Albury City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Albury City Council

General Purpose Financial Statements
for the financial year ended 30 June 2012

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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 22/10/12.
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 2012

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 22 October 2012.

Alice Glachan
MAYOR

Kevin Mack
DEPUTY MAYOR

Michael Keys (acting General Manager)
GENERAL MANAGER

Mal Dunstone
RESPONSIBLE ACCOUNTING OFFICER

Albury City Council

Income Statement
for the financial year ended 30 June 2012

Budget 2012 (1)	$ '000	Notes	Actual 2012	Actual 2011
	Income from Continuing Operations			
	Revenue:			
38,498	Rates & Annual Charges	3a	38,408	36,081
38,444	User Charges & Fees	3b	36,966	34,150
1,540	Interest & Investment Revenue	3c	1,894	2,135
6,639	Other Revenues	3d	3,367	2,562
9,030	Grants & Contributions provided for Operating Purposes	3e,f	11,679	10,163
4,025	Grants & Contributions provided for Capital Purposes	3e,f	4,556	7,239
	Other Income:			
998	Net gains from the disposal of assets	5	-	206
	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	3	-
99,174	Total Income from Continuing Operations		96,873	92,536
	Expenses from Continuing Operations			
33,149	Employee Benefits & On-Costs	4a	32,587	33,517
3,813	Borrowing Costs	4b	3,321	3,096
29,283	Materials & Contracts	4c	23,270	22,937
25,592	Depreciation & Amortisation	4d	25,759	24,371
	Impairment	4d	-	-
12,199	Other Expenses	4e	11,714	11,396
	Interest & Investment Losses	3c	-	-
	Net Losses from the Disposal of Assets	5	203	-
	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	11
104,036	Total Expenses from Continuing Operations		96,854	95,328
(4,862)	Operating Result from Continuing Operations		**19**	**(2,792)**
	Discontinued Operations			
	Net Profit/(Loss) from Discontinued Operations	24	-	-
(4,862)	Net Operating Result for the Year		19	(2,792)
(4,862)	**Net Operating Result attributable to Council**		19	(2,792)
	Net Operating Result attributable to Minority Interests		-	-
(8,887)	**Net Operating Result for the year before Grants and Contributions provided for Capital Purposes**		(4,537)	(10,031)

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

Albury City Council

Statement of Comprehensive Income
for the financial year ended 30 June 2012

$ '000	Notes	Actual 2012	Actual 2011
Net Operating Result for the year (as per Income statement)		**19**	**(2,792)**
Other Comprehensive Income			
Gain (loss) on revaluation of I,PP&E	20b (ii)	13,403	29,507
Total Other Comprehensive Income for the year		**13,403**	**29,507**
Total Comprehensive Income for the Year		13,422	26,715
Total Comprehensive Income attributable to Council		13,422	26,715

Albury City Council

Balance Sheet
as at 30 June 2012

$ '000	Notes	Actual 2012	Actual 2011
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	28,829	27,378
Investments	6b	-	928
Receivables	7	19,246	11,764
Inventories	8	4,096	4,185
Other	8	157	141
Total Current Assets		**52,328**	**44,396**
Non-Current Assets			
Investments	6b	2,467	2,569
Receivables	7	422	14,837
Infrastructure, Property, Plant & Equipment	9	930,716	908,240
Investments accounted for using the equity method	19	1,187	1,247
Intangible Assets	25	1,823	1,823
Total Non-Current Assets		**936,615**	**928,716**
TOTAL ASSETS		988,943	973,112
LIABILITIES			
Current Liabilities			
Payables	10	8,393	14,687
Borrowings	10	3,127	2,920
Provisions	10	9,553	9,490
Total Current Liabilities		**21,073**	**27,097**
Non-Current Liabilities			
Borrowings	10	49,452	41,244
Provisions	10	3,649	3,424
Total Non-Current Liabilities		**53,101**	**44,668**
TOTAL LIABILITIES		74,174	71,765
Net Assets		914,769	901,347
EQUITY			
Retained Earnings	20	625,591	625,572
Revaluation Reserves	20	289,178	275,775
Total Equity		914,769	901,347

Albury City Council

Statement of Changes in Equity
for the financial year ended 30 June 2012

$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		625,572	275,775	**901,347**	-	**901,347**
a. Correction of Prior Period Errors	20 (c)	-	-	**-**		**-**
b. Changes in Accounting Policies (prior year effects)	20 (d)	-		**-**		**-**
Revised Opening Balance (as at 1/7/11)		**625,572**	**275,775**	**901,347**	**-**	**901,347**
c. Net Operating Result for the Year		**19**		**19**	**-**	**19**
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)		13,403	**13,403**		**13,403**
- Revaluations: Other Reserves	20b (ii)		-	**-**		**-**
- Transfers to Income Statement	20b (ii)		-	**-**		**-**
- Impairment (loss) reversal relating to I,PP&E	20b (ii)		-	**-**		**-**
- Other Movements (enter details here)	20b (ii)		-	**-**		**-**
Other Comprehensive Income		**-**	**13,403**	**13,403**	**-**	**13,403**
Total Comprehensive Income (c&d)		**19**	**13,403**	**13,422**	**-**	**13,422**
e. Distributions to/(Contributions from) Minority Interests				**-**	-	**-**
f. Transfers between Equity		-	-	**-**		**-**
Equity - Balance at end of the reporting period		**625,591**	**289,178**	**914,769**	**-**	**914,769**

$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council 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)	2,764	(2,764)	**-**	-	**-**
Revised Opening Balance (as at 1/7/10)		**628,364**	**246,268**	**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**
- Revaluations: Other Reserves	20b (ii)	-	-	**-**	-	**-**
- Transfers to Income Statement	20b (ii)	-	-	**-**	-	**-**
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	**-**	-	**-**
- Other Movements (enter details here)	20b (ii)	-	-	**-**	-	**-**
Other Comprehensive Income		**-**	**29,507**	**29,507**	**-**	**29,507**
Total Comprehensive Income (c&d)		**(2,792)**	**29,507**	**26,715**	**-**	**26,715**
e. Distributions to/(Contributions from) Minority Interests		-	-	**-**	-	**-**
f. Transfers between Equity		-	-	**-**	-	**-**
Equity - Balance at end of the reporting period		**625,572**	**275,775**	**901,347**	**-**	**901,347**

Albury City Council

Statement of Cash Flows
for the financial year ended 30 June 2012

Budget 2012	$ '000	Notes	Actual 2012	Actual 2011
	Cash Flows from Operating Activities			
	Receipts:			
38,510	Rates & Annual Charges		38,344	36,122
38,672	User Charges & Fees		36,924	32,858
1,540	Investment & Interest Revenue Received		1,924	1,671
13,055	Grants & Contributions		15,345	15,178
	Bonds, Deposits & Retention amounts received		7	-
6,619	Other		7,789	1,829
	Payments:			
(30,434)	Employee Benefits & On-Costs		(32,601)	(33,177)
(39,469)	Materials & Contracts		(24,005)	(24,304)
(3,813)	Borrowing Costs		(3,259)	(2,855)
	Bonds, Deposits & Retention amounts refunded		-	(111)
(10,161)	Other		(23,775)	(11,546)
14,519	**Net Cash provided (or used in) Operating Activities**	11b	16,693	15,665
	Cash Flows from Investing Activities			
	Receipts:			
	Sale of Investment Securities		1,030	2,000
1,578	Sale of Real Estate Assets		275	120
458	Sale of Infrastructure, Property, Plant & Equipment		536	705
	Sale of Interests in Joint Ventures & Associates		-	70
23	Deferred Debtors Receipts		-	-
	Distributions Received from Joint Ventures & Associates		63	-
	Payments:			
	Purchase of Investment Securities		-	(953)
(22,828)	Purchase of Infrastructure, Property, Plant & Equipment		(25,554)	(17,147)
	Purchase of Real Estate Assets		(7)	(5)
(20,769)	**Net Cash provided (or used in) Investing Activities**		(23,657)	(15,210)
	Cash Flows from Financing Activities			
	Receipts:			
9,600	Proceeds from Borrowings & Advances		11,450	8,020
	Payments:			
(3,097)	Repayment of Borrowings & Advances		(2,920)	(2,842)
	Repayment of Finance Lease Liabilities		(115)	(76)
6,503	**Net Cash Flow provided (used in) Financing Activities**		8,415	5,102
253	**Net Increase/(Decrease) in Cash & Cash Equivalents**		1,451	5,557
28,145	plus: **Cash & Cash Equivalents - beginning of year**	11a	27,378	21,821
28,398	**Cash & Cash Equivalents - end of the year**	11a	28,829	27,378

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 2012

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Notes to the Financial Statements
for the financial year ended 30 June 2012

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 rateable 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 $3.3 million in advance during 2011-12. This payment was due in 2013; accordingly future budgeted revenue will be reduced by this amount.

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

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

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.

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.

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.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

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.

Land holdings for the Thurgoona Industrial Estate Joint Venture were revalued at 30/06/2012 by Cosgraves Property Valuers which identified a decrease in value by $1.09M, each party to the joint venture has taken up an impairment in their accounts for their proportion of this reduction. AlburyCity has recognized an impairment of $148K.

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 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.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

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.

Council has included in receivables for 2012 debtors relating to:

- Compliance fines
- Childcare; including OOSH and vacation care
- Avdata landing fees
- Airport kiosk debtors

These transactions have previously been accounted for on a cash basis.

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 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 transaction. Where there is not market based

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

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 2011-12 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 2012:

Land	-2.0%
Buildings & Structures	2.0%

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 2012 and has not been included in the 2011-12 Statements.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

Council has altered the manner in which it accounts for Road & Drainage Rehabilitation. The Road Rehabilitation Program, at a minimum replaces the seal and creates a new surface to protect the base, often the rehabilitation program will extend further than the seal and will also include stabilisation of the pavement and possibly kerb replacement.
The replacement of the seal extends the life of a road. A bitumen seal will last around 15yrs whilst an asphalt seal will last around 40yrs.

Thus the rehabilitation program is a much larger exercise than maintenance. It creates a "new" asset and as such is reflected in the asset management system with greater life and value.

In previous years rehabilitation has been expensed through the Operating Statement under the heading of "Materials and Contracts". However because of the extension in life and quality of the asset it has also been included in Infrastructure Assets through movements in the Revaluation Reserve.

This treatment has now been modified and Rehabilitation Costs are now defined as Capital Expenditure and no longer expensed directly to the Operating Statement.

An adjustment has been made to the 2010-2011 accounts to adjust the Revaluation Reserve and Accumulated Surplus for the amount of $2,764K which was the program cost in 2010-2011. Refer Note 20.

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.

r 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.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

Provision has been made in full at the reporting date based on current estimates of costs to remediate the Albury Landfill site. 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.

s Employee benefits

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

s (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.

s (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.

s (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.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

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.

t Rounding of amounts

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

u 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 method of valuation in accordance with the Local Government Code of Accounting Practice - Code 20.

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

v 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.

w 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.

x 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.

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

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

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 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*.

y 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.

z Disclaimer

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

aa New accounting standards and interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2012.

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.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

Applicable to Local Government with implications:

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)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities.

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

When adopted, the standard will affect in particular the 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.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

AASB 13 was released in September 2011.

It explains how to measure fair value and aims to enhance fair value disclosures. Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

Notes to the Financial Statements
for the financial year ended 30 June 2012

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 2012	**Actual 2012**	Actual 2011	**Original Budget 2012**	**Actual 2012**	Actual 2011	**Original Budget 2012**	**Actual 2012**	Actual 2011	**Actual 2012**	Actual 2011	**Actual 2012**	Actual 2011
Governance	-	-	-	703	616	601	(703)	(616)	(601)	-	-	-	-
Administration	5,469	(1,286)	3,984	18,850	13,260	12,670	(13,381)	(14,546)	(8,686)	502	491	47,457	58,803
Public Order & Safety	801	1,359	796	1,896	2,031	1,955	(1,095)	(672)	(1,159)	264	336	5,448	5,219
Health	98	117	107	292	295	273	(194)	(178)	(166)	-	-	-	-
Environment	11,546	11,032	6,522	10,565	11,128	10,775	981	(96)	(4,253)	183	176	-	-
Community Services & Education	3,118	3,100	3,280	4,446	4,362	4,511	(1,328)	(1,262)	(1,231)	473	543	9,833	8,927
Housing & Community Amenities	1,932	1,691	3,626	4,911	4,944	4,745	(2,979)	(3,253)	(1,119)	274	886	93,297	90,502
Water Supplies	10,275	10,152	8,499	9,602	9,985	9,271	673	167	(772)	147	140	204,281	202,769
Sewerage Services	13,697	13,854	13,504	11,119	11,141	10,630	2,578	2,713	2,874	153	153	171,264	165,989
Recreation & Culture	3,344	3,756	4,286	17,333	17,516	17,376	(13,989)	(13,760)	(13,090)	521	288	131,934	126,807
Mining, Manufacturing & Construction	735	732	684	4,855	5,134	4,308	(4,120)	(4,402)	(3,624)	-	-	-	-
Transport & Communication	8,987	11,773	10,087	16,500	13,589	15,942	(7,513)	(1,816)	(5,855)	1,012	2,712	322,429	311,062
Economic Affairs	2,299	869	946	2,964	2,853	2,260	(665)	(1,984)	(1,314)	355	600	1,813	1,787
Total Functions & Activities	**62,301**	**57,149**	**56,321**	**104,036**	**96,854**	**95,317**	**(41,735)**	**(39,705)**	**(38,996)**	**3,884**	**6,325**	**987,756**	**971,865**
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	3	-	-	-	11	-	3	(11)	-	-	1,187	1,247
General Purpose Income [1]	36,873	39,721	36,215	-	-	-	36,873	39,721	36,215	8,471	6,707	-	-
Operating Result from Continuing Operations	**99,174**	**96,873**	**92,536**	**104,036**	**96,854**	**95,328**	**(4,862)**	**19**	**(2,792)**	**12,355**	**13,032**	**988,943**	**973,112**

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 2012

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 2012

Note 3. Income from Continuing Operations

$ '000	Notes	Actual 2012	Actual 2011
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		21,312	20,132
Farmland		477	459
Business		8,008	7,349
Total Ordinary Rates		**29,797**	**27,940**
Special Rates			
Parking		428	416
Promotional Levy		128	124
Total Special Rates		**556**	**540**
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		2,999	2,568
Stormwater Management Services		117	101
Water Supply Services		2,138	2,106
Sewerage Services		2,801	2,826
Total Annual Charges		**8,055**	**7,601**
TOTAL RATES & ANNUAL CHARGES		38,408	36,081

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 2012

Note 3. Income from Continuing Operations (continued)

$ '000	Notes	Actual 2012	Actual 2011
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		5,720	4,130
Sewerage Services		8,990	8,506
Drainage Services		434	355
Waste Management Services (non-domestic)		7,033	6,332
Total User Charges		**22,177**	**19,323**
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Planning & Building Regulation		1,069	1,066
Private Works - Section 67		809	1,166
Section 603 Certificates		91	86
Total Fees & Charges - Statutory/Regulatory		**1,969**	**2,318**
(ii) Fees & Charges - Other (incl. General User Charges (per s.608)			
Aerodrome		5,976	5,296
Cemeteries		832	1,037
Child Care		2,055	2,266
Community Centres		2,085	2,106
Leaseback Fees - Council Vehicles		157	153
Sporting Ground Fees		162	154
Swimming Centres		132	114
Water Sales & Charges		715	661
Other		706	722
Total Fees & Charges - Other		**12,820**	**12,509**
TOTAL USER CHARGES & FEES		36,966	34,150

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

$ '000	Notes	Actual 2012	Actual 2011
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		141	131
- Interest earned on Investments (interest & coupon payment income)		1,783	1,540
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		(30)	464
TOTAL INTEREST & INVESTMENT REVENUE		1,894	2,135
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		141	131
General Council Cash & Investments		1,392	1,502
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		56	98
- Section 64		49	64
Water Fund Operations		104	131
Sewerage Fund Operations		152	209
Total Interest & Investment Revenue Recognised		**1,894**	**2,135**
(d). Other Revenues			
Rental Income - Other Council Properties		698	595
Ex Gratia Rates		61	66
Fines - Parking		914	298
Fines - Other		15	30
Legal Fees Recovery - Rates & Charges (Extra Charges)		244	296
Sales - General		1,435	1,277
TOTAL OTHER REVENUE		3,367	2,562

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance - General Component	6,522	5,111	-	-
Financial Assistance - Local Roads Component	1,561	1,201	-	-
Pensioners' Rates Subsidies - General Component	388	395	-	-
Total General Purpose	**8,471**	**6,707**	**-**	**-**
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	147	140	-	-
- Sewerage	153	153	-	-
- Domestic Waste Management	74	77	-	-
Community Centres	411	649	-	-
Employment & Training Programs	159	87	-	-
Heritage & Cultural	106	126	425	920
Street Lighting	152	148	-	750
Transport (Other Roads & Bridges Funding)	75	73	967	683
Other	714	1,191	501	1,328
Total Specific Purpose	**1,991**	**2,644**	**1,893**	**3,681**
Total Grants	**10,462**	**9,351**	**1,893**	**3,681**
Grant Revenue is attributable to:				
- Commonwealth Funding	8,083	7,871	938	738
- State Funding	2,225	1,295	814	1,807
- Other Funding	154	185	141	1,136
	10,462	**9,351**	**1,893**	**3,681**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

$ '000		2012 Operating	2011 Operating	2012 Capital	2011 Capital
(f). Contributions					
Developer Contributions:					
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):					
S 94 - Contributions towards amenities/services		-	-	463	570
S 64 - Water Supply Contributions		-	-	290	444
S 64 - Sewerage Service Contributions		-	-	398	558
Total Developer Contributions	17	**-**	**-**	**1,151**	**1,572**
Other Contributions:					
Dedications (other than by S94)		-	-	1,472	1,378
Roads & Bridges		-	-	40	-
RMS Contributions (Regional Roads, Block Grant)		818	538	-	-
Sewerage (excl. Section 64 contributions)		-	-	-	334
Water Supplies (excl. Section 64 contributions)		-	-	-	274
Other		399	274	-	-
Total Other Contributions		**1,217**	**812**	**1,512**	**1,986**
Total Contributions		1,217	812	2,663	3,558
TOTAL GRANTS & CONTRIBUTIONS		11,679	10,163	4,556	7,239

(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	3,740	4,819
add: Grants & contributions recognised in the current period but not yet spent:	1,484	2,097
less: Grants & contributions recognised in a previous reporting period now spent:	(2,726)	(3,176)
Net Increase (Decrease) in Restricted Assets during the Period	**(1,242)**	**(1,079)**
Unexpended and held as Restricted Assets	2,498	3,740
Comprising:		
- Specific Purpose Unexpended Grants	268	366
- Developer Contributions	2,230	3,374
	2,498	**3,740**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations

$ '000	Notes	Actual 2012	Actual 2011
(a) Employee Benefits & On-Costs			
Salaries and Wages		25,719	27,692
Travelling		107	99
Employee Leave Entitlements (ELE)		2,821	2,710
Superannuation - Defined Contribution Plans		2,375	1,742
Superannuation - Defined Benefit Plans		1,013	1,550
Workers' Compensation Insurance		1,424	778
Fringe Benefit Tax (FBT)		198	163
Payroll Tax		167	161
Training Costs (other than Salaries & Wages)		731	678
Total Employee Costs		**34,555**	**35,573**
less: Capitalised Costs		(1,968)	(2,056)
TOTAL EMPLOYEE COSTS EXPENSED		32,587	33,517
Number of "Equivalent Full Time" Employees at year end		**466**	**466**
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		3,257	2,845
Charges relating to Finance Leases		2	9
Total Interest Bearing Liability Costs		**3,259**	**2,854**
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		**3,259**	**2,854**
(ii) Other Borrowing Costs			
- Remediation Liabilities	26	62	242
Total Other Borrowing Costs		**62**	**242**
TOTAL BORROWING COSTS EXPENSED		3,321	3,096

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

$ '000	Notes	Actual 2012	Actual 2011
(c) Materials & Contracts			
Raw Materials & Consumables		13,258	13,304
Contractor & Consultancy Costs		7,465	7,124
Auditors Remuneration (1)		54	53
Legal Expenses:			
- Legal Expenses: Planning & Development		124	60
- Legal Expenses: Other		237	232
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments (2)		439	485
Other - Internal Audit		41	38
Other		1,652	1,641
Total Materials & Contracts		**23,270**	**22,937**
TOTAL MATERIALS & CONTRACTS		23,270	22,937

1. Auditor Remuneration

During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):

(i) Audit and Other Assurance Services		
- Audit & review of financial statements: Council's Auditor	54	53
Remuneration for audit and other assurance services	**54**	**53**
Total Auditor Remuneration	**54**	**53**

2. Operating Lease Payments are attributable to:

Buildings	54	52
Computers	385	433
Other	-	-
	439	**485**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

$ '000	Notes	Impairment Costs Actual 2012	Impairment Costs Actual 2011	Depreciation/Amortisation Actual 2012	Depreciation/Amortisation Actual 2011
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	2,157	2,401
Office Equipment		-	-	446	471
Furniture & Fittings		-	-	391	316
Land Improvements (depreciable)		-	-	806	655
Buildings - Non Specialised		-	-	4,125	3,295
Other Structures		-	-	284	233
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	7,337	7,067
- Stormwater Drainage		-	-	1,128	1,051
- Water Supply Network		-	-	5,438	5,206
- Sewerage Network		-	-	3,463	3,419
Other Assets					
- Library Books		-	-	156	167
- Other		-	-	4	66
Asset Reinstatement Costs	9 & 26	-	-	24	24
Total Depreciation & Impairment Costs		**-**	**-**	**25,759**	**24,371**
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	25,759	24,371

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

$ '000	Notes	Actual 2012	Actual 2011
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		325	374
Bad & Doubtful Debts		229	50
- NSW Fire Brigade Levy		398	421
- NSW Rural Fire Service Levy		164	232
- Other Contributions/Levies		85	50
Councillor Expenses - Mayoral Fee		47	47
Councillor Expenses - Councillors' Fees		148	141
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		25	33
Conferences & Seminars		137	129
Donations, Contributions & Assistance to other organisations (Section 356)		641	1,398
Election Expenses		80	80
Electricity & Heating		4,517	3,705
Equipment Purchases		427	391
Insurance		986	945
Interest on Deposits		54	125
Marketing		760	613
Postage		109	112
Rent & Hire Charges		226	219
Street Lighting		1,075	933
Subscriptions & Publications		185	150
Telephone & Communications		301	361
Vehicle Registrations		151	148
Other		644	739
Total Other Expenses		**11,714**	**11,396**
less: Capitalised Costs		-	-
TOTAL OTHER EXPENSES		11,714	11,396

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 5. Gains or Losses from the Disposal of Assets

$ '000	Notes	Actual 2012	Actual 2011
Property (excl. Investment Property)			
Proceeds from Disposal - Property		-	-
less: Carrying Amount of Property Assets Sold / Written Off		(1)	(307)
Net Gain/(Loss) on Disposal		**(1)**	**(307)**
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		536	705
less: Carrying Amount of P&E Assets Sold / Written Off		(279)	(310)
Net Gain/(Loss) on Disposal		**257**	**395**
Infrastructure			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(637)	-
Net Gain/(Loss) on Disposal		**(637)**	**-**
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		275	120
less: Carrying Amount of Real Estate Assets Sold / Written Off		(97)	(2)
Net Gain/(Loss) on Disposal		**178**	**118**
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		1,000	1,000
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(1,000)	(1,000)
Net Gain/(Loss) on Disposal		**-**	**-**
Non Current Assets Classified as "Held for Sale"			
Proceeds from Disposal - Non Current Assets "Held for Sale"		-	-
less: Carrying Amount of 'Held for Sale' Assets Sold / Written Off		-	-
Net Gain/(Loss) on Disposal		**-**	**-**
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(203)	206
*** Financial Assets disposals / redemptions include:**			
- Net Gain/(Loss) from Financial Instruments "At Fair Value through profit & loss"		(72)	-
- Net Gain/(Loss) from Financial Instruments designated "Available for Sale"		72	-
Net Gain/(Loss) on Disposal of Financial Instruments		**-**	**-**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

$ '000	Notes	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		2,761	-	1,455	-
Cash-Equivalent Assets[1]					
- Short Term Deposits		26,068	-	25,923	-
Total Cash & Cash Equivalents		**28,829**	**-**	**27,378**	**-**
Investment Securities (Note 6b)					
- NCD's, FRN's (with Maturities > 3 months)		-	2,405	-	2,283
- CDO's		-	62	928	286
Total Investment Securities		**-**	**2,467**	**928**	**2,569**
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		28,829	2,467	28,306	2,569

[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"		**28,829**	**-**	**27,378**	**-**
Investments					
a. "At Fair Value through the Profit & Loss"					
- "Held for Trading"	6(b-i)	-	2,467	928	2,569
b. "Held to Maturity"	6(b-ii)	-	-	-	-
Investments		**-**	**2,467**	**928**	**2,569**

Note 6(b-i)
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"

Balance at the Beginning of the Year	928	2,569	1,695	2,385
Revaluations (through the Income Statement)	72	(102)	-	465
Disposals (sales & redemptions)	(1,000)	-	(1,000)	-
Transfers between Current/Non Current	-	-	233	(281)
Balance at End of Year	**-**	**2,467**	**928**	**2,569**
Comprising:				
- NCD's, FRN's (with Maturities > 3 months)	-	2,405	-	2,283
- CDO's	-	62	928	286
Total	**-**	**2,467**	**928**	**2,569**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

$ '000	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	28,829	2,467	28,306	2,569
attributable to:				
External Restrictions (refer below)	4,273	2,467	7,728	2,569
Internal Restrictions (refer below)	6,337	-	8,224	-
Unrestricted	18,219	-	12,354	-
	28,829	**2,467**	**28,306**	**2,569**

2012 $ '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)	3,143	-	(3,143)	-
External Restrictions - Included in Liabilities	3,143	-	(3,143)	-
External Restrictions - Other				
Developer Contributions - General (D)	2,034	1,256	(2,109)	1,181
Developer Contributions - Water Fund (D)	399	-	(272)	127
Developer Contributions - Sewer Fund (D)	941	-	(19)	922
Specific Purpose Unexpended Grants (F)	366	-	(98)	268
Water Supplies (G)	700	-	(81)	619
Sewerage Services (G)	2,624	992	-	3,616
Domestic Waste Management (G)	83		(83)	-
Other	7	-	-	7
External Restrictions - Other	7,154	2,248	(2,662)	6,740
Total External Restrictions	**10,297**	**2,248**	**(5,805)**	**6,740**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

2012 $ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Employees Leave Entitlement	2,458	-	(195)	2,263
Deposits, Retentions & Bonds	661	6	-	667
Other.....Prepaid Burial Contributions	900	-	-	900
Other.....Elections	266	87	-	353
Other.....Land Remediation	1,347	208	-	1,555
Other.....Tabletop Community Centre	4	-	-	4
Other.....Development Fund	382	-	(275)	107
Other.....Community Bank	441	47	-	488
Other.....Albury Central Carparking Development	1,765	-	(1,765)	-
Total Internal Restrictions	**8,224**	**348**	**(2,235)**	**6,337**
TOTAL RESTRICTIONS	18,521	2,596	(8,040)	13,077

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 RMA 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 2012

Note 7. Receivables

$ '000	Notes	2012 Current	2012 Non Current	2011 Current	2011 Non Current
Purpose					
Rates & Annual Charges		1,171	-	1,107	-
User Charges & Fees		10,582	-	9,179	-
Private Works		6,364	-	796	13,960
Government Grants & Subsidies		713	-	776	-
Other Debtors		498	670	16	877
Total		**19,328**	**670**	**11,874**	**14,837**
less: Provision for Impairment					
User Charges & Fees		(82)	(248)	(110)	-
Total Provision for Impairment - Receivables		**(82)**	**(248)**	**(110)**	**-**
TOTAL NET RECEIVABLES		19,246	422	11,764	14,837
Externally Restricted Receivables					
Water Supply					
- Specific Purpose Grants		140	-	140	-
- Rates & Availability Charges		2	-	5	-
- Other		3,518	-	2,892	-
Sewerage Services					
- Specific Purpose Grants		153	-	153	-
- Rates & Availability Charges		8	-	10	-
- Other		4,857	-	4,544	-
Total External Restrictions		**8,678**	**-**	**7,744**	**-**
Unrestricted Receivables		**10,568**	**422**	**4,020**	**14,837**
TOTAL NET RECEIVABLES		19,246	422	11,764	14,837

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 11.00% (2011 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 2012

Note 8. Inventories & Other Assets

$ '000	Notes	2012 Current	2012 Non Current	2011 Current	2011 Non Current
Inventories					
Real Estate for resale (refer below)		3,451	-	3,541	-
Stores & Materials		608	-	640	-
Other		37	-	4	-
Total Inventories		**4,096**	**-**	**4,185**	**-**
Other Assets					
Prepayments		157	-	141	-
Total Other Assets		**157**	**-**	**141**	**-**
TOTAL INVENTORIES / OTHER ASSETS		4,253	-	4,326	-
Externally Restricted Assets					
Water					
Stores & Materials		302	-	320	-
Water Licence		-	1,652	-	1,652
Total Water		**302**	**1,652**	**320**	**1,652**
Sewerage					
Stores & Materials		13	-	13	-
Trading Stock		-	-	-	-
Total Sewerage		**13**	**-**	**13**	**-**
Domestic Waste Management					
Nil					
Total Externally Restricted Assets		315	1,652	333	1,652
Total Unrestricted Assets		3,938	(1,652)	3,993	(1,652)
TOTAL INVENTORIES & OTHER ASSETS		**4,253**	**-**	**4,326**	**-**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 8. Inventories & Other Assets (continued)

$ '000		2012 Current	2012 Non Current	2011 Current	2011 Non Current
(a) Details for Real Estate Development					
Residential		330	-	331	-
Industrial/Commercial		3,121	-	3,210	-
Total Real Estate for Resale		**3,451**	**-**	**3,541**	**-**
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition Costs		2,841	-	2,916	-
Development Costs		610	-	625	-
Total Costs		**3,451**	**-**	**3,541**	**-**
Total Real Estate for Resale		**3,451**	**-**	**3,541**	**-**
Movements:					
Real Estate assets at beginning of the year		3,545	-	3,538	-
- Purchases and other costs		3	-	7	-
- WDV of Sales (exp)	5	(97)		-	-
Total Real Estate for Resale		**3,451**	**-**	**3,545**	**-**

(i) Other Disclosures

(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;

	2012	2011
Real Estate for Resale	2,751	2,981
	2,751	**2,981**

(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 2012

Note 9a. Infrastructure, Property, Plant & Equipment

	as at 30/6/2011					Asset Movements during the Reporting Period						as at 30/6/2012				
$ '000	At Cost	At Fair Value	Accumulated Dep'n	Accumulated Impairment	Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated Dep'n	Accumulated Impairment	Carrying Value
Capital Work in Progress	-	7,309	-	-	7,309	5,060	-	-	(6,111)	-	-	6,258	-	-	-	6,258
Plant & Equipment	-	19,609	13,185	-	6,424	1,696	(279)	(2,157)	-	-	-	-	19,988	14,304	-	5,684
Office Equipment	-	4,675	3,056	-	1,619	201	-	(446)	86	-	-	-	4,963	3,503	-	1,460
Furniture & Fittings	-	3,853	1,560	-	2,293	6	-	(391)	-	-	-	-	3,860	1,952	-	1,908
Land:																
- Operational Land	-	36,776	-	-	36,776	894	-	-	-	(736)	-	-	36,934	-	-	36,934
- Community Land	-	32,782	-	-	32,782	-	-	-	-	(656)	-	-	32,126	-	-	32,126
- Land under Roads (post 30/6/08)	-	123	-	-	123	24	-	-	-	-	-	-	147	-	-	147
Land Improvements - non depreciable	-	-	-	-	-	97	-	-	492	-	-	-	589	-	-	589
Land Improvements - depreciable	-	28,967	11,126	-	17,841	1,388	-	(806)	477	-	-	-	30,834	11,934	-	18,900
Buildings - Non Specialised	-	158,020	64,433	-	93,587	1,166	(1)	(4,125)	152	-	1,786	-	162,489	69,924	-	92,565
Other Structures	-	4,979	1,910	-	3,069	1,091	-	(284)	1,071	-	-	-	7,142	2,195	-	4,947
Infrastructure:																
- Roads, Bridges, Footpaths	-	468,819	192,723	-	276,096	17,807	(387)	(7,337)	2,419	-	4,458	-	494,686	201,630	-	293,056
- Stormwater Drainage	-	112,447	27,884	-	84,563	659	-	(1,128)	118	-	1,128	-	114,915	29,575	-	85,340
- Water Supply Network	-	346,867	152,683	-	194,184	2,444	(250)	(5,438)	365	-	3,837	-	355,207	160,065	-	195,142
- Sewerage Network	-	279,042	130,427	-	148,615	2,988	-	(3,463)	590	-	3,586	-	288,793	136,477	-	152,316
Other Assets:																
- Library Books	-	1,908	599	-	1,309	210	-	(156)	-	-	-	-	2,118	755	-	1,363
- Other	-	3,411	2,595	-	816	22	-	(4)	337	-	-	-	3,770	2,599	-	1,171
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)																
- Tip Asset	-	1,621	787	-	834	-	-	(24)	-	-	-	-	1,621	811	-	810
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	**-**	**1,511,208**	**602,968**	**-**	**908,240**	**35,753**	**(917)**	**(25,759)**	**(4)**	**(1,392)**	**14,795**	**6,258**	**1,560,182**	**635,724**	**-**	**930,716**

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals ($15,047) and New Assets ($20,706). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

$ '000 Class of Asset	Actual 2012				Actual 2011			
	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	-	942		**942**	-	571	-	**571**
Office Equipment	-	9	5	**4**	-	9	5	**4**
Land								
- Operational Land	-	1,155	-	**1,155**	-	1,178	-	**1,178**
- Community Land	-	455	-	**455**	-	464	-	**464**
Buildings	-	981	739	**242**	-	962	692	**270**
Infrastructure	-	355,207	160,065	**195,142**	-	346,868	152,684	**194,184**
Total Water Supply	**-**	**358,749**	**160,809**	**197,940**	**-**	**350,052**	**153,381**	**196,671**
Sewerage Services								
WIP	-	1,314	-	**1,314**	-	825	-	**825**
Plant & Equipment	-	95	38	**57**	-	95	19	**76**
Office Equipment	-	58	58	**-**	-	58	50	**8**
Furniture & Fittings	-	-	-	**-**	-	-	-	**-**
Land								
- Operational Land	-	5,765	-	**5,765**	-	5,882	-	**5,882**
- Community Land	-	1,224	-	**1,224**	-	1,249	-	**1,249**
- Improvements non-depreciable	-	79	3	**76**	-	79	-	**79**
- Improvements - depreciable	-	-	-	**-**	-	-	-	**-**
Buildings	-	1,912	1,069	**843**	-	1,860	977	**883**
Other Structures	-	110	27	**83**	-	110	24	**86**
Infrastructure	-	288,793	136,478	**152,315**	-	279,042	130,427	**148,615**
Total Sewerage Services	**-**	**299,350**	**137,673**	**161,677**	**-**	**289,200**	**131,497**	**157,703**
TOTAL RESTRICTED I,PP&E	**-**	**658,099**	**298,482**	**359,617**	**-**	**639,252**	**284,878**	**354,374**

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 2012

Note 10a. Payables, Borrowings & Provisions

$ '000	Notes	2012 Current	2012 Non Current	2011 Current	2011 Non Current
Payables					
Goods & Services - operating expenditure		4,502	-	3,235	-
Payments Received In Advance		1,208	-	1,144	-
Accrued Expenses:					
- Other Expenditure Accruals		2,015	-	9,647	-
Security Bonds, Deposits & Retentions		668	-	661	-
Total Payables		**8,393**	**-**	**14,687**	**-**
Borrowings					
Loans - Secured [1]		3,127	49,452	2,805	41,244
Finance Lease Liabilities		-	-	115	-
Total Borrowings		**3,127**	**49,452**	**2,920**	**41,244**
Provisions					
Employee Benefits;					
Annual Leave		2,880	-	2,994	-
Long Service Leave		6,673	408	6,496	343
Sub Total - Aggregate Employee Benefits		**9,553**	**408**	**9,490**	**343**
Asset Remediation/Restoration (Future Works)	26	-	3,093	-	3,031
Other (under recovery of real estste)		-	148	-	50
Total Provisions		**9,553**	**3,649**	**9,490**	**3,424**
Total Payables, Borrowings & Provisions		21,073	53,101	27,097	44,668

(i) Liabilities relating to Restricted Assets

	2012 Current	2012 Non Current	2011 Current	2011 Non Current
Externally Restricted Assets				
Water	597	-	601	-
Sewer	1,660	14,471	1,601	13,413
Liabilities relating to externally restricted assets	2,257	14,471	2,202	13,413
Internally Restricted Assets				
Total Liabilities relating to restricted assets	**2,257**	**14,471**	**2,202**	**13,413**

1. Loans are secured over the 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 2012

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

$ '000	2012	2011

(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	7,277	7,310
	7,277	**7,310**

Note 10b. Description of and movements in Provisions

	2011	2012				
Class of Provision	**Opening Balance as at 1/7/11**	**Additional Provisions**	**Decrease due to Payments**	**Remeasurement effects due to Discounting**	**Unused amounts reversed**	**Closing Balance as at 30/6/12**
Annual Leave	2,994	1,949	(2,063)	-	-	**2,880**
Long Service Leave	6,839	886	(644)	-	-	**7,081**
Asset Remediation	3,031	62	-	-	-	**3,093**
Other	50	98	-	-	-	**148**
TOTAL	**12,914**	**2,995**	**(2,707)**	**-**	**-**	**13,202**

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 2012

Note 11. Statement of Cash Flows - Additional Information

$ '000	Notes	Actual 2012	Actual 2011
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	28,829	27,378
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		**28,829**	**27,378**
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		**19**	**(2,792)**
Adjust for non cash items:			
Depreciation & Amortisation		25,759	24,371
Net Losses/(Gains) on Disposal of Assets		203	(206)
Non Cash Capital Grants and Contributions		(10,195)	(1,986)
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		30	(464)
- Write Offs relating to the Fair Valuation of I,PP&E		-	146
Unwinding of Discount Rates on Reinstatement Provisions		62	241
Share of Net (Profits) or Losses of Associates/Joint Ventures		(3)	11
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		6,713	(1,647)
Increase/(Decrease) in Provision for Doubtful Debts		220	48
Decrease/(Increase) in Inventories		(1)	261
Decrease/(Increase) in Other Assets		(16)	33
Increase/(Decrease) in Payables		1,267	(1,628)
Increase/(Decrease) in Accrued Interest Payable		-	-
Increase/(Decrease) in other Accrued Expenses Payable		(7,632)	(232)
Increase/(Decrease) in Other Liabilities		71	(881)
Increase/(Decrease) in Employee Leave Entitlements		128	340
Increase/(Decrease) in Other Provisions		98	50
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		**16,723**	**15,665**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

$ '000	Notes	Actual 2012	Actual 2011
(c) Non-Cash Investing & Financing Activities			
S94 Contributions "in kind"		1,021	1,378
S64 Contributions "in kind"		408	608
Total Non-Cash Investing & Financing Activities		**1,429**	**1,986**
(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	300
Total Financing Arrangements		**1,300**	**1,300**
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

Loans are secured by a mortgage over future years Rate Revenue only.

(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 2012

Note 12. Commitments for Expenditure

$ '000	Notes	Actual 2012	Actual 2011
(a) Capital Commitments (exclusive of GST)			
Property, Plant & Equipment			
Other Structures		130	545
These expenditures are payable as follows:			
Within the next year		130	545
Total Payable		**130**	**545**
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		130	545
Total Sources of Funding		**130**	**545**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 12. Commitments for Expenditure (continued)

$ '000	Notes	Actual 2012	Actual 2011
(b) Finance Lease Commitments			
(i) Commitments under Finance Leases at the Reporting Date are payable as follows:			
Within the next year		-	115
Total Minimum Lease Payments		**-**	**115**
less: Future Finance Charges		-	-
Amount Recognised as a Liability		**-**	**115**
(ii) Finance Lease Liability Recognised represent;			
Current Liabilities		-	115
Non-Current Liabilities		-	-
Total Finance Lease Liabilities Disclosed		**-**	**115**

(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	0	N	N	-	115
Total Carrying Value at Year End				**-**	**115**

(c) 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	363	361
Later than one year and not later than 5 years	988	1,074
Total Non Cancellable Operating Lease Commitments	**1,351**	**1,435**

b. Non Cancellable Operating Leases include the following assets:

Carpark lease, Computer Equipment and Office Rentals

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

Conditions relating to Operating Leases:

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

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

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

$ '000	Amounts 2012	Indicator 2012	Prior Periods 2011	2010
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions [1]	**36,311**	**3.15 : 1**	1.46	1.60
Current Liabilities less Specific Purpose Liabilities [2,3]	**11,539**			
2. Debt Service Ratio				
Debt Service Cost	**6,294**	**7.06%**	7.05%	6.43%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	**89,109**			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	**38,408**	**39.65%**	38.99%	42.05%
Income from Continuing Operations	**96,873**			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	**1,171**	**2.93%**	2.94%	2.70%
Rates, Annual & Extra Charges Collectible	**39,900**			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals[4]	**15,047**	**70.02%**	35.81%	55.69%
Depreciation, Amortisation & Impairment	**21,491**			

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).

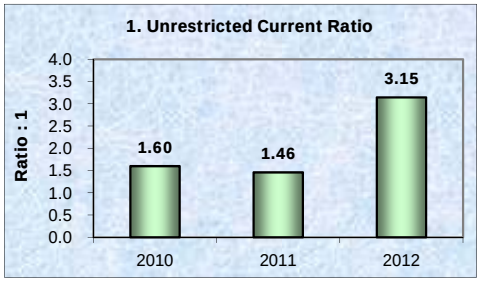
(3) Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

(4) Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

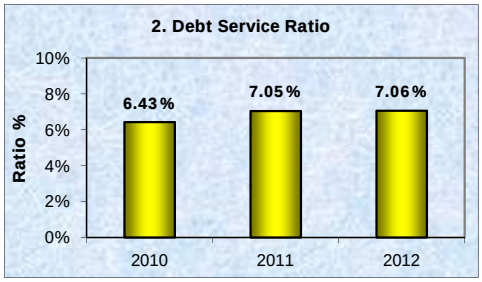
Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

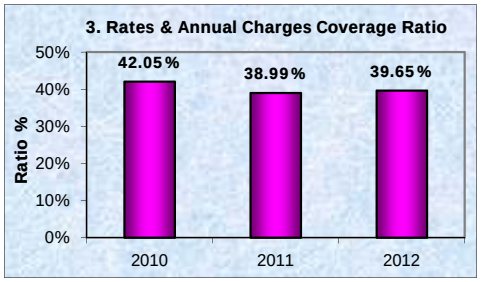
Note 13a(ii). Statement of Performance Measurement - Graphs (Consolidated)



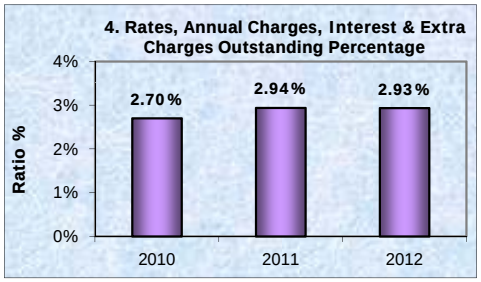
Purpose of Unrestricted Current Ratio	Commentary on 2011/12 Result
To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.	**2011/12 Ratio 3.15 : 1** This ratio has altered markedly due to a recievable for $5.2M moving to current and the removal of a current liability of $8M relating to a payment towards carparking at Volt Lane. A ratio of 1.5:1 is considered appropriate.



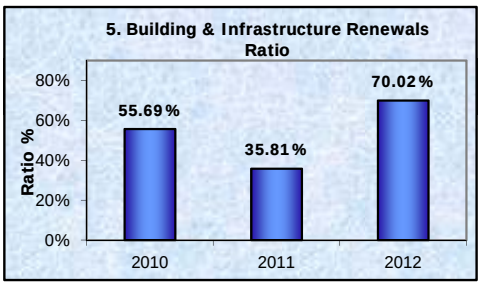
Purpose of Debt Service Ratio	Commentary on 2011/12 Result
To assess the impact of loan principal & interest repayments on the discretionary revenue of council.	**2011/12 Ratio 7.06%** The Division of Local Government considers a ratio of less than 10% for a developing city like Albury as satisfactory. Albury remains well below the recommended threshold at 7.06%. Councils ten year operating plan assumes further borrowing to carryout needed capital works. Councils forward plan sets out ratio levels of under, or close to,10%.



Purpose of Rates & Annual Charges Coverage Ratio	Commentary on 2011/12 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.	**2011/12 Ratio 39.65%** AluryCity's reliance on rates and annual charges has remained at similar levels to last year, close reviews of fees & charges for Council services are anticipated to increase this ratio over time.



Purpose of Rates & Annual Charges Outstanding Ratio	Commentary on 2011/12 Result
To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.	**2011/12 Ratio 2.93%** AlburyCity retains one of the lowest ratio's for receivables in New South Wales. The Division of Local Government recommends a ratio of less that 10% for rural councils.



Purpose of Asset Renewals Ratio	Commentary on Result
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.	**2011/12 Ratio 70.02%** Council reviews it's capital expenditure in line with the ALGA National Road Data System definitions for "maintenance", "renewal" and "upgrade". As such each expenditure item is reviewed and an overall percentage allocated to renewal. There is currently no published recomended level for renewals. Council's published ratio will vary annually depending on it's budgeted capital works program..

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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

$ '000		Water 2012	Sewer 2012	General[1] 2012
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions [(1)] / Current Liabilities less Specific Purpose Liabilities [(2,3)]		**7.67 : 1**	**5.21 : 1**	**2.49 : 1**
	prior period:	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%**	**7.50%**	**7.88%**
	prior period:	0.00%	18.73%	5.50%
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges / Income from Continuing Operations		**22.81%**	**20.43%**	**45.36%**
	prior period:	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		**0.09%**	**0.29%**	**3.32%**
	prior period:	39.50%	37.99%	16.04%
5. Building & Infrastructure Renewals Ratio				
Asset Renewals (Building & Infrastructure assets) / Depreciation, Amortisation & Impairment		**41.21%**	**109.76%**	**71.53%**
	prior period:	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 2012

Note 15. Financial Risk Management

$ '000

Risk Management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

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

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

Financial risk management is carried out by Council's Finance Section under policies approved by the Council.

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	
	2012	2011	2012	2011
Financial Assets				
Cash and Cash Equivalents	28,829	27,378	28,828	27,378
Investments				
- "Held for Trading"	2,467	3,497	2,467	3,497
Receivables	19,668	26,601	19,668	26,601
Total Financial Assets	**50,964**	57,476	**50,963**	57,476
Financial Liabilities				
Payables	7,185	13,543	7,185	13,543
Loans / Advances	52,579	44,049	52,579	44,049
Lease Liabilities	-	115	-	115
Total Financial Liabilities	**59,764**	57,707	**59,764**	57,707

Fair Value is determined as follows:

- **Cash & Cash Equivalents**, **Receivables**, **Payables** - are estimated to be the carrying value which approximates mkt value.
- **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 2012

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 & 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 & recognised at fair values:

2012	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Investments				
- "Held for Trading"	2,405	-	62	2,467
Total Financial Assets	**2,405**	**-**	**62**	**2,467**
Financial Liabilities				
- Other (Loans - Secured)	52,579	-	-	52,579
Total Financial Liabilities	**52,579**	**-**	**-**	**52,579**

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**

The following table presents the movement in Level 3 financial instruments

	Liabilities 2012	**Liabilities 2011**	**Assets 2012**	**Assets 2011**
Opening Balance (of Level 3 fair values)	-	-	1,214	1,939
Transfer to/(from) Level 3	-	-	-	-
Gains/(Losses) recognised in the Income Statement	-	-	(152)	275
Disposals	-	-	(1,000)	(1,000)
Closing Balance	**-**	**-**	**62**	**1,214**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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	
2012	**Profit**	**Equity**	**Profit**	**Equity**
Possible impact of a 10% movement in Market Values	2,883	2,883	(2,883)	(2,883)
Possible impact of a 1% movement in Interest Rates	288	288	(288)	(288)
2011				
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)

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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	**2012 Rates & Annual Charges**	**2012 Other Receivables**	**2011 Rates & Annual Charges**	**2011 Other Receivables**
Current (not yet overdue)	1,171	18,827	1,107	25,604
	1,171	**18,827**	**1,107**	**25,604**

(ii) Movement in Provision for Impairment of Receivables	**2012**	**2011**
Balance at the beginning of the year	110	62
+ new provisions recognised during the year	248	59
- amounts already provided for & written off this year	-	(2)
- amounts provided for but recovered during the year	(28)	(9)
Balance at the end of the year	**330**	**110**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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
2012									
Trade/Other Payables	668	6,517	-	-	-	-	-	7,185	**7,185**
Loans & Advances	-	3,127	5,066	2,864	3,029	3,229	35,264	52,579	**52,579**
Lease Liabilities	-	-	-	-	-	-	-	-	**-**
Total Financial Liabilities	**668**	**9,644**	**5,066**	**2,864**	**3,029**	**3,229**	**35,264**	**59,764**	**59,764**
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**

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:	2012 Carrying Value	2012 Average Interest Rate	2011 Carrying Value	2011 Average Interest Rate
Bank Overdraft	-	9.8%	-	10.1%
Trade/Other Payables	7,185	0.0%	13,543	0.0%
Loans & Advances - Fixed Interest Rate	52,579	6.9%	44,049	7.0%
Lease Liabilities	-	0.0%	115	6.8%
	59,764		57,707	

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 16. Material Budget Variations

$ '000

Council's Original Financial Budget for 11/12 was adopted by the Council on 28 May 2011.

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	2012 Budget	2012 Actual	2012 Variance*		
REVENUES					
Rates & Annual Charges	38,498	38,408	(90)	(0%)	U
User Charges & Fees	38,444	36,966	(1,478)	(4%)	U
Interest & Investment Revenue	1,540	1,894	354	23%	F
Better than anticipated cash holding level have lead to an increase in investment income					
Other Revenues	6,639	3,367	(3,272)	(49%)	U
Council introduced new software for the 2011-12 budget process, Council acknowledges that the allocation by income and expense type differs from the structure used in the Annual Statements. The integrity of the net result is maintained and the allocation problem has been addressed in the preparation of the 2012-13 Budget. Net internal charges have been allocated to "Other Revenue" in the Budget, but to "Materials & Contracts" for Actual costs Council charges various overhead costs to show a true cost for that project, across the whole of Council the net cost of these charges would balance to zero. Charges that relate to capital works, such as the cost of plant items utilised in the construction process, are not reported in the Operating Statement and as such in this report will not balance to zero.					
Operating Grants & Contributions	9,030	11,679	2,649	29%	F
Council received a number of unbudgeted grants during 2011-12. These include: Economic Development; $200K, Sustainability; $65K, Museum; $42K, Crime prevention; $50K, Aboriginal Programs; $61K, RTA Blackspot Funding; $74K and Wagirra; $86K.					
Capital Grants & Contributions	4,025	4,556	531	13%	F
Unbudgeted grants received during 2011-12: Roads to Recovery; $328K, Flood Damage Grants; $500K, Asset Dedications; $250K Budgeted grants not received during 2011-12: S94 Contributions; $125K, Developer Contributions (Other); $350K and Other Recreational Grants; $100K.					
Net Gains from Disposal of Assets	998	-	(998)	(100%)	U
Real Estate sales not realised during 2011-12					
Share of Net Profits - Joint Ventures & Associates	-	3	3	0%	F

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 16. Material Budget Variations (continued)

$ '000	2012 Budget	2012 Actual	2012 Variance*		
EXPENSES					
Employee Benefits & On-Costs	**33,149**	**32,587**	**562**	**2%**	**F**
Council has stiven to reduce wages costs over this financial year. A number on positions have remained vacant and overtime costs reduced to ensure this has been achieved.					
Borrowing Costs	**3,813**	**3,321**	**492**	**13%**	**F**
This variance relates primarily to 2 factors; Council utilised an interest rate of 9% on all new loans anticipated for 2011-12 based on history, this was in fact over stated with new loans taken out at much reduced rates. Council has identified a deficiency in its budget model which has been used to calculate its Borrowing Costs budget, revised procedures introduced in 2012-13 will correct this in future periods.					
Materials & Contracts	**29,283**	**23,270**	**6,013**	**21%**	**F**
As per "Other Revenue" introduction of software has lead to allocations variances for internal charges, also there are two other factors to note in this variance; Road & Drainage Rehabilitation costs have been reallocated from "Materials & Contracts" to "Capital Purchases" this year, see Note 1, this has resulted in a reduction in costs of $3.925M. Other savings to budget include: Airport Operations $203K, Information Technology Operations $130K, Water Source Purchases $65K Asset Management Survey Costs $306K and Sewer maintemence $137K.					
Depreciation & Amortisation	**25,592**	**25,759**	**(167)**	**(1%)**	**U**
Other Expenses	**12,199**	**11,714**	**485**	**4%**	**F**
Net Losses from Disposal of Assets	**-**	**203**	**(203)**	**0%**	**U**
Budget Variations relating to Council's Cash Flow Statement include:					
Cash Flows from Operating Activities	**14,519**	**16,723**	**2,204**	**15.2%**	**F**
The major movement in this area relates to Road & Drain Rehabilitation which although budgeted as operating expenditure has been reallocated to capital expenditure; $2.7M					
Cash Flows from Investing Activities	**(20,769)**	**(23,687)**	**(2,918)**	**14.0%**	**U**
The major movement in this area relates to Purchase of Infrastructure, Property, Plant & Equipment; $2.9M, this variance relates to works carried over from 2010-11 rebudgeted at the Sepember Review 2011.					
Cash Flows from Financing Activities	**6,503**	**8,415**	**1,912**	**29.4%**	**F**
This variance relates to loan funding taken up in 2011-12, but originally budgeted to be taken up in 2010-11.					

Notes to the Financial Statements
for the financial year ended 30 June 2012

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	296	34	-	9	(140)	-	**199**	42	(240)	1	-
Roads	584	232	-	16	(500)	-	**332**	235	(565)	2	-
Parking	493	60	-	4	(480)	-	**77**	65	(140)	2	-
Open Space	277	59	-	12	(100)	-	**248**	60	(305)	3	-
Community Facilities	391	78	-	15	(160)	-	**324**	80	(405)	(1)	-
S94 Contributions - under a Plan	**2,041**	**463**	**-**	**56**	**(1,380)**	**-**	**1,180**	**482**	**(1,655)**	**7**	**-**
S94A Levies - under a Plan	**-**	**-**	**-**	**-**	**-**	**-**	**-**				**-**
Total S94 Revenue Under Plans	**2,041**	**463**	**-**	**56**	**(1,380)**	**-**	**1,180**				**-**
S94 not under Plans	-	-	-	-	-	-	**-**	-	-	-	-
S93F Planning Agreements	-						**-**				
S64 Contributions	1,333	688		49	(1,020)		**1,050**				
Total Contributions	**3,374**	**1,151**	**-**	**105**	**(2,400)**	**-**	**2,230**	**482**	**(1,655)**	**7**	**-**

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	296	34		9	(140)		**199**	42	(240)	1	
Roads	584	200		16	(468)		**332**	220	(550)	2	
Parking	493	60		4	(480)		**77**	65	(140)	2	
Open Space	277	50		12	(91)		**248**	55	(300)	3	
Community Facilities	391	67		15	(149)		**324**	75	(400)	(1)	
Total	**2,041**	**411**	**-**	**56**	**(1,328)**	**-**	**1,180**	**457**	**(1,630)**	**7**	**-**

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	-	32			(32)		-	15	(15)	-	
Open Space	-	9			(9)		-	5	(5)	-	
Community Facilities	-	11			(11)		-	5	(5)	-	
Other1 (Specify)	-						-			-	
Other2 (Specify)	-						-			-	
Other3 (Specify)	-						-			-	
Other	-						-			-	
Total	**-**	**52**	**-**	**-**	**(52)**	**-**	**-**	**25**	**(25)**	**-**	**-**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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 $3.4M owed by Council as at 30 June 2012.
Defined Benefit Scheme obligations are 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 2012

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 remediation 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 2012

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 30/06/08.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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.

Accounting Recognition:

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 2012	Actual 2011	Actual 2012	Actual 2011
Associated Entities	3	(11)	1,187	1,247
Total	**3**	**(11)**	**1,187**	**1,247**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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	2012	2011
Hume Gardens Residential Development	Development of Residential Land	311	362
Thurgoona Industrial Estate	Development of Industrial Land	876	885
Total Carrying Amounts - Associated Entities		**1,187**	**1,247**

(b) Relevant Interests

	Interest in Outputs		Interest in Ownership		Proportion of Voting Power	
Name of Entity	2012	2011	2012	2011	2012	2011
Hume Gardens Residential Development	14.00%	13.90%	14.00%	13.90%	20%	20%
Thurgoona Industrial Estate	13.52%	13.60%	13.52%	13.60%	50%	50%

(c) Movement in Carrying Amounts of Council's Equity Interest

	Hume Gardens Residential Development		Thurgoona Industrial Estate	
	2012	2011	2012	2011
Opening Balance	362	437	885	891
Share in Operating Result	12	(5)	(9)	(6)
New Capital Contributions	-	-	-	-
Distributions Received	(63)	(70)	-	-
Adjustments to Equity	-	-	-	-
Council's Equity Share in the Associated Entity	**311**	**362**	**876**	**885**

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

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

2012	Assets	Liabilities	Net Assets	Revenues	Profit
Hume Gardens Residential Development	311	-	**311**	12	12
Thurgoona Industrial Estate	876	-	**876**	(9)	(9)
Totals	**1,187**	**-**	**1,187**	**3**	**3**

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

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 20. Equity - Retained Earnings and Revaluation Reserves

$ '000	Notes	Actual 2012	Actual 2011
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		625,572	625,600
d. Net Operating Result for the Year		19	(2,792)
Balance at End of the Reporting Period		625,591	625,572
b. Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		289,178	275,775
Total		**289,178**	**275,775**
(ii). Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		275,775	249,032
- Revaluations for the year	9(a)	13,403	29,507
- Correction of Prior Period Errors	20(c)	-	(2,764)
- Balance at End of Year		**289,178**	**275,775**
TOTAL VALUE OF RESERVES		**289,178**	**275,775**

(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

Correction of errors disclosed in this year's financial statements:

- the amount of the correction taken to the prior period opening balance of equity	2,764	-

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 2012

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund $ '000	Actual 2012	Actual 2012	Actual 2012
Continuing Operations	**Water**	**Sewer**	**General**[1]
Income from Continuing Operations			
Rates & Annual Charges	2,138	2,801	33,469
User Charges & Fees	6,436	9,794	20,736
Interest & Investment Revenue	110	195	1,589
Other Revenues	100	117	3,150
Grants & Contributions provided for Operating Purposes	147	153	11,379
Grants & Contributions provided for Capital Purposes	444	651	3,461
Other Income			
Net Gains from Disposal of Assets	-	-	47
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	3
Total Income from Continuing Operations	**9,375**	**13,711**	**73,834**
Expenses from Continuing Operations			
Employee Benefits & on-costs	1,402	2,191	28,994
Borrowing Costs	-	979	2,342
Materials & Contracts	894	2,319	20,057
Depreciation & Amortisation	5,473	3,562	16,724
Impairment			-
Other Expenses	3,637	3,965	4,112
Interest & Investment Losses			-
Net Losses from the Disposal of Assets	250	-	-
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-
Total Expenses from Continuing Operations	**11,656**	**13,016**	**72,229**
Operating Result from Continuing Operations	(2,281)	695	1,605
Discontinued Operations			
Net Profit/(Loss) from Discontinued Operations	-	-	-
Net Operating Result for the Year	(2,281)	695	1,605
Net Operating Result attributable to each Council Fund	(2,281)	695	1,605
Net Operating Result attributable to Minority Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(2,725)	44	(1,856)

[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 2012

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund $ '000	Actual 2012	Actual 2012	Actual 2012
ASSETS	**Water**	**Sewer**	**General**[1]
Current Assets			
Cash & Cash Equivalents	679	4,187	23,963
Receivables	3,660	5,018	10,568
Inventories	302	13	3,781
Other	(48)	(49)	254
Total Current Assets	4,593	9,169	38,566
Non-Current Assets			
Investments	115	400	1,952
Receivables	-	-	422
Infrastructure, Property, Plant & Equipment	197,940	161,677	571,099
Investments Accounted for using the equity method	-	-	1,187
Other	1,652	-	171
Total Non-Current Assets	199,707	162,077	574,831
TOTAL ASSETS	**204,300**	**171,246**	**613,397**
LIABILITIES			
Current Liabilities			
Payables	86	69	8,238
Borrowings	-	1,193	1,934
Provisions	511	398	8,644
Total Current Liabilities	597	1,660	18,816
Non-Current Liabilities			
Payables	-	-	-
Borrowings	-	14,471	34,981
Provisions	-	-	3,649
Total Non-Current Liabilities	-	14,471	38,630
TOTAL LIABILITIES	**597**	**16,131**	**57,446**
Net Assets	**203,703**	**155,115**	**555,951**
EQUITY			
Retained Earnings	151,344	121,369	352,878
Revaluation Reserves	52,359	33,746	203,073
Council Equity Interest	**203,703**	**155,115**	**555,951**
Total Equity	**203,703**	**155,115**	**555,951**

[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 receivables & payables between the Funds.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

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 2012, 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 22/10/12.

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 2012.

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

These financial statements (& figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2012 and which are only indicative of conditions that arose after 30 June 2012.

Council is aware of the following "non adjusting events" that merit disclosure;

The passage of the Clean Air Legislation (Clean Energy Act 2011 and supporting legislation) will have an impact on Council's operating results going forward.

Council expects to pay more for its energy usage including electricity, gas, water and fuel but will be compensated to some extent through additional rate revenue and domestic waste management charges that it proposes to raise.

The operation of Council's landfill site is expected to result in Council being liable for a carbon tax on gas emissions but it is proposed to increase tipping fees to cover this additional cost.

Council also expects construction materials such as concrete and asphalt to increase in price but is unable to quantify the effect of these increases at the present time.

No financial effects of the Clean Air Legislation have not been brought to account at 30 June 2012.

Note 24. Discontinued Operations

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

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 25. Intangible Assets

$ '000	Actual 2012	Actual 2011

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

Intangible Assets are as follows;	Carrying Amount	Carrying Amount
Opening Values:		
Gross Book Value (1/7/11)	1,823	1,823
Net Book Value - Opening Balance	**1,823**	**1,823**
Movements for the year		
- Purchases	-	-
- Development Costs	-	-
- Gross Book Value written off	-	-
Closing Values:		
Gross Book Value (30/6/12)	1,823	1,823
TOTAL INTANGIBLE ASSETS - NET BOOK VALUE [1]	1,823	1,823
1. **The Net Book Value of Intangible Assets represent:**		
- Other Assets (Water License)	1,823	1,823
	1,823	**1,823**

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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.

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations:

Asset/Operation	Estimated year of restoration		NPV of Provision 2012	NPV of Provision 2011
Albury Landfill	2046		3,093	3,031
Balance at End of the Reporting Period		10(a)	3,093	3,031

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	3,031	2,790
Amounts capitalised to new or existing assets:		
Amortisation of discount (expensed to borrowing costs)	62	241
Total - Reinstatement, rehabilitation and restoration provision	**3,093**	**3,031**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 27. Financial Commentary & Review

$ '000

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

Financial Performance Figures	**2012**	**2011**	2010	2009	2008
Inflows:					
Rates & Annual Charges Revenue	**38,408**	36,081	34,266	38,228	35,491
User Charges Revenue	**36,966**	34,150	34,099	20,303	22,778
Interest & Investment Revenue (Losses)	**1,894**	2,135	2,289	355	37
Grants Income - Operating & Capital	**12,355**	13,032	12,002	12,626	21,843
Total Income from Continuing Operations	**96,873**	92,536	97,810	83,494	82,189
Sale Proceeds from I,PP&E	**811**	825	1,040	1,336	5,575
New Loan Borrowings & Advances	**11,450**	8,020	6,458	12,980	3,400
Outflows:					
Employee Benefits & On-cost Expenses	**32,587**	33,517	32,350	29,425	27,303
Borrowing Costs	**3,321**	3,096	3,062	2,527	1,741
Materials & Contracts Expenses	**23,270**	22,937	18,834	20,838	19,175
Total Expenses from Continuing Operations	**96,854**	95,328	88,774	85,011	78,988
Total Cash purchases of I,PP&E	**25,554**	17,147	26,395	27,492	33,469
Total Loan Repayments (incl. Finance Leases)	**3,035**	2,918	2,814	2,275	2,108
Operating Surplus/(Deficit) (excl. Capital Income)	**(4,537)**	(10,031)	(2,761)	(10,852)	(2,108)

Financial Position Figures	**2012**	**2011**	2010	2009	2008
Current Assets	**52,328**	44,396	39,175	38,104	29,159
Current Liabilities	**21,073**	27,097	21,346	21,432	20,015
Net Current Assets	**31,255**	17,299	17,829	16,672	9,144
Available Working Capital (Unrestricted Net Current Assets)	**23,837**	4,901	7,937	10,185	5,124
Cash & Investments - Unrestricted	**18,219**	12,354	7,601	7,954	4,371
Cash & Investments - Internal Restrictions	**6,337**	8,224	7,760	7,839	6,822
Cash & Investments - Total	**31,296**	30,875	25,901	24,263	19,667
Total Borrowings Outstanding (Loans, Advances & Finance Leases)	**52,579**	44,164	39,062	35,418	24,713
Total Value of I,PP&E (excl. Land & Earthworks)	**1,496,644**	1,441,527	1,391,651	1,321,906	1,271,308
Total Accumulated Depreciation	**635,724**	602,968	576,528	536,186	529,113
Indicative Remaining Useful Life (as a % of GBV)	58%	58%	59%	59%	58%

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 2012

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

AUDITORS
WHK Audit & Risk Assesment
491 Smollett St, Albury NSW 2640

Elected Members
MAYOR
Alice Glachan

COUNCILLORS
Daryl Betteridge
Darren Cameron
Graham Docksey
Alice Glachan
Patricia Gould
Ross Jackson
Kevin Mack
David Thurley
Henk van de Ven

Other Information
ABN: 92 965 474 349

WHK

491 Smollett Street
Albury, NSW 2640

PO Box 500
Albury, NSW 2640

T 02 6021 1111
F 02 6041 1892

www.whk.com.au

WHK Audit and Risk Assessment
16 673 023 918

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 2012 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 28 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, 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, a view which is consistent with our understanding of the Council's financial position and of its performance.

Liability limited by a scheme approved under Professional Standards Legislation
other than for the acts or omissions of financial services licensees

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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.

WHK

WHK Audit & Risk Assessment

Bradley D Bohun
Partner

Dated at Albury this 22nd day of October 2012.

WHK

Albury City Council

Report on the Conduct of the Audit

Year Ended 30 June 2012

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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 2012, 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 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 city 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 net operating result from continuing operations (including capital contributions) of $19k (2011: $2,792k deficit) for the year ended 30 June 2012.

Significant income and expense items in the current year were:

	2012 $'000	2011 $'000	2010 $'000
Rates and annual charges	38,408	36,081	34,266
User charges and fees	36,966	34,150	34,099
Grants and contributions - operating	11,679	10,163	8,750
Grants and contributions - capital	4,556	7,239	11,797
Employee costs	(32,587)	(33,517)	(32,350)
Materials and contracts	(23,270)	(22,937)	(18,834)
Depreciation and amortisation	(25,759)	(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 continues to grow based on expenditure and net assets. 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, $4,556k (2011: $7,239k).

We note that Council received a Financial Assistance grant instalment in relation to the 2012/13 year of $3.3m in advance during 2011/12. This payment was due in 2013; accordingly future budgeted revenue will be reduced by this amount.

The statement of comprehensive income shows a net operating deficit for the year before grants and contributions provided for capital purposes of $4,537k (2011: $10,031k).

A significant driver of the operating deficit is depreciation expense $25,759k (2011: $24,371k) 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 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.

	2012 $'000	2011 $'000	2010 $'000
Cash and Liquid Investments	28,829	27,378	21,821
External Restrictions - included in liabilities	-	(3,143)	(3,644)
- not included in liabilities	(6,740)	(7,154)	(6,896)
Internal Restrictions - included in liabilities	(5,385)	(5,366)	(4,942)
- not included in liabilities	(952)	(2,858)	(2,818)
Unrestricted Cash and Investments	**15,752**	**8,857**	**3,521**
Other Net Current Assets / (Liabilities) excluding anticipated LSL Provision & restrictions included in liabilities	5,244	(6,442)	(2,546)
Unrestricted Working Capital	**20,996**	**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 and planned for 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.

3 Financial Position (continued)

The calculation of unrestricted working capital shows an improvement which is consistent with the trend of the unrestricted current ratio disclosed in Note 13 to the financial statements of 3.15:1 (2011: 1.46:1). 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 $7,932 (17%) from the 2011 financial year, external restrictions over current assets have decreased $2,539k (16%) and internal restrictions over current assets have decreased $1,887k (23%);
- Total current liabilities have decreased by $6,024k (22%) from the 2011 financial year however restrictions over current liabilities have increased by $55k (2%).

On a dollar basis unrestricted working capital per the above calculation has improved, and the unrestricted current ratio disclosed in Note 13 has also improved. Both indicators reflect a positive position for Council as at year end.

We recommend that Council continue to monitor its unrestricted working capital position and unrestricted current ratio when reviewing its financial position and we note that Council continues to carry a sizable balance of internal restrictions as at year end.

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 improvement in the Council's liquidity position. The increase in the ratio is primarily a result of increased cash balances. The 2012 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 7.06% (2011: 7.05%) of Council's revenue is consumed servicing debt, confirming that the result is consistent with that of the prior year and that 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 39.65% (2011: 38.99%) 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 38% (2011: 37%) and grants & contributions 17% (2011: 19%).

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 2.93% (2011: 2.94%). 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 its existing infrastructure base relative to the standard depletion of these assets.

The ratio of 70.02% (2011: 35.81%) indicates that in the current year Council's expenditure in this area is more consistent with the associated depreciation expense. In previous years, this ratio has been significantly lower and has indicated that Council's asset base was theoretically deteriorating at a greater rate than funding was being provided to retain it in its present condition. Council has focused on this area and has made significant progress in improving the ratio, together with the implementation of its asset management plan which has a longer term focus than an annual measure of asset renewal expenditure.

We note that Council's analysis of the capital expenditure on infrastructure assets continues to improve 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 RECEIVABLES

Total current receivables at 30 June 2012, net of allowance for impairment was $19,246k (2011: $11,874k).

This balance primarily consists of rates and annual charges of $1,171k (2011: $1,107k), user charges and fees of $10,582k (2011: $9,179k), private works of $6,364k (2011: $796k) and government grants & subsides of $713k (2011: $776k)

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 2012 were $422k (2011: $14,837k) net of impairment allowance. The private works balance in the prior year related to the sale of land as part of the Volt Lane transaction. In the current financial year, the council transferred $5,200k from non current receivables to current receivables. Additionally, the Volt Lane car park was completed which resulted in the transfer of 437 car parking spaces to Council. The Council recognised $8,760k as an addition to infrastructure assets and reduced the receivable by the same amount.

The allowance for impairment at 30 June 2012 was $330k (2011: $110k). 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 deemed sufficient.

5.2 CAPITAL EXPENDITURE

During the reporting period Council spent $35,753k (2011: $19,162k) on items of an infrastructure, property, plant or equipment nature. The primary areas of capital expenditure were as follows:

	2012 $'000	2011 $'000	2010 $'000
Plant and equipment	1,696	2,450	2,159
Land and improvements	2,403	4,694	9,685
Buildings	1,166	1,221	9,592
Roads, bridges and footpaths	17,807	1,326	4,233
Stormwater drainage	659	353	1,618
Water supply network	2,988	1,647	2,654
Sewerage network	2,444	666	3,795
Capital works in progress	5,060	5,969	2,974
Other	1,530	836	2,285
	35,753	**19,162**	**38,995**

5.3 BORROWINGS

Borrowings have increased by $8,530k from the prior year's balance of $44,049k. These loans are secured over the Rating Income of Council.

5 Specific Balance Sheet Items (continued)

5.4 FAIR VALUE OF INFRASTRUCTURE ASSETS

In 2011 the Council should have completed the progressive revaluation of all property, plant and equipment to fair value. The Division of Local Government timetable is as follows:

2008: Operational land, buildings, plant and equipment and land under roads;
2009: Nil;
2010: Roads, bridges, footpaths, drainage and bulk earthworks;
2011: Community land, land improvements, other structures and other assets; and
2012: Water and sewer networks (last revalued 2007).

Albury City has complied with these requirements.

5.5 NEW ACCOUNTING STANDARDS ISSUED NOT YET ADOPTED

Certain new accounting standards have been published that are not mandatory for the 30 June 2012 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)
- AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013);
- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013)
- Revised AASB 119 *Employee Benefits*, AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119* (September 2011) and AASB 2011-11 *Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements* (effective 1 January 2013).

The impact of AASB 9 and AASB 13 have been disclosed in Note 1 to the financial statements.

Council is of the view that AASB 10 and AASB 119 will not significantly 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 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.

Albury City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Albury City Council

Special Purpose Financial Statements
for the financial year ended 30 June 2012

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4. Auditor's Report

Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.

(ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

(iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over $2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

(iv) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

Albury City Council

Special Purpose Financial Statements
for the financial year ended 30 June 2012

Statement by Councillors and Management
made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water (Department of Environment, Climate Change and Water) Guidelines - "Best Practice Management of Water and Sewerage".

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

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 22 October 2012.

Alice Glachan
MAYOR

Kevin Mack
DEPUTY MAYOR

Michael Keys (acting General Manager)
GENERAL MANAGER

Mal Dunstone
RESPONSIBLE ACCOUNTING OFFICER

Albury City Council

Income Statement of Council's Water Supply Business Activity
for the financial year ended 30 June 2012

$ '000	Actual 2012	Actual 2011	Actual 2010
Income from continuing operations			
Access charges	2,138	2,106	2,034
User charges	6,436	4,791	5,137
Fees	-	-	-
Interest	110	150	155
Grants and contributions provided for non capital purposes	147	140	245
Profit from the sale of assets	-	-	-
Other income	100	66	96
Total income from continuing operations	**8,931**	**7,253**	**7,667**
Expenses from continuing operations			
Employee benefits and on-costs	1,402	1,444	1,414
Borrowing costs	-	-	-
Materials and contracts	894	913	660
Depreciation and impairment	5,473	5,216	4,840
Water purchase charges	-	105	112
Loss on sale of assets	250	-	-
Calculated taxation equivalents	38	40	40
Debt guarantee fee (if applicable)	-	-	-
Other expenses	3,637	3,380	3,476
Total expenses from continuing operations	**11,694**	**11,098**	**10,542**
Surplus (deficit) from Continuing Operations before capital amounts	**(2,763)**	**(3,845)**	**(2,875)**
Grants and contributions provided for capital purposes	444	718	1,132
Surplus (deficit) from Continuing Operations after capital amounts	**(2,319)**	**(3,127)**	**(1,743)**
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	**(2,319)**	**(3,127)**	**(1,743)**
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-
SURPLUS (DEFICIT) AFTER TAX	**(2,319)**	**(3,127)**	**(1,743)**
plus Opening Retained Profits	153,625	156,712	158,415
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	38	40	40
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	-
less:			
- Tax Equivalent Dividend paid		-	-
- Surplus dividend paid		-	-
Closing Retained Profits	**151,344**	**153,625**	**156,712**
Return on Capital %	**-1.4%**	**-2.0%**	**-1.5%**
Subsidy from Council	**13,076**	**14,092**	**12,507**
Calculation of dividend payable:			
Surplus (deficit) after tax	(2,319)	(3,127)	(1,743)
less: Capital grants and contributions (excluding developer contributions)	(154)	(274)	(627)
Surplus for dividend calculation purposes	**-**	**-**	**-**
Potential Dividend calculated from surplus	**-**	**-**	**-**

Albury City Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2012

$ '000	Actual 2012	Actual 2011	Actual 2010
Income from continuing operations			
Access charges	2,801	9,144	8,834
User charges	9,794	2,832	2,709
Liquid Trade Waste charges	-	-	-
Fees	-	-	-
Interest	195	254	530
Grants and contributions provided for non capital purposes	153	153	158
Profit from the sale of assets	-	6	-
Other income	117	104	124
Total income from continuing operations	**13,060**	**12,493**	**12,355**
Expenses from continuing operations			
Employee benefits and on-costs	2,191	2,119	2,076
Borrowing costs	979	1,112	1,124
Materials and contracts	2,319	2,229	1,981
Depreciation and impairment	3,562	3,499	3,423
Loss on sale of assets	-	-	-
Calculated taxation equivalents	120	130	126
Debt guarantee fee (if applicable)	55	62	63
Other expenses	3,965	3,534	3,280
Total expenses from continuing operations	**13,191**	**12,685**	**12,073**
Surplus (deficit) from Continuing Operations before capital amounts	**(131)**	**(192)**	**282**
Grants and contributions provided for capital purposes	651	892	2,240
Surplus (deficit) from Continuing Operations after capital amounts	**520**	**700**	**2,522**
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	**520**	**700**	**2,522**
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	(85)
SURPLUS (DEFICIT) AFTER TAX	**520**	**700**	**2,437**
plus Opening Retained Profits	120,674	119,782	117,071
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	120	130	126
- Debt guarantee fees	55	62	63
- Corporate taxation equivalent	-	-	85
less:			
- Tax Equivalent Dividend paid		-	-
- Surplus dividend paid		-	-
Closing Retained Profits	**121,369**	**120,674**	**119,782**
Return on Capital %	**0.5%**	**0.6%**	**0.9%**
Subsidy from Council	**7,575**	**7,296**	**6,849**
Calculation of dividend payable:			
Surplus (deficit) after tax	520	700	2,437
less: Capital grants and contributions (excluding developer contributions)	(253)	(334)	(1,529)
Surplus for dividend calculation purposes	**267**	**366**	**908**
Potential Dividend calculated from surplus	**134**	**183**	**454**

Albury City Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2012

	Airport Operations		Albury Landfill	
$ '000	**Actual 2012**	**Actual 2011**	**Actual 2012**	**Actual 2011**
Income from continuing operations				
Access charges	-	-	542	384
User charges	5,976	5,296	6,566	5,939
Fees	-	-	-	-
Interest	-	-	16	13
Grants and contributions provided for non capital purposes	-	-	16	46
Profit from the sale of assets	-	-	-	-
Other income	345	229	34	8
Total income from continuing operations	**6,321**	**5,525**	**7,174**	**6,390**
Expenses from continuing operations				
Employee benefits and on-costs	960	869	324	375
Borrowing costs	708	572	61	242
Materials and contracts	2,080	2,556	2,926	3,416
Depreciation and impairment	712	549	33	34
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	217	179	37	30
Debt guarantee fee (if applicable)	46	37	-	-
Other expenses	1,652	1,492	77	235
Total expenses from continuing operations	**6,375**	**6,254**	**3,458**	**4,332**
Surplus (deficit) from Continuing Operations before capital amounts	**(54)**	**(729)**	**3,716**	**2,058**
Grants and contributions provided for capital purposes	-	-	29	-
Surplus (deficit) from Continuing Operations after capital amounts	**(54)**	**(729)**	**3,745**	**2,058**
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	**(54)**	**(729)**	**3,745**	**2,058**
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	(1,115)	(617)
SURPLUS (DEFICIT) AFTER TAX	**(54)**	**(729)**	**2,630**	**1,441**
plus Opening Retained Profits	10,586	11,099	6,175	4,087
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	217	179	37	30
- Debt guarantee fees	46	37	-	-
- Corporate taxation equivalent	-	-	1,115	617
add:				
- Subsidy Paid/Contribution To Operations		-		-
less:				
- TER dividend paid		-		-
- Dividend paid		-		-
Closing Retained Profits	**10,795**	**10,586**	**9,957**	**6,175**
Return on Capital %	**2.8%**	**-0.7%**	**156.2%**	**91.3%**
Subsidy from Council	**558**	**1,406**	**-**	**-**

Albury City Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2012

	Cemetery Crematorium		Banjora Child Care	
$ '000	**Actual 2012**	**Actual 2011**	**Actual 2012**	**Actual 2011**
Income from continuing operations				
Access charges	-	-	-	-
User charges	-	-	-	-
Fees	832	1,037	573	610
Interest	-	-	-	-
Grants and contributions provided for non capital purposes	-	-	65	56
Profit from the sale of assets	-	-	-	-
Other income	(1)	-	45	10
Total income from continuing operations	**831**	**1,037**	**683**	**676**
Expenses from continuing operations				
Employee benefits and on-costs	235	286	656	627
Borrowing costs	-	-	-	-
Materials and contracts	670	806	66	79
Depreciation and impairment	495	70	-	-
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	41	45	2	2
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	210	218	40	41
Total expenses from continuing operations	**1,651**	**1,425**	**764**	**749**
Surplus (deficit) from Continuing Operations before capital amounts	**(820)**	**(388)**	**(81)**	**(73)**
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	**(820)**	**(388)**	**(81)**	**(73)**
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	**(820)**	**(388)**	**(81)**	**(73)**
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-	-
SURPLUS (DEFICIT) AFTER TAX	**(820)**	**(388)**	**(81)**	**(73)**
plus Opening Retained Profits	(2,785)	(2,442)	(28)	43
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	41	45	2	2
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	-	-	-	-
add:				
- Subsidy Paid/Contribution To Operations		-		-
less:				
- TER dividend paid		-		-
- Dividend paid		-		-
Closing Retained Profits	**(3,564)**	**(2,785)**	**(107)**	**(28)**
Return on Capital %	**-49.2%**	**-19.0%**	**-12.1%**	**-10.0%**
Subsidy from Council	**907**	**495**	**116**	**111**

Albury City Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2012

$ '000	Albury Entertainment Centre Actual 2012	Albury Entertainment Centre Actual 2011
Income from continuing operations		
Access charges	-	-
User charges	-	-
Fees	1,455	1,506
Interest	-	-
Grants and contributions provided for non capital purposes	-	3
Profit from the sale of assets	-	-
Other income	9	13
Total income from continuing operations	**1,464**	**1,522**
Expenses from continuing operations		
Employee benefits and on-costs	665	595
Borrowing costs	-	125
Materials and contracts	1,143	1,217
Depreciation and impairment	135	90
Loss on sale of assets	-	22
Calculated taxation equivalents	12	12
Debt guarantee fee (if applicable)	-	-
Other expenses	289	302
Total expenses from continuing operations	**2,244**	**2,363**
Surplus (deficit) from Continuing Operations before capital amounts	**(780)**	**(841)**
Grants and contributions provided for capital purposes	-	-
Surplus (deficit) from Continuing Operations after capital amounts	**(780)**	**(841)**
Surplus (deficit) from discontinued operations	-	-
Surplus (deficit) from ALL Operations before tax	**(780)**	**(841)**
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	**(780)**	**(841)**
plus Opening Retained Profits	(1,790)	(961)
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	12	12
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
add:		
- Subsidy Paid/Contribution To Operations		-
less:		
- TER dividend paid		-
- Dividend paid		-
Closing Retained Profits	**(2,558)**	**(1,790)**
Return on Capital %	**-7.1%**	**-6.3%**
Subsidy from Council	**1,352**	**1,309**

Albury City Council

Balance Sheet of Council's Water Supply Business Activity
as at 30 June 2012

$ '000	Actual 2012	Actual 2011
ASSETS		
Current Assets		
Cash and cash equivalents	679	82
Investments	-	875
Receivables	3,660	3,037
Inventories	302	320
Other	(48)	-
Non-current assets classified as held for sale	-	-
Total Current Assets	**4,593**	**4,314**
Non-Current Assets		
Investments	115	142
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	197,940	196,671
Investments accounted for using equity method	-	-
Investment property	-	-
Other	1,652	1,652
Total non-Current Assets	**199,707**	**198,465**
TOTAL ASSETS	**204,300**	**202,779**
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	86	68
Interest bearing liabilities	-	-
Provisions	511	533
Total Current Liabilities	**597**	**601**
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Total Non-Current Liabilities	**-**	**-**
TOTAL LIABILITIES	**597**	**601**
NET ASSETS	203,703	202,178
EQUITY		
Retained earnings	151,344	153,625
Revaluation reserves	52,359	48,553
TOTAL EQUITY	203,703	202,178

Albury City Council

Balance Sheet of Council's Sewerage Business Activity
as at 30 June 2012

$ '000	Actual 2012	Actual 2011
ASSETS		
Current Assets		
Cash and cash equivalents	4,187	3,104
Investments	-	-
Receivables	5,018	4,707
Inventories	13	13
Other	(49)	-
Non-current assets classified as held for sale	-	-
Total Current Assets	**9,169**	**7,824**
Non-Current Assets		
Investments	400	461
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	161,677	157,703
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	**162,077**	**158,164**
TOTAL ASSETS	**171,246**	**165,988**
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	69	160
Interest bearing liabilities	1,193	1,047
Provisions	398	393
Total Current Liabilities	**1,660**	**1,600**
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	14,471	13,414
Provisions	-	-
Total Non-Current Liabilities	**14,471**	**13,414**
TOTAL LIABILITIES	**16,131**	**15,014**
NET ASSETS	155,115	150,974
EQUITY		
Retained earnings	121,369	120,674
Revaluation reserves	33,746	30,300
TOTAL EQUITY	155,115	150,974

Albury City Council

Balance Sheet of Council's Other Business Activities
as at 30 June 2012

	Airport Operations		Albury Landfill	
$ '000	**Actual 2012**	**Actual 2011**	**Actual 2012**	**Actual 2011**
ASSETS				
Current Assets				
Cash and cash equivalents	420	497	1,144	-
Investments	-	-	-	-
Receivables	363	420	931	521
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	**783**	**917**	**2,075**	**521**
Non-Current Assets				
Investments	849	-	4,379	2,111
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	23,264	23,967	2,418	2,520
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	**24,113**	**23,967**	**6,797**	**4,631**
TOTAL ASSETS	**24,896**	**24,884**	**8,872**	**5,152**
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	38	40	-	30
Interest bearing liabilities	228	211	-	-
Provisions	57	67	51	53
Total Current Liabilities	**323**	**318**	**51**	**83**
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	8,320	8,549	-	-
Provisions	150	153	62	92
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	**8,470**	**8,702**	**62**	**92**
TOTAL LIABILITIES	**8,793**	**9,020**	**113**	**175**
NET ASSETS	16,103	15,864	8,759	4,977
EQUITY				
Retained earnings	10,795	10,586	9,957	6,175
Revaluation reserves	5,308	5,278	(1,198)	(1,198)
TOTAL EQUITY	16,103	15,864	8,759	4,977

Albury City Council

Balance Sheet of Council's Other Business Activities
as at 30 June 2012

	Cemetery Crematorium		Banjora Child Care	
$ '000	**Actual 2012**	**Actual 2011**	**Actual 2012**	**Actual 2011**
ASSETS				
Current Assets				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Receivables	150	89	-	1
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	**150**	**89**	**-**	**1**
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	1,666	2,047	671	733
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	**1,666**	**2,047**	**671**	**733**
TOTAL ASSETS	**1,816**	**2,136**	**671**	**734**
LIABILITIES				
Current Liabilities				
Bank Overdraft	-	-	-	-
Payables	5,242	4,253	551	524
Interest bearing liabilities	-	-	-	-
Provisions	41	53	81	75
Total Current Liabilities	**5,283**	**4,306**	**632**	**599**
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	-	-
Provisions	97	55	52	69
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	**97**	**55**	**52**	**69**
TOTAL LIABILITIES	**5,380**	**4,361**	**684**	**668**
NET ASSETS	(3,564)	(2,225)	(13)	66
EQUITY				
Retained earnings	(3,564)	(2,785)	(107)	(28)
Revaluation reserves	-	560	94	94
TOTAL EQUITY	(3,564)	(2,225)	(13)	66

Albury City Council

Balance Sheet of Council's Other Business Activities
as at 30 June 2012

$ '000	Albury Entertainment Centre Actual 2012	Albury Entertainment Centre Actual 2011
ASSETS		
Current Assets		
Cash and cash equivalents	-	-
Investments	-	-
Receivables	-	-
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	**-**	**-**
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	10,987	11,383
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total Non-Current Assets	**10,987**	**11,383**
TOTAL ASSETS	**10,987**	**11,383**
LIABILITIES		
Current Liabilities		
Bank Overdraft	-	-
Payables	2,483	2,073
Interest bearing liabilities	71	66
Provisions	92	72
Total Current Liabilities	**2,646**	**2,211**
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	2,647	2,718
Provisions	70	62
Other Liabilities	-	-
Total Non-Current Liabilities	**2,717**	**2,780**
TOTAL LIABILITIES	**5,363**	**4,991**
NET ASSETS	5,624	6,392
EQUITY		
Retained earnings	(2,558)	(1,790)
Revaluation reserves	8,182	8,182
TOTAL EQUITY	5,624	6,392

Albury City Council

Special Purpose Financial Statements
for the financial year ended 30 June 2012

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	14
2	Water Supply Business Best Practice Management disclosure requirements	18
3	Sewerage Business Best Practice Management disclosure requirements	20

Albury City Council

Notes to the Special Purpose Financial Reports
for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

a. The Special Purpose Financial Reports

These financial statements are a Special Purpose Financial Report prepared for use by the Council, the Division of Local Government, and the Department of Energy, Utilities and Sustainability. They have been prepared to report the results of business units determined by Council in accordance with the requirements of National Competition Policy guidelines, and the specific requirements relating to Best Practice Management of water and sewer business units.

In preparing these reports, each Business Unit has been viewed as a separate unit, and accordingly transactions between different Business Units, and between Business Units and other Council operations, have not been eliminated.

b. Basis of Accounting

b (i) Compliance

The financial reports comply with the Local Government Code of Accounting Practice and Financial Reporting and the Local Government Asset Accounting Manual, and with the principles of the June 1996 NSW Government Policy Statement *"Application of National Competition Policy to Local Government"*, the Division of Local Government's July 1997 guidelines *"Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality"* and the Department of Energy, Utilities and Sustainability's May 2004 guidelines *"Best-Practice Management of Water Supply and Sewerage".*

Except where directed to the contrary by the above documents, the financial report also complies with all applicable Australian Accounting Standards and other professional pronouncements, and is based on information consistent with that forming the basis of Council's General Purpose Financial Statements for the year.

b (ii) Basis

The Special Purpose Financial Report has been prepared on the accrual basis of accounting and, except where specifically indicated in these Notes or in the Notes to the General Purpose Financial Statements, in accordance with the historical cost convention.

Albury City Council

Notes to the Special Purpose Financial Reports
for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

c. National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the National Competition Policy that is being applied throughout Australia to all levels of government. The framework for its application is set out in the June 1996 Government Policy statement on the "*Application of National Competition Policy to Local Government".*

The Division of Local Government's July 1997 guidelines "*Pricing & Costing for Council Businesses:*
A Guide to Competitive Neutrality" outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid. The Department of Energy, Utilities and Sustainability's May 2004 guidelines *"Best-Practice Management of Water Supply and Sewerage"* include specific requirements relating to the calculation and payment of "dividends" by water supply and sewerage business units.

Declared Business Activities
In accordance with the framework set out in the June 1996 NSW Government Policy Statement "Application of National Competition Policy to Local Government" and other guidelines and documentation in relation to this matter, Council has declared that the following are to be considered as Business Units:

Category 1

Name	Brief Description of Activity
Water Supply	Provision and distribution of secure, safe and potable water to the Albury regional area.
Sewerage Services	Treatment of wastewater.
Albury Airport	Provision of airport and terminal services.
Albury Landfill	Regional facility for disposal of hard waste.

Category 2

Name	Brief Description of Activity
Cemetery & Crematorium	Provision of Cemetery and crematorium services.
Banjora Child Care Services	Provision of long day child care.
Albury Convention and Performing Arts Centre (ACPAC)	Provision of convention and function hire facilities, musical and theatrical performances

Albury City Council

Notes to the Special Purpose Financial Reports
for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

c (i) Taxation Equivalent Payments

Council does not pay certain taxes and duties that are paid by equivalent private sector operations, but is liable for others. The Special Purpose Financial Reports disclose the effect of imputing these taxes to the declared business units at the several rates that would have applied to equivalent private sector operations. From 30 June 2004 the Department of Energy, Utilities and Sustainability's May 2004 guidelines *"Best-Practice Management of Water Supply and Sewerage"* require that **imputed amounts be paid into the general funds** of the Council where it may be applied for any permitted purpose of the Local Government Act 1993 (as amended).

c (ii) Council Rates, Charges & Fees

Council rates have been *imputed* in relation to all non-rateable land, and *applied* in relation to all rateable land, owned or exclusively used by all Business Units. Annual and User Charges, and Regulatory and Other Fees, have been *applied* in relation to all services supplied to Business Units by Council or other Business Units.

c (iii) Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that Council's Business Units face equivalent commercial borrowing costs to private sector competitors. In order to calculate the debt guarantee fees, Council has determined the average differential between actual and commercial borrowing rates for each Business Unit.

c (iv) Corporate Taxation Equivalent

In accordance with the Code of Local Government Accounting Practice and Financial Reporting, income taxation has been calculated on the Operating Result before Capital Amounts disclosed in the Income Statement of the Special Purpose Financial Reports. No allowance has been made for non-deductible items, timing differences or carried forward losses. Australian Accounting Standard AAS 3 "Accounting for Income Tax (Tax Effect Accounting)" has not been applied.

c (v) Dividends Paid

In accordance with National Competition Policy guidelines, it is expected that business units will pay dividends to its owner, Council, equivalent to those paid by private sector competitors.

Council is permitted, but not required, to pay an annual dividend to Council from its water supply or sewerage business surplus. The maximum amount of such dividend permitted under the *"Best-Practice Management of Water Supply and Sewerage"* guidelines is set out at the foot of the relevant Income Statement. Actual payment of the dividend is subject to compliance with the procedures set out in the guidelines.

Albury City Council

Notes to the Special Purpose Financial Reports
for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

c (vi) Return on Investments (Rate of Return)

The Policy statement states that Category 1 businesses "would be expected to generate a rate of return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field." In accordance with the Code of Accounting Practice, the rate of return on monopoly businesses such as water and sewerage services has been set at an amount sufficient to cover costs and replace assets needed to maintain services. For competitive markets, the rate of return has been set equal to or better than the return on Commonwealth 10 year bonds.

In accordance with the Code of Accounting Practice, the rate of return has been calculated as the Operating Result before Capital Amounts plus Interest Expense expressed as a percentage of the carrying value of Property, Plant & Equipment at the reporting date.

c (vii) Notional Subsidy from Council

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis, or accepts a lower rate of return on its investment in the Business Unit than would be acceptable to a private sector competitor.

In accordance with the Code of Accounting Practice, this amount has been calculated as the dollar difference between the required and actual rates of return.

d. Other Accounting Policies and Notes

Other accounting policies relating to the determination of revenues and expenses, and assets and liabilities, not specifically referred to above are reported in Note 1 to the Council's General Purpose Financial Statements, and should be read in conjunction with this Note.

e. Rounding

In accordance with the Code of Accounting Practice all amounts shown in the Financial Statements have been rounded to the nearest thousand dollars. Amounts in Notes 2 & 3 are shown in whole dollars to meet the requirements of the Department of Energy, Utilities and Sustainability.

Albury City Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2012

Note 2. Water Supply Business
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)	2012

1. Calculation and Payment of Tax-Equivalents
[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	38,000
(ii)	No of assessments multiplied by $3/assessment	66,726
(iii)	Amounts payable for Tax Equivalents **[lesser of (i) and (ii)]**	38,000
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends **[Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]**	-
(ii)	No. of assessments multiplied by $30/assessment, less tax equivalent charges/assessment	629,260
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2012, less the cumulative dividends paid for the 2 years to 30 June 2011 & 30 June 2010	(8,244,000)

2012 Surplus	(2,473,000)	**2011 Surplus**	(3,401,000)	**2010 Surplus**	(2,370,000)
		2011 Dividend	-	**2010 Dividend**	-

(iv)	Maximum dividend from surplus **[least of (i), (ii) and (iii) above]**	n/a
(v)	Dividend actually paid from surplus **[refer below for required pre-dividend payment Criteria]**	-

3. Required outcomes for 6 Criteria
[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies **[Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]**	YES
	- Complying charges **[Item 2(b) in Table 1]**	YES
	- DSP with Commercial Developer Charges **[Item 2(e) in Table 1]**	YES
	- If Dual Water Supplies, Complying Charges **[Item 2(g) in Table 1]**	YES
(iii)	Sound Water Conservation and Demand Management implemented	YES
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form **(by 15 September each year)**	YES
(vi)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

Albury City Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2012

Note 2. Water Supply Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)		2012

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) **Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)**	$'000	10,041
NWI F4	Revenue from Residential Usage Charges (Water) **Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]**	%	69.39%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) **Written down current cost of system assets (w47)**	$'000	197,936
NWI F11	Operating Cost (OMA) (Water) **Management Expenses (w1) + Operational & Maintenance Expenses (w2)**	$'000	6,710
NWI F14	Capital Expenditure (Water) **Acquisition of fixed assets (w16)**	$'000	2,444
NWI F17	Economic Real Rate of Return (Water) **[Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]**	%	-1.08%
NWI F26	Capital Works Grants (Water) **Grants for the Acquisition of Assets (w11a)**	$'000	-

Notes:
1. References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
2. The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

Albury City Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2012

Note 3. Sewerage Business
Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)	2012

1. Calculation and Payment of Tax-Equivalents
[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	175,000
(ii)	No of assessments multiplied by $3/assessment	64,542
(iii)	Amounts payable for Tax Equivalents **[lesser of (i) and (ii)]**	64,542
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends **[Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]**	133,500
(ii)	No. of assessments x ($30 less tax equivalent charges per assessment)	580,878
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2012, less the cumulative dividends paid for the 2 years to 30 June 2011 & 30 June 2010	1,541,400

2012 Surplus	267,000	**2011 Surplus**	366,000	**2010 Surplus**	908,400
		2011 Dividend	-	**2010 Dividend**	-

(iv)	Maximum dividend from surplus **[least of (i), (ii) and (iii) above]**	133,500
(v)	Dividend actually paid from surplus **[refer below for required pre-dividend payment Criteria]**	-

3. Required outcomes for 4 Criteria
[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies **[Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]**	YES
	Complying charges **(a)** Residential **[Item 2(c) in Table 1]**	YES
	(b) Non Residential **[Item 2(c) in Table 1]**	YES
	(c) Trade Waste **[Item 2(d) in Table 1]**	YES
	DSP with Commercial Developer Charges **[Item 2(e) in Table 1]**	YES
	Liquid Trade Waste Approvals & Policy **[Item 2(f) in Table 1]**	YES
(iii)	Complete Performance Reporting Form **(by 15 September each year)**	YES
(iv)	a. Integrated Water Cycle Management Evaluation	YES
	b. Complete and implement Integrated Water Cycle Management Strategy	YES

Albury City Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2012

Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)			2012
National Water Initiative (NWI) Financial Performance Indicators			
NWI F2	Total Revenue (Sewerage) **Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)**	$'000	14,544
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) **Written down current cost of system assets (s48)**	$'000	161,677
NWI F12	Operating Cost (Sewerage) **Management Expenses (s1) + Operational & Maintenance Expenses (s2)**	$'000	9,459
NWI F15	Capital Expenditure (Sewerage) **Acquisition of Fixed Assets (s17)**	$'000	-
NWI F18	Economic Real Rate of Return (Sewerage) **[Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]**	%	0.94%
NWI F27	Capital Works Grants (Sewerage) **Grants for the Acquisition of Assets (12a)**	$'000	-
National Water Initiative (NWI) Financial Performance Indicators Water & Sewer (combined)			
NWI F3	Total Income (Water & Sewerage) **Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15)** minus **Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)**	$'000	24,335
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) **Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)**	%	1.23%
NWI F16	Capital Expenditure (Water & Sewerage) **Acquisition of Fixed Assets (w16 + s17)**	$'000	2,444
NWI F19	Economic Real Rate of Return (Water & Sewerage) **[Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]**	%	-0.17%
NWI F20	Dividend (Water & Sewerage) **Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)**	$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) **Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)**	%	0.00%

Albury City Council

Notes to the Special Purpose Financial Statements
for the financial year ended 30 June 2012

Note 3. Sewerage Business
Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)		2012

National Water Initiative (NWI) Financial Performance Indicators
Water & Sewer (combined)

NWI F22 Net Debt to Equity (Water & Sewerage) — % — 2.89%
Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31)
x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]

NWI F23 Interest Cover (Water & Sewerage) — -
Earnings before Interest & Tax (EBIT) divided by Net Interest

Earnings before Interest & Tax (EBIT): - 617
Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10)
- Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c)

Net Interest: 674
Interest Expense (w4a + s4a) - Interest Income (w9 + s10)

NWI F24 Net Profit After Tax (Water & Sewerage) — $'000 — (1,586)
Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))

NWI F25 Community Service Obligations (Water & Sewerage) — $'000 — 300
Grants for Pensioner Rebates (w11b + s12b)

Notes:
1. References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
2. The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

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Independent auditors' report to Albury City Council
Report on the special purpose financial statements

Report on the financial statements

We have audited the accompanying financial statements, being special purpose financial statements, of Albury City Council (the Council), which comprises the balance sheets by business activity as at 30 June 2012, and the income statements by business activity for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

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 and have determined that the preparation described in Note 1 to the financial statements, are appropriate to meet the requirements of the NSW Government Policy Statement "Application of National Competition Policy to Local Government", Division of Local Government Guidelines "Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality", The Local Government Code of Accounting Practice and Financial Reporting and The Department of Water and Energy Practice Management of Water Supply and Sewerage Guidelines and are appropriate to meet the needs of the Council and the Division of Local Government.

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. Those 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 of the financial statements that gives a true and fair view 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 reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

Liability limited by a scheme approved under Professional Standards Legislation
other than for the acts or omissions of financial services licensees

better advice for a better life

Opinion

In our opinion:

(a) the financial statements of Albury City Council are in accordance with the Local Government Code of Accounting Practice and Financial Reporting, including:

(i) giving a true and fair view of the Council's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards to the extent described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Councils' financial reporting responsibilities under the Local Government Code of Accounting Practice and Financial Reporting. As a result, the financial report may not be suitable for another purpose.

The financial statements have been prepared for distribution to Council for the purpose of fulfilling the Council's financial reporting obligations under the Local Government Code of Accounting Practice and Financial Reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council and the Division of Local Government, or for any purpose other than that for which it was prepared.

WHK

WHK Audit & Risk Assessment

Bradley D Bohun
Partner

Dated at Albury this 22nd day of October 2012.

Albury City Council

SPECIAL SCHEDULES
for the year ended 30 June 2012

Albury City Council

Special Schedules
for the financial year ended 30 June 2012

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[1] Special Purpose Schedules are not audited.

Background

(i) These Special Schedules have been designed to meet the requirements of special purpose users such as;

- the NSW Grants Commission
- the Australian Bureau of Statistics (ABS),
- the NSW Office of Water,
- the Department of Environment, Climate Change and Water, and
- the Division of Local Government (DLG).

(ii) The financial data is collected for various uses including;

- the allocation of Financial Assistance Grants,
- the incorporation of Local Government financial figures in national statistics,
- the monitoring of loan approvals,
- the allocation of borrowing rights, and
- the monitoring of the financial activities of specific services.

Albury City Council

Special Schedule No. 1 - Net Cost of Services
for the financial year ended 30 June 2012

$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	**616**	**-**	**-**	**(616)**
Administration	**13,260**	**(1,787)**	**501**	**(14,546)**
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	806	139	-	**(667)**
Enforcement of Local Govt. Regulations	85	914	-	**829**
Animal Control	950	130	-	**(820)**
Other	190	176	-	**(14)**
Total Public Order & Safety	**2,031**	**1,359**	**-**	**(672)**
Health	**295**	**117**	**-**	**(178)**
Environment				
Noxious Plants and Insect/Vermin Control	204	24	-	**(180)**
Other Environmental Protection	329	41	-	**(288)**
Solid Waste Management	7,031	10,938	29	**3,936**
Street Cleaning	-	-	-	**-**
Drainage	3,564	-	-	**(3,564)**
Stormwater Management	-	-	-	**-**
Total Environment	**11,128**	**11,003**	**29**	**(96)**
Community Services and Education				
Administration & Education	705	22	78	**(605)**
Social Protection (Welfare)	355	92	-	**(263)**
Aged Persons and Disabled	2	-	-	**(2)**
Children's Services	3,300	2,908	-	**(392)**
Total Community Services & Education	**4,362**	**3,022**	**78**	**(1,262)**
Housing and Community Amenities				
Public Cemeteries	1,020	830	-	**(190)**
Street Lighting	1,091	152	-	**(939)**
Town Planning	1,085	348	-	**(737)**
Other Community Amenities	1,748	239	122	**(1,387)**
Total Housing and Community Amenities	**4,944**	**1,569**	**122**	**(3,253)**
Water Supplies	**9,985**	**9,708**	**444**	**167**
Sewerage Services	**11,141**	**13,203**	**651**	**2,713**

Albury City Council

Special Schedule No. 1 - Net Cost of Services (continued)
for the financial year ended 30 June 2012

$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	2,267	249	-	**(2,018)**
Museums	636	49	-	**(587)**
Art Galleries	723	63	-	**(660)**
Community Centres and Halls	537	43	-	**(494)**
Performing Arts Venues	2,115	1,465	-	**(650)**
Other Cultural Services	1,385	248	-	**(1,137)**
Sporting Grounds and Venues	897	274	-	**(623)**
Swimming Pools	613	132	-	**(481)**
Parks & Gardens (Lakes)	5,581	31	361	**(5,189)**
Other Sport and Recreation	2,762	841	-	**(1,921)**
Total Recreation and Culture	**17,516**	**3,395**	**361**	**(13,760)**
Mining, Manufacturing and Construction				
Building Control	5,134	732	-	**(4,402)**
Total Mining, Manufacturing and Const.	**5,134**	**732**	**-**	**(4,402)**
Transport and Communication				
Urban Roads (UR) - Local	8,624	3,082	2,370	**(3,172)**
Parking Areas	368	-	-	**(368)**
Aerodromes	4,597	6,321	-	**1,724**
Total Transport and Communication	**13,589**	**9,403**	**2,370**	**(1,816)**
Economic Affairs				
Other Economic Affairs	2,853	869	-	**(1,984)**
Total Economic Affairs	**2,853**	**869**	**-**	**(1,984)**
Totals – Functions	**96,854**	**52,593**	**4,556**	**(39,705)**
General Purpose Revenues(2)		**39,721**		**39,721**
Share of interests - joint ventures & associates using the equity method	**-**	**3**		**3**
NET OPERATING RESULT(1)	**96,854**	**92,317**	**4,556**	**19**

(1) As reported in the Income Statement | (2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants & Interest on Investments (excl. Ext. Restricted Assets)

Albury City Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2012

$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	**-**							-	**-**
Treasury Corporation	-	-	**-**							-	**-**
Other State Government	-	-	**-**							-	**-**
Public Subscription	-	-	**-**							-	**-**
Financial Institutions	2,805	41,244	**44,049**	11,450	2,920			3,257	3,127	49,452	**52,579**
Other	-	-	**-**							-	**-**
Total Loans	**2,805**	**41,244**	**44,049**	**11,450**	**2,920**	**-**	**-**	**3,257**	**3,127**	**49,452**	**52,579**
Other Long Term Debt											
Ratepayers Advances	-	-	**-**							-	**-**
Government Advances	-	-	**-**							-	**-**
Finance Leases	115	-	**115**	-	115			2	-	-	**-**
Deferred Payments	-	-	**-**							-	**-**
Total Long Term Debt	**115**	**-**	**115**	**-**	**115**	**-**	**-**	**2**	**-**	**-**	**-**
Total Debt	**2,920**	**41,244**	**44,164**	**11,450**	**3,035**	**-**	**-**	**3,259**	**3,127**	**49,452**	**52,579**

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

Albury City Council

Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993]
for the financial year ended 30 June 2012

$'000

Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General			
Water			
Sewer			
Domestic Waste Management			
Gas			
Other			
Totals	-	-	-

Note: The summary of Internal Loans (above) represents the total of Council's Internal Loans categorised according to the borrower.

Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
Totals							-	-	-

Albury City Council

Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

$'000	Actuals 2012	Actuals 2011
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	2,332	2,299
b. Engineering and Supervision	170	187
2. Operation and Maintenance expenses		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	-	-
d. Maintenance expenses	784	838
- Reservoirs		
e. Operation expenses	216	199
f. Maintenance expenses	37	33
- Pumping Stations		
g. Operation expenses (excluding energy costs)	-	-
h. Energy costs	1,654	1,364
i. Maintenance expenses	212	238
- Treatment		
j. Operation expenses (excluding chemical costs)	458	426
k. Chemical costs	163	142
l. Maintenance expenses	219	234
- Other		
m. Operation expenses	355	304
n. Maintenance expenses	-	-
o. Purchase of water	110	105
3. Depreciation expenses		
a. System assets	5,470	5,207
b. Plant and equipment	2	9
4. Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	**12,182**	**11,585**

Albury City Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

$'000		Actuals 2012	Actuals 2011
	Income		
6.	**Residential charges**		
	a. Access (including rates)	1,683	1,676
	b. Usage charges	3,816	2,692
7.	**Non-residential charges**		
	a. Access (including rates)	585	559
	b. Usage charges	2,549	1,836
8.	**Extra charges**	-	-
9.	**Interest income**	110	150
10.	**Other income**	816	727
11.	**Grants**		
	a. Grants for acquisition of assets	-	-
	b. Grants for pensioner rebates	147	140
	c. Other grants	-	-
12.	**Contributions**		
	a. Developer charges	290	444
	b. Developer provided assets	155	274
	c. Other contributions	-	-
13.	**Total income**	**10,151**	**8,498**
14.	**Gain (or loss) on disposal of assets**	(250)	-
15.	**Operating Result**	**(2,281)**	**(3,087)**
15a.	**Operating Result (less grants for acquisition of assets)**	(2,281)	(3,087)

Albury City Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

$'000		Actuals 2012	Actuals 2011
B	**Capital transactions**		
	Non-operating expenditures		
16.	**Acquisition of Fixed Assets**		
	a. New Assets for Improved Standards	2,444	86
	b. New Assets for Growth	-	916
	c. Renewals	-	1,135
	d. Plant and equipment	-	-
17.	**Repayment of debt**		
	a. Loans	-	-
	b. Advances	-	-
	c. Finance leases	-	-
18.	**Transfer to sinking fund**	-	-
19.	**Totals**	**2,444**	**2,137**
	Non-operating funds employed		
20.	**Proceeds from disposal of assets**	-	-
21.	**Borrowing utilised**		
	a. Loans	-	-
	b. Advances	-	-
	c. Finance leases	-	-
22.	**Transfer from sinking fund**	-	-
23.	**Totals**	**-**	**-**
C	**Rates and charges**		
24.	**Number of assessments**		
	a. Residential (occupied)	20,262	20,107
	b. Residential (unoccupied, ie. vacant lot)	-	-
	c. Non-residential (occupied)	1,980	1,975
	d. Non-residential (unoccupied, ie. vacant lot)	-	-
25.	**Number of ETs for which developer charges were received**	48 ET	153 ET
26.	**Total amount of pensioner rebates (actual dollars)**	$ 266,679	$ 254,599

Albury City Council

Special Schedule No. 3 - Water Supply Cross Subsidies
for the financial year ended 30 June 2012

$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	Yes		
If Yes, go to 28a. If No, please report if council has removed **land value** from access charges (ie rates)?			
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy **from** residential customers using less than allowance (page 25 of Guidelines)			
c. Cross-subsidy **to** non-residential customers (page 24 of Guidelines)			
d. Cross-subsidy **to** large connections in unmetered supplies (page 26 of Guidelines)			
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	Yes		
b. Total cross-subsidy in water supply developer charges for 2011/12 (page 47 of Guidelines)			
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			-

* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

Albury City Council

Special Schedule No. 4 - Water Supply Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2012

$'000		Actuals Current	Actuals Non Current	Actuals Total
	ASSETS			
30.	**Cash and investments**			
	a. Developer charges	-	127	**127**
	b. Special purpose grants	-	-	**-**
	c. Accrued leave	128	-	**128**
	d. Unexpended loans	-	-	**-**
	e. Sinking fund	-	-	**-**
	f. Other	491	-	**491**
31.	**Receivables**			
	a. Specific purpose grants	140	-	**140**
	b. Rates and Availability Charges	2	-	**2**
	c. Other (including User Charges)	3,518	-	**3,518**
32.	**Inventories**	302	-	**302**
33.	**Property, plant and equipment**			
	a. System assets	-	197,936	**197,936**
	b. Plant and equipment	-	4	**4**
34.	**Other assets**	-	1,652	**1,652**
35.	**Total assets**	**4,581**	**199,719**	**204,300**
	LIABILITIES			
36.	**Bank overdraft**	-	-	**-**
37.	**Creditors**	85	-	**85**
38.	**Borrowings**			
	a. Loans	-	-	**-**
	b. Advances	-	-	**-**
	c. Finance leases	-	-	**-**
39.	**Provisions**			
	a. Tax equivalents	-	-	**-**
	b. Dividend	-	-	**-**
	c. Other	512	-	**512**
40.	**Total liabilities**	**597**	**-**	**597**
41.	**NET ASSETS COMMITTED**	**3,984**	**199,719**	**203,703**
	EQUITY			
42.	Accumulated surplus			151,345
43	Asset revaluation reserve			52,358
44.	**TOTAL EQUITY**			**203,703**
	Note to system assets:			
45.	**Current replacement cost** of system assets			385,001
46.	Accumulated **current cost** depreciation of system assets			(187,065)
47.	Written down **current cost** of system assets			**197,936**

Albury City Council

Special Schedule No. 5 - Sewerage Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

$'000		Actuals 2012	Actuals 2011
A	**Expenses and Income**		
	Expenses		
1.	**Management expenses**		
	a. Administration	2,940	2,843
	b. Engineering and Supervision	166	156
2.	**Operation and Maintenance expenses**		
	- Mains		
	a. Operation expenses	-	-
	b. Maintenance expenses	754	733
	- Pumping Stations		
	c. Operation expenses (excluding energy costs)	60	84
	d. Energy costs	474	344
	e. Maintenance expenses	511	510
	- Treatment		
	f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	708	658
	g. Chemical costs	115	121
	h. Energy costs	709	591
	i. Effluent Management	340	271
	j. Biosolids Management	594	509
	k. Maintenance expenses	607	521
	- Other		
	l. Operation expenses	1,460	1,398
	m. Maintenance expenses	21	17
3.	**Depreciation expenses**		
	a. System assets	3,534	3,419
	b. Plant and equipment	27	81
4.	**Miscellaneous expenses**		
	a. Interest expenses	979	1,112
	b. Revaluation Decrements	-	-
	c. Other expenses	45	61
	d. Tax Equivalents Dividends (actually paid)	-	-
5.	**Total expenses**	**14,044**	**13,429**

Albury City Council

Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

$'000		Actuals 2012	Actuals 2011
	Income		
6.	**Residential charges** (including rates)	8,866	8,732
7.	**Non-residential charges**		
	a. Access (including rates)	668	660
	b. Usage charges	2,344	2,013
8.	**Trade Waste Charges**		
	a. Annual Fees	-	-
	b. Usage charges	-	-
	c. Excess mass charges	434	355
	d. Re-inspection fees	-	-
9.	**Extra charges**	-	-
10.	**Interest income**	195	254
11.	**Other income**	1,428	1,256
12.	**Grants**		
	a. Grants for acquisition of assets	-	-
	b. Grants for pensioner rebates	153	153
	c. Other grants	-	-
13.	**Contributions**		
	a. Developer charges	398	558
	b. Developer provided assets	253	334
	c. Other contributions	-	-
14.	**Total income**	**14,739**	**14,315**
15.	**Gain (or loss) on disposal of assets**	-	6
16.	**Operating Result**	**695**	**892**
16a.	**Operating Result (less grants for acquisition of assets)**	695	892

Albury City Council

Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2012

$'000		Actuals 2012	Actuals 2011
B	**Capital transactions**		
	Non-operating expenditures		
17.	**Acquisition of Fixed Assets**		
	a. New Assets for Improved Standards	-	322
	b. New Assets for Growth	-	586
	c. Renewals	-	1,306
	d. Plant and equipment	-	-
18.	**Repayment of debt**		
	a. Loans	-	1,228
	b. Advances	-	-
	c. Finance leases	-	-
19.	**Transfer to sinking fund**	-	-
20.	**Totals**	**-**	**3,442**
	Non-operating funds employed		
21.	**Proceeds from disposal of assets**	-	-
22.	**Borrowing utilised**		
	a. Loans	-	-
	b. Advances	-	-
	c. Finance leases	-	-
23.	**Transfer from sinking fund**	-	-
24.	**Totals**	**-**	**-**
C	**Rates and charges**		
25.	**Number of assessments**		
	a. Residential (occupied)	19,717	18,896
	b. Residential (unoccupied, ie. vacant lot)	-	-
	c. Non-residential (occupied)	1,797	1,626
	d. Non-residential (unoccupied, ie. vacant lot)	-	-
26.	**Number of ETs for which developer charges were received**	ET	268 ET
27.	**Total amount of pensioner rebates (actual dollars)**	$ 290,611	$ 277,987

Albury City Council

Special Schedule No. 5 - Sewerage Cross Subsidies
for the financial year ended 30 June 2012

$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	Yes		
If Yes, go to 29a. If No, please report if council has removed **land value** from access charges (ie rates)?			
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy **to** non-residential customers (page 45 of Guidelines)			
c. Cross-subsidy **to** trade waste discharges (page 46 of Guidelines)			
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	Yes		
b. Total cross-subsidy in sewerage developer charges for 2011/12 (page 47 of Guidelines)			
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			-

* Councils which have not yet implemented best practice sewer pricing & liquid waste prising should disclose cross-subsidies in items 28b and 28c above.

However, disclosure of cross-subsidies is **not** required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.

Albury City Council

Special Schedule No. 6 - Sewerage Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2012

$'000		Actuals Current	Actuals Non Current	Actuals Total
	ASSETS			
31.	**Cash and investments**			
	a. Developer charges	-	922	**922**
	b. Special purpose grants	-	-	**-**
	c. Accrued leave	99	-	**99**
	d. Unexpended loans	-	-	**-**
	e. Sinking fund	-	-	**-**
	f. Other	3,517	-	**3,517**
32.	**Receivables**			
	a. Specific purpose grants	153	-	**153**
	b. Rates and Availability Charges	8	-	**8**
	c. Other (including User Charges)	4,857	-	**4,857**
33.	**Inventories**	13	-	**13**
34.	**Property, plant and equipment**			
	a. System assets	-	161,677	**161,677**
	b. Plant and equipment	-	-	**-**
35.	**Other assets**	-	-	**-**
36.	**Total Assets**	**8,647**	**162,599**	**171,246**
	LIABILITIES			
37.	**Bank overdraft**	-	-	**-**
38.	**Creditors**	69	-	**69**
39.	**Borrowings**			
	a. Loans	1,193	14,471	**15,664**
	b. Advances	-	-	**-**
	c. Finance leases	-	-	**-**
40.	**Provisions**			
	a. Tax equivalents	-	-	**-**
	b. Dividend	-	-	**-**
	c. Other	398	-	**398**
41.	**Total Liabilities**	**1,660**	**14,471**	**16,131**
42.	**NET ASSETS COMMITTED**	**6,987**	**148,128**	**155,115**
	EQUITY			
42.	Accumulated surplus			121,369
44.	Asset revaluation reserve			33,746
45.	**TOTAL EQUITY**			**155,115**
	Note to system assets:			
46.	**Current replacement cost** of system assets			323,157
47.	Accumulated **current cost** depreciation of system assets			(161,480)
48.	Written down **current cost** of system assets			**161,677**

Albury City Council

Notes to Special Schedule No.'s 3 & 5
for the financial year ended 30 June 2012

Administration [1]
(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Meter reading.
- Bad and doubtful debts.
- Other administrative/corporate support services.

Engineering and supervision [1]
(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.
- Other technical and supervision staff:
  - Salaries and allowance
  - Travelling expenses
  - Accrual of leave entitlements
  - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Residential charges [2] (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b Usage Charges.

Non-residential charges [2] (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b Usage Charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

Other income (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) incl. capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

Notes:

[1] Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

[2] To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Special Schedule No. 7 - Condition of Public Works

as at 30 June 2012

$'000

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n Expense ($)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition#.	Estimated cost to bring up to a satisfactory condition / standard (1)	Required(2) Annual Maintenance	Current(3) Annual Maintenance
		per Note 1	per Note 4	<<<<<<<<<<< per Note 9 >>>>>>>>>>>							
Buildings	Non Specialised	1.7 - 7.76%	4,125		162,489	69,924	92,565	2	2,190	1,274	1,333
	sub total		**4,125**	**-**	**162,489**	**69,924**	**92,565**		**2,190**	**1,274**	**1,333**
Other Structures	Assets not included in Buildings	10-010%	284		7,142	2,195	4,947	2	109		
	sub total		**284**	**-**	**7,142**	**2,195**	**4,947**		**109**	**-**	**-**
Public Roads	Sealed Roads - Pavements	1.33 - 2.5%	3,854		297,208	130,233	166,975	2	5,024	1,860	1,998
	Sealed Roads - Seal	2.0- 6.67%	1,880		70,434	31,241	39,193	3	3,405	441	473
	Bridges	1.00%	109		10,729	2,673	8,056	2	30	67	72
	Paths	2.00%	476		24,244	8,919	15,325	2	60	152	163
	Kerb and Gutter	1.00%	908		69,761	27,366	42,395	2	340	437	469
	Road Furniture	20.00%	-		129	129	-	2	129	1	1
	Carparks	1.0 - 1.67%	103		16,856	1,000	15,856	2		105	113
	Pedestrian/Cycle Bridges	1.00%	7		792	69	723	2	21	5	5
	sub total		**7,337**	**-**	**490,153**	**201,630**	**288,523**		**9,009**	**3,068**	**3,294**

Special Schedule No. 7 - Condition of Public Works (continued)
as at 30 June 2012

$'000

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n Expense ($)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition[#]	Estimated cost to bring up to a satisfactory condition / standard [(1)]	Required[(2)] Annual Maintenance	Current[(3)] Annual Maintenance
		per Note 1	per Note 4	<<<<<<<<<<< per Note 9 >>>>>>>>>>>							
Water	Water Filtration Plants	1.0 - 2.0%	381		30,568	9,277	21,291	2	-	244	228
	Reservoirs	1.11 - 5.0%	317		29,883	12,176	17,707	2	1,551	238	223
	Pipeline	1.33 - 2.5%	4,242		268,627	124,310	144,317	2	8,135	2,143	2,003
	Pump Station	1.0 - 3.33%	292		12,393	7,880	4,513	2	1,740	99	92
	Water Meters	4.0 - 6.67%	205		13,558	6,422	7,136	3	1,069	108	101
	sub total		**5,437**	**-**	**355,029**	**160,065**	**194,964**		**12,495**	**2,832**	**2,647**
Sewerage	Pump Stations	1.0 - 4.0%	508		21,430	13,124	8,306	2	1,817	171	160
	Pipeline	1.0 - 3.33%	2,001		179,925	87,698	92,227	3	6,631	1,435	1,342
	Manholes	1.28%	370		33,573	14,509	19,064	2	1,131	268	250
	Air Vent Stacks	1.67%	5		868	673	195	3	533	7	6
	Treatment Works	1.0 - 5.0%	579		52,744	20,473	32,271	2	-	421	393
	sub total		**3,463**	**-**	**288,540**	**136,477**	**152,063**		**10,112**	**2,302**	**2,151**

Special Schedule No. 7 - Condition of Public Works (continued)

as at 30 June 2012

$'000

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n Expense ($)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition#.	Estimated cost to bring up to a satisfactory condition / standard (1)	Required(2) Annual Maintenance	Current(3) Annual Maintenance
		per Note 1	per Note 4	<<<<<<<<<<< per Note 9 >>>>>>>>>>>							
Drainage Works	Stormwater Drainage	1.00%	835		84,856	21,907	62,949	3	-	677	633
	Open Channels	1.00%	262		26,707	7,265	19,442	3	2,000	213	199
	Pumps	1.00%	5		462	60	402	1	-	4	3
	Levees	1.00%	26		2,640	343	2,297	2	-	21	20
	sub total		**1,128**	**-**	**114,665**	**29,575**	**85,090**		**2,000**	**915**	**855**
	TOTAL - ALL ASSETS		**21,774**	**-**	**1,418,018**	**599,866**	**818,152**		**35,915**	**10,391**	**10,280**

Notes:

(1). Satisfactory refers to estimated cost to bring the asset to a satisfactory condition as deemed by Council. It does not include any planned enhancements to the existing asset.

(2). Required Annual Maintenance is what should be spent to maintain assets in a satisfactory standard.

(3). Current Annual Maintenance is what has been spent in the current year to maintain assets.

 # Asset Condition "Key" - as per the DLG Integrated Planning & Reporting Manual

1	**Excellent** - No work required (normal maintenance)
2	**Good** - Only minor maintenance work required
3	**Average** - Maintenance work required
4	**Poor** - Renewal required
5	**Very Poor** - Urgent renewal/upgrading required

Albury City Council

Special Schedule No. 8 - Financial Projections
as at 30 June 2012

$'000	Actual [1] 11/12	Forecast 12/13	Forecast 13/14	Forecast 14/15	Forecast 15/16
(i) OPERATING BUDGET					
Income from continuing operations	96,873	99,174	103,560	110,654	113,125
Expenses from continuing operations	96,854	104,036	106,665	110,188	114,314
Operating Result from Continuing Operations	**19**	**(4,862)**	**(3,105)**	**466**	**(1,189)**
(ii) CAPITAL BUDGET					
New Capital Works [2]	22,828	22,256	20,314	27,812	26,573
Replacement/Refurbishment of Existing Assets					
Total Capital Budget	**22,828**	**22,256**	**20,314**	**27,812**	**26,573**
Funded by:					
– Loans	9,600	10,200	6,000	7,200	5,000
– Asset sales	1,578		2,200		
– Reserves					
– Grants/Contributions	11,650	12,056	12,114	20,612	21,573
– Recurrent revenue					
– Other					
	22,828	**22,256**	**20,314**	**27,812**	**26,573**

Notes:

(1) From 11/12 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.