Albury City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Albury City Council

General Purpose Financial Statements
for the financial year ended 30 June 2015

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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 detailed in Paragraph 8 of the LGA and includes giving Council;

- the ability to provide goods, services & facilities, and to carry out activities appropriate to the current & future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the 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 26 October 2015. Council has the power to amend and reissue these financial statements.

Albury City Council

General Purpose Financial Statements
for the financial year ended 30 June 2015

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 26 October 2015.

Henk van de Ven
MAYOR

David Thurley
COUNCILLOR

Frank Zaknich
GENERAL MANAGER

Justin Finlayson
RESPONSIBLE ACCOUNTING OFFICER

Albury City Council

Income Statement
for the financial year ended 30 June 2015

Budget 2015 [1]	$ '000	Notes	Actual 2015	Actual 2014
	Income from Continuing Operations			
	Revenue:			
56,968	Rates & Annual Charges	3a	56,819	53,508
37,913	User Charges & Fees	3b	37,099	37,188
1,650	Interest & Investment Revenue	3c	2,447	2,457
2,945	Other Revenues	3d	8,862	2,620
8,939	Grants & Contributions provided for Operating Purposes	3e,f	9,785	6,115 [2]
5,915	Grants & Contributions provided for Capital Purposes	3e,f	12,596	19,248
	Other Income:			
700	Net gains from the disposal of assets	5	-	-
30	Net Share of interests in Joint Ventures & Associates using the equity method	19	60	30
115,060	Total Income from Continuing Operations		127,668	121,166
	Expenses from Continuing Operations			
35,256	Employee Benefits & On-Costs	4a	34,069	33,231
3,786	Borrowing Costs	4b	3,322	3,535
24,331	Materials & Contracts	4c	24,288	22,846
26,157	Depreciation & Amortisation	4d	26,112	25,354
-	Impairment	4d	-	16
15,014	Other Expenses	4e	10,573	14,052
-	Net Losses from the Disposal of Assets	5	2,857	1,642
104,544	Total Expenses from Continuing Operations		101,221	100,676
10,516	Operating Result from Continuing Operations		**26,447**	**20,490**
10,516	Net Operating Result for the Year		26,447	20,490
10,516	**Net Operating Result attributable to Council**		26,447	20,490
4,601	**Net Operating Result for the year before Grants and Contributions provided for Capital Purposes**		13,851	1,242

Albury City Council

Statement of Comprehensive Income
for the financial year ended 30 June 2015

$ '000	Notes	Actual 2015	Actual 2014
Net Operating Result for the year (as per Income statement)		**26,447**	**20,490**
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	55,570	109,948
Total Items which will not be reclassified subsequently to the Operating Result		*55,570*	*109,948*
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Other Movements in reserves	20b (ii)	-	-
Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met		*(270)*	-
Total Other Comprehensive Income for the year		**55,300**	**109,948**
Total Comprehensive Income for the Year		81,747	130,438
Total Comprehensive Income attributable to Council		81,747	130,438
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Albury City Council

Statement of Financial Position
as at 30 June 2015

$ '000	Notes	Actual 2015	Actual 2014
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	28,712	27,917
Investments	6b	40,174	28,426
Receivables	7	19,276	16,033
Inventories	8	4,661	4,966
Other	8	170	171
Total Current Assets		**92,993**	**77,513**
Non-Current Assets			
Receivables	7	5,220	5,220
Infrastructure, Property, Plant & Equipment	9	1,132,809	1,071,883
Investments accounted for using the equity method	19	822	976
Intangible Assets	25	1,575	1,845
Total Non-Current Assets		**1,140,426**	**1,079,924**
TOTAL ASSETS		1,233,419	1,157,437
LIABILITIES			
Current Liabilities			
Payables	10	10,436	9,927
Borrowings	10	3,413	3,078
Provisions	10	9,301	9,985
Total Current Liabilities		**23,150**	**22,990**
Non-Current Liabilities			
Borrowings	10	45,086	45,899
Provisions	10	3,276	8,388
Total Non-Current Liabilities		**48,362**	**54,287**
TOTAL LIABILITIES		71,512	77,277
Net Assets		1,161,907	1,080,160
EQUITY			
Retained Earnings	20	681,908	655,461
Revaluation Reserves	20	479,999	424,699
Council Equity Interest		1,161,907	1,080,160
Total Equity		1,161,907	1,080,160

Albury City Council

Statement of Changes in Equity
for the financial year ended 30 June 2015

$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2015						
Opening Balance		655,461	424,699	**1,080,160**	-	**1,080,160**
c. Net Operating Result for the Year		**26,447**		**26,447**	**-**	**26,447**
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)		55,570	**55,570**		**55,570**
- Revaluations: Intangible Assets	20b (ii)		(270)	**(270)**		**(270)**
Other Comprehensive Income		**-**	**55,300**	**55,300**	**-**	**55,300**
Total Comprehensive Income (c&d)		**26,447**	**55,300**	**81,747**	**-**	**81,747**
Equity - Balance at end of the reporting period		**681,908**	**479,999**	**1,161,907**	**-**	**1,161,907**

$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2014						
Opening Balance		634,971	314,751	**949,722**	-	**949,722**
c. Net Operating Result for the Year		20,490	-	**20,490**	-	**20,490**
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	109,948	**109,948**	-	**109,948**
Other Comprehensive Income		**-**	**109,948**	**109,948**	**-**	**109,948**
Total Comprehensive Income (c&d)		**20,490**	**109,948**	**130,438**	**-**	**130,438**
Equity - Balance at end of the reporting period		**655,461**	**424,699**	**1,080,160**	**-**	**1,080,160**

Albury City Council

Statement of Cash Flows
for the financial year ended 30 June 2015

Budget 2015	$ '000	Notes	Actual 2015	Actual 2014
	Cash Flows from Operating Activities			
	Receipts:			
56,970	Rates & Annual Charges		56,171	53,646
37,911	User Charges & Fees		36,747	39,152
1,650	Investment & Interest Revenue Received		2,227	1,751
14,854	Grants & Contributions		18,353	14,097
-	Bonds, Deposits & Retention amounts received		-	162
2,975	Other		12,633	5,890
	Payments:			
(35,256)	Employee Benefits & On-Costs		(34,305)	(33,322)
(24,331)	Materials & Contracts		(26,048)	(25,609)
(3,786)	Borrowing Costs		(3,195)	(3,379)
-	Bonds, Deposits & Retention amounts refunded		(98)	-
(12,521)	Other		(19,911)	(14,218)
38,466	**Net Cash provided (or used in) Operating Activities**	11b	42,574	38,170
	Cash Flows from Investing Activities			
	Receipts:			
-	Sale of Investment Securities		-	457
480	Sale of Real Estate Assets		672	600
796	Sale of Infrastructure, Property, Plant & Equipment		451	357
34	Deferred Debtors Receipts		-	-
-	Distributions Received from Joint Ventures & Associates		-	173
	Payments:			
-	Purchase of Investment Securities		(11,748)	(13,406)
(45,796)	Purchase of Infrastructure, Property, Plant & Equipment		(30,855)	(20,366)
(824)	Purchase of Real Estate Assets		(35)	(222)
	Contributions Paid to Joint Ventures & Associates		214	-
(45,310)	**Net Cash provided (or used in) Investing Activities**		(41,301)	(32,407)
	Cash Flows from Financing Activities			
	Receipts:			
12,050	Proceeds from Borrowings & Advances		2,600	-
	Payments:			
(3,606)	Repayment of Borrowings & Advances		(3,078)	(2,875)
8,444	**Net Cash Flow provided (used in) Financing Activities**		(478)	(2,875)
1,600	**Net Increase/(Decrease) in Cash & Cash Equivalents**		795	2,888
44,313	plus: **Cash & Cash Equivalents - beginning of year**	11a	27,917	25,029
45,913	**Cash & Cash Equivalents - end of the year**	11a	28,712	27,917

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below in order to assist in its general understanding.

Under Australian Accounting Standards (AASBs), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

(a) Basis of preparation

(i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with;

- Australian Accounting Standards and Australian Accounting Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act (1993) & Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

(ii) New and amended standards adopted by Council

During the current year, the following relevant accounting standards became mandatory and have been adopted by Council:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosures of Interests in Other Entities
- AASB 128 Associates and Joint Ventures

AASB 10 introduced a new definition of control based on the substance of the relationship and required Councils to consider their involvement with other entities regardless of whether there was a financial interest.

AASB 11 classified joint arrangements into either joint ventures (equity accounting) or joint operations (accounting for share of assets and liabilities).

AASB 12 has increased the level of disclosures required where Council has any interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

AASB 128 prescribes the accounting treatment for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

As a result of adopting these standards Council's share of Joint Ventures has been categorised as individually immaterial to the consolidated financial statements and the Wonga Wetlands Conservation Association has been categorised as an associate of Council, although it is also not considered material to the financial statements, refer Note 19.

(iii) Early adoption of Accounting Standards

Council has not elected to apply amended standard AASB 2015-7 "Fair Value Disclosures of Not-for-Profit Public Sector Entities". Refer to paragraph (x) for further information regarding Standards with future operative dates that are not mandatory for reporting periods ending 30 June 2015.

(iv) Basis of Accounting

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities and certain classes of property, plant and equipment and investment property.

The accrual basis of accounting has also been applied in their preparation.

(v) Changes in Accounting Policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated (refer Note 20(d)).

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(vi) Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs). Accordingly this requires management to exercise its judgement in the process of applying the Council's accounting policies.

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

Critical accounting estimates and assumptions

Estimates and assumptions concerning the future will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

(i) Estimated landfill remediation provision, refer Note 1(o).

(ii) Estimated fair values of infrastructure, property, plant and equipment.

(iii) Estimated carbon tax provision, refer Note 19(2)(iv).

Critical judgements in applying Council's accounting policies

(i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

(ii) Projected Section 94 Commitments - Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to it and specific criteria have been met for each of the Council's activities as described below.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

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.

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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.

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, (i) it is probable that the economic benefits comprising the contribution will flow to the Council and (ii) the amount of the contribution can be measured reliably.

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

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

schedules. A detailed Note relating to developer contributions can be found at Note 17.

User Charges, Fees and Other Income

User charges, fees and other income (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

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

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.

Interest and Rents

Rental income is accounted for on a straight-line basis over the lease term.

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

Other Income

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

(c) Principles of Consolidation

These financial statements incorporate (i) the assets and liabilities of Council and any entities (or operations) that it controls (as at 30 June 2015) and (ii) all the related operating results (for the financial year ended the 30th June 2015).

(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 Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the Consolidated Fund:

- General Purpose Operations
- Water Supply
- Sewerage Service

(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 statements.

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

(iii) Joint Arrangements

AASB 11 Joint Arrangements defines a joint arrangement as an arrangement of which two or more parties have joint control and classifies these arrangements as either joint ventures or joint operations.

The Council has only joint ventures.

Joint ventures are those joint arrangements which provide the Council with rights to the net assets of the arrangements. Interests in joint ventures are accounted for using the equity method in accordance with AASB 128 Associates and Joint Ventures. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(d) Leases

Operating Leases

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

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(e) Cash and Cash Equivalents

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes:

- cash on hand,
- deposits held at call with financial institutions, and
- other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Investments and Other Financial Assets

Classification

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- loans and receivables, and
- held-to-maturity investments.

Each classification depends on the purpose for which the investment was acquired.

Management determines each investment classification at the time of initial recognition and in the case of assets classified as held-to-maturity re-evaluates this designation at each reporting date.

(i) Loans and receivables

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

They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

In contrast to the "Loans and Receivables" classification, these investments are generally quoted in an active market.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs.

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

(ii) Subsequent Measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(iii) Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

Investment Policy

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order.

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

(g) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(h) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

Raw materials and stores, work in progress and finished goods in respect of business undertakings are all stated at the lower of cost and net realisable value.

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.

Land Held for Resale/Capitalisation of Borrowing Costs

Land held for resale is stated at the lower of cost and net realisable value.

Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development.

(i) Infrastructure, Property, Plant and Equipment (I,PP&E)

Acquisition of assets

Council's non-current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Office of Local Government.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

At balance date, the following classes of I,PP&E were stated at their Fair Value:

- **Water and Sewerage Networks**
  (Internal Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**
  (External Valuation)
- **Plant and Equipment**
  (as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**
  (Internal Valuation)
- **Drainage Assets** (Internal Valuation)
- **Community Land** (External Valuation)
- **Land Improvements**
  (as approximated by depreciated historical cost)
- **Other Structures**
  (as approximated by depreciated historical cost)
- **Other Assets**
  (as approximated by depreciated historical cost)

Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

Subsequent costs

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.

Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

- Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve.
- To the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water - Rates Reference Manual.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds $5,000.

Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Land is not depreciated.

Estimated useful lives for Council's I,PP&E include:

Plant & Equipment	
- Plant & Equipment	3 to 25 years
- Office Equipment	4 to 10 years
- Furniture & Fittings	10 to 31 years
Buildings	
- Buildings	13 to 60 years
Stormwater Drainage	
- Stormwater Drainage	100 to 120 years
Transportation Assets	
- Roads, bridges & footpaths	5 – 100 years
Water & Sewer Assets	
- Water supply network	20 to 120 years
- Sewerage network	20 to 100 years
Other Assets	
- Land Improvements	33 years
- Library Books	10 years
- Other assets	5 to 20 years
- Other Structures	10 to 30 years

All asset residual values and useful lives are reviewed and adjusted (if appropriate), at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1(p) on Asset Impairment.

Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

(j) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

This classification of Land is disclosed in Note 9(a).

(k) Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

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

(l) Intangible Assets

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

Other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

(m) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating the reserves are recognised within Council's Income Statement.

(n) Rural Fire Service assets

Although under section 119 of the Rural Fires Act 1997, *"all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed"*, Council has not recognised rural fire service assets including land, buildings plant and vehicles.

(o) Provisions for reinstatement, rehabilitation, and restoration liabilities

The estimated net present value of future landfill reinstatement, rehabilitation and restoration costs are provided for in the period when the obligation arising from the related disturbance occurs.

Provisions for reinstatement, rehabilitation and restoration costs do not include any additional obligations which are expected to arise from future disturbance.

At each reporting date restoration costs are reassessed to reflect changes in cost estimates, revisions to the estimated lives of operations and discount rates.

Although the actual cost to be incurred is uncertain, Council estimates the respective costs based on current restoration standards and techniques.

The amortisation or `unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period, refer Note 4(b). The discount rate used is the risk free borrowing rate applicable to Council.

Movements in the provisions for reinstatement, rehabilitation and restoration costs including those resulting from new disturbance, updated cost estimates, changes to the estimated useful lives of operations and revisions to discount rates are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Specific Information relating to Council's provision relating to reinstatement, rehabilitation and restoration costs can be found at Note 26.

(p) Impairment of assets

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.

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

(q) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

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 balance sheet date.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

(s) Borrowing costs

Borrowing costs are expensed.

(t) Provisions

Provisions are recognised when:

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

(u) Employee benefits

(i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be wholly settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

All other short-term employee benefit obligations are presented as payables.

Liabilities for non-vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries and annual leave are all classified as Current Liabilities.

(ii) Other Long Term Obligations

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be wholly settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

These liabilities are measured at the present value of the expected future payments to be made 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 then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(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.

Defined Benefit Plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B" (the Scheme).

As the assets of the Scheme are pooled together for all member employers, insufficient information is available for Council to reliably account for its proportionate liability or asset in respect of the Scheme in the same way as it would for a single employer sponsored defined benefit plan.

Accordingly, Council's employer contributions to the Scheme have been accounted as an expense when they become payable.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

Defined Contribution Plans

Contributions to Defined Contribution Plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30 June 2015.

(v) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as 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.

Exceptions

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.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

(w) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST. Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable form the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

(x) 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 2015.

Council has adopted amended standard AASB 2015-7 "Fair Value Disclosures of Not-for-Profit Public Sector Entities" which relates to disclosures to the fair value of assets in Note 27. This disclosure relates to the measurement of level 3 assets within the scope of AASB 116 Property, Plant and Equipment for which future economic benefits are not primarily dependent on the asset's ability to generate net cash inflow. In particular this amended standard provides relief from the disclosure of quantitative information about the significant unobservable inputs used in the fair value measurement.

Council has not adopted any of the following standards early.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 1. Summary of Significant Accounting Policies

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

AASB 9 - Financial Instruments and associated amending standards

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9; however it is likely to have minimal financial impact but will have an impact on disclosure.

AASB 15 - Revenue from contracts with customers and associated amending standards

AASB 15 will introduce a five step process for revenue recognition with the core principle of the new Standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2017.

The impact of AASB 15 has not yet been quantified, however it is not expected to have any material financial impact.

AASB 124 - Related Party Disclosures

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

The impact of AASB 124 is not expected to have any financial impact.

(y) Rounding of amounts

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

(z) Comparative Figures

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

(aa) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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 2015	**Actual 2015**	Actual 2014	**Original Budget 2015**	**Actual 2015**	Actual 2014	**Original Budget 2015**	**Actual 2015**	Actual 2014	**Actual 2015**	Actual 2014	**Actual 2015**	Actual 2014
Governance	-	2	-	864	780	589	(864)	(778)	(589)	-	-	-	-
Administration	261	81	46	9,761	9,990	7,482	(9,500)	(9,909)	(7,436)	156	129	200,625	185,228
Public Order & Safety	893	771	928	2,098	1,923	2,004	(1,205)	(1,152)	(1,076)	215	155	303	538
Health	136	142	129	239	275	282	(103)	(133)	(153)	-	-		-
Environment	13,619	19,277	15,694	16,771	13,431	15,383	(3,152)	5,846	311	440	523	160,227	153,682
Community Services & Education	3,473	3,809	3,587	4,672	4,725	4,406	(1,199)	(916)	(819)	374	319	35,821	30,865
Housing & Community Amenities	1,717	1,905	1,564	5,335	5,587	5,120	(3,618)	(3,682)	(3,556)	177	225	9,430	1,717
Water Supplies	13,953	16,000	15,539	11,230	12,002	11,698	2,723	3,998	3,841	162	158	232,828	224,166
Sewerage Services	18,826	20,498	19,919	12,579	12,064	13,391	6,247	8,434	6,528	161	158	208,858	195,269
Recreation & Culture	6,454	7,137	9,500	18,197	18,802	18,033	(11,743)	(11,665)	(8,533)	3,470	462	20,940	19,800
Construction	922	1,264	1,102	5,523	5,308	5,306	(4,601)	(4,044)	(4,204)	-	-		-
Transport & Communication	9,401	12,943	13,444	15,045	13,988	14,776	(5,644)	(1,045)	(1,332)	672	928	359,638	341,017
Economic Affairs	619	1,069	782	2,230	2,346	2,206	(1,611)	(1,277)	(1,424)	76	60	3,927	4,179
Total Functions & Activities	**70,274**	**84,898**	**82,234**	**104,544**	**101,221**	**100,676**	**(34,270)**	**(16,323)**	**(18,442)**	**5,903**	**3,117**	**1,232,597**	**1,156,461**
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)	-	60	30	-	-	-	-	60	30		-	822	976
General Purpose Income [1]	44,786	42,710	38,902	-	-	-	44,786	42,710	38,902	6,715	3,410		-
Operating Result from Continuing Operations	**115,060**	**127,668**	**121,166**	**104,544**	**101,221**	**100,676**	**10,516**	**26,447**	**20,490**	**12,618**	**6,527**	**1,233,419**	**1,157,437**

1. Includes: Rates & Annual Charges, Untied General Purpose Grants & Unrestricted Interest & Investment Income.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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, enforcement of local government regulations, emergency services and other.

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

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 and education.

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

CONSTRUCTION
Building control

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

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

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations

$ '000	Notes	Actual 2015	Actual 2014
(a) Rates & Annual Charges			
Ordinary Rates			
Residential		24,788	24,086
Farmland		532	557
Business		9,445	9,189
Total Ordinary Rates		**34,765**	**33,832**
Special Rates			
Parking		468	457
Promotional Levy		140	137
Total Special Rates		**608**	**594**
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		4,197	4,376
Stormwater Management Services		164	172
Water Supply Services		2,873	2,280
Sewerage Services		14,212	12,254
Total Annual Charges		**21,446**	**19,082**
TOTAL RATES & ANNUAL CHARGES		56,819	53,508

Council has used 2014 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 2015

Note 3. Income from Continuing Operations (continued)

$ '000	Notes	Actual 2015	Actual 2014
(b) User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		9,852	9,459
Sewerage Services		2,864	2,620
Drainage Services		450	433
Waste Management Services (non-domestic)		8,730	7,339
Total User Charges		**21,896**	**19,851**
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Planning & Building Regulation		1,598	1,486
Private Works - Section 67		661	106
Section 603 Certificates		127	121
Total Fees & Charges - Statutory/Regulatory		**2,386**	**1,713**
(ii) Fees & Charges - Other (incl. General User Charges (per s.608)			
Aerodrome		5,816	5,929
Cemeteries		981	847
Child Care		2,155	2,063
Community Centres		1,426	1,942
Leaseback Fees - Council Vehicles		189	171
Sporting Ground Fees		80	83
Swimming Centres		25	125
Water Sales & Charges		954	951
Carbon Tax		217	2,515
Other		974	888
Total Fees & Charges - Other		**12,817**	**15,514**
TOTAL USER CHARGES & FEES		37,099	37,078

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

$ '000	Notes	Actual 2015	Actual 2014
(c) Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		132	140
- Interest earned on Investments (interest & coupon payment income)		2,315	1,962
Fair Value Adjustments			
- Fair Valuation movements in Investments (at FV or Held for Trading)		-	355
TOTAL INTEREST & INVESTMENT REVENUE		2,447	2,457
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		132	140
General Council Cash & Investments		1,067	1,479
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		18	60
- Section 64		7	114
Water Fund Operations		581	302
Sewerage Fund Operations		642	362
Restricted Investments/Funds - Internal:			
Internally Restricted Assets		-	-
Total Interest & Investment Revenue Recognised		**2,447**	**2,457**
(d) Other Revenues			
Rental Income - Other Council Properties		769	708
Ex Gratia Rates		31	41
Fines - Parking		243	381
Fines - Other		26	141
Legal Fees Recovery - Rates & Charges		175	206
Sales - General		1,048	776
Reversal of Carbon Tax provision		4,937	-
Landfill Provison Adjustment		460	-
Albury Entertainment Centre Catering		515	-
Children's Services		658	477
TOTAL OTHER REVENUE		8,862	2,730

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

$ '000		2015 Operating	2014 Operating	2015 Capital	2014 Capital
(e) Grants					
General Purpose (Untied)					
Financial Assistance - General Component	[1]	4,962	2,409	-	-
Financial Assistance - Local Roads Component	[1]	1,270	619	-	-
Pensioners' Rates Subsidies - General Component		483	382	-	-
Total General Purpose		**6,715**	**3,410**	**-**	**-**
Specific Purpose					
Pensioners' Rates Subsidies:					
- Water		162	158	-	-
- Sewerage		161	158	-	-
- Domestic Waste Management		-	88	-	-
Community Centres		285	187	-	-
Employment & Training Programs		83	58	-	-
Heritage & Cultural		135	143	3,032	281
Street Lighting		170	156	-	-
Transport (Roads to Recovery)		73	73	599	624
Other		1,084	938	119	253
Total Specific Purpose		**2,153**	**1,959**	**3,750**	**1,158**
Total Grants		**8,868**	**5,369**	**3,750**	**1,158**
Grant Revenue is attributable to:					
- Commonwealth Funding		6,994	3,036	3,074	213
- State Funding		1,874	2,333	676	877
- Other Funding		-	-	-	68
		8,868	**5,369**	**3,750**	**1,158**

[1] The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

$ '000		2015 Operating	2014 Operating	2015 Capital	2014 Capital
(f) Contributions					
Developer Contributions:					
(s93 & s94 - EP&A Act, s64 of the LGA):					
S 94 - Contributions towards amenities/services		-	-	1,702	1,787
S 94A - Fixed Development Consent Levies		-	-	-	-
S 64 - Water Supply Contributions		-	-	999	1,615
S 64 - Sewerage Service Contributions		-	-	1,355	2,460
S 64 - Stormwater Contributions		-	-	-	-
Total Developer Contributions	17	**-**	**-**	**4,056**	**5,862**
Other Contributions:					
Dedications (other than by S94) (in-kind)		-	-	4,178	6,589
RMS Contributions (Regional Roads, Block Grant)		477	487	-	-
Recognition of Art Work (in-kind)		-	-	70	5,598
Other		440	259	542	41
Total Other Contributions		**917**	**746**	**4,790**	**12,228**
Total Contributions		917	746	8,846	18,090
TOTAL GRANTS & CONTRIBUTIONS		9,785	6,115	12,596	19,248

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 3. Income from Continuing Operations (continued)

$ '000	Actual 2015	Actual 2014
(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	5,528	3,121
add: Grants & contributions recognised in the current period but not yet spent:	1,874	4,706
less: Grants & contributions recognised in a previous reporting period now spent:	(5,343)	(2,299)
Net Increase (Decrease) in Restricted Assets during the Period	**(3,469)**	**2,407**
Unexpended and held as Restricted Assets	2,059	5,528
Comprising:		
- Specific Purpose Unexpended Grants	1,322	590
- Developer Contributions	737	4,938
	2,059	**5,528**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations

$ '000	Notes	Actual 2015	Actual 2014
(a) Employee Benefits & On-Costs			
Salaries and Wages		27,740	26,581
Travelling		102	106
Employee Leave Entitlements (ELE)		3,247	3,166
Superannuation		3,431	3,329
Workers' Compensation Insurance		775	828
Fringe Benefit Tax (FBT)		282	245
Payroll Tax		173	188
Training Costs (other than Salaries & Wages)		636	659
Total Employee Costs		**36,386**	**35,102**
less: Capitalised Costs		(2,317)	(1,871)
TOTAL EMPLOYEE COSTS EXPENSED		34,069	33,231
Number of "Equivalent Full Time" Employees at year end		**456**	**453**
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		3,195	3,379
Total Interest Bearing Liability Costs Expensed		**3,195**	**3,379**
(ii) Other Borrowing Costs			
Amortisation of Remediation Provision Discount	26	127	156
Total Other Borrowing Costs		**127**	**156**
TOTAL BORROWING COSTS EXPENSED		3,322	3,535

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

$ '000	Notes	Actual 2015	Actual 2014
(c) Materials & Contracts			
Raw Materials & Consumables		13,658	12,644
Contractor & Consultancy Costs		8,461	8,150
Auditors Remuneration (1)		95	56
Legal Expenses:			
- Legal Expenses: Planning & Development		34	49
- Legal Expenses: Other		257	264
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments		437	473
Internal Audit		53	54
Other		1,293	1,156
TOTAL MATERIALS & CONTRACTS		24,288	22,846

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	95	56
Remuneration for audit and other assurance services	**95**	**56**
Total Auditor Remuneration	**95**	**56**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

		Impairment Costs		Depreciation/Amortisation	
		Actual	Actual	Actual	Actual
$ '000	Notes	2015	2014	2015	2014
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		-	-	786	676
Office Equipment		-	-	388	353
Furniture & Fittings		-	-	310	317
Land Improvements (depreciable)		-	-	1,028	899
Buildings - Non Specialised		-	-	4,258	4,305
Other Structures		-	-	386	396
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	7,558	7,873
- Stormwater Drainage		-	-	1,660	1,208
- Water Supply Network		-	-	5,739	5,530
- Sewerage Network		-	-	3,786	3,583
Other Assets					
- Library Books		-	-	175	168
- Other		-	-	25	21
Joint Ventures/Associated Entities		-	16	-	-
Asset Remediation Costs	9 & 26	-	-	13	25
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	16	26,112	25,354

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 4. Expenses from Continuing Operations (continued)

$ '000	Notes	Actual 2015	Actual 2014
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		260	265
Bad & Doubtful Debts		97	132
Carbon Tax		-	2,845
Contributions/Levies to Other Levels of Government			
- NSW Fire Brigade Levy		408	409
- NSW Rural Fire Service Levy		153	158
- Other Contributions/Levies		40	29
Councillor Expenses - Mayoral Fee		53	46
Councillor Expenses - Councillors' Fees		161	157
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		13	19
Conferences & Seminars		110	111
Donations, Contributions & Assistance to other organisations (Section 356)		819	744
Election Expenses		62	62
Electricity & Heating		4,683	5,137
Equipment Purchases		434	349
Insurance		1,071	1,070
Marketing		709	467
Rent & Hire Charges		281	335
Street Lighting		1,197	1,306
Other		22	411
TOTAL OTHER EXPENSES		10,573	14,052

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 5. Gains or Losses from the Disposal of Assets

$ '000	Notes	Actual 2015	Actual 2014
Plant & Equipment			
Proceeds from Disposal - Plant & Equipment		451	357
less: Carrying Amount of P&E Assets Sold / Written Off		(366)	(239)
Net Gain/(Loss) on Disposal		**85**	**118**
Infrastructure			
Proceeds from Disposal - Infrastructure		-	-
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(3,327)	(1,943)
Net Gain/(Loss) on Disposal		**(3,327)**	**(1,943)**
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		672	600
less: Carrying Amount of Real Estate Assets Sold / Written Off		(287)	(417)
Net Gain/(Loss) on Disposal		**385**	**183**
Financial Assets*			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		-	457
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		-	(457)
Net Gain/(Loss) on Disposal		**-**	**-**
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(2,857)	(1,642)

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 6a. - Cash Assets and Note 6b. - Investments

$ '000	Notes	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		1,217	-	3,028	-
Cash-Equivalent Assets[1]					
- Short Term Deposits		27,495	-	24,889	-
Total Cash & Cash Equivalents		**28,712**	**-**	**27,917**	**-**
Investments (Note 6b)					
- Term Deposits		40,174	-	28,426	-
Total Investments		**40,174**	**-**	**28,426**	**-**
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		68,886	-	56,343	-

[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. "Loans & Receivables"		1,217		3,028	
b. "Held to Maturity"		27,517		24,889	
Cash & Cash Equivalents		**28,712**	**-**	**27,917**	**-**
Investments					
b. "Held to Maturity"	6(b-ii)	40,174	-	28,426	-
Investments		**40,174**	**-**	**28,426**	**-**

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

$ '000	2015 Actual Current	2015 Actual Non Current	2014 Actual Current	2014 Actual Non Current
Total Cash, Cash Equivalents and Investments	68,886	-	56,343	-
attributable to:				
External Restrictions (refer below)	39,980	-	25,677	-
Internal Restrictions (refer below)	15,313	-	11,827	-
Unrestricted	13,593	-	18,839	-
	68,886	**-**	**56,343**	**-**

2015 $ '000		Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Details of Restrictions					
External Restrictions - Included in Liabilities					
External Restrictions - Other					
Developer Contributions - General	(D)	1,714	4,081	(5,271)	524
Developer Contributions - Water Fund	(D)	723	-	(634)	89
Developer Contributions - Sewer Fund	(D)	2,501	-	(2,377)	124
Specific Purpose Unexpended Grants	(F)	590	732	-	1,322
Water Supplies	(G)	9,732	9,062	-	18,794
Sewerage Services	(G)	10,111	8,415	-	18,526
Domestic Waste Management	(G)	306	295		601
External Restrictions - Other		25,677	22,585	(8,282)	39,980
Total External Restrictions		**25,677**	**22,585**	**(8,282)**	**39,980**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

2015 $ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Employees Leave Entitlement	2,275	(60)	-	2,215
Carry Over Works (nett of loans not taken up)	-	3,216	-	3,216
Deposits, Retentions & Bonds	944		(60)	884
Prepaid Burial Contributions	1,254	49		1,303
Elections	113	62		175
Landfill Remediation	1,710	123	-	1,833
Tabletop Community Centre	4	-	-	4
Community Fund	732		(395)	337
Carbon Tax	4,795	743	(192)	5,346
Total Internal Restrictions	**11,827**	**4,133**	**(647)**	**15,313**
TOTAL RESTRICTIONS	37,504	26,718	(8,929)	55,293

D Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

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 2015

Note 7. Receivables

$ '000	Notes	2015 Current	2015 Non Current	2014 Current	2014 Non Current
Purpose					
Rates & Annual Charges		7,027	-	6,363	-
User Charges & Fees		9,468	-	7,539	-
Accrued Revenues					
- Interest on Investments		717	-	497	-
- Other Income Accruals		999	-	707	-
Government Grants & Subsidies		760	-	559	-
Multi Deck Carpark		-	5,220	-	5,220
Other Debtors		427	-	669	-
Total		**19,398**	**5,220**	**16,334**	**5,220**
less: Provision for Impairment					
User Charges & Fees		(122)	-	(301)	-
Total Provision for Impairment - Receivables		**(122)**	**-**	**(301)**	**-**
TOTAL NET RECEIVABLES		19,276	5,220	16,033	5,220
Externally Restricted Receivables					
Water Supply					
- Specific Purpose Grants		162	-	158	-
- Rates & Availability Charges		1,144	-	1	-
- Other		3,978	-	4,781	-
Sewerage Services					
- Specific Purpose Grants		161	-	158	-
- Rates & Availability Charges		4,958	-	7	-
- Other		1,678	-	5,727	-
Total External Restrictions		**12,081**	**-**	**10,832**	**-**
Unrestricted Receivables		**7,195**	**5,220**	**5,201**	**5,220**
TOTAL NET RECEIVABLES		19,276	5,220	16,033	5,220

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 8. Inventories & Other Assets

$ '000	Notes	2015 Current	2015 Non Current	2014 Current	2014 Non Current
Inventories					
Real Estate for resale (refer below)		3,927	-	4,179	-
Stores & Materials		591	-	600	-
Other		143	-	187	-
Total Inventories		**4,661**	**-**	**4,966**	**-**
Other Assets					
Prepayments		170	-	171	-
Total Other Assets		**170**	**-**	**171**	**-**
TOTAL INVENTORIES / OTHER ASSETS		4,831	-	5,137	-

Externally Restricted Assets

There are no restrictions applicable to the above assets.

Water					
Stores & Materials		296	-	308	-
Total Water		**296**	**-**	**308**	**-**
Sewerage					
Stores & Materials		41	-	38	-
Total Sewerage		**41**	**-**	**38**	**-**
Total Externally Restricted Assets		337	-	346	-
Total Unrestricted Assets		4,494	-	4,791	-
TOTAL INVENTORIES & OTHER ASSETS		**4,831**	**-**	**5,137**	**-**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 8. Inventories & Other Assets (continued)

$ '000		2015 Current	2015 Non Current	2014 Current	2014 Non Current
(i) Other Disclosures					
(a) Details for Real Estate Development					
Residential		625	-	768	-
Industrial/Commercial		3,302		3,411	-
Total Real Estate for Resale		**3,927**	**-**	**4,179**	**-**
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition Costs		3,329	-	3,581	-
Development Costs		598		598	-
Total Costs		**3,927**	**-**	**4,179**	**-**
less: Provision for Under Recovery				-	-
Total Real Estate for Resale		**3,927**	**-**	**4,179**	**-**
Movements:					
Real Estate assets at beginning of the year		4,179	-	4,374	-
- Purchases and other costs		35	-	222	-
- WDV of Sales (exp)	5	(287)		(417)	-
Total Real Estate for Resale		**3,927**	**-**	**4,179**	**-**

(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;

	2015	2014
Real Estate for Resale	3,383	4,033
	3,383	**4,033**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 9a. Infrastructure, Property, Plant & Equipment

$ '000	as at 30/6/2014 At Cost	At Fair Value	Accumulated Dep'n	Carrying Value	Asset Movements during the Reporting Period: Asset Additions	WDV of Asset Disposals	Depreciation Expense	WIP Transfers	Adjustments & Transfers	Revaluation Increments to Equity (ARR)	as at 30/6/2015 At Cost	At Fair Value	Accumulated Dep'n	Carrying Value
Capital Work in Progress	7,918	-	-	7,918	13,588	-	-	(3,814)	-	-	17,692	-	-	17,692
Plant & Equipment	-	20,995	14,562	6,433	2,717	(341)	(786)	122	(19)	-	-	21,805	13,679	8,126
Office Equipment	-	5,709	4,183	1,526	73	-	(388)	71	-	-	-	5,853	4,571	1,282
Furniture & Fittings	-	4,329	2,604	1,725	-	-	(310)	-	-	-	-	4,330	2,915	1,415
Land:														
- Operational Land	-	36,470	-	36,470	36	-	-	61	(533)	(515)	-	35,519	-	35,519
- Community Land	-	31,205	-	31,205	-	-	-	-	-	5,513	-	36,718	-	36,718
- Land under Roads (post 30/6/08)	-	147	-	147	51	-	-	-	-	-	-	198	-	198
Land Improvements - non depreciable	-	1,625	-	1,625	169	-	-	-	-	-	-	1,794	-	1,794
Land Improvements - depreciable	-	37,218	11,039	26,179	2,115	-	(1,028)	825	(600)	-	-	38,635	11,144	27,491
Buildings	-	164,810	77,415	87,395	921	(164)	(4,258)	296	919	15,779	-	193,140	92,252	100,888
Other Structures	-	7,535	2,973	4,562	376	(36)	(386)	7	(25)	382	-	8,785	3,905	4,880
Infrastructure:														
- Roads, Bridges & Footpaths	-	544,021	205,673	338,348	9,927	(1,222)	(7,558)	1,870	258	13,959	-	574,979	219,397	355,582
- Stormwater Drainage	-	192,766	44,226	148,540	1,531	(80)	(1,660)	-	-	6,975	-	202,516	47,210	155,306
- Water Supply Network	-	385,276	180,651	204,625	1,961	(1,377)	(5,739)	310	-	5,037	-	393,995	189,178	204,817
- Sewerage Network	-	311,794	144,906	166,888	1,607	(448)	(3,786)	252	-	8,440	-	325,461	152,508	172,953
Other Assets:														
- Library Books	-	2,385	1,091	1,294	176	-	(175)	-	-	-	-	2,562	1,267	1,295
- Other	-	9,454	2,641	6,813	90	(25)	(25)	-	-	-	-	7,044	191	6,853
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26)**:**														
- Landfill Assets	-	1,050	860	190	-	-	(13)	-	(177)	-	-	872	872	-
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	**7,918**	**1,756,789**	**692,824**	**1,071,883**	**35,338**	**(3,693)**	**(26,112)**	**-**	**(177)**	**55,570**	**17,692**	**1,854,206**	**739,089**	**1,132,809**

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals ($19,041) and New Assets ($12,288).
Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other Infrastructure, Property, Plant & Equipment.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

$ '000

$ '000 Class of Asset	Actual 2015				Actual 2014			
	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	221	-	-	**221**	315	-	-	**315**
Plant & Equipment	-	454	454	**-**	-	454	454	**-**
Office Equipment	-	9	9	**-**	-	9	9	**-**
Land								
- Operational Land	-	1,154	-	**1,154**	-	1,137	-	**1,137**
- Community Land	-	557	-	**557**	-	447	-	**447**
Buildings	-	1,213	941	**272**	-	1,106	840	**266**
Infrastructure	-	393,994	189,178	**204,816**	-	385,276	180,651	**204,625**
Total Water Supply	**221**	**397,381**	**190,582**	**207,020**	**315**	**388,429**	**181,954**	**206,790**
Sewerage Services								
WIP	2,977	-	-	**2,977**	1,950	-	-	**1,950**
Plant & Equipment	-	95	95	**-**	-	95	76	**19**
Office Equipment	-	58	58	**-**	-	58	58	**-**
Land								
- Operational Land	-	5,237	-	**5,237**	-	5,675	-	**5,675**
- Community Land	-	1,084	-	**1,084**	-	1,205	-	**1,205**
- Improvements - depreciable	-	114	14	**100**	-	114	10	**104**
Buildings	-	2,548	1,677	**871**	-	2,037	1,226	**811**
Other Structures	-	130	51	**79**	-	110	33	**77**
Infrastructure	-	325,461	152,510	**172,951**	-	311,794	144,906	**166,888**
Total Sewerage Services	**2,977**	**334,727**	**154,405**	**183,299**	**1,950**	**321,088**	**146,309**	**176,729**
TOTAL RESTRICTED I,PP&E	**3,198**	**732,108**	**344,987**	**390,319**	**2,265**	**709,517**	**328,263**	**383,519**

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 2015

Note 10a. Payables, Borrowings & Provisions

$ '000	Notes	2015 Current	2015 Non Current	2014 Current	2014 Non Current
Payables					
Goods & Services		5,773	-	5,178	-
Payments Received In Advance		1,459	-	1,668	-
Accrued Expenses:					
- Other Expenditure Accruals		2,320	-	2,099	-
Security Bonds, Deposits & Retentions		884	-	982	-
Total Payables		**10,436**	**-**	**9,927**	**-**
Borrowings					
Loans - Secured	1	3,413	45,086	3,078	45,899
Total Borrowings		**3,413**	**45,086**	**3,078**	**45,899**
Provisions					
Employee Benefits;					
Annual Leave		2,842	-	2,782	-
Long Service Leave		6,459	479	6,762	395
Sub Total - Aggregate Employee Benefits		**9,301**	**479**	**9,544**	**395**
Asset Remediation/Restoration	26	-	2,580	-	3,091
Carbon Tax		-	-	441	4,683
Under Recovery on Real Estate Joint Venture		-	217	-	219
Total Provisions		**9,301**	**3,276**	**9,985**	**8,388**
Total Payables, Borrowings & Provisions		23,150	48,362	22,990	54,287

(i) Liabilities relating to Restricted Assets

	2015 Current	2015 Non Current	2014 Current	2014 Non Current
Externally Restricted Assets				
Water	1,167	32	502	17
Sewer	2,049	10,398	1,870	11,844
Liabilities relating to externally restricted assets	3,216	10,430	2,372	11,861
Total Liabilities relating to restricted assets	3,216	10,430	2,372	11,861
Total Liabilities relating to Unrestricted Assets	19,934	37,932	20,618	42,426
TOTAL PAYABLES, BORROWINGS & PROVISIONS	23,150	48,362	22,990	54,287

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 2015

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

$ '000	Actual 2015	Actual 2014
(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	6,312	6,299
	6,312	**6,299**

Note 10b. Description of and movements in Provisions

	2014	2015				
Class of Provision	**Opening Balance as at 1/7/14**	**Additional Provisions**	**Decrease due to Payments**	**Remeasurement effects**	**Unused amounts reversed**	**Closing Balance as at 30/6/15**
Annual Leave	2,782	2,073	(2,013)	-	-	**2,842**
Long Service Leave	7,157	850	(1,069)	-	-	**6,938**
Asset Remediation	3,091	-	-	(511)	-	**2,580**
Carbon Tax	5,124	-	(192)	-	(4,932)	**-**
Other	219	-	(2)	-	-	**217**
TOTAL	**18,373**	**2,923**	**(3,276)**	**(511)**	**(4,932)**	**12,577**

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. 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.

c. The Carbon Tax Provisions represented the Present Value estimate of future costs of carbon tax liabilities associated with the emissions from the Albury Landfill.

d. Other Provisions represent the impairment in the value of land held in the Thurgoona Industrial Estate as per the latest valuation carried out by Cosgrave Valuers.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 11. Statement of Cash Flows - Additional Information

$ '000	Notes	Actual 2015	Actual 2014
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	28,712	27,917
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		**28,712**	**27,917**
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		**26,447**	**20,490**
Adjust for non cash items:			
Depreciation & Amortisation		26,112	25,354
Net Losses/(Gains) on Disposal of Assets		2,857	1,642
Non Cash Capital Grants and Contributions		(4,248)	(6,589)
Impairment Losses Recognition - I,PP&E		-	16
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "At Fair Value" or "Held for Trading"		-	(355)
- Other		(270)	(5,589)
Amortisation of Premiums, Discounts & Prior Period Fair Valuations			
Unwinding of Discount Rates on Reinstatement Provisions		127	156
Share of Net (Profits) or Losses of Associates/Joint Ventures		(60)	(30)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(3,064)	186
Increase/(Decrease) in Provision for Doubtful Debts		(179)	43
Decrease/(Increase) in Inventories		53	(166)
Decrease/(Increase) in Other Assets		1	(7)
Increase/(Decrease) in Payables		595	(290)
Increase/(Decrease) in other accrued Expenses Payable		221	438
Increase/(Decrease) in Other Liabilities		(307)	462
Increase/(Decrease) in Employee Leave Entitlements		(159)	(8)
Increase/(Decrease) in Other Provisions		(5,552)	2,417
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		**42,574**	**38,170**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

$ '000	Notes	Actual 2015	Actual 2014
(c) Non-Cash Investing & Financing Activities			
S94 Contributions "in kind"		3,194	4,650
S64 Contributions "in kind"		1,054	1,939
Total Non-Cash Investing & Financing Activities		**4,248**	**6,589**
(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		-	-
Total Financing Arrangements Utilised		**-**	**-**

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 12. Commitments for Expenditure

$ '000	Notes	Actual 2015	Actual 2014
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
- Construction of Murray Art Museum Albury (MAMA)		432	7,566
- Flood Plain Risk Management Study		-	396
- East Albury Tennis Court Demolition & Construction		-	286
- Urana Road Oval Netball Courts Construction		-	171
- Gap Road Lighting Upgrade		-	138
- Murray Art Museum Albury (MAMA) - Architectual Services		-	99
- Kerr Road Reconstruction Stages 1 & 2		578	-
- Thurgoona Sewerage Augmentation		371	-
- Rehabilitation of Existing Sewer Mains (Structural Relining)		257	-
- Upgrade of Air Conditioning System - Lauren Jackson Sports Centre		348	-
- Glenmorus Gardens Development (Section 15A)		390	-
- Fleet Purchases - 3 Trucks		237	-
Total Commitments		**2,613**	**8,656**
These expenditures are payable as follows:			
Within the next year		2,613	8,656
Total Payable		**2,613**	**8,656**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 12. Commitments for Expenditure (continued)

$ '000	Notes	Actual 2015	Actual 2014

(b) 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	376	367
Later than one year and not later than 5 years	826	953
Total Non Cancellable Operating Lease Commitments	**1,202**	**1,320**

b. Non Cancellable Operating Leases include the following assets:
Carpark lease, Computer Equipment and Office Rentals

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 2015

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

$ '000	Amounts 2015	Indicator 2015	Prior Periods 2014	2013
Local Government Industry Indicators - Consolidated				
1. Operating Performance Ratio				
Total continuing operating revenue [1] (excl. Capital Grants & Contributions) - Operating Expenses	16,648	14.48%	2.46%	-0.94%
Total continuing operating revenue [1] (excl. Capital Grants & Contributions)	115,012			
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue [1] (excl. ALL Grants & Contributions)	105,227	82.46%	79.00%	82.41%
Total continuing operating revenue [1]	127,608			
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions [2]	37,212	2.73x	2.56	3.18
Current Liabilities less Specific Purpose Liabilities [3, 4]	13,622			
4. Debt Service Cover Ratio				
Operating Result [1] before capital excluding interest and depreciation / impairment / amortisation	46,082	7.20x	4.90	4.05
Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)	6,400			
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding	7,027	11.07%	11.56%	11.56%
Rates, Annual and Extra Charges Collectible	63,489			
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents + All Term Deposits x12	68,886	9.54 mths	8.51	6.10
Payments from cash flow of operating and financing activities	7,220			

Notes

[1] Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures & associates.

[2] Refer Notes 6-8 inclusive.
Also excludes any real estate & land for resale not expected to be sold in the next 12 months

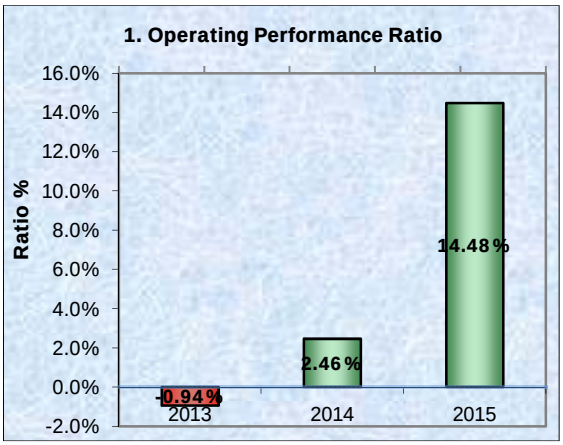
[3] Refer to Note 10(a).

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

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

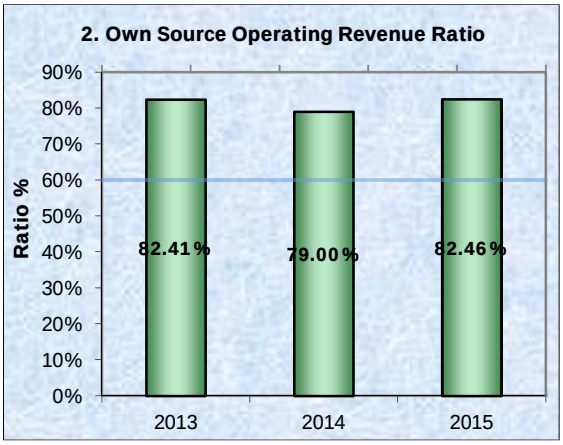
Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)



Purpose of Operating Performance Ratio	Commentary on 2014/15 Result
This ratio measures Council's achievement of containing operating expenditure within operating revenue.	**2014/15 Ratio 14.48%** The positive operating result reflects the reversal of Council's carbon tax provision of $4.9 million, an increase in financial assistance grants of $3.2 million due to the timing of receipt and an improved Water and Sewer Fund operating result of $1.9 million.

Benchmark: ——— Minimum >=0.00%
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

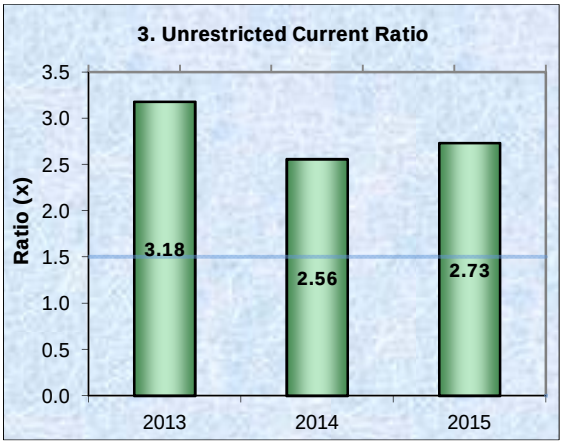
Ratio is within Benchmark
Ratio is outside Benchmark



Purpose of Own Source Operating Revenue Ratio	Commentary on 2014/15 Result
This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions.	**2014/15 Ratio 82.46%** The prior year ratio was mainly impacted by the recognition of $5.6 million in artwork previously donated.

Benchmark: ——— Minimum >=60.00%
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
Ratio is outside Benchmark



Purpose of Unrestricted Current Ratio	Commentary on 2014/15 Result
To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.	**2014/15 Ratio 2.73x** There has been a small increase in the amount of working capital (less external restrictions) compared to the prior year.

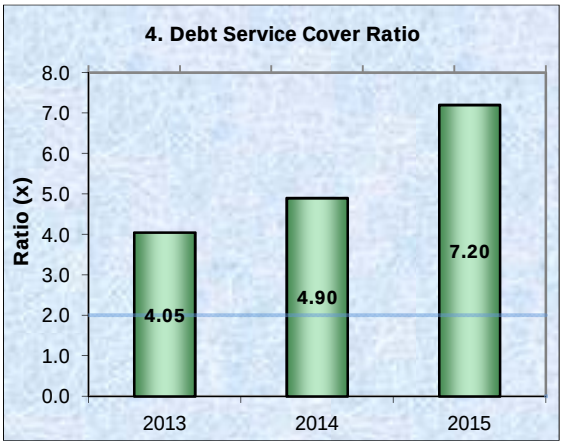
Benchmark: ——— Minimum >=1.50
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
Ratio is outside Benchmark

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)

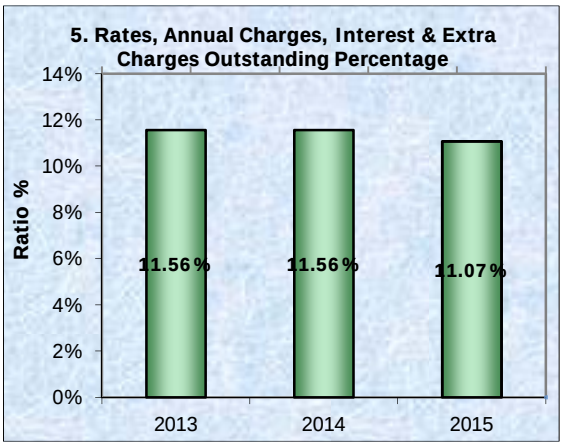


Purpose of Debt Service Cover Ratio
This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2014/15 Result
2014/15 Ratio 7.20x
The ratio increase reflects the reversal of Council's carbon tax provision of $4.9 million and an increase in financial assistance grants of $3.2 million due to the timing of their receipt.

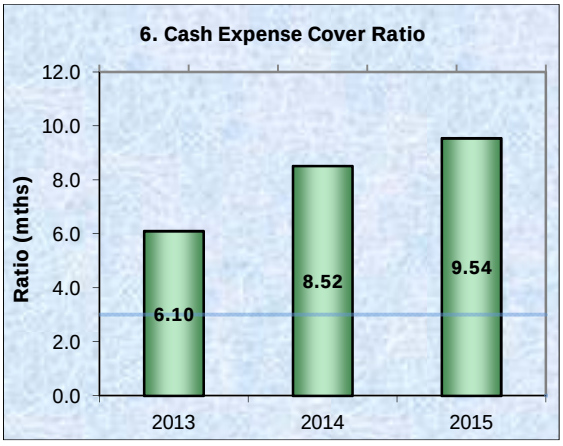
Benchmark: ——— Minimum >=2.00
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
Ratio is outside Benchmark



Purpose of Rates & Annual Charges Outstanding Ratio
To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2014/15 Result
2014/15 Ratio 11.07%
The majority of the outstanding balance relates to the 3rd water bill that is not payable until after year end. The value of arrears had decreased compared to the prior year.



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

Commentary on 2014/15 Result
2014/15 Ratio 9.54 mths
The increase is due to additional restricted funds held including Water Fund $9.1 million and Sewer Fund $8.4 million.

Benchmark: ——— Minimum >=3.00
Source for Benchmark: Code of Accounting Practice and Financial Reporting #23

Ratio is within Benchmark
Ratio is outside Benchmark

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

$ '000		Water 2015	Sewer 2015	General [5] 2015
Local Government Industry Indicators - by Fund				
1. Operating Performance Ratio				
Total continuing operating revenue [1] (excl. Capital Grants & Contributions) - Operating Expenses / Total continuing operating revenue [1] (excl. Capital Grants & Contributions)		**10.79%**	**25.32%**	**12.67%**
	prior period:	12.18%	17.34%	-2.66%
2. Own Source Operating Revenue Ratio				
Total continuing operating revenue [1] (excl. ALL Grants & Contributions) / Total continuing operating revenue [1]		**89.78%**	**89.78%**	**79.53%**
	prior period:	84.71%	80.14%	77.69%
3. Unrestricted Current Ratio				
Current Assets less all External Restrictions [2] / Current Liabilities less Specific Purpose Liabilities [3, 4]		**20.89x**	**12.38x**	**2.73x**
	prior period:	29.84	8.58	2.56
4. Debt Service Cover Ratio				
Operating Result [1] before capital excluding interest and depreciation / impairment / amortisation / Principal Repayments (from the Statement of Cash Flows) + Borrowing Costs (from the Income Statement)		**0.00**	**4.21x**	**7.06x**
	prior period:	0.00	3.27	4.05
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual and Extra Charges Outstanding / Rates, Annual and Extra Charges Collectible		**39.82%**	**34.89%**	**1.99%**
	prior period:	0.04%	0.06%	15.69%
6. Cash Expense Cover Ratio				
Current Year's Cash and Cash Equivalents + All Term Deposits / Payments from cash flow of operating and financing activities x12		**39.45**	**20.80**	**5.36**
	prior period:	17.40	12.86	6.61

Notes

(1) - (4) Refer to Notes at Note 13a(i) above.

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

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 14. Investment Properties

$ '000	Notes	Actual 2015	Actual 2014

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

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.

The carrying amount of financial assets and financial liabilities is an approximation of their fair value.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

$ '000

(a) Cash & Cash Equivalents & "Held-to-maturity" Investments

Council's princial objective is to preserve capital, while maintaining an adequate level of liquidity, whilst seeking to optimise its return on cash and investments.

Council has an Investment Policy which complies with 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.

Council's investments are mainly represented by fixed interest term deposits with a maturity of up to 12 months.

The risks associated with the investments held are:

- **Liquidity Risk** - the risk that there would be insufficient funds avaliable for Council's operations.
- **Interest Rate Risk** - the risk that movements in interest rates could affect returns and income.
- **Credit Risk** - the risk that the investment counterparty) will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with authorised deposit taking institutions.

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	
2015	**Profit**	**Equity**	**Profit**	**Equity**
Possible impact of a 1% movement in Interest Rates	689	689	(689)	(689)
2014				
Possible impact of a 1% movement in Interest Rates	563	563	(563)	(563)

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

$ '000

(b) 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 existance of 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:

	2015 Rates & Annual Charges	2015 Other Receivables	2014 Rates & Annual Charges	2014 Other Receivables
(i) Ageing of Receivables - %				
Current (not yet overdue)	87%	88%	84%	83%
Overdue	13%	12%	16%	17%
	100%	**100%**	**100%**	**100%**

		Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(ii) Ageing of Receivables - value					
Rates & Annual Charges	**Other Receivables**				
Current	Current	6,096	15,415	5,312	12,693
Overdue	0 - 30 days overdue	931	441	1,051	731
	31 - 60 days overdue		253		1,459
	61 - 90 days overdue		392		-
	> 90 days overdue		1,090		308
		7,027	**17,591**	**6,363**	**15,191**

(iii) Movement in Provision for Impairment of Receivables	2015	2014
Balance at the beginning of the year	301	258
+ new provisions recognised during the year	41	114
- amounts already provided for & written off this year	(137)	(69)
- amounts provided for but recovered during the year	(83)	(2)
Balance at the end of the year	**122**	**301**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 15. Financial Risk Management (continued)

$ '000

(c) 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 maturity 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
2015									
Trade/Other Payables	884	8,093	-	-	-	-	-	8,977	**8,977**
Loans & Advances	-	6,852	6,932	6,700	5,572	4,789	30,459	61,304	**48,499**
Total Financial Liabilities	**884**	**14,945**	**6,932**	**6,700**	**5,572**	**4,789**	**30,459**	**70,281**	**57,476**
2014									
Trade/Other Payables	982	7,278	-	-	-	-	-	8,260	**8,259**
Loans & Advances	-	6,279	6,279	6,279	7,918	6,904	39,199	72,858	**48,977**
Total Financial Liabilities	**982**	**13,557**	**6,279**	**6,279**	**7,918**	**6,904**	**39,199**	**81,118**	**57,236**

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:	2015 Carrying Value	2015 Average Interest Rate	2014 Carrying Value	2014 Average Interest Rate
Trade/Other Payables	8,977	0.0%	8,259	0.0%
Loans & Advances - Fixed Interest Rate	48,499	6.9%	48,977	6.9%
	57,476		57,236	

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 16. Material Budget Variations

$ '000

Council's Original Financial Budget for the 14/15 financial year was adopted by the Council on 26 May 2014.

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	2015 Budget	2015 Actual	2015 Variance*		
REVENUES					
Rates & Annual Charges	**56,968**	**56,819**	**(149)**	(0%)	U
User Charges & Fees	**37,913**	**37,099**	**(814)**	(2%)	U
Interest & Investment Revenue	**1,650**	**2,447**	**797**	48%	F
Additional interest was earned due to an increase in the amount of funds available to invest.					
Other Revenues	**2,945**	**8,862**	**5,917**	201%	F
Other revenue included the reversal of Council's Carbon Tax Provision of $4.9 million due to the repeal of the Carbon Tax by the Australian Government. Other revenue also includes a non-cash adjustment to the landfill provision of $460,000, additional income from events of $230,000 and increased Child Care Benefit revenue received of $196,000.					

Albury City Council

Notes to the Financial Statements

for the financial year ended 30 June 2015

Note 16. Material Budget Variations

$ '000	2015 Budget	2015 Actual	2015 Variance*		
Operating Grants & Contributions	**8,939**	**9,785**	**846**	**9%**	**F**
Capital Grants & Contributions	**5,915**	**12,596**	**6,681**	**113%**	**F**
Unbudgeted non-cash contributions recognised during the financial year included Asset Dedications of $4.2 million. Additional developer contributions of $2.2 million were also received during the year.					
Net Gains from Disposal of Assets	**700**	**-**	**(700)**	**(100%)**	**U**
A net loss was recognised rather than a net gain due to the write off of previously capitalised infrastructure assets.					
Joint Ventures & Associates - Net Profits	**30**	**60**	**30**	**100%**	**F**
Net profits were more than budgeted due to the wind up of the Hume Gardens Residential Estate Joint Venture.					
EXPENSES					
Employee Benefits & On-Costs	**35,256**	**34,069**	**1,187**	**3%**	**F**
Borrowing Costs	**3,786**	**3,322**	**464**	**12%**	**F**
Borrowing costs were less than budgeted as new loans of $9.5 million were not drawn down as budgeted due to the timing of capital works.					
Materials & Contracts	**24,331**	**24,288**	**43**	**0%**	**F**
Depreciation & Amortisation	**26,157**	**26,112**	**45**	**0%**	**F**
Other Expenses	**15,014**	**10,573**	**4,441**	**30%**	**F**
Due to the repeal of the Carbon Tax, AlburyCity did not incur a Carbon Tax expense of $2.8 million as budgeted. The repeal of the Carbon Tax also impacted upon electricity and gas costs which were $1.1 million less than budget.					
Net Losses from Disposal of Assets	**-**	**2,857**	**(2,857)**	**0%**	**U**
The unbudgeted loss was due to the write off of previously capitalised infrastructure assets.					

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 16. Material Budget Variations (continued)

$ '000	2015 Budget	2015 Actual	2015 Variance*		
Budget Variations relating to Council's Cash Flow Statement include:					
Cash Flows from Operating Activities	**38,466**	**42,574**	**4,108**	**10.7%**	**F**
Additional interest income of $797,000 was earned due to better than expected cash holdings. Additional developer contributions of $2.2 million were received, comprising S94 - $1.1 million and S64 - $1.1 million.					
Cash Flows from Investing Activities	**(45,310)**	**(41,301)**	**4,009**	**(8.8%)**	**F**
Less cash was used due to capital works payments being $14.5 million less than budgeted, which was offset by a $12.2 million increase in the value of term deposits classified as investments.					
Cash Flows from Financing Activities	**8,444**	**(478)**	**(8,922)**	**(105.7%)**	**U**
New loans of $9.5M were not drawn down as budgeted due to the timing of infrastructure projects.					

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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	208	70	-	3	(173)	-	**108**	38,029	(38,137)	-	-
Roads	352	634	-	2	(962)	-	**26**	86,002	(86,025)	3	-
Sports Fields	-	4	-	-	-	-	**4**	13,486	(13,490)	-	-
Parking	82	375	-	13	(99)	-	**371**	-	(371)	-	-
Open Space	261	185	-	-	(444)	-	**2**	5,656	(5,658)	-	-
Community Facilities	811	282	-	-	(1,093)	-	**-**	197	(197)	-	-
Footpaths	-	4	-	-	-	-	**4**	14,509	(14,513)	-	-
Land	-	3	-	-	-	-	**3**	11,554	(11,557)	-	-
Buildings	-	4	-	-	-	-	**4**	13,072	(13,076)	-	-
Landscaping	-	1	-	-	-	-	**1**	2,479	(2,480)	-	-
S94 Contributions - under a Plan	**1,714**	**1,562**	**-**	**18**	**(2,771)**	**-**	**523**	**184,984**	**(185,504)**	**3**	**-**
S94A Levies - under a Plan	**-**	**140**	**-**	**-**	**(140)**	**-**	**-**				**-**
Total S94 Revenue Under Plans	**1,714**	**1,702**	**-**	**18**	**(2,911)**	**-**	**523**				**-**
S64 Contributions	3,224	2,354	-	7	(5,371)	-	**214**				-
Total Contributions	**4,938**	**4,056**	**-**	**25**	**(8,282)**	**-**	**737**	**184,984**	**(185,504)**	**3**	**-**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 17. Statement of Developer Contributions (continued)

$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

Contribution Plan - ALBURY 2005

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	208	59	-	3	(173)	-	**97**	50	(147)	-	-
Roads	352	610	-	-	(962)	-	**-**	376	(376)	-	-
Parking	82	375	-	13	(99)	-	**371**	-	(371)	-	-
Open Space	261	183	-	-	(444)	-	**-**	128	(128)	-	-
Community Facilities	811	282	-	-	(1,093)	-	**-**	197	(197)	-	-
Total	**1,714**	**1,509**	**-**	**16**	**(2,771)**	**-**	**468**	**751**	**(1,219)**	**-**	**-**

Contribution Plan - ALBURY 2014

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	-	11	-	-	-	-	**11**	37,979	(37,990)	-	-
Roads	-	24	-	2	-	-	**26**	85,626	(85,649)	3	-
Footpaths	-	4	-	-	-	-	**4**	14,509	(14,513)	-	-
Open Space	-	2	-	-	-	-	**2**	5,528	(5,530)	-	-
Sports Fields	-	4	-	-	-	-	**4**	13,486	(13,490)	-	-
Landscaping	-	1	-	-	-	-	**1**	2,479	(2,480)	-	-
Land	-	3	-	-	-	-	**3**	11,554	(11,557)	-	-
Buildings	-	4	-	-	-	-	**4**	13,072	(13,076)	-	-
Total	**-**	**53**	**-**	**2**	**-**	**-**	**55**	**184,233**	**(184,285)**	**3**	**-**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

$ '000

The following liabilities and assets do not qualify for recognition in the Statement of Financial Position, 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 is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB119 Employee Benefits.

Each member employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

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

As the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member employers, no liability for the deficiency has been recognised in Council's financial statements.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials. The last valuation of the Fund was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20th February 2013.

The share of the Scheme deficit at 30 June 2015 that can be broadly attributed to Council is estimated to be in the order of $542,366.

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

Investment return	7.0% per annum
Salary inflation*	4.0% per annum
Increase in CPI	2.5% per annum

*plus promotional increases

Pooled employers are required to pay standard employer contributions which are determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated.

Pooled employers are also required to pay additional lump sum contributions to the Scheme. Council's additional lump sum contributions included in Council's total employer contribution for the year ended 30 June 2015 is $483,687.

Council's additional contributions of $483,687 per annum represents approximately 0.99% of the total additional lump sum contributions for all pooled employers of $48.7 million, apportioned according to each employer's share of the accrued liabilities as at 30 June 2009.

The amount of Council's employer contributions to the Scheme accounted for as an expense for the year ended 30 June 2015 was $1,067,472. Council's expected standard and additional contributions to the plan for the next annual reporting period is $1,040,314.

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

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

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

$ '000

LIABILITIES NOT RECOGNISED (continued)**:**

Additional contributions of $483,687 per annum are estimated to remain in place until 30 June 2016. However, the Trustee is considering extending the additional contribution period in order to build up a satisfactory surplus to allow the fund to transition to a less risky investment portfolio. This would result in a lower assumed long term investment return.

(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 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the Company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA. These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

(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.

A liability for these contingent costs have not been recognised in the financial statements 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 current operational cells in the southern valley of the Albury Landfill site has a residual life of approximately 50 years based on current waste volumes.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

$ '000

LIABILITIES NOT RECOGNISED (continued):

(vi) Other Guarantees

Council has provided no other Guarantees other than those listed above.

2. Other Liabilities

(i) Third Party Claims
Restrictions imposed by Council

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

(ii) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through 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 Council's intention to spend funds in the manner and timing set out in those Plans.

(iii) Potential Land Acquisitions due to Planning

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.

(iv) Carbon Tax

As a result of the repeal of the Clean Energy Act 2011 by the Australian Government on 17 July 2014, Council will not be subject to a carbon tax liability from 1 July 2014 for emissions from waste deposited at the Albury Waste Management Centre, which was previously recognised as a non-current liability of $4.68M at 30 June 2014, refer Note 10a.

At the reporting date Council's obligations regarding unexpended fees collected to offset Council’s carbon tax liability were not known. Unexpended waste management fees collected by Council to offset its carbon tax liability plus accrued interest are held as an internally restricted asset, refer Note 6c.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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

$ '000

ASSETS NOT RECOGNISED:

(i) Land Under Roads

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

(ii) Museum Artifacts

Museum artifacts have not been taken into assets as yet because they have not been valued, as they are retained for cultural value rather than their intrinsic value.

(iii) Liquidation of Lehman Brothers Australia Ltd

On 8 September 2015 AlburyCity received $146,291 from the liquidators of Lehman Brothers Australia

Limited, being 11% of AlburyCity's admitted claim of $1,331,126 for having been sold CDO's by Lehman Brothers Australia Limited. Previously AlburyCity had written off CDO investments of $1,548,123. The reason why AlburyCity's admitted claim is 15% less than the value of CDO's previously written off is mainly due to the fact that although Lehman Brothers Australia Limited sold CDO's to AlburyCity they did not have a fiduciary duty to AlburyCity as they were not acting as AlburyCity's financial advisor.

It is understood that AlburyCity may receive further payments from the liquidation of Lehman Brothers Australia Limited however the total amount and timing of payments is not yet known as there are a number of large outstanding claims against the Lehman Brothers Australia Limited that remain unresolved.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 19. Interests in Other Entities

$ '000

(a) Joint Ventures

Council has incorporated into it's consolidated Financial Statements the following Joint Ventures which are not considered individually material.

	Hume Gardens Residential Estate		Thurgoona Industrial Estate	
	2015	2014	2015	2014
Council's share of Net Assets ($)	-	147	822	829
Council's share of Profit/(Loss) ($)	60	45	(16)	(15)
Council's share of Comprehensive Income ($)	60	45	(16)	(15)
Dividends received by Council ($)	60	397	-	39

The Hume Gardens Residential Estate Joint Venture was wound up during 2014-15, AlburyCity was paid out its portion of Equity.

(b) Associates not recognised

The following Associate has not been recognised in this Financial Report as it is not individually material.

Name of Entity/Operation	Principal Activity/Type of Entity	2015 Net Profit	2015 Net Assets
Wonga Wetlands Conservation Association	Environmental Wetlands Conservation	(1)	5

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 20. Equity - Retained Earnings and Revaluation Reserves

$ '000	Notes	Actual 2015	Actual 2014
(a) Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		655,461	634,971
d. Net Operating Result for the Year		26,447	20,490
Balance at End of the Reporting Period		681,908	655,461
(b) Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		479,434	423,864
- Water Licences		565	835
Total		**479,999**	**424,699**
(ii) Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		423,864	313,916
- Revaluations for the year	9(a)	55,570	109,948
- Balance at End of Year		**479,434**	**423,864**
Intangible Assets Revaluation Reserve			
- Opening Balance		835	835
- Increases/(Decreases) for the year		(270)	-
- Balance at End of Year		**565**	**835**
TOTAL VALUE OF RESERVES		**479,999**	**424,699**

(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.

Other Reserves

- The Intangible Assets Revaluation Reserve os used to record incremants/decremantsin the value of Water Licences due to their revaluation

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

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

(d) Voluntary Changes in Accounting Policies

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

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 21. Financial Result & Financial Position by Fund

$ '000

Income Statement by Fund $ '000	Actual 2015	Actual 2015	Actual 2015
Continuing Operations	**Water**	**Sewer**	**General**[1]
Income from Continuing Operations			
Rates & Annual Charges	2,873	14,210	39,736
User Charges & Fees	10,806	3,440	22,853
Interest & Investment Revenue	584	646	1,217
Other Revenues	102	107	8,653
Grants & Contributions provided for Operating Purposes	162	161	9,462
Grants & Contributions provided for Capital Purposes	1,473	1,934	9,189
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	60
Total Income from Continuing Operations	**16,000**	**20,498**	**91,170**
Expenses from Continuing Operations			
Employee Benefits & on-costs	1,362	1,909	30,798
Borrowing Costs	-	895	2,427
Materials & Contracts	1,192	2,758	20,338
Depreciation & Amortisation	5,782	3,873	16,457
Other Expenses	3,190	3,836	3,547
Net Losses from the Disposal of Assets	1,377	449	1,031
Total Expenses from Continuing Operations	**12,903**	**13,720**	**74,598**
Operating Result from Continuing Operations	3,097	6,778	16,572
Net Operating Result for the Year	3,097	6,778	16,572
Net Operating Result attributable to each Council Fund	3,097	6,778	16,572
Net Operating Result attributable to Non-controlling Interests	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	1,624	4,844	7,383

[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 2015

Note 21. Financial Result & Financial Position by Fund (continued)

$ '000

Statement of Financial Position by Fund $ '000	Actual 2015	Actual 2015	Actual 2015
ASSETS	**Water**	**Sewer**	**General**[1]
Current Assets			
Cash & Cash Equivalents	7,849	7,812	13,051
Investments	11,034	10,838	18,302
Receivables	5,284	6,797	7,195
Inventories	296	41	4,324
Other	-	-	170
Total Current Assets	24,463	25,488	43,042
Non-Current Assets			
Receivables	-	-	5,220
Infrastructure, Property, Plant & Equipment	207,020	183,299	742,490
Investments Accounted for using the equity method	-	-	822
Intangible Assets	1,428	-	147
Total Non-Current Assets	208,448	183,299	748,679
TOTAL ASSETS	**232,911**	**208,787**	**791,721**
LIABILITIES			
Current Liabilities			
Payables	700	195	9,541
Borrowings	-	1,453	1,960
Provisions	467	401	8,433
Total Current Liabilities	1,167	2,049	19,934
Non-Current Liabilities			
Borrowings	-	10,380	34,706
Provisions	32	18	3,226
Total Non-Current Liabilities	32	10,398	37,932
TOTAL LIABILITIES	**1,199**	**12,447**	**57,866**
Net Assets	**231,712**	**196,340**	**733,855**
EQUITY			
Retained Earnings	159,850	138,513	383,545
Revaluation Reserves	71,862	57,827	350,310
Council Equity Interest	**231,712**	**196,340**	**733,855**
Non-controlling Interests	-	-	-
Total Equity	**231,712**	**196,340**	**733,855**

[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 2015

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 the Reporting Date

Events that occur between the end of the reporting period (ending 30 June 2015) and 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 applicable "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 26/10/15.

As a result of the repeal of the Clean Energy Act 2011 by the Commonwealth Government on 17 July 2014, Council is not subject to a carbon tax liability from 1 July 2014 for emissions from waste deposited at the Albury Waste Management Centre.

At the reporting date Council's obligations regarding unexpended fees collected to offset Council's carbon tax liability were known. Unexpended waste management fees collected by Council to offset its carbon tax liability are held as an internally restricted asset, refer Note 6c.

However on 29 July 2015 the Australian Government released a Voluntary Waste Industry Protocol for the handling of collected carbon charges in the landfill sector.

Council is yet to determine how it will respond to the Voluntary Waste Industry Protocol released by the Australian Government.

The financial effects of the above event have not been brought to account at 30 June 2015.

Note 24. Discontinued Operations

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

Note 25. Intangible Assets

$ '000	Actual 2015	Actual 2014

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

Intangible Assets are as follows;

Net Book Value - Opening Balance	1,845	1,845
Movements for the year		
- Impairment charges	(270)	-
TOTAL INTANGIBLE ASSETS - NET BOOK VALUE [1]	1,575	1,845

[1.] **The Net Book Value of Intangible Assets represent:**

- Other Assets (Water Licence - Water Fund)	1,428	1,673
- Other Assets (Water Licence - General Fund)	147	172
	1,575	**1,845**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

$ '000

Council has an obligation to restore the present Albury Landfill site at the end of its useful life.

Asset/Operation	Estimated year of restoration		NPV of Provision 2015	NPV of Provision 2014
Albury Landfill	2065		2,580	3,091
Balance at End of the Reporting Period		10(a)	2,580	3,091
Reconciliation of movement in Provision for year:				
Balance at beginning of year			3,091	3,506
Amounts capitalised to new or existing assets:				
- New Disturbance			1,109	-
- Revised cost			(1,191)	3,904
- Revised discount rate			609	220
- Effect of a change in other calculation estimates used			(1,165)	(4,695)
Amortisation of discount (expensed to borrowing costs)			127	156
Total - Reinstatement, rehabilitation and restoration provision			**2,580**	**3,091**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement

$ '000

Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, Property, Plant and Equipment
- Financial Assets & Liabilities

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(1) The following table presents the assigned level for each asset and liability held at fair value by Council:

		Fair Value Measurement Hierarchy			
2015		**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring Fair Value Measurements	Date of latest Valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	Various	-	-	8,126	8,126
Office Equipment, Furniture & Fittings	Various	-	-	2,697	2,697
Land - Operational	30/06/2015	-	-	35,519	35,519
Land - Community	30/06/2015	-	-	36,718	36,718
Land - Under Roads	30/06/2015	-	-	198	198
Land Improvements - Non Depreciable	30/06/2015	-	-	1,794	1,794
Land Improvements - Depreciable	30/06/2015	-	-	27,491	27,491
Buildings	30/06/2015	-	-	100,888	100,888
Other Structures	30/06/2015	-	-	4,880	4,880
Infrastructure - Roads, Bridges & Footpaths	30/06/2015	-	-	355,582	355,582
Infrastructure - Stormwater Drainage	30/06/2015	-	-	155,306	155,306
Infrastructure - Water Supply Network	30/06/2015	-	-	204,817	204,817
Infrastructure - Sewerage Network	30/06/2015	-	-	172,953	172,953
Landfill Remediation	30/06/2015	-	-	-	-
Library Books	Various	-	-	1,295	1,295
Other	Various	-	-	6,853	6,853
Total Infrastructure, Property, Plant & Equipment		**-**	**-**	**1,115,117**	**1,115,117**
Non-recurring Fair Value Measurements					
Intangible Assets					
Water License	30/06/2015	1,575	-	-	1,575
Total Intangible Assets		**1,575**	**-**	**-**	**1,575**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

$ '000

2014		Fair Value Measurement Hierarchy			Total
		Level 1	Level 2	Level 3	
Recurring Fair Value Measurements	Date of latest Valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Infrastructure, Property, Plant & Equipment					
Plant & Equipment	Various	-	-	6,433	6,433
Office Equipment, Furniture & Fittings	Various	-	-	3,251	3,251
Land - Operational	30/06/2014	-	-	36,470	36,470
Land - Community	30/06/2014	-	-	31,205	31,205
Land - Under Roads	30/06/2014	-	-	147	147
Land Improvements - Non Depreciable	30/06/2014	-	-	1,625	1,625
Land Improvements - Depreciable	30/06/2014	-	-	26,179	26,179
Buildings	30/06/2014	-	-	87,395	87,395
Other Structures	30/06/2014	-	-	4,562	4,562
Infrastructure - Roads, Bridges & Footpaths	30/06/2014	-	-	338,348	338,348
Infrastructure - Stormwater Drainage	30/06/2014	-	-	148,540	148,540
Infrastructure - Water Supply Network	30/06/2014	-	-	204,625	204,625
Infrastructure - Sewerage Network	30/06/2014	-	-	166,888	166,888
Landfill Remediation	30/06/2014	-	-	190	190
Library Books	Various	-	-	1,294	1,294
Other	Various	-	-	6,813	6,813
Total Infrastructure, Property, Plant & Equipment		**-**	**-**	**1,063,965**	**1,063,965**
Non-recurring Fair Value Measurements					
Intangible Assets					
Water License	30/06/2014	1,845	-	-	1,845
Total Intangible Assets		**1,845**	**-**	**-**	**1,845**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

$ '000

(2) Transfers between Level 1 & Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

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

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Infrastructure, Property, Plant & Equipment

Plant & Equipment, Office Equipment and Furniture & Fittings
Plant & Equipment, Office Equipment and Furniture & Fittings are valued at depreciated historical cost.

The carrying amount of these assets approximates fair value due to the nature of the items. Council values Plant & Equipment, Office Equipment and Furniture & Fittings using unobservable Level 3 inputs including gross historical cost, estimated useful life of the asset and residual value.

Examples of assets within these classes are as follows:
- Plant & Equipment
  Trucks, tractors, ride-on mowers, street sweepers, earthmoving equipment, buses and motor vehicles.
- Office Equipment
  Photocopiers and computer equipment.
- Furniture & Fittings
  Chairs, desks and display systems.

Land - Operational
This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993.

AlburyCity contracted AssetVal Pty Ltd to value Council land as at 30 June 2015.

Where direct comparable sales evidence is used to value a parcel of land it is classed as a Level 2 input.

Where direct sales are adjusted to reflect differences between the market evidence and the asset being valued, the adjustment constitutes a Level 3 input. Typically this might be where the Valuer is reflecting zoning differences, lot size and land use.

The majority of land assets are assessed on the basis of Level 3 inputs due to the adjustment of market evidence by the Valuer to refelct fair value.

Land - Community
Under the NSW Local Government Act 1993 land classified as Community Land cannot be sold or used for a purpose other than that described by the plan of land management that it is held under.

AlburyCity contracted AssetVal Pty Ltd to value Council land as at 30 June 2015.

The valuation of Community Land has been assessed by using Level 3 inputs due to the landholdings being held for civic and public uses which are property types that are rarely traded on the open market.

As direct sales have been adjusted to reflect differences between the market evidence and the asset being valued, the adjustment constitutes a Level 3 input. Typically this might be where the Valuer is reflecting zoning differences, lot size and land use.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

$ '000

Land - Under Roads
As the use and sale of Land Under Roads is restricted it has been valued at a discount to the market price using the Englobo valuation method.

Land under roads has been valued using Level 3 inputs including the unit rate per square metre.

Land Improvements - Non Depreciable
This asset class comprises land improvements such as bulk earthworks, which are often in parks forming natural amphitheatres and have an undeterminable life.

Land Improvements are valued using historical cost. Land Improvements - Non Depreciable have been valued using unobservable Level 3 inputs including gross historical cost.

Land Improvements - Depreciable
This asset class comprises land improvements such as landscaping, dams and other costs associated with land that will need to be removed or replaced in future periods.

Land Improvements are valued using depreciated historical cost. Council values Land Improvements - Depreciable using unobservable Level 3 inputs including gross historical cost and estimated useful life of the asset.

Buildings
Buildings were valued at 30 June 2015 by AssetVal Pty Ltd by having regard to the existence of a market, the level of specialisation of the asset and the availability of sales evidence.

Where direct comparable sales evidence is available the building is valued using observable Level 2 inputs.

Where buildings are of a type or use that is not normally traded, the Depreciated Replacement Cost valuation method is applied using unobservable Level 3 inputs such as gross replacement cost, asset condition, estimated useful life of the asset and residual value.

Council values the majority of its Buildings by using unobservable Level 3 inputs.

Other Structures
Other Structures include playground equipment, shade structures and bus shelters. This asset class comprises all other structures not included in the category of Buildings that are controlled by the Council.

This class of assets was valued by AssetVal Pty Ltd as at 30 June 2015 by applying the Depreciated Replacement Cost method.

Unobservable Level 3 inputs included gross replacement cost, asset condition and estimated useful life of the asset.

Roads
This asset class comprises road asset components of pavement, seal, footpath and kerb and gutter.

This class of assets is valued by Council using the Depreciated Replacement Cost method.

Valuation unit rates of road asset components have been derived from historical costs and contract pricing. Unit prices were reviewed in 2014. The 2014 valuation has been indexed to 2015 using Rawlinson's Building Price Index. Asset dimensions have been derived from Council's detailed asset management system populated from a road condition survey completed in 2013 by Moloney Asset Management Systems.

Council values Roads using Level 3 inputs including gross replacement cost, asset condition and estimated useful life.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

$ '000

Drainage Infrastructure
This asset class comprises structures, pipes, flood pumps, levees and open channels.

This class of assets is valued by Council using the Depreciated Replacement Cost method.

Valuation unit rates have been estimated utilising engineering expertise for various components of drainage infrastructure. Unit prices were reviewed in 2014. The 2014 valuation has been indexed to 2015 using using Rawlinson's Building Price Index. Asset dimensions have been derived from a combination of field survey and design plans.

Council values Drainage Infrastructure using Level 3 inputs including gross replacement cost, asset condition and estimated useful life of the asset.

Sewerage Infrastructure
This asset class comprises structures, pipes, pump stations and treatment works.

This class of assets is valued by Council using the Depreciated Replacement Cost method.

Valuation unit rates of Sewerage asset components have been derived from historical actual costs and contract pricing. Values are indexed using Rawlinson's Building Price Index. Asset dimensions have been derived from a combination of field survey and design plans.

Council values Sewerage Infrastructure using Level 3 inputs including gross replacement cost, asset condition and estimated useful life of the asset.

Water Infrastructure
This asset class comprises meters, pipe network, supply reservoirs, pump stations and filtration plant.

This class of assets is valued by Council using the Depreciated Replacement Cost method.

Valuation unit rates of Water asset components have been derived from historical actual costs and contract pricing. Values are indexed using Rawlinson's Building Price Index. Asset dimensions have been derived from a combination of field survey and design plans.

Council values Water Infrastructure using Level 3 inputs including gross replacement cost, asset condition and estimated useful life of the asset.

Landfill Remediation
The landfill remediation asset is accounted for using the cost model. The cost of this asset represents the initial estimate to rehabilitate the Southern Valley Albury landfill site, adjusted to reflect changes to the landfill rehabilitation provision. The cost of the landfill remediation asset has been fully depreciated.

Library Books
Library Books are valued using Depreciated Historical Cost. The carrying amount of these assets approximates fair value due to the nature of the items.

Council values Library Books using Level 3 inputs including gross historical cost and estimated useful life of the asset.

Other
Other assets include specialised sporting and leisure/cultural equipment and community initiatives. The carrying value of these assets is at Depreciated Replacement Cost which approximates fair value.

Council values Other Assets using Level 3 inputs including gross replacement cost, asset condition and estimated useful life of the asset.

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3)

a. The following tables present the changes in Level 3 Fair Value Asset Classes.

	Plant & Equipment	Office Equip Furniture & Fittings	Land - Operational	Land - Community	Total
Opening Balance - 1/7/13	5,943	3,707	35,947	30,744	76,341
Transfers from/(to) another asset class	-	(2)	-	-	(2)
Purchases (GBV)	1,405	216	-	-	1,621
Disposals (WDV)	(239)	-	-	-	(239)
Depreciation & Impairment	(676)	(670)	-	-	(1,346)
Revaluation	-	-	523	461	984
Closing Balance - 30/6/14	**6,433**	**3,251**	**36,470**	**31,205**	**77,359**
Transfers from/(to) another asset class	(19)	-	(533)	-	(552)
Purchases (GBV)	2,839	144	97	-	3,080
Disposals (WDV)	(341)	-	-	-	(341)
Depreciation & Impairment	(786)	(698)	-	-	(1,484)
Revaluation	-	-	(515)	5,513	4,998
Closing Balance - 30/6/15	**8,126**	**2,697**	**35,519**	**36,718**	**83,060**

	Land - Under Roads	Land - Improvements Non Depreciable	Land - Improvements Depcreciable	Buildings	Total
Opening Balance - 1/7/13	147	747	19,350	90,923	111,167
Purchases (GBV)	-	878	7,728	892	9,498
Disposals (WDV)	-	-	-	(1,773)	(1,773)
Depreciation & Impairment	-	-	(899)	(4,305)	(5,204)
Revaluation	-	-	-	1,658	1,658
Closing Balance - 30/6/14	**147**	**1,625**	**26,179**	**87,395**	**115,346**
Transfers from/(to) another asset class	-	-	(600)	919	319
Purchases (GBV)	51	169	2,940	1,217	4,377
Disposals (WDV)	-	-	-	(164)	(164)
Depreciation & Impairment	-	-	(1,028)	(4,258)	(5,286)
Revaluation	-	-	-	15,779	15,779
Closing Balance - 30/6/15	**198**	**1,794**	**27,491**	**100,888**	**130,371**

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

Note 27. Fair Value Measurement (continued)

$ '000

(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

a. The following tables present the changes in Level 3 Fair Value Asset Classes. (continued)

	Other Structures	Roads	Drainage	Water	Total
Opening Balance - 1/7/13	4,880	306,581	89,480	200,384	601,325
Transfers from/(to) another asset class	-	(44)	44	-	-
Purchases (GBV)	78	8,536	1,971	2,431	13,016
Disposals (WDV)	-	(148)	(23)	(19)	(190)
Depreciation & Impairment	(396)	(7,873)	(1,208)	(5,530)	(15,007)
Revaluation	-	31,296	58,276	7,359	96,931
Closing Balance - 30/6/14	**4,562**	**338,348**	**148,540**	**204,625**	**696,075**
Transfers from/(to) another asset class	(25)	258	-	-	233
Purchases (GBV)	383	11,797	1,531	2,271	15,982
Disposals (WDV)	(36)	(1,222)	(80)	(1,377)	(2,715)
Depreciation & Impairment	(386)	(7,558)	(1,660)	(5,739)	(15,343)
Revaluation	382	13,959	6,975	5,037	26,353
Closing Balance - 30/6/15	**4,880**	**355,582**	**155,306**	**204,817**	**720,585**

	Sewer	Landfill Remediation	Library Books	Other	Total
Opening Balance - 1/7/13	156,753	786	1,295	1,187	160,021
Transfers from/(to) another asset class	78	-	-	1	79
Purchases (GBV)	3,314	-	167	48	3,529
Disposals (WDV)	(49)	-	-	-	(49)
Depreciation & Impairment	(3,583)	(25)	(168)	(21)	(3,797)
Revaluation	10,375	-	-	-	10,375
Other movement (Adjustment to Landfill Provisio	-	(571)	-	-	(571)
Recognition of Assets	-	-	-	5,598	5,598
Closing Balance - 30/6/14	**166,888**	**190**	**1,294**	**6,813**	**175,185**
Purchases (GBV)	1,859	-	176	90	2,125
Disposals (WDV)	(448)	-	-	(25)	(473)
Depreciation & Impairment	(3,786)	(13)	(175)	(25)	(3,999)
Other movement (Adjustment to Landfill Provisio	-	(177)	-	-	(177)
Revaluation	8,440	-	-	-	8,440
Closing Balance - 30/6/15	**172,953**	**-**	**1,295**	**6,853**	**181,101**

b. Information relating to the transfers into and out of the Level 3 Fair Valuation hierarchy (as disclosed in the Table above) includes:

Council had no movements in and out of Level 3

(5). Highest and best use

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

Albury City Council

Notes to the Financial Statements
for the financial year ended 30 June 2015

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: 1800 133 391
Facsimile: 02 6023 8111

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

Officers
GENERAL MANAGER
Frank Zaknich

RESPONSIBLE ACCOUNTING OFFICER
Justin Finlayson

PUBLIC OFFICER
Murray Watson

AUDITOR
Crowe Horwath Albury
491 Smollet St, ALBURY NSW 2640

Elected Members
MAYOR
Henk van de Ven

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

Other Information
ABN: 90 965 474 349

Crowe Horwath

Crowe Horwath Albury
ABN 16 673 023 918
Member Crowe Horwath International

Audit and Assurance Services

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Albury NSW 2640 Australia

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INDEPENDENT AUDIT REPORT TO ALBURY CITY COUNCIL (SECTION 417(2) – REPORT ON THE GENERAL PURPOSE FINANCIAL STATEMENTS)

SCOPE

We have audited the accompanying financial statements of Albury City Council ('the Council'), which comprises the statement of financial position as at 30 June 2015 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 29 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) (a) and (c) of the Local Government Act, 1993.

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 controls 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.

AUDITOR'S 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 controls 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 controls. 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.

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Crowe Horwath

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.

Our audit responsibilities do not extend to the Original Budget figures disclosed in the income statement, statement of cash flows, Notes 2(a) and 16 to the financial statements nor the attached Special Schedules. Our audit opinion does not extend to cover the projections data in Note 17 and accordingly, we express no opinion on them.

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.

INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.

AUDITOR'S 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.

CROWE HORWATH ALBURY

BRADLEY D BOHUN
Partner

Dated at Albury this 26th day of October 2015.

Crowe Horwath

Report on the Conduct of the Audit

Albury City Council

Year Ended 30 June 2015

Contents

1 Report on the Conduct of Audit 3
2 Operating Result 4
3 Financial Position 6
4 Performance Indicators 7
5 Specific Balance Sheet Items 9
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1 Report on the Conduct of Audit

We have completed our audit of the financial statements for Albury City Council (Council) for the year ended 30 June 2015, in accordance with Section 415 of the Local Government Act, 1993. Our audit opinion under Section 417(2) has been issued to Council and this report on the conduct of the audit should be read in conjunction with the audit opinion.

The Council is responsible for the preparation and presentation of the financial statements and the information they contain. The financial statements consist of the general purpose financial statements and Council's statement in the approved form required by Section 413 (2) and (3) 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 statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosure in the financial statements, 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 statements 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.

Our engagement is summarised as:

Nature of Engagement	Opinion	Basis of Preparation
General purpose financial statements	Unqualified	Going concern Not for Profit testing
Special purpose financial statements	Unqualified emphasis of matter regarding basis of preparation	National Competition Policy requirements by area of business activity
Special Schedule 7	Agreed upon procedures	Report of factual findings to Council and OLG.
Special Schedule 9	Emphasis of matter regarding basis of preparation	OLG requirements.

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

2 Operating Result

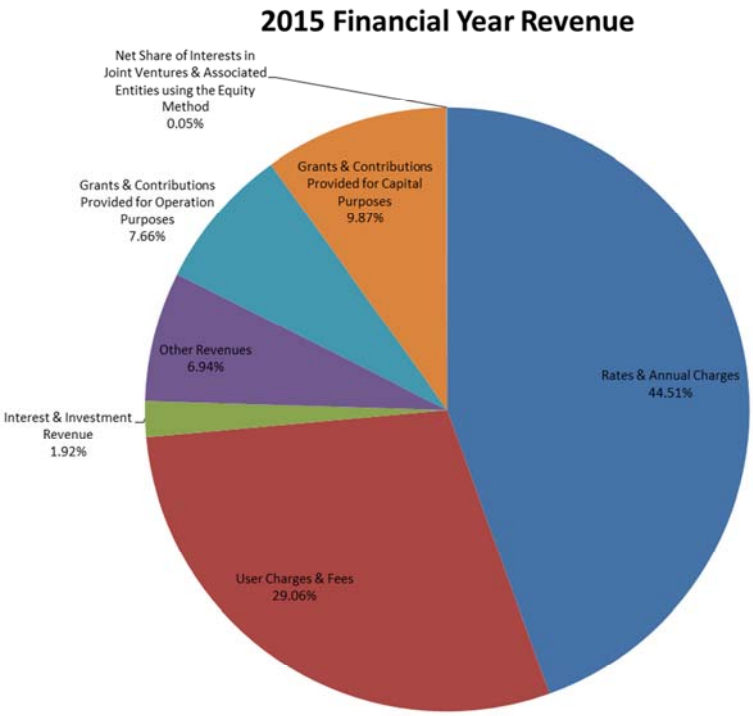
AlburyCity Council (the 'Council' or 'AlburyCity') is a regional city council in Southern New South Wales, whose affairs are governed by:

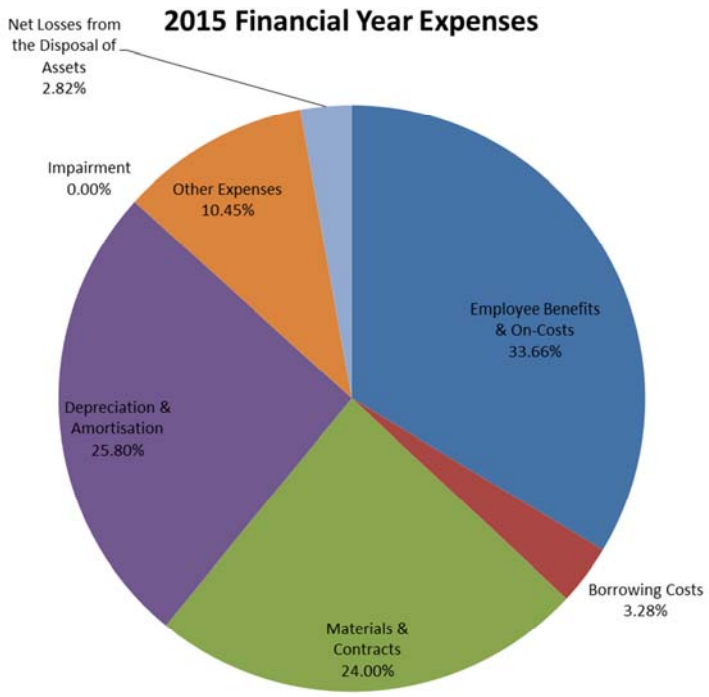
- Local Government Act 1993;
- Local Government Regulations;
- Local Government Code of Accounting Practice and Financial Reporting; and
- Local Government Asset Accounting Manual Regulations.

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

As disclosed in the Income Statement, the Council achieved a surplus in net operating result from continuing operations (including capital contributions) of $26,447 (2014: $20,490k surplus) for the year ended 30 June 2015.

A breakdown of Council's revenues and expenses for the year are as follows:





Significant income and expense items in the current year were:

	2015 $'000	2014 $'000	2013 $'000	2012 $'000
Rates and annual charges	56,819	53,508	48,963	45,098
User charges and fees	37,099	37,078	36,388	30,276
Grants and contributions - operating	9,785	6,115	9,207	12,360
Grants and contributions - capital	12,596	19,248	9,850	4,556
Employee costs	(34,069)	(33,231)	(32,173)	(32,587)
Materials and contracts	(24,288)	(22,846)	(22,664)	(23,270)
Depreciation and amortisation	(26,112)	(25,354)	(25,615)	(25,759)

The above income and expense items all have the potential to have a significant impact on Council's operating result. Rates and annual charges increased by $3,311k from $53,508 in 2015 as a result of the rate pegging adjustment of 2.4%. Grants and contributions received by Council also continues to have a major influence on the reported result. The increase in operating grants is a result of four quarters of the Financial Assistance Grant being paid in 2015 versus only two quarters in 2014 due to the grant ceasing to be paid 50% in advance. Capital grants and contributions decreased by $6,652k, which relates to the first time recognition of Council art work in the 2014 financial year and a decrease in developer contributions.

Other revenue in 2015 was $8,862k (2014: $2,730k), the main contributors were:

- Reversal of carbon tax provision of $4,937k
- Landfill provision adjustment of $460k

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

3 Financial Position

A measure of the 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

		2015 $'000	2014 $'000	2013 $'000
Cash and Liquid Investments		68,886	56,343	40,151
External Restrictions	- included in liabilities	-	-	-
	- not included in liabilities	(39,980)*	(25,677)	(12,488)
Internal Restrictions	- included in liabilities	(14,797)	(10,978)	(8,150)
	- not included in liabilities**	(516)	(849)	(603)
Unrestricted Cash and Investments		**13,593**	**18,839**	**18,910**
Other Net Current Assets / (Liabilities) excluding anticipated LSL Provision & restrictions included in liabilities		(1,805)	(1,955)	5,285
Unrestricted Working Capital		**11,788**	**16,884**	**24,195**

*$17,477k of the increase from 2014 relates to Water Supplies and Sewerage Services restrictions.

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

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

We note that Council continues to carry a sizable balance of internal restrictions 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.

4 Performance Indicators

Refer to Note 13 of the financial statements. Sections 4.1 to 4.6 contemplate Councils performance on a consolidated basis. Section 4.7 shows Councils performance against the same ratios on a fund basis.

4.1 Operating Performance Revenue

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

Council's Operating Performance Ratio increased to 14.48% (2014: 2.46%) mainly as a result of two one off items, the reversal of the carbon tax provision of $4.9m and an increase in the Financial Assistance Grant of $3.2m due to timing of receipt.

4.2 Own Source Operating Revenue Ratio

This ratio measures fiscal flexibility and shows the degree of reliance on external funding sources such as operating grants and contributions. A Council has improved financial flexibility with a higher level of own source revenue.

With a ratio of 82.4% (2014: 79.0%), Council's ability to generate its own sources of funding from rates and user fees is in excess of NSW Treasury Corporations benchmark of 60%.

4.3 Liquidity (Unrestricted Current) Ratio

The liquidity ratio is used to assess the adequacy of working capital and Council's ability to satisfy its obligations in the short term. Unrestricted current ratio is calculated by current assets less all external restrictions divided by current liabilities less specific purpose liabilities.

The liquidity ratio at Note 13 shows Council's liquidity position well exceeds the generally accepted minimum benchmark. The ratio indicates that Council has the capacity to pay its debts as and when they fall due.

4.4 Debt Service Cover Ratio

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

This ratio indicates 7.20% (2014: 4.9%) of Council's revenue is consumed servicing debt confirming that Council continues to maintain a small level of borrowings relative to its overall size.

4.5 Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage

The rates, annual charges, interest and extra charges outstanding percentage is used to assess the impact of uncollected rates and annual charges on liquidity and the adequacy of Council's debt recovery efforts.

The percentage of rates and annual charges outstanding at year end is 11.07% (2014: 11.56%). Council should continue to monitor its debt recovery procedures.

4.6 Cash Expense Cover Ratio

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

As indicated with the ratio of 9.54 months (2014: 8.51 months), Council's ability to continue paying for its immediate expenses without additional cash inflow is sufficient and exceeds the NSW Treasury Corporations benchmark of 3.00.

4.7 Performance Indicators by Fund

The following performance indicators are shown on a fund basis as at 30 June 2015. The below allows analysis of how Council performs at a final level and would indicate the result of Council's general operations excluding its water and sewer operations.

Indicators	Water	Sewer	General
Operating performance ratio	10.79%	25.32%	12.67%
Own source operating revenue	89.78%	89.78%	79.53%
Unrestricted current ratio	20.89x	12.38x	2.73x
Debt service cover ratio	0.00x	4.21x	7.06x
Rates, Annual Charges, Interest and extra charges outstanding %	39.82%	34.89%	1.99%
Cash expense cover ratio	39.54mths	20.80mths	5.36mths

5 Specific Balance Sheet Items

5.1 Receivables

Total current receivables at 30 June 2015, net of allowance for impairment were $19,276k (2014: $16,033k).

This balance primarily consists of rates and annual charges of $7,027k (2014: $6,363k), user charges and fees of $9,468k (2014: $7,539k), government grants & subsides of $760k (2014: $559k), accrued revenues of $1,716k (2014: $1,204k) and other debtors of $427k (2014: $669k).

The percentage of rates and annual charges outstanding is referred to at Section 4.5 of this report.

Total non–current receivables at 30 June 2015 were $5,220k (2014: $5,220k) net of impairment allowance. This is represented by the Multi Deck Carpark receivable.

The allowance for impairment at 30 June 2015 was $122k (2014: $301k). 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.

5.3 Accounting for Carbon Emissions Trading Scheme

AlburyCity became a 'liable entity' under the *Carbon Pricing Mechanism* ('CPM') effective 1 July 2012 under legislation enacted by federal parliament in the *Clean Energy Act* 2011, related Acts and subordinate legislation and Regulations. The Council issued a Carbon Liability Financial Management Policy in May 2012.

We note that during the 2012-13 financial year the Council increased its fees and charges at the Albury Waste Management Centre to effectively collect revenue on landfill deposit that will give rise to a carbon emission in the future. This fee is predicated on a user-pays principle, and is based on knowledge of the carbon emission profile of waste, and utilises the Commonwealth Department of Treasury forecast of the carbon price. The carbon fee was calculated based on the initial Net Present Value ("NPV") modeling of the cost that the Council would incur to discharge its liability in the future.

The *Clean Energy Act 2011* was repealed by the Commonwealth on 17 July 2014, which meant that Council was not subject to a carbon tax liability post 1 July 2014. As at 30 June 2015, Albury City has not signed up to the Voluntary Waste Industry Protocol. As a result, the Council has written back the provision to nil as at 30 June 2015 (2014: $5,124k).

Council has continued to recognise an internal restriction of $5,346k (2014: $4,795k) in Note 6 (c) of the financial statements relating to the funds that were previously collected under the *Clean Energy Act 2011*.

5.4 Capital Expenditure

During the reporting period Council spent $35,338k (2014: $27,503k) on acquiring items of an infrastructure, property, plant or equipment nature. The primary areas of capital expenditure were as follows:

	2015 $'000	2014 $'000	2013 $'000
Plant and equipment	2,717	1,480	2,873
Land and improvements	2,335	3,829	617
Buildings	1,297	793	1,002
Roads, bridges and footpaths	9,927	8,037	11,349
Stormwater drainage	1,531	1,971	2,026
Water supply network	1,961	2,367	2,669
Sewerage network	1,607	3,018	1,950
Capital works in progress	13,588	5,793	5,236
Other	375	215	137
	35,338	**27,503**	**27,859**

5.5 Borrowings

Borrowings have decreased by $478k from the prior year's balance of $48,977k due to discharging existing loan obligations. These loans are secured over the general income of Council.

5.6 Fair Value of Infrastructure Assets

In 2011 the Council should have completed the progressive revaluation of all property, plant and equipment to fair value where all assets are revalued on a 5 year cycle. The Office of Local Government minimum requirements timetable is as follows:

2011: Community land, land improvements, other structures and other assets;
2012: Water and sewer networks;
2013: Operational land and buildings;
2014: Land under roads (if applicable); and
2015: Roads, bridges, footpaths, drainage and bulk earthworks.

The revaluations in 2015 resulted in the following adjustments to Councils assets:

Asset Category	Revaluation Amount Increase/(Decrease) $
Roads, bridges & footpaths	13,959k
Stormwater drainage	6,975k
Buildings	15,779k
Land	(515k)
Other structures	382k

Further, we report that in accordance with the requirements of the code of Accounting Practice, Council's water and sewage assets were indexed upward in accordance with the latest indices provided by the NSW Office of Water.

As at June 2015 all Council's infrastructure, property, plant and equipment is held at fair value with the exception of capital WIP which is held at cost.

During the 2015 financial year, accounting standard settlers clarified their stance on the definition of residual values as it applies to infrastructure assets. The standard settlers articulate that a residual value is the amount that would be obtained from the disposal of an asset as opposed to the reuse or recycling of material as was the previous approach adopted by Councils. This clarification has required that Councils view their road infrastructure assets from a componentisation perspective and reflect parts of the road asset with different useful lives. Council have performed supporting calculations to demonstrate that the depreciation outcome applicable would not be materially different under either approach.

5.7 New Standards and Interpretations Not Yet Adopted

Certain new accounting standards have been published that are not mandatory for the 30 June 2015 reporting period as follows:

- AASB 9 *Financial Instruments* and associated amending standards, effective 1 January 2018.
- AASB 15 *Revenue from Contracts with Customers,* effective1 January 2018.
- AASB 124 *Related Party Disclosures*, effective from 1 July 2016.
- AASB 2014-3 Amendments to Australian Accounting Standards – *Accounting for Acquisitions of Interests in Joint Operations (AASB1 and AASB11) and AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture,* effective 1 January 2018.
- AASB 2015-2 Presentation of Financial Statements (amendments to AASB101), effective 1 January 2016.

Council is of the view that these standards not yet effective 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's management 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 Assistance Provided

We recognise and appreciate the Chief Financial Officer and staff of Council for their cooperation and courtesy extended to us during the course of the audit.

6.4 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.

Contact Us

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