Albury City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2026

Albury City Council

Special Purpose Financial Statements

for the year ended 30 June 2026

Contents Page

Statement by Councillors and Management 3

Special Purpose Financial Statements:

Income Statement – Water supply business activity 4
Income Statement – Sewerage business activity 5
Income Statement – Albury Airport 6
Income Statement – Albury Waste Management Centre 7
Income Statement – Cemetery & Crematorium 8
Income Statement – Banjora Child Care Services 9
Income Statement – Albury Entertainment Centre 10

Statement of Financial Position – Water supply business activity 11
Statement of Financial Position – Sewerage business activity 12
Statement of Financial Position – Albury Airport 13
Statement of Financial Position – Albury Waste Management Centre 14
Statement of Financial Position – Cemetery & Crematorium 15
Statement of Financial Position – Banjora Child Care Services 16
Statement of Financial Position – Albury Entertainment Centre 17

Note – Material accounting policy information 18

Auditor's Report on Special Purpose Financial Statements 21

Background

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

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

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

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

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

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

Albury City Council

Special Purpose Financial Statements

for the year ended 30 June 2026

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

The attached special purpose financial statements have been prepared in accordance with:

- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections 3 and 4 of the NSW Department of Climate Change, Energy, the Environment and Water's (DCCEEW) *Regulatory and assurance framework for local water utilities, July 2022*

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

Signed in accordance with a resolution of Council made on 28 September 2026.

Kylie King
Mayor
28 October 2026

Phillip Bullivant
Deputy Mayor
28 October 2026

Jason R. Gordon
Chief Executive Officer
28 October 2026

Ryan Hastie
Responsible Accounting Officer
28 October 2026

Albury City Council

Income Statement – Water supply business activity

for the year ended 30 June 2026

	2026 $ '000	2025 $ '000
Income from continuing operations		
Access charges	**5,800**	4,647
User charges	**17,525**	17,243
Fees	**950**	617
Interest and investment income	**3,400**	3,216
Grants and contributions provided for operating purposes	**10**	–
Other income	**19**	31
Total income from continuing operations	**27,704**	25,754
Expenses from continuing operations		
Employee benefits and on-costs	**3,249**	2,970
Materials and services	**9,942**	8,972
Net loss from the disposal of assets	**113**	648
Calculated taxation equivalents	**112**	97
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	**13,416**	12,687
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets before capital amounts	**14,288**	13,067
Depreciation and amortisation	**7,134**	7,015
Surplus (deficit) from continuing operations before capital amounts	**7,154**	6,052
Grants and contributions provided for capital purposes	**3,384**	1,529
Surplus (deficit) from continuing operations after capital amounts	**10,538**	7,581
Surplus (deficit) from all operations before tax	**10,538**	7,581
Less: corporate taxation equivalent (25%) [based on result before capital]	**(1,789)**	(1,513)
Surplus (deficit) after tax	**8,749**	6,068
Opening accumulated surplus	**215,599**	207,921
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	**112**	97
– Corporate taxation equivalent	**1,789**	1,513
Closing accumulated surplus	**226,249**	215,599
Return on capital %	**2.4%**	2.0%
Subsidy from Council	**7,263**	6,332

Albury City Council

Income Statement – Sewerage business activity

for the year ended 30 June 2026

	2026 $ '000	2025 $ '000
Income from continuing operations		
Access charges	**20,800**	19,040
User charges & Fees	**4,364**	4,065
Liquid trade waste charges	**855**	733
Interest and investment income	**4,335**	5,253
Lease Income	**187**	99
Total income from continuing operations	**30,541**	29,190
Expenses from continuing operations		
Employee benefits and on-costs	**5,005**	4,781
Borrowing costs	**177**	220
Materials and services	**11,720**	9,498
Net loss from the disposal of assets	**32**	773
Calculated taxation equivalents	**208**	195
Debt guarantee fee	**–**	2
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	**17,142**	15,469
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets before capital amounts	**13,399**	13,721
Depreciation and amortisation	**6,695**	6,445
Surplus (deficit) from continuing operations before capital amounts	**6,704**	7,276
Grants and contributions provided for capital purposes	**5,591**	2,687
Surplus (deficit) from continuing operations after capital amounts	**12,295**	9,963
Surplus (deficit) from all operations before tax	**12,295**	9,963
Less: corporate taxation equivalent (25%) [based on result before capital]	**(1,676)**	(1,819)
Surplus (deficit) after tax	**10,619**	8,144
Opening accumulated surplus	**236,870**	226,710
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	**208**	195
– Debt guarantee fees	**–**	2
– Corporate taxation equivalent	**1,676**	1,819
Closing accumulated surplus	**249,373**	236,870
Return on capital %	**2.5%**	2.8%
Subsidy from Council	**6,386**	3,640

Albury City Council

Income Statement – Albury Airport

for the year ended 30 June 2026

	2026 Category 1 $ '000	2025 Category 1 $ '000
Income from continuing operations		
User charges and fees	**8,223**	7,525
Lease Income	**35**	55
Total income from continuing operations	**8,258**	7,580
Expenses from continuing operations		
Employee benefits and on-costs	**1,541**	1,645
Materials and services	**3,825**	3,602
Calculated taxation equivalents	**19**	24
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	**5,385**	5,271
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets before capital amounts	**2,873**	2,309
Depreciation, amortisation and impairment of non-financial assets	**1,723**	1,601
Surplus (deficit) from continuing operations before capital amounts	**1,150**	708
Grants and contributions provided for capital purposes	**4,236**	1,200
Surplus (deficit) from all operations before tax	**5,386**	1,908
Less: corporate taxation equivalent (25%) [based on result before capital]	**(288)**	(177)
Surplus (deficit) after tax	**5,098**	1,731
Opening accumulated surplus	**14,960**	13,028
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	**19**	24
– Corporate taxation equivalent	**288**	177
Closing accumulated surplus	**20,365**	14,960
Return on capital %	**1.9%**	1.4%
Subsidy from Council	**1,732**	1,371

Albury City Council

Income Statement – Albury Waste Management Centre

for the year ended 30 June 2026

	2026 Category 1 $ '000	2025 Category 1 $ '000
Income from continuing operations		
User charges and fees	**21,522**	17,435
Interest and investment income	**368**	293
Grants and contributions provided for operating purposes	**159**	159
Other income	**303**	304
Total income from continuing operations	**22,352**	18,191
Expenses from continuing operations		
Employee benefits and on-costs	**3,250**	3,692
Borrowing costs	**968**	660
Doubtful Debts	**–**	92
Materials and services	**8,166**	8,479
Calculated taxation equivalents	**112**	136
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	**12,496**	13,059
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets before capital amounts	**9,856**	5,132
Depreciation, amortisation and impairment of non-financial assets	**1,903**	1,791
Surplus (deficit) from continuing operations before capital amounts	**7,953**	3,341
Grants and contributions provided for capital purposes	**–**	622
Surplus (deficit) from all operations before tax	**7,953**	3,963
Less: corporate taxation equivalent (25%) [based on result before capital]	**(1,988)**	(835)
Surplus (deficit) after tax	**5,965**	3,128
Opening accumulated surplus	**31,209**	31,209
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	**112**	136
– Corporate taxation equivalent	**1,988**	835
Less:		
– Surplus dividend paid	**(8,065)**	(4,099)
Closing accumulated surplus	**31,209**	31,209
Return on capital %	**21.3%**	9.5%

Albury City Council

Income Statement – Cemetery & Crematorium

for the year ended 30 June 2026

	2026 Category 2 $ '000	2025 Category 2 $ '000
Income from continuing operations		
Fees	**1,552**	1,396
Interest and investment income	**143**	145
Total income from continuing operations	**1,695**	1,541
Expenses from continuing operations		
Employee benefits and on-costs	**886**	881
Materials and services	**1,293**	1,508
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	**2,179**	2,389
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets before capital amounts	**(484)**	(848)
Depreciation, amortisation and impairment of non-financial assets	**122**	119
Surplus (deficit) from continuing operations before capital amounts	**(606)**	(967)
Surplus (deficit) after tax	**(606)**	(967)
Opening accumulated surplus	**(1,240)**	(273)
Closing accumulated surplus	**(1,846)**	(1,240)
Return on capital %	**(17.7)%**	(28.1)%
Subsidy from Council	**768**	1,110

Albury City Council

Income Statement – Banjora Child Care Services

for the year ended 30 June 2026

	2026 Category 2 $ '000	2025 Category 2 $ '000
Income from continuing operations		
Fees	**1,442**	1,205
Grants and contributions provided for operating purposes	**107**	132
Total income from continuing operations	**1,549**	1,337
Expenses from continuing operations		
Employee benefits and on-costs	**990**	1,333
Materials and services	**90**	477
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	**1,080**	1,810
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets before capital amounts	**469**	(473)
Depreciation, amortisation and impairment of non-financial assets	**33**	33
Surplus (deficit) from continuing operations before capital amounts	**436**	(506)
Less: corporate taxation equivalent (25%) [based on result before capital]	**(109)**	7
Surplus (deficit) after tax	**327**	(499)
Opening accumulated surplus	**(755)**	(256)
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	**109**	–
Closing accumulated surplus	**(319)**	(755)
Return on capital %	**50.8%**	(59.0)%
Subsidy from Council	**–**	542

Albury City Council

Income Statement – Albury Entertainment Centre

for the year ended 30 June 2026

	2026 Category 2 $ '000	2025 Category 1 $ '000
Income from continuing operations		
Fees	**1,608**	2,140
Grants and contributions provided for operating purposes	**–**	3
Total income from continuing operations	**1,608**	2,143
Expenses from continuing operations		
Employee benefits and on-costs	**1,073**	1,234
Materials and services	**1,348**	1,928
Calculated taxation equivalents	**–**	2
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	**2,421**	3,164
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets before capital amounts	**(813)**	(1,021)
Depreciation, amortisation and impairment of non-financial assets	**490**	488
Surplus (deficit) from continuing operations before capital amounts	**(1,303)**	(1,509)
Grants and contributions provided for capital purposes	**2,316**	1,393
Surplus (deficit) after tax	**1,013**	(116)
Opening accumulated surplus	**(9,827)**	(9,713)
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	**–**	2
Closing accumulated surplus	**(8,814)**	(9,827)
Return on capital %	**(14.1)%**	(12.6)%
Subsidy from Council	**1,741**	2,008

Albury City Council

Statement of Financial Position – Water supply business activity

as at 30 June 2026

	2026 $ '000	2025 $ '000
ASSETS		
Current assets		
Investments	**28,650**	52,533
Receivables	**7,096**	7,352
Inventories	**431**	359
Other	**101**	–
Total current assets	**36,278**	60,244
Non-current assets		
Investments	**56,327**	22,973
Infrastructure, property, plant and equipment	**304,150**	297,704
Intangible assets	**4,148**	4,760
Total non-current assets	**364,625**	325,437
Total assets	**400,903**	385,681
LIABILITIES		
Current liabilities		
Payables	**157**	989
Employee benefit provisions	**348**	534
Total current liabilities	**505**	1,523
Non-current liabilities		
Employee benefit provisions	**327**	40
Total non-current liabilities	**327**	40
Total liabilities	**832**	1,563
Net assets	**400,071**	384,118
EQUITY		
Accumulated surplus [1]	**226,249**	215,599
IPPE revaluation surplus	**173,822**	168,519
Total equity	**400,071**	384,118

(1) Restatement has occurred on comparatives

Albury City Council

Statement of Financial Position – Sewerage business activity

as at 30 June 2026

	2026 $ '000	2025 $ '000
ASSETS		
Current assets		
Investments	**58,688**	41,224
Receivables	**9,511**	8,746
Inventories	**29**	24
Other	**171**	–
Total current assets	**68,399**	49,994
Non-current assets		
Investments	**34,370**	47,825
Infrastructure, property, plant and equipment	**279,891**	267,683
Total non-current assets	**314,261**	315,508
Total assets	**382,660**	365,502
LIABILITIES		
Current liabilities		
Payables	**241**	253
Borrowings	**655**	609
Employee benefit provisions	**441**	604
Total current liabilities	**1,337**	1,466
Non-current liabilities		
Borrowings	**1,506**	2,162
Employee benefit provisions	**391**	70
Total non-current liabilities	**1,897**	2,232
Total liabilities	**3,234**	3,698
Net assets	**379,426**	361,804
EQUITY		
Accumulated surplus [1]	**249,373**	236,870
IPPE revaluation surplus	**130,053**	124,934
Total equity	**379,426**	361,804

(1) Restatement has occurred on comparatives

Albury City Council

Statement of Financial Position – Albury Airport

as at 30 June 2026

	2026 Category 1 $ '000	2025 Category 1 $ '000
ASSETS		
Current assets		
Receivables	**1,009**	1,163
Total current assets	**1,009**	1,163
Non-current assets		
Infrastructure, property, plant and equipment	**60,792**	49,968
Total non-current assets	**60,792**	49,968
Total assets	**61,801**	51,131
LIABILITIES		
Current liabilities		
Payables	**11,491**	8,645
Income received in advance	**6**	4
Employee benefit provisions	**114**	161
Total current liabilities	**11,611**	8,810
Non-current liabilities		
Employee benefit provisions	**78**	11
Total non-current liabilities	**78**	11
Total liabilities	**11,689**	8,821
Net assets	**50,112**	42,310
EQUITY		
Accumulated surplus	**20,365**	14,960
Revaluation reserves	**29,747**	27,350
Total equity	**50,112**	42,310

Albury City Council

Statement of Financial Position – Albury Waste Management Centre

as at 30 June 2026

	2026 Category 1 $ '000	2025 Category 1 $ '000
ASSETS		
Current assets		
Cash and cash equivalents	**11,374**	10,743
Investments	**5,108**	5,108
Receivables	**2,963**	2,429
Total current assets	**19,445**	18,280
Non-current assets		
Infrastructure, property, plant and equipment	**41,888**	41,994
Total non-current assets	**41,888**	41,994
Total assets	**61,333**	60,274
LIABILITIES		
Current liabilities		
Employee benefit provisions	**278**	444
Total current liabilities	**278**	444
Non-current liabilities		
Employee benefit provisions	**212**	51
Provisions- Landfill rehabilitation	**21,288**	21,143
Total non-current liabilities	**21,500**	21,194
Total liabilities	**21,778**	21,638
Net assets	**39,555**	38,636
EQUITY		
Accumulated surplus	**31,209**	31,209
Revaluation reserves	**8,346**	7,427
Total equity	**39,555**	38,636

Albury City Council

Statement of Financial Position – Cemetery & Crematorium

as at 30 June 2026

	2026 Category 2 $ '000	2025 Category 2 $ '000
ASSETS		
Current assets		
Investments	**2,036**	3,232
Receivables	**126**	92
Total current assets	**2,162**	3,324
Non-current assets		
Infrastructure, property, plant and equipment	**3,420**	3,445
Total non-current assets	**3,420**	3,445
Total assets	**5,582**	6,769
LIABILITIES		
Current liabilities		
Payables	**2,375**	3,492
Employee benefit provisions	**82**	117
Total current liabilities	**2,457**	3,609
Non-current liabilities		
Income received in advance	**3,565**	3,232
Employee benefit provisions	**50**	6
Total non-current liabilities	**3,615**	3,238
Total liabilities	**6,072**	6,847
Net assets	**(490)**	(78)
EQUITY		
Accumulated surplus	**(1,846)**	(1,240)
Revaluation reserves	**1,356**	1,162
Total equity	**(490)**	(78)

Albury City Council

Statement of Financial Position – Banjora Child Care Services

as at 30 June 2026

	2026 Category 2 $ '000	2025 Category 2 $ '000
ASSETS		
Non-current assets		
Infrastructure, property, plant and equipment	**858**	858
Total non-current assets	**858**	858
Total assets	**858**	858
LIABILITIES		
Current liabilities		
Payables	**550**	918
Employee benefit provisions	**68**	207
Total current liabilities	**618**	1,125
Non-current liabilities		
Employee benefit provisions	**52**	15
Total non-current liabilities	**52**	15
Total liabilities	**670**	1,140
Net assets	**188**	(282)
EQUITY		
Accumulated surplus	**(319)**	(755)
Revaluation reserves	**507**	473
Total equity	**188**	(282)

Albury City Council

Statement of Financial Position – Albury Entertainment Centre

as at 30 June 2026

	2026 Category 2 $ '000	2025 Category 1 $ '000
ASSETS		
Current assets		
Receivables	**56**	50
Total current assets	**56**	50
Non-current assets		
Infrastructure, property, plant and equipment	**9,238**	11,989
Total non-current assets	**9,238**	11,989
Total assets	**9,294**	12,039
LIABILITIES		
Current liabilities		
Payables	**2,312**	6,838
Employee benefit provisions	**69**	159
Total current liabilities	**2,381**	6,997
Non-current liabilities		
Employee benefit provisions	**103**	12
Total non-current liabilities	**103**	12
Total liabilities	**2,484**	7,009
Net assets	**6,810**	5,030
EQUITY		
Accumulated surplus	**(8,814)**	(9,827)
Revaluation reserves	**15,624**	14,857
Total equity	**6,810**	5,030

Note – Material accounting policy information

A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993* (Act), the *Local Government (General) Regulation 2021* (Regulation) and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accrual basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, fair value of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality,* Council has declared that the following are to be considered as business activities:

Category 1 - *Business activities with gross operating revenue more than $2 million*

a. Water Supply
Provision and distribution of secure, safe and potable water to the Albury regional area.

b. Sewerage Services
Treatment of wastewater.

c. Albury Airport
Provision of airport and terminal services.

d. Albury Waste Management Centre
Regional facility for collection and recycling of waste.

continued on next page ...

Note – Material accounting policy information (continued)

Category 2 - *Business activities with gross operating turnover less than $2 million*

a. Albury Entertainment Centre (AEC)
Provision of convention and function hire facilities, musical and theatrical performances.

b. Cemetery & Crematorium
Provision of cemetery and crematorium services.

c. Banjora Child Care Services
Provision of long day child care.

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in special purpose financial statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – **25%**

Land tax – the first $1,075,000 of combined land values attracts **0%**. For the combined land values in excess of $1,075,000 up to $6,571,000 the rate is **$100 + 1.6%**. For the remaining combined land value that exceeds $6,571,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of $1,200,000.

In accordance with DCCEEW's regulatory and assurance framework, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the regulatory and assurance framework as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

Achievement of substantial compliance to DCCEEW's regulatory and assurance framework is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed $3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the relevant corporate income tax rate, currently 25%.

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to the 'Council' as the owner of business operations – it represents an internal payment and has no effect on the operations of the Council.

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

continued on next page ...

Note – Material accounting policy information (continued)

(i) Subsidies
Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

(ii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

(iii) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with DCCEEW's regulatory and assurance framework and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2026 multiplied by $30 (less the payment for tax equivalent charges, not exceeding $3 per assessment).

In accordance with DCCEEW's regulatory and assurance framework, statement of compliance and statement of dividend payment, dividend payment form and unqualified independent financial audit report are required to be submitted to DCCEEW.

INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Albury City Council

To the Councillors of Albury City Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Albury City Council's (the council) declared business activities, which comprise the Statement by Councillors and Management, the Income Statement of each declared business activity for the year ended 30 June 2026, the Statement of Financial Position of each declared business activity as at 30 June 2026 and the material accounting policy information note.

The declared business activities of the council are:

- Water Supply
- Sewerage Services
- Albury Airport
- Albury Waste Management Centre
- Cemetery & Crematorium
- Banjora Child Care Services
- Albury Entertainment Centre.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the council's declared business activities as at 30 June 2026, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Material accounting policy information note and the Local Government Code of Accounting Practice and Financial Reporting 2025–26 (LG Code).

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

Basis for opinion

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

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

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

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

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

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

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

Emphasis of matter - basis of accounting

Without modifying my opinion, I draw attention to the material accounting policy information note to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

Other information

The council's annual report for the year ended 30 June 2026 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and special schedules (the schedules).

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

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

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

I have nothing to report in this regard.

The councillors' responsibilities for the financial statements

The councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in the material accounting policy information note to the financial statements, are appropriate to meet the requirements in the LG Code. The councillors' responsibility also includes such internal control as the councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

My objectives are to:

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

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

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

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

- that the council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Susan Prichard
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

28 October 2026
SYDNEY