secondary market and are therefore theoretical estimates as at 30 June 2011 provided by the administrators of the CDO issues.

We note that one of the investment balances held by AlburyCity have a maturity date within the next 12 months, and accordingly have been recognised as current assets. Further, we note that during the current financial year Westpac Beech Trust CDO matured on 20 December 2010. AlburyCity recovered the full value of this CDO investment suggesting that the indicative fair value which the investments are currently being carried at is an accurate approximation of the fair value of these debt instruments.

5.2 EMPHASIS OF MATTER

Due to the significant uncertainty around both the final value that will be ultimately realised by Council in relation to CDOs (refer Section 5.1) and the valuation methodology used, we have retained the emphasis of matter in our audit opinion in accordance with ASA 700 *The Auditor's Report on a General Purpose Financial Report* to bring this issue to the attention of users of the financial statements.

5 Specific Balance Sheet Items (continued)

5.3 RECEIVABLES

Total current receivables at 30 June 2011, net of allowance for impairment was $11,874k (2010: $11,104k).

This balance primarily consists of rates and annual charges of $1,107k (2010: $1,148k), user charges and fees of $9,179k (2010: $8,428k), private works of $796k (2010: $977k) and government grants & subsidiaries $776k (2010: $538k)

The percentage of rates and annual charges outstanding is referred to at Section 4.4 of this report.

Total non–current receivables at 30 June 2011 were $14,837k (2010: $13,960k). This private works balance relates to the sale of land as part of the Volt Lane transaction. Refer to prior year Report on the Conduct of the Audit issued in September 2010 for detail of this transaction.

The allowance for impairment at 30 June 2011 was $110k (2010: $62k). The allowance is specifically matched against individual user charges and fees outstanding. An assessment of the collectability of the receivables balance indicated that the allowance for impairment was sufficient.

5.4 CAPITAL EXPENDITURE

During the reporting period Council spent $19,162k (2010: $39,810k) on items of an infrastructure, property, plant or equipment nature. The primary areas of capital expenditure were as follows:

	2011 $'000	2010 $'000
Plant and equipment	2,450	2,159
Land and improvements	4,694	9,685
Buildings	1,221	9,592
Roads, bridges and footpaths	1,326	4,233
Stormwater drainage	353	1,618
Water supply network	1,647	2,654
Sewerage network	666	3,795
Capital works in progress	5,969	2,974
Other	836	2,285
	19,162	38,995

5.5 BORROWINGS

Borrowings have increased by $5,178k from the prior year's balance of $38,871k. These loans are secured over the Rating Income of Council.

5 Specific Balance Sheet Items (continued)

5.6 FAIR VALUE OF INFRASTRUCTURE ASSETS

In 2011 the Council should have completed the progressive revaluation of all property, plant and equipment to fair value:

2007: Water and sewer networks;
2008: Operational land, buildings, plant and equipment and land under roads;
2009: Nil;
2010: Roads, bridges, footpaths, drainage and bulk earthworks; and
2011: Community land, land improvements, other structures and other assets.

The revaluation cycle is over a five year period and therefore will start again in 2012.

Albury City has complied with these requirements. Further, Albury City has performed revaluations over asset classes above these requirements.

5.7 NEW ACCOUNTING STANDARDS ISSUED NOT YET ADOPTED

Certain new accounting standards have been published that are not mandatory for the 30 June 2011 reporting period as follows:

- AASB 9 *Financial Instruments*, AASB 2009 11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010) (effective from 1 January 2013)
- Revised AASB 124 *Related Party Disclosures* and AASB 2009 *12 Amendments to Australian Accounting Standards* (effective from 1 January 2011)
- AASB 2009 *14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement* (effective from 1 January 2011)
- AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* (effective from 1 July 2013)
- AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011)
- AASB 2010-8 *Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets* (effective from 1 January 2012)

Council is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, however they may impact certain information otherwise disclosed, or the format in which information is disclosed.

6 Other Matters

6.1 MANAGEMENT LETTER

A separate report is issued to Council's Audit Committee which covers in further detail the audit and accounting issues identified during our audit process.

6.2 INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

6.3 RELIANCE ON THE REPORT

The report on the conduct of the audit has been prepared for distribution to Council. We disclaim any assumption of responsibility for any reliance on this report to any person other than Council or for any purpose other than that for which it was prepared.