

CITY OF ALBANY
2013-2014
Annual
Report



City of Albany Regional Day Care Centre



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The Annual Report is produced in a digital format again this year, continuing the City of Albany's commitment to sustainability and the environment. Producing the Report digitally saves on both production costs and the need for paper, conserving resources.

The Report can be viewed on the City's website: www.albany.wa.gov.au/your-council/

If you have any comments or questions regarding the Report, the City of Albany welcomes feedback:

By email		medialiaison@albany.wa.gov.au
By phone		(08) 9841 9333
In person		102 North Rd, Yakamia WA 6330
By mail		Chief Executive Officer, PO Box 484, Albany WA 6331

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Mayor's Message



2013-14 was an exciting year for the City of Albany by any measure.

The City has continued to provide the important and value-for-money services the Albany community has come to expect.

But we have also strived to go above and beyond that as we seek to make the most of one of the most significant events Albany has ever experienced.

The Centenary of the departure of the first convoy to the First World War will be marked in Albany on 1 November 2014. The City of Albany continued to work towards this momentous occasion on a number of fronts.

The City has worked collaboratively with a range of stakeholders, including the Federal and State Governments, to plan for a major program of events to be held between 30 October and 2 November 2014.

Large numbers of visitors are expected to visit Albany during this time and we expect to garner significant national and international attention.

In order to further prepare Albany for this once-in-a-lifetime event, an arguably unprecedented number of exciting projects are now complete or well underway across Albany.

In late 2013 we welcomed a major international event in the Clipper Round the World Yacht Race. The community support for Clipper was amazing, and Albany showed the world just how much of a premium destination we are.

2013-14 was the first full year in which the City operated under the new Integrated Planning Framework which was adopted by Council in June 2013. At the heart of this framework is the Community Strategic Plan 2023, a comprehensive document which was developed following extensive consultation with the Albany community and provides the basis for council decisions.

The Community Strategic Plan informs the Corporate Business Plan – a document which activates the initiatives laid out in the Community Strategic Plan.

The Annual Budget then allocates the resources needed to make the initiatives a reality.

I remain proud to be the head of a very positive, stable and productive Council. In 2013, we welcomed three new Councillors – Nicolette Williams, Janelle Price, Bill Hollingworth and Alison Goode. I welcome them, and I thank outgoing Councillors Don Dufty, Chris Holden, David Bostock and Yvonne Attwell.

Being a City of Albany Councillor is a significant commitment. Our Council works very hard for the community. Many of our Councillors have jobs, families and other obligations outside Council, and to take on the responsibility of being on Council is a very large commitment on top of this.

I would like to thank the excellent workforce that the City of Albany is lucky enough to have.

On behalf of council, I also extend my thanks to Chief Executive Graham Foster, who has been a calm, inspiring and professional figure since his appointment by Council in late 2012.

Mr Foster's Executive Management Team comprising Deputy CEO Garry Adams, Community Services Executive Director Cameron Woods, Planning and Development Services Executive Director Dale Putland and Works and Services Executive Director Matthew Thomson have demonstrated leadership and professionalism in delivering, maintaining and improving quality services to the community.

Finally, I would like to thank the Albany community for its positivity and support for the City of Albany and the bright future that we all face together.

Dennis Wellington

Mayor

Chief Executive Officer's Report



It is somewhat of an understatement to say that the City of Albany has had a busy year.

The City of Albany, in close collaboration with our partners in the Federal and State Governments, has made some incredible progress in preparing Albany for the Anzac Albany commemorative events between 30 October and 2 November.

A range of significant projects have been completed or are well underway, many of which have been spurred on by the need to prepare for this milestone event.

The amazing Mt Clarence Infrastructure Upgrade, which was funded by the State Government and implemented by the City of Albany, was completed.

Albany's new crown jewel, the National Anzac Centre, and the associated upgrades to Princess Royal Fortress, are well on track for completion during October 2014.

The National Anzac Centre was funded by the Federal and State Governments. It will be a major tourist drawcard and the centrepiece of 'Albany Heritage Park', a unified tourism attraction comprising Mt Clarence, Mt Adelaide, the historic gun battery Princess Royal Fortress, and the Lower Forts.

The City of Albany will take over management of the

National Anzac Centre in November 2014. In order to provide long-term direction and management for these initiatives, a new role of Albany Heritage Park General Manager was created in late 2013. Experienced tourism professional Dean Lee was appointed to the role and has made great strides.

Other major projects which are well underway include the new Town Square Community Space (funded by Lotterywest and the City of Albany) and the enhancement of historic streetscape Stirling Terrace.

We are also on track to complete the terminal and security upgrades at Albany Regional Airport.

A significant milestone was met for the Centennial Park Sporting Precinct project, with a tender awarded for detailed design. The project aims to create the region's premier sport and recreation precinct.

Council has now adopted Local Planning Scheme 1 following an extensive community consultation period. The new scheme replaces the two old schemes inherited from the Town of Albany and Shire of Albany and provides clearer direction for planning matters.

The City has also begun a renewed focus on attracting major events. In late 2013 Albany played host to the Clipper Round the World Yacht Race which was a major success. The City also hosted the inaugural Vancouver Street Festival which proved very popular with the community.

These are just a few of the major projects the City has completed, continued or embarked on during 2012-13 – all while continuing to provide the facilities and services the community has come to expect from the City of Albany.

I would like to thank Councillors for the dedication they continue to show.

I would also like to thank my four Executive Directors, including my Deputy Garry Adams, and Dale Putland, Matthew Thomson and Cameron Woods.

I would also like to thank City's wonderful group of dedicated and hardworking team of staff across the various arms that make up the City of Albany organisation, including City of Albany North Road Administration Building, City of Albany Mercer Road Depot, Albany Public Library, Vancouver Arts Centre, Albany Regional Airport, Albany Visitor Centre, Albany Leisure and Aquatic Centre, Albany Regional Day Care Centre, Albany Heritage Park and our waste facilities.

Graham Foster

Chief Executive Officer

Albany in Brief



Albany, Western Australia's oldest European settlement, lies adjacent to beautiful natural harbours. Forest, coastal bush and farmland surround its thriving urban centre.

The Aboriginal connection to Albany and its surrounding areas goes back at least 25,000 years.

Albany's European settlement history started on Christmas Day 1826, when Major Edmund Lockyer sailed into Princess Royal Harbour in the Brig Amity. Major Lockyer created a British penal outpost called Frederickstown, which was renamed Albany in 1832 by WA Governor Sir James Stirling.

Albany evolved into a busy port, servicing the Goldfields' immigration and produce needs, and exporting timber and agricultural products. In November 1914, Australian and New Zealand troops departed from Albany on a voyage via Egypt to Gallipoli, where they landed on April 25, 1915.

Many soldiers' last glimpse of Australia was of Albany, the place where their Anzac journey began.

The Shires of Denmark, Plantagenet and Jerramungup surround the municipality. Albany is an established holiday playground – its natural attractions, history and recreation and adventure opportunities attract Australian and international visitors.

Tourism ventures in accommodation, recreation, food and hospitality continue to grow in and around the City, with prime development opportunities available at the Albany Waterfront and at Middleton Beach.

Albany has a temperate climate, characterised by soft winters and mild, sparkling summers. The average annual rainfall is approximately 930mm.

Albany is the administrative and service hub for the Great Southern region, which has a population of about 58,000 living in an area of approximately 39,000km².

Albany has a busy port, modern airport, vibrant CBD

and a newly developed waterfront boasting a state-of-the-art entertainment centre alongside the new marina and ANZAC Peace Park.

On November 1 2014 all eyes will be on Albany for beginning of the ANZAC Centenary commemorative period which is sure to herald a new era for the region.

Our Economy

- A combination of agriculture, forestry and fishing is the largest industry in Albany, accounting for 20.46 per cent of all people employed (2011)
- Albany's labour force³ is estimated at 26,150 persons
- Unemployment³ is approximately 4.9 percent (compared with WA 4.7 per cent and Australia 5.6 per cent)
- Average total personal income⁴ in Albany is \$514/week (compared with WA at \$577 a week)

Our People

- Resident population in Albany (2011)²: 34,579 and in the Great Southern 55,357;
- Ten-year average annual growth rate⁵: 1.7 percent per annum to 2009 (compared with 2.6% pa for WA)
- Number of households (2011)²: 26,241
- Median age of residents (2011)²: 41 (compared with 36 for WA)
- Percentage of indigenous people²: 3.78 percent (compared with 3.11 per cent for WA);
- Percentage of Great Southern regional population residing in Albany: 62.4 per cent¹
- Compared with WA, Albany has a greater proportion of persons aged 65 plus and a lesser proportion of persons aged 20-24.

Source:

1 ABS (Estimated as at 30 June 2011)

2 ABS - Albany Local Government Area (Census 2011)

3 Department of Education, Employment and Workplace Relations (June Quarter 2011)

4 ABS (Estimated as at 30 June 2011)

5 City of Albany Building Report

6 Regional Development Australia (Great Southern)

Albany in Brief



City of Albany Wards

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State of WA

Great Southern

Albany

Yakamia

Electors: 4046
Councillor to Elector ratio: 1 to 2023
Land area: 25.52km²



Councillor Robert Sutton, term 2013-2017. Councillor Sutton was re-elected to City of Albany Council in 2013.



Councillor Alan JP Hortin, term 2011-2015. This is Cr Hortin's first term as a local government Council member.

Vancouver

Electors: 3543
Councillor to Elector ratio: 1 to 1772
Land area: 83.498km²



Councillor Sarah Bowles, term 2011-2015. This is Cr Bowles' first term as a local government Council member.



Councillor Nicolette Williams, term 2013-2017. Cr Williams is a former City of Albany Councillor and was elected in 2013.

West

Electors: 4308
Councillor to Elector ratio: 1 to 2154
Land area: 831.29km²



Councillor Gerry Gregson, term 2011-2015. This is Cr Gregson's first term as a local government Council member.



Councillor Alison Goode, term 2013-2017. Cr Goode is a former City of Albany Mayor.

Frederickstown

Electors: 3543
Councillor to Elector ratio: 1 to 1772
Land area: 83.498km²



Deputy Mayor Greg Stocks, term 2011-2015. This is Cr Stocks' first term in local government.



Councillor Carolyn Dowling, term 2013-2017. Cr Dowling has previous local government experience.

Breaksea

Electors: 3866
Councillor to Elector ratio: 1 to 1933
Land area: 9.07km²



Councillor Vince Calleja, term 2011-2015. Cr Calleja was a Town of Albany Councillor from 1996-1997.



Councillor Ray Hammond, term 2013-2017. Cr Hammond was re-elected to the City of Albany Council in 2013.

Kalgan

Electors: 3824
Councillor to Elector ratio: 1 to 1912
Land area: 2447km²



Councillor Bill Hollingworth, term 2013-2015. Cr Hollingworth was elected to the City of Albany Council in 2013.



Councillor Janelle Price, term 2013-2017. Cr Price was elected to the City of Albany Council in 2013.

Community Strategic Planning



Community Strategic Planning

Integrated Strategic Planning Framework

The City of Albany's Integrated Planning and Reporting Framework was adopted by council on June 25 2013.

The framework is a way of making sure the City is properly planning for the future. Its development and adoption was a requirement of the State Government.

The City of Albany considered this an opportunity to ensure the best possible forward planning was taking place for the future of the City and the community.

City Staff and Councillors, in conjunction with the wider community, put a great deal of time and effort into developing the framework.

The central pillar of the framework – the Community Strategic Plan – was the result of extensive consultation with the Albany community.

It is an important document which will guide all decisions of Council now and into the future.

The three major components of the Integrated Planning and Reporting Framework are:

Community Strategic Plan
An overarching plan that will guide the future direction of Council's policies, plans, projects and decision making over the next ten years to 2023.

Corporate Business Plan
A plan for the City as an organisation to activate the strategies identified in the Strategic Community Plan and drive City operations to 2017.

Annual Budget
The allocation of resources required to deliver the Strategic Community Plan and the Corporate Business Plan. The annual budget will be derived from an annual review of the Corporate Business Plan.



Community Strategic Planning

The following table summarises the role of the Community, Council and City in the ongoing development, delivery and improvement of the integrated strategic planning framework.

<p>The Community <i>Residents, Businesses, Clubs and Organisations</i></p> <p>The Community will</p> <ul style="list-style-type: none"> Identify aspirations Develop a vision Establish goals <p>The outcome is</p> <ul style="list-style-type: none"> A vision for Albany Goal statements to guide Council's strategy <p>Monitor and Review</p> <ul style="list-style-type: none"> Engage in reviews of strategies Provide feedback on progress 	<p>The Council <i>Elected Members who represent their community</i></p> <p>The Council will</p> <ul style="list-style-type: none"> Develop strategies to deliver the goals Allocate resources <p>The outcome is</p> <ul style="list-style-type: none"> A 10 year Strategic Community Plan Monitoring framework <p>Monitor and Review</p> <ul style="list-style-type: none"> Review the strategy every two years Report back to the community on progress 	<p>The City <i>The organisation led by the Chief Executive Officer</i></p> <p>The City will</p> <ul style="list-style-type: none"> Identify actions to deliver the strategy Manage resources <p>The outcome is</p> <ul style="list-style-type: none"> A 4 year Corporate Business Plan Annual Budget <p>Monitor and Review</p> <ul style="list-style-type: none"> Review the plan annually Report back to the Council and community on progress
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Five key themes

The City's Community Strategic Plan is founded on five key themes developed with the community through a comprehensive engagement program and based on an overall vision for Albany "to be Western Australia's most sought after and unique city to live work, and visit."

The five key themes are:

- Smart, Prosperous & Growing**
- Clean, Green & Sustainable**
- A Connected Built Environment**
- A Sense of Community**
- Civic Leadership**

For further information, including in depth details of the deliverable goals of the Community Strategic Plan, visit www.albany.wa.gov.au.



Community Strategic Planning

The framework was fine-tuned over the 2013/14 financial year to make it more relevant and measurable. One of the key improvements was to link the Community Perception Survey results to the Community Strategic Plan meaning it is community members that rate how successful the City is in delivering what we have committed to.

There was also a significant update to the Corporate Business Plan to more clearly define the services we offer along with the Capital Works Program and Strategic Projects we will deliver over the next 4 years.

Significant initiatives which are proposed to commence or continue in the 2014/15 financial year are detailed below:-

Anzac Centenary (2014-18) infrastructure improvements and hosting of major community events
Tourism event attraction and destination marketing
City centre revitalisation

Development and delivery of a Coastal management strategy covering natural reserves coastlines, parks and green spaces
City sustainability strategy development and delivery of resulting projects
Capital works and renewal program on our roads, pathways, drainage and buildings

Studies and community consultation leading to an upgrade of the Albany Local Planning Strategy
Public Health Plan development and implementation

Implementation of the Cycling City Strategy
Finalisation of the Trails Hub Strategy and delivery of resulting projects

Further Community Perception Survey to be conducted in March 2015
Ongoing community engagement and consultation



FIVE KEY THEMES
Smart, Prosperous & Growing
Clean, Green & Sustainable
A Connected Built Environment
A Sense of Community
Civic Leadership

Compliance

Disability Access and Inclusion Plan

2013-14 saw a number of initiatives achieved under the City's Access and Inclusion Plan including:

- The development and implementation of free, accessible and immersive creative environments for children (Kids Artspace, digital interactive playspace) in school holidays at Vancouver Arts Centre.
- More accessible and Christmas Pageant to allow greater participation by people with disabilities, their families and carers.
- Promotion of all City job vacancies emailed to disability and other employment agencies in Albany to increase access to City vacancies by people with disability.
- Updated lease documents to include clause on City's Access & Inclusion Plan to ensure activities carried out in lease premises are consistent with the plan.
- Development of a guide to inclusive sport and recreation for sporting clubs prepared by the Princess Royal Sailing Club through a grant provided by the Commission under its Count Me In program.

State Records Act 2000

The City of Albany reviewed its Record Keeping Plan in 2013 which was accepted by State Records.

The Record Keeping Plan details all record keeping practices across the organisation and incorporates legal requirements set by State Records.

SynergySoft is the City's record keeping system. A full review of system capabilities is scheduled to be undertaken early in 2015/16.

The City's Records Staff undertake record keeping training for all staff on an as needs basis following a formal induction process.

Every staff member attends a mandatory record keeping induction, usually on the date they start with the organisation. All staff have access to online SynergySoft records training videos.

Records staff undertake formal training provided by third party training providers.

Records Staff undertake ongoing, ad-hoc reviews of Records practices across the organisation which highlight any additional training requirements of staff. They then work with business units to rectify any identified process inefficiencies.



Compliance

Register of certain complaints of minor breaches

The complaints officer for each local government is required to report complaints which result in a council member against whom a complaint was made being made to: be publically censured, apologise publically or undertake training.

During 2013-14 no complaints were recorded in the register of complaints in accordance with section 5.121 of the Local Government Act 1995.

Freedom of Information Act 1992

ACCESS TO COUNCIL DOCUMENTS

City of Albany information is available through a range of mediums including public statements, media statements, the City's website, advertisements placed in local and state-wide newspapers, public notice boards, library services, information sheets and other publications, as well as individual correspondence, public and statutory documents and reports.

Availability of information is subject to provisions established in legislation such as the Freedom of Information Act 1992 and the Local Government Act 1995 and may be free, or subject to fees and charges.

The City will, in all instances, seek to provide access to information upon request, except where there may be issues under the Privacy Act 1998 or Freedom of Information Act 1992 or other relevant legislation.

An Application for Access to Documents form is available on the City's website or upon request.

Employee remuneration (total package)

As at June 2014 the number of employees of the City of Albany entitled to an annual total remuneration package of \$100,000 or more was 31.

\$100 000- 109 999	8
\$110 000-119,999	4
\$120 000-129 999	3
\$130 000-139 999	3
\$140 000-149 999	4
\$150 000-159 999	2
\$160 000-169 999	2
\$170 000-179 999	2
\$180 000-189 999	1
\$190 000-199 999	0
\$200 000-239 999	1
\$240 000-249 999	0
\$250 000-259 999	1



City of Albany

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

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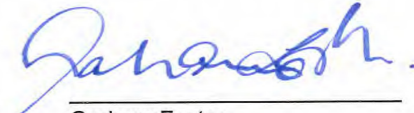
City of Albany
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Albany being the annual financial report and supporting notes and other information for the financial year ended 30th June 2014 are in my opinion properly drawn up to present fairly the financial position of the City of Albany at 30th June 2014 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the Regulations under that Act.

Signed as authorisation of issue on the 18th day of December 2014


Graham Foster
Chief Executive Officer

City of Albany
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Rates	24	29 076 725	28 961 010	27 095 227
Operating Grants, Subsidies and Contributions	30	4 375 302	3 250 169	5 077 575
Fees and Charges	29	15 774 868	15 082 994	15 408 390
Interest Earnings	2(a)	1 565 705	1 086 913	1 317 234
Other Revenue		353 782	404 000	1 093 314
		<u>51 146 382</u>	<u>48 785 086</u>	<u>49 991 740</u>
Expenses				
Employee Costs		(20 875 853)	(21 172 865)	(19 242 660)
Materials and Contracts		(15 266 858)	(15 597 630)	(13 583 409)
Utility Charges		(1 710 239)	(1 750 726)	(1 631 962)
Depreciation on Non-Current Assets	2(a)	(12 214 326)	(12 271 352)	(11 377 584)
Interest Expenses	2(a)	(942 708)	(859 851)	(950 661)
Insurance Expenses		(747 921)	(745 892)	(672 480)
Other Expenditure		(2 847 604)	(2 208 658)	(1 408 792)
		<u>(54 605 509)</u>	<u>(54 606 974)</u>	<u>(48 867 548)</u>
		(3 459 127)	(5 821 888)	1 124 192
Non-Operating Grants, Subsidies and Contributions	30	13 015 948	24 720 796	10 187 735
Changes on revaluation of non-current assets - Furniture & Equipment		0	0	(84 068)
Impairment Loss - Infrastructure Other	8	(244 656)	0	0
Fair Value adjustment to Financial Assets at fair value through profit or loss	4	(20 516)	0	233 566
Impairment Loss - Land Held For Resale	2(a)	0	0	(3 862 148)
Profit/(Loss) on Sale of Investments		182 604	0	2 105 390
Profit/(Loss) on Sale of Investment Land	33	24 255	0	(46 676)
Profit/(Loss) on Asset Disposals	22	(1 195 706)	(184 105)	84 069
Net Result		8 302 802	18 714 803	9 742 060
Other Comprehensive Income				
Changes on revaluation of non-current assets - Property, Plant and Equipment	14	58 586 012	0	629 147
Total Other Comprehensive Income		58 586 012	0	629 147
Total Comprehensive Income		66 888 814	18 714 803	10 371 207

This statement is to be read in conjunction with the accompanying notes.

City of Albany
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Governance		11 616	0	8 271
General Purpose Funding		32 744 890	32 133 121	32 389 581
Law, Order, Public Safety		637 322	406 653	379 568
Health		105 738	73 730	80 374
Education and Welfare		904 325	940 020	912 577
Community Amenities		7 512 340	7 208 290	6 922 046
Recreation and Culture		3 706 156	3 380 967	2 872 306
Transport		3 196 545	2 785 978	3 139 985
Economic Services		1 232 852	952 073	990 770
Other Property and Services		1 094 598	904 254	2 296 262
		<u>51 146 382</u>	<u>48 785 086</u>	<u>49 991 740</u>
Expenses				
Governance		(4 166 580)	(4 711 197)	(1 839 087)
General Purpose Funding		(930 289)	(957 207)	(764 350)
Law, Order, Public Safety		(2 276 108)	(1 650 735)	(1 862 708)
Health		(687 118)	(622 661)	(675 041)
Education and Welfare		(1 300 074)	(1 380 618)	(1 337 399)
Community Amenities		(7 540 693)	(8 527 220)	(7 994 907)
Recreation and Culture		(13 648 534)	(12 749 823)	(12 301 140)
Transport		(17 687 621)	(18 479 708)	(17 720 482)
Economic Services		(2 722 883)	(2 347 960)	(2 474 425)
Other Property and Services		(2 702 901)	(2 319 994)	(947 348)
		<u>(53 662 801)</u>	<u>(53 747 123)</u>	<u>(47 916 886)</u>
Finance Costs	2(a)	0	0	(81 154)
Governance		0	0	(81 154)
Community Amenities		(12 335)	(12 424)	(14 942)
Recreation and Culture		(298 619)	(287 752)	(301 509)
Transport		(446 197)	(440 038)	(460 876)
Economic Services		(35 975)	(30 572)	(33 898)
Other Property and Services		(149 582)	(89 065)	(58 282)
		<u>(942 708)</u>	<u>(859 851)</u>	<u>(950 660)</u>
Impairment Loss				
Other Property and Services		(244 656)	0	(3 862 148)
		<u>(244 656)</u>	<u>0</u>	<u>(3 862 148)</u>
Fair Value Adjustments to Financial Assets at Fair Value through Profit or Loss				
General Purpose Funding		(20 516)	0	233 566
		<u>(20 516)</u>	<u>0</u>	<u>233 566</u>
Fair Value Adjustments to Non-Current Assets at Fair Value through Profit or Loss				
Other Property and Services		0	0	(84 068)
		<u>0</u>	<u>0</u>	<u>(84 068)</u>
Non-Operating Grants, Subsidies and Contributions				
General Purpose Funding	30	0	0	7 696
Law, Order, Public Safety		854 902	0	467 250
Education and Welfare		0	0	10 000
Community Amenities		0	0	47 500
Recreation and Culture		3 989 365	15 086 165	3 606 350
Transport		8 104 687	9 541 281	5 784 714
Other Property and Services		66 994	93 350	264 225
		<u>13 015 948</u>	<u>24 720 796</u>	<u>10 187 735</u>
Profit/(Loss) on Sale of Investments				
Other Property and Services		182 604	0	2 105 390
Profit/(Loss) on Sale of Investment Land				
Other Property and Services	33	24 255	0	(46 676)
Profit/(Loss) on Disposal of Assets				
Governance		(3 542)	0	84 069
Law, Order, Public Safety		(27 577)	0	0
Health		(982)	0	0
Community Amenities		(159 910)	0	0
Recreation and Culture		(23 989)	107 775	0
Transport		(116 389)	(270 424)	0
Economic Services		(2 544)	0	0
Other Property and Services		(860 773)	(21 547)	0
		<u>(988 847)</u>	<u>(184 105)</u>	<u>2 142 783</u>
Net Result		8 302 802	18 714 803	9 742 060
Other Comprehensive Income				
Changes on revaluation of non-current assets - Property, Plant and Equipment	14	58 586 012	0	629 147
Total Other Comprehensive Income		58 586 012	0	629 147
Total Comprehensive Income		66 888 814	18 714 803	10 371 207

This statement is to be read in conjunction with the accompanying notes.

**City of Albany
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014**

	NOTE	2014 \$	2013 \$	1 July 2012 \$
CURRENT ASSETS				
Cash and Cash Equivalents	3	26 015 449	29 298 841	18 077 222
Investments	4	232 551	321 817	68 771
Trade and Other Receivables	5	3 837 979	2 867 873	2 947 666
Inventories	6	1 546 020	1 465 575	2 265 494
TOTAL CURRENT ASSETS		31 631 999	33 954 106	23 359 153
NON-CURRENT ASSETS				
Other Receivables	5	461 935	436 210	396 291
Inventories		0	0	4 714 702
Property, Plant and Equipment	7	123 038 864	67 549 310	65 126 958
Infrastructure	8	211 921 387	194 588 829	194 121 418
Intangible Assets	9	0	627	0
TOTAL NON-CURRENT ASSETS		335 422 186	262 574 976	264 359 369
TOTAL ASSETS		367 054 185	296 529 082	287 718 522
CURRENT LIABILITIES				
Trade and Other Payables	10(a)	5 601 311	3 627 168	3 914 696
Short Term Borrowings	11	1 521 937	2 614 871	3 286 606
Provisions	12	2 992 647	2 753 381	2 562 504
TOTAL CURRENT LIABILITIES		10 115 895	8 995 420	9 763 806
NON-CURRENT LIABILITIES				
Long Term Borrowings	11	15 829 980	13 224 917	14 139 788
Provisions	12	499 071	588 320	465 710
TOTAL NON-CURRENT LIABILITIES		16 329 051	13 813 237	14 605 498
TOTAL LIABILITIES		26 444 946	22 808 657	24 369 304
NET ASSETS		340 609 239	273 720 425	263 349 218
EQUITY				
Retained Surplus		268 285 604	260 400 778	254 331 042
Reserves - Cash/Investments Backed	13	13 108 476	12 690 500	9 018 176
Revaluation Surplus	14	59 215 159	629 147	0
TOTAL EQUITY		340 609 239	273 720 425	263 349 218

This statement is to be read in conjunction with the accompanying notes.

**City of Albany
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2012		255 128 628	9 006 996	0	264 135 624
Correction of Errors	36	(797 586)	11 180	0	(786 406)
Restated Balance		254 331 042	9 018 176	0	263 349 218
Comprehensive Income					
Net Result		9 742 060	0	0	9 742 060
Changes on Revaluation of Non-Current Assets	14	0	0	629 147	629 147
Total Comprehensive Income		9 742 060	0	629 147	10 371 207
Reserve Transfers		(3 672 324)	3 672 324	0	0
Balance as at 30 June 2013		260 400 778	12 690 500	629 147	273 720 425
Comprehensive Income					
Net Result		8 302 802	0	0	8 302 802
Changes on Revaluation of Non-Current Assets	14	0	0	58 586 012	58 586 012
Total Comprehensive Income		8 302 802	0	58 586 012	66 888 814
Reserve Transfers		(417 975)	417 975	0	0
Balance as at 30 June 2014		268 285 604	13 108 475	59 215 159	340 609 239

This statement is to be read in conjunction with the accompanying notes.

City of Albany
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Cash Flows From Operating Activities				
Receipts				
Rates		28 905 616	29 261 665	26 891 638
Operating Grants, Subsidies and Contributions		4 352 994	3 260 768	5 077 575
Fees and Charges		15 568 155	15 082 994	15 534 657
Interest Earnings		1 529 073	1 106 958	1 317 234
Goods and Services Tax		1 154 772	400 000	1 342 943
Other Revenue		624 782	404 000	444 860
		<u>52 135 392</u>	<u>49 516 385</u>	<u>50 608 907</u>
Payments				
Employee Costs		(20 626 753)	(21 326 865)	(18 941 464)
Materials and Contracts		(13 466 476)	(16 252 506)	(14 706 854)
Utility Charges		(1 710 239)	(1 750 726)	(1 631 962)
Insurance Expenses		(747 921)	(745 892)	(672 480)
Interest expenses		(931 837)	(862 391)	(947 615)
Goods and Services Tax		(1 910 571)	(400 000)	(934 703)
Other Expenditure		(2 852 023)	(2 208 658)	(516 080)
		<u>(42 245 820)</u>	<u>(43 547 038)</u>	<u>(38 351 158)</u>
Net Cash Provided By Operating Activities	15(b)	9 889 572	5 969 347	12 257 749
Cash Flows from Investing Activities				
Payment for Purchase of Property, Plant and Equipment		(6 889 054)	(12 522 547)	(4 047 883)
Payment for Construction of Infrastructure Assets		(21 996 659)	(32 496 226)	(7 405 368)
Non-Operating Grants, Subsidies and Contributions		13 015 948	26 645 196	9 459 595
Proceeds from Sale of Assets		920 103	0	405 499
Proceeds from Sale of Investments		251 354	0	2 105 411
Net Cash Provided By/(Used In) Investing Activities		(14 698 308)	(18 373 577)	517 254
Cash Flows from Financing Activities				
Repayment of Debentures		(2 614 871)	(2 615 253)	(4 086 606)
Proceeds from Self Supporting Loans		13 215	0	33 221
Proceeds from New Debentures		4 127 000	2 127 000	2 500 000
Net Cash (Used In) Financing Activities		1 525 344	(488 253)	(1 553 385)
Net Increase/(Decrease) in Cash Held		(3 283 392)	(12 892 483)	11 221 618
Cash at Beginning of Year		29 298 841	25 550 399	18 077 223
Cash and Cash Equivalents at the End of the Year	15(a)	26 015 449	12 657 917	29 298 841

This statement is to be read in conjunction with the accompanying notes.

City of Albany
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
Revenue				
Operating Grants, Subsidies and Contributions		4 375 302	3 250 169	5 077 575
Fees and Charges		15 774 868	15 082 994	15 408 390
Profit on Asset Disposal		145 600	129 637	84 069
Interest Earnings		1 565 705	1 086 914	1 317 234
Other Revenue		624 782	404 000	1 471 829
		<u>22 486 257</u>	<u>19 953 714</u>	<u>23 359 097</u>
Expenses				
Employee Costs		(20 875 853)	(21 172 865)	(19 242 660)
Materials and Contracts		(15 281 512)	(15 597 631)	(13 583 408)
Utility Charges		(1 710 239)	(1 750 726)	(1 631 962)
Depreciation on Non-Current Assets		(12 214 326)	(12 271 352)	(11 410 559)
Interest Expenses		(942 708)	(859 851)	(950 661)
Insurance Expenses		(747 921)	(745 892)	(672 480)
Loss On Sale of Assets		(1 341 307)	(313 742)	0
Other Expenditure		(3 344 870)	(2 208 658)	(1 822 741)
		<u>(56 458 736)</u>	<u>(54 920 717)</u>	<u>(49 314 471)</u>
Net Result Excluding Rates		(33 972 479)	(34 967 003)	(25 955 374)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
Initial Recognition of Assets Due to Change to Regulations				
- Intangibles		0	0	(627)
- Crown Land		0	0	(1 015 100)
(Profit)/Loss on Asset Disposals	22	1 195 706	184 105	(84 069)
Movement in Deferred Pensioner Rates (Non-Current)		(25 725)	0	(52 907)
Movement in Employee Benefit Provisions (Non-Current)		(89 249)	0	122 610
Movement From Non-Current to Current		75 449	0	(14 886)
Impairment Loss	8	244 656	0	0
Carrying Value of Investment Land Sold		233 950	0	738 399
Depreciation on Assets	2(a)	12 214 326	12 271 352	11 410 559
Capital Revenue				
Capital Grants and Contributions	30	13 015 948	24 720 796	10 187 735
Profit/(Loss) on Sale of Investments		182 604	0	2 105 390
Proceeds from Disposal of Assets	22	920 103	1 924 400	427 456
Capital Expenditure				
Purchase Land and Buildings		(3 230 907)	(8 025 741)	(1 674 966)
Purchase Infrastructure Assets		(21 996 659)	(32 496 226)	(7 455 348)
Purchase Plant and Equipment		(3 467 172)	(3 654 492)	(2 628 406)
Purchase Furniture and Equipment		(190 975)	(842 314)	(444 627)
Financing/Borrowing				
Repayment of Debentures	23	(2 614 871)	(2 615 253)	(4 086 606)
Proceeds from New Debentures	23	4 127 000	2 127 000	2 500 000
Self-Supporting Loan Principal Income		13 215	0	33 221
Restricted Funding Movements				
Restricted Cash - Loan Drawn Down Unspent	23(c)	(3 510 182)	0	0
Transfers to Reserves (Restricted Assets)	13	(15 021 427)	(13 640 795)	(5 577 211)
Transfers from Reserves (Restricted Assets)	13	14 603 451	15 090 919	1 904 888
ADD Surplus/(Deficit) July 1 B/Fwd	24(b)	13 902 345	11 100 936	5 735 963
LESS Surplus/(Deficit) June 30 C/Fwd	24(b)	5 685 832	138 695	13 238 100
Total Amount Raised from General Rate	24(a)	(29 076 725)	(28 961 010)	(27 062 006)

This statement is to be read in conjunction with the accompanying notes.

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

(a) Basis of Preparation

The financial report is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of the selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 21 to these financial statements.

(b) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to the ATO, is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, 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 and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities in the statement of financial position.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

(e) Inventories

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in the statement of comprehensive income at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for resale is classified as current except where it is held as non-current based on Council's intention to release for sale.

(f) Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or impairment losses.

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at fair value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

(a) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government that are plant and equipment; and

(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure; and

(c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, the City of Albany commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land Under Control

In accordance with local Government (Financial Management) Regulation 16 (a), the City of Albany was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance.

Upon initial recognition, these assets are recorded at cost in accordance with AASB 116. They are then classified as Land and revalued along with other land in accordance with other policies detailed in this Note.

Whilst they are required to be initially recorded at cost, fair value at the date of acquisition will be deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2014.

Initial Recognition and Measurement between Mandatory Revaluation Dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initially measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City of Albany includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised as profit or loss.

Transitional Arrangement

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the City of Albany may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the **Initial Recognition** section as detailed above.

Those assets carried at fair value will be carried in accordance with the **Revaluation** methodology section as detailed above.

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to Fair Value, AASB 13 – Fair Value Measurement only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the City of Albany chose to early adopt AASB 13 (as allowed for in the standard).

As a consequence, the principles embodied in AASB 13 - Fair Value Measurement have been applied to the previous reporting period (year ended 30 June 2013).

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under Roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, City of Albany elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the City of Albany.

Depreciation of Non-Current Assets

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods are:

Buildings	
- Structure	50 to 100 years
- Fittings	10 to 20 years
Furniture and Equipment	4 to 10 years
Information Technology Equipment	3 to 5 years
Plant and Equipment	4 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads	
formation	not depreciated
pavement	50 years
Footpaths	20 to 50 years
Bridges	100 years
Drainage	50 to 100 years
Parks & Gardens	5 to 100 years

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. 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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

The City of Albany has adopted the following thresholds for the recognition of assets within the accounts. Any expenditure below this threshold is treated as an operating expenditure.

Land	Nil
Furniture & Equipment	\$2 000
Plant	\$2 000
Land & Buildings	\$3 000
Infrastructure	\$5 000

(g) Fair Value of Assets and Liabilities

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that Council would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities (Continued)

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The City of Albany selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the City of Albany are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(h) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the City of Albany becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the City of Albany commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or at cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

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

Financial assets are classified as "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the City of Albany's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to the asset previously recognised in other comprehensive income, is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

At the end of each reporting period, the City of Albany assesses whether there is objective evidence that a financial instrument has been impaired.

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the City of Albany no longer has any significant continued involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(i) Impairment

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(j) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the City of Albany prior to the end of the financial year that are unpaid and arise when the City of Albany becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits
Short-Term Employee Benefits

Provision is made for the City of Albany's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The City of Albany's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The City of Albany's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The City of Albany's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the City of Albany does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(l) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

(m) Provisions

Provisions are recognised when the City of Albany has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(n) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investments in Associates

An associate is an entity over which the City of Albany has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City of Albany's share of net assets of the associate.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the City of Albany's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the City of Albany and the associate are eliminated to the extent of the City of Albany's interest in the associate.

When the City of Albany's share of losses in an associate equals or exceeds its interest in the associate, the City of Albany discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the City of Albany will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(p) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The City of Albany's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 18.

(q) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

(r) Superannuation

The City of Albany contributes to a number of superannuation funds on behalf of employees. All funds to which the City of Albany contributes are defined contribution plans.

(s) Current and Non-Current Classification

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

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Rounding Off Figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar.

(u) Comparative Figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the City of Albany applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(v) Budget Comparative Figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the City of Albany.

Management's assessment of the new and amended pronouncement that are relevant to the City of Albany, applicable to future reporting periods and which have not yet been adopted are set out as follows.

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 9 – Financial Instruments	December 2013	01 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the City of Albany, it is not anticipated the standard will have any material effect.
(ii)	AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	December 2013	01 January 2018	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the City of Albany (refer (i) above).
(iii)	[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities]	December 2012	01 January 2014	Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128. It is not expected to have a significant impact on the City of Albany.
(iv)	AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	June 2012	01 January 2014	This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. This Standard is not expected to significantly impact the City of Albany's financial statements
	[AASB 132]			

City of Albany
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	01 January 2014	This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets. It is not expected to have a significant impact on the City of Albany.
(vi) AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	01 January 2014	This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities. It is not expected to have a significant impact on the City of Albany.
(vii) AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	December 2013	Refer Title column	Part A of this standard makes various editorial corrections to Australian Accounting Standards. Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031 Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value. As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on the City of Albany

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

City of Albany
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

During the current year, the City of Albany adopted all of the new and revised Australian Accounting Standards and Interpretations which became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 10	AASB 128	AASB 2012 - 2
AASB 11	AASB 2011 - 7	AASB 2012 - 3
AASB 12	AASB 2011 - 9	AASB 2012 - 5
AASB 119	AASB 2011 - 10	AASB 2012 - 10
AASB 127		

Most of the standards adopted had a minimal effect on the accounting and reporting practices of the Council as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES

(a) Net Result

The Net Result includes:

(i) Charging as an Expense:

Significant Expense

Other Property and Services	0	3 862 148
	0	3 862 148

The significant expense in 2013 relates to impairment to realisable value on land holdings no longer intended for development.

Auditors Remuneration

During the year the following fees were paid or payable for services provided by the following auditors' of the City:

Grant Thornton Audit Pty Ltd

- Audit and review of Financial Report	25 109	24 161
- Acquittal Audit	2 240	0
<i>UHY Haines Norton</i>		
- Audit and review of Financial Report	18 500	0
- Internal Audit	22 500	17 000
- Tax Advice	660	0
	69 009	41 161

Depreciation

Buildings	1 328 485	1 425 376
Furniture and Equipment	314 826	278 350
Plant and Equipment	2 193 491	1 549 814
Roads	6 289 447	6 376 496
Footpaths	358 624	358 632
Drainage	401 684	396 180
Infrastructure - Other	1 327 769	992 736
	12 214 326	11 377 584

Interest Expenses (Finance Costs)

Debentures (refer Note 23(a))	942 708	950 661
	942 708	950 661

(ii) Crediting as Revenue:

Significant Revenue

Other Property and Services	0	1 015 100
	0	1 015 100

This significant revenue in 2013 relates to the initial recognition of land under the City's control in accordance with the amendments to the Financial Management Regulations. It has been classified as Other Revenue by Nature or Type.

	2014 \$	2014 Budget \$	2013 \$
Interest Earnings			
Investments			
- Reserve Funds	387 294	241 743	268 677
- Other Funds	884 503	710 000	771 014
Other Interest Revenue (refer note 28)	293 908	135 170	277 543
	1 565 705	1 086 913	1 317 234

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

The City of Albany is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

GOVERNANCE

Objective:

To provide a decision making process for the efficient allocation of scarce resources.

Activities:

Includes the activities of members of the council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer and environmentally conscious community.

Activities:

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

EDUCATION AND WELFARE

Objective:

To provide services to disadvantaged persons, the elderly, children and youth.

Activities:

Elderly person's activities and support, community services planning, disabled persons, youth services, aboriginal issues, playgroup, pre-schools and other welfare and voluntary persons.

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Refuse collection services, including recycling, greenwaste and hardwaste. Operation of tip facilities, administration of the Town Planning Scheme, public amenities and urban stormwater drainage works. Protection of the environment, coastline and waterways. Environmental planning.

City of Albany
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2014**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

RECREATION AND CULTURE

Objective:

To establish and effectively manage infrastructure and resource which will help the social well being of the community.

Activities:

Maintenance of halls, recreation and cultural facilities, including sportsgrounds, parks, gardens, reserves, playgrounds and foreshore amenities. Maintenance of boat ramps and jetties. Townscape works. Operation of the Library, Albany Leisure Centre, Vancouver, Art Centre, and other cultural activities.

TRANSPORT

Objective:

To provide safe, effective and efficient transport services to the community.

Activities:

Construction & maintenance of roads, drainage, footpaths, bridges, and traffic signs. Maintenance of pump stations and road verges. Strategic planning for transport and traffic flows. Street lighting and street cleaning. Airport operation. Parking control and car park maintenance.

ECONOMIC SERVICES

Objective:

To help promote the city and its economic well being.

Activities:

Tourism and area promotion, operation of the Visitor Centre, Sister City expenses, City marketing and economic development, implementation of building control, operation of plant nursery.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

Private works operation, plant repair, Public works overhead, land acquisition (including town planning schemes) and subdivision development and sales.

City of Albany
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2014**

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Function/ Activity	Opening Balance (*) 01-Jul-12	Received (+) 2012/13	Expended (#) 2012/13	Closing Balance (*) 30-Jun-13	Received (+) 2013/14	Expended (#) 2013/14	Closing Balance 30-Jun-14
Financial Assistance Grant - General Purpose	944 662	2 110 473	(1 986 372)	1 068 763	1 032 236	(2 101 059)	0
Financial Assistance Grant - Local Roads	935 171	1 612 273	(1 618 731)	928 713	772 932	(1 701 645)	0
E-Waste Grant	0	7 849	(7 849)	0	0	0	0
WA Police Community Engagement Division	914	0	(914)	0	0	0	0
WA Police Strategic Crime Prevention	1 500	0	(1 500)	0	0	0	0
Cat Act Grant - Sterilisation Subsidy	0	10 000	(3 156)	10 000	15 000	(3 874)	21 126
Cat Act Implementation Programme	0	3 335	(3 156)	179	0	(179)	0
Fire Equipment Grant	0	15 550	(15 550)	0	0	0	0
Bushfire Brigade Operating Grant - 14/15 in advance	0	0	0	0	62 390	0	62 390
Bushfire Brigade Operating Grant	0	0	0	0	272 000	(248 136)	23 864
Bushfire Brigade Operating Grant - 12/13 Additional Grant	0	0	0	0	9 435	(9 435)	0
SES Operating Grant - 14/15 in advance	0	0	0	0	10 415	0	10 415
SES Operating Grant	0	0	0	0	42 440	(42 440)	0
Community Emergency Risk Management	0	0	0	0	30 455	(5 200)	25 255
Tobacco Control Grant	0	0	0	0	10 000	(8 275)	1 725
Senior Citizens Wooden Floor	0	7 696	(7 696)	0	0	0	0
Disability Services - Count Me In Project	49 999	0	(37 500)	12 499	0	(12 499)	0
Seniors - ICCWA Grant	0	909	(909)	0	0	0	0
Day Care Centre - Dept of Communities	0	10 000	(9 910)	90	0	(90)	0
Dept of Sport and Rec - Skate Hub	0	9 000	(9 000)	0	0	0	0
Dept of Communities - NY 2014	0	1 000	(1 000)	0	0	0	0
Seniors - Stay on Your Feet Project	0	0	0	0	2 881	(2 881)	0
Centennial Wetlands Funding	0	0	(24 298)	360	0	(360)	0
Emu Point Coastal Works	24 658	0	(7 696)	17 000	0	0	17 000
Sport 4 All Kidsport Program	171 808	47 500	(67 532)	47 500	103 340	(26 513)	20 987
City of Belmont - Library	4 886	0	(4 431)	455	0	(455)	0
Read Out Loud Grant	4 130	3 000	(7 130)	0	0	0	0
Children's Book Council of Australia	839	41 207	(41 207)	0	58 449	(39 949)	18 500
Country Arts WA	2 727	0	(839)	0	0	0	0
South Coast Management Group	35 000	0	(2 727)	0	0	0	0
Keep Australia Beautiful Committee	49 333	70 000	(35 000)	0	80 000	(80 000)	0
Department of Transport	1 251	0	(119 333)	0	0	0	0
Padre White Lookout	0	15 532	(15 532)	0	22 545	(22 545)	0
State NRM Office	0	14 000	(2 247)	11 753	0	(11 753)	0
Library - SLWA Regional Subsidy	0	50 000	(6 146)	43 854	0	(43 854)	0
NAIDOC Community Celebrations	0	608 000	0	608 000	558 865	(1 064 000)	102 865
Club Development Initiative	0	29 000	(318)	28 682	3 000 000	(10 432)	18 250
Centennial Park Upgrade	0	2 836 000	(710 429)	2 125 571	77 503	(5 063 903)	61 668
Centennial Park Living Stream	0	0	(77 503)	0	0	0	0
Anzac Centenary - Mt Clarence Grant	0	12 340	(7 165)	5 175	0	(5 175)	0
Emu Point Carr/Boat Trailer Park	0	26 000	(10 136)	15 864	0	(15 864)	0
Centennial Park Masterplan - Income - GSDC	0	14 847	(14 847)	0	0	0	0
Lowlands Reserve - 4WD stabilisation - NRM	0	0	0	0	11 500	(11 500)	0
Parks & reserves - LotteryWest - Normans Inlet Walk trail	0	0	0	0	141 682	(141 682)	0
Vintage Vancouver Grant	0	0	0	0	150 000	(150 000)	0
Anzac Event	0	0	0	0	0	0	0
Tourism WA - Anzac Event	0	0	0	0	0	0	0

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Function/ Activity	Opening Balance (*) 01-Jul-12	Received (+) 2012/13	Expended (#) 2012/13	Closing Balance (*) 30-Jun-13	Received (+) 2013/14	Expended (#) 2013/14	Closing Balance 30-Jun-14
Christmas, New Year and Australia Day Events Grant							
Coastal Monitoring Program							
Trails Strategic Plan							
Seniors Week Grant							
Whaling Cove Sign and Shelter							
Rehabilitation of Miniup Park Motocross Track							
Cheyne Beach Rehabilitation							
Lower King Foreshore Maintenance							
Cheyne Beach - Upgrade 4WD Tracks							
Mt. Melville Community Fauna Survey							
Business Case for Cricket/Soccer Clubrooms							
Betty Beach Reserve - Upgrade Tracks							
Milli Park Upgrade							
Upgrade of Town Square							
Hutton Bridge							
Elleker Grassmere Bridge							
Great Southern Region Roads Street Lighting							
Centennial Bunding Funding							
Department of Regional Development and Land - Path Funding							
Main Roads Direct Grant							
Roads to Recovery							
TIRES Funding							
Federal Black Spot Funding							
State Black Spot Funding							
Drainage Masterplan							
Path Funding							
Commodity Funding							
Regional Road Group							
Main Roads - State Initiatives Project							
Road Funding - Other							
Stirling Terrace Upgrade							
Airport RADS Funds							
Airport Terminal Upgrade							
Albany Waterfront Cultural Heritage - WA Museum							
Pre-Masterplan for Albany Waterfront							
Clipper Event							
Economic Development Projects							
Westrail Barracks							
Local Government Energy Efficiency Program							
Total	2 753 523	13 231 824	(9 344 818)	6 640 529	13 248 853	(18 596 326)	1 293 056

Notes:

(*) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(+*) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(#) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

3. CASH AND CASH EQUIVALENTS

	NOTE	2014 \$	2013 \$
Unrestricted		8 103 735	9 967 812
Restricted		17 911 714	19 331 029
		<u>26 015 449</u>	<u>29 298 841</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Airport Reserve	13	1 603 743	3 743 106
Albany Entertainment Reserve	13	440 000	618 078
ALAC Synthetic Surface "Carpet" Reserve	13	164 494	159 008
Albany Classics Reserve	13	47 028	45 459
ANZAC Centenary Reserve	13	547 827	529 555
Bayonet Head Infrastructure Reserve	13	59 406	57 425
Car Parking Reserve	13	92 579	89 491
Emu Point Boat Pens Development Reserve	13	330 691	375 072
Masterplan Funding Reserve	13	267 235	466 151
Parks Development Reserve	13	20 586	76 922
Parks, Recreation Grounds & Open Space Reserve	13	0	834 825
Plant Replacement Reserve	13	1 331 941	1 289 601
Refuse Depot Reserve	13	0	600 668
Roadwork's Reserve	13	1 016 398	1 130 892
Planning	13	0	19 355
Waste Management Reserve	13	1 830 766	1 821 507
Refuse Collection & Waste Minimisation Reserve	13	1 107 162	833 385
Building Restoration Reserve	13	165 138	0
Debt Management Reserve	13	2 998 803	0
Coastal Management Reserve	13	253 500	0
Information Technology Reserve	13	200 000	0
Unspent Grants Reserve	13	631 179	0
Unspent Grants	2 (c)	1 293 056	6 640 529
Unspent Loans	23 (c)	3 510 182	0
		<u>17 911 714</u>	<u>19 331 029</u>

4. INVESTMENTS

Financial assets at fair value through profit or loss	232 551	321 817
Financial assets at fair value through profit or loss		
At beginning of the year	321 817	88 272
Revaluation to Income Statement	(20 516)	233 566
Disposals	(68 750)	(21)
At end of the year	<u>232 551</u>	<u>321 817</u>
Held for trading		
- CDOs	0	68 750
- Local Government House Unit Trust Shares	232 551	253 067
	<u>232 551</u>	<u>321 817</u>

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2013 \$
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	1 061 056	915 672
Sundry Debtors	1 850 537	1 335 953
Prepaid Expenses	135 677	173 766
Other Accrued Income	131 309	429 267
GST Receivable	659 400	0
Loans - Clubs/Institutions	0	13 215
	<u>3 837 979</u>	<u>2 867 873</u>
Non-Current		
Rates Outstanding - Pensioners	461 935	436 210
	<u>461 935</u>	<u>436 210</u>
6. INVENTORIES		
Current		
Fuel and Materials	720 403	416 171
ALAC Stock	29 468	24 604
Albany Visitor Centre Stock	40 814	27 384
Forts	17 670	21 292
Other	4 115	8 624
	<u>812 470</u>	<u>498 075</u>
Land Held for Resale - Cost		
Cost of Acquisition	77 500	77 500
Development Costs	3 568 537	3 568 537
Transfer roads to Infrastructure	(723 577)	(723 577)
Disposals	(1 611 172)	(1 379 081)
Adjustment to Realisable Value	(577 738)	(575 879)
	<u>733 550</u>	<u>967 500</u>
Inventories Total	<u>1 546 020</u>	<u>1 465 575</u>

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2013 \$
7. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Independent Valuation 2014	60 134 998	0
- Cost	0	9 993 029
	<u>60 134 998</u>	<u>9 993 029</u>
Land Vested In and Under the Control of Council at:		
- Independent Valuation 2014	1 015 100	0
- Cost	0	1 015 100
	<u>1 015 100</u>	<u>1 015 100</u>
Total Land	<u>61 150 098</u>	<u>11 008 129</u>
Buildings at:		
- Independent Valuation 2014	46 221 498	0
- Management Valuation 2014	1 789 394	0
- Cost	0	60 778 440
Less: Accumulated Depreciation	0	(15 628 295)
	<u>48 010 892</u>	<u>45 150 145</u>
Total Buildings	<u>48 010 892</u>	<u>45 150 145</u>
Total Land and Buildings	<u>109 160 990</u>	<u>56 158 274</u>
Furniture and Equipment at		
Management Valuation 2013	1 404 226	1 445 626
Additions after Valuation at Cost	190 975	0
Less: Accumulated Depreciation	(308 051)	0
	<u>1 287 150</u>	<u>1 445 626</u>
Plant and Equipment at		
Management Valuation 2013	8 112 782	9 229 440
Additions after Valuation at Cost	3 467 172	0
Less Accumulated Depreciation	(1 967 222)	0
	<u>9 612 732</u>	<u>9 229 440</u>
Paintings - Cost	327 746	327 746
	<u>327 746</u>	<u>327 746</u>
Total Property, Plant & Equipment	<u>120 388 618</u>	<u>67 161 087</u>
Work in Progress yet to be Classified	2 650 246	388 224
Total Property, Plant & Equipment, Work in Progress	<u>123 038 864</u>	<u>67 549 310</u>

Land and Buildings

The City's Land and Buildings were revalued at 30 June 2014 by independent valuers.

In relation to land and building assets with an observable open market, valuation were made on the basis of open market values of similar assets, adjusted for condition and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

For building assets without an observable market, assets were valued at depreciated replacement cost utilising both observable (Level 2) and unobservable inputs (Level 3).

Given the significance of the Level 3 inputs into the overall fair value measurement, these building assets are deemed to have been valued using Level 3 inputs.

City of Albany
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE PERIOD ENDED 30 JUNE 2014**

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Land and Buildings (Continued)

The revaluation of these assets resulted in an overall increase of \$58,586,012 in the net value of the City of Albany's land and buildings. All of this increase was credited to the revaluation surplus in the City of Albany's equity (refer to Note 14 for further details) and was recognised as Changes on Revaluation of non-current Assets in the Statement of Comprehensive Income.

Furniture and Equipment

Plant and Equipment:

Both Furniture and Equipment & Plant and Equipment were revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A.

Whilst the additions since that time are shown at cost, given that they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. Thus, the value was considered in accordance with Local Government (Regulation) 17A (2) which requires these assets to be shown at fair value.

Furniture and Equipment & Plant and Equipment will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1(f).

City of Albany
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2014**

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land (Level 2) \$	Land Vested in and Under Control of City of Albany (Level 2) \$	Total Land \$	Buildings (Level 2) (Level 3) \$	Buildings (Level 3) \$	Total Buildings \$	Plant and Equipment (Level 3) \$	Furniture and Equipment (Level 3) \$	Paintings \$	Work in Progress \$	Total \$
Balance as at the beginning of the year	9 993 029	1 015 100	11 008 129	12 956 668	32 193 477	45 150 146	9 229 440	1 445 626	327 746	388 224	67 549 310
Reclassification	0	0	0	0	(4 134 649)	(4 134 649)	0	0	0	0	(4 134 649)
12/13 WIP Capitalised 13/14 Additions	34 584 499 359	0	34 584 499 359	0 434 942	0	0 434 942	0 3 467 172	0 190 975	0	(34 584) 2 296 606	6 889 054
(Disposals)	(306 140)	0	(306 140)	0	(782 907)	(782 907)	(890 389)	(34 625)	0	0	(2 014 061)
Revaluation - Increments	49 914 166	0	49 914 166	2 844 384	5 827 462	8 671 846	0	0	0	0	58 586 012
Depreciation (Expense)	0	0	0	(406 457)	(922 028)	(1 328 485)	(2 193 491)	(314 826)	0	0	(3 836 803)
Carrying amount at the end of year	60 134 998	1 015 100	61 150 098	15 829 537	32 181 355	48 010 892	9 612 732	1 287 150	327 746	2 650 246	123 038 864

City of Albany
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2014**

	2014 \$	2013 \$
8. INFRASTRUCTURE		
Roads - Cost	181 857 964	176 288 349
Less Accumulated Depreciation	<u>(99 346 108)</u>	<u>(93 056 661)</u>
	82 511 856	83 231 688
Footpaths - Cost	12 499 838	11 834 131
Less Accumulated Depreciation	<u>(5 299 334)</u>	<u>(4 940 710)</u>
	7 200 504	6 893 421
Drainage - Cost	20 091 672	19 955 223
Less Accumulated Depreciation	<u>(10 470 948)</u>	<u>(10 069 264)</u>
	9 620 724	9 885 959
Other - Cost	119 603 937	103 321 905
Less Accumulated Depreciation	<u>(15 020 311)</u>	<u>(11 788 204)</u>
	104 583 626	91 533 701
Work in Progress yet to be Classified	8 004 677	3 044 060
Total Infrastructure and Work in Progress	<u><u>211 921 387</u></u>	<u><u>194 588 829</u></u>

Infrastructure - Other

The impairment loss is a liquid waste facility, owned as a joint venture with the Water Corporation.

The assets of this joint venture are primarily earthworks, sheds, lined ponds and pumps.

The facility is not currently receiving waste.

No future cash flows are expected from this asset, as no commercial lease agreements are currently in place.

The City does not have full control over this asset and can not, on its own, determine the future use.

City of Albany
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2014**

8. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads \$	Footpaths \$	Drainage \$	Other \$	Work in Progress \$	Total \$
Balance at the beginning of the year	83 231 688	6 893 421	9 885 959	91 533 701	3 044 060	194 588 829
Reclassification				4 134 649		4 134 649
12/13 WIP Capitalised	1 471 383	12 987	400	662 072	(2 146 842)	
13/14 Additions	4 098 232	652 720	136 049	9 926 750	7 182 908	21 996 659
WIP expensed	0	0	0	0	(75 449)	(75 449)
(Disposals)	0	0	0	(101 121)	0	(101 121)
Impairment (losses)/reversals	0	0	0	(244 656)	0	(244 656)
Depreciation (Expense)	(6 289 447)	(358 624)	(401 684)	(1 327 769)	0	(8 377 524)
Carrying amount at the end of year	<u><u>82 511 856</u></u>	<u><u>7 200 504</u></u>	<u><u>9 620 724</u></u>	<u><u>104 583 626</u></u>	<u><u>8 004 677</u></u>	<u><u>211 921 387</u></u>

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2013 \$
9. INTANGIBLES		
Easements	0	627
	<u>0</u>	<u>627</u>

For the year end 30 June 2013, easements were recognised at a nominal value of \$1 each.
For the year end 30 June 2014, easements have been recognised as having Nil value.

10. TRADE AND OTHER PAYABLES

Current		
Sundry Creditors	4 566 285	2 420 638
Sundry Accruals	135 376	266 391
GST Payable	0	96 399
Provision - Gravel Pit Regeneration	192 576	191 316
Income In Advance	351 053	406 357
Accrued Interest	47 812	36 941
Accrued Salaries and Wages	308 209	209 126
	<u>5 601 311</u>	<u>3 627 168</u>

11. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge		
Debentures	1 521 937	2 614 871
	<u>1 521 937</u>	<u>2 614 871</u>
Non-Current		
Secured by Floating Charge		
Debentures	15 829 980	13 224 917
	<u>15 829 980</u>	<u>13 224 917</u>

Additional detail on borrowings is provided in Note 23.

12. PROVISIONS

Analysis of Total Provisions

Current	2 992 647	2 753 381
Non-Current	499 071	588 320
	<u>3 491 718</u>	<u>3 341 701</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance as at 1 July 2013	1 465 217	1 876 484	3 341 701
Additional provisions	1 468 947	247 566	1 716 513
Amounts used	(1 301 053)	(265 443)	(1 566 496)
Balance at 30 June 2014	<u>1 633 111</u>	<u>1 858 607</u>	<u>3 491 718</u>

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2014 Budget \$	2013 \$
13. RESERVES - CASH BACKED			
(a) Airport Reserve			
<i>Purpose: To facilitate the future development and improvements at the Albany Airport.</i>			
Opening Balance	3 743 106	3 276 083	2 083 074
Amount Set Aside / Transfer to Reserve	3 178 257	3 625 382	1 745 845
Amount Used / Transfer from Reserve	(5 317 620)	(5 420 648)	(85 813)
	<u>1 603 743</u>	<u>1 480 817</u>	<u>3 743 106</u>

The Airport Reserve are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

(b) Albany Entertainment Reserve			
<i>Purpose: To provide for future funding requirements of the Albany Entertainment Centre</i>			
Opening Balance	618 078	393 938	503 467
Amount Set Aside / Transfer to Reserve	21 326	7 091	114 611
Amount Used / Transfer from Reserve	(199 404)	(176 974)	0
	<u>440 000</u>	<u>224 055</u>	<u>618 078</u>

The Albany Entertainment Centre Reserve are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

(c) ALAC Synthetic Surface "Carpet" Reserve			
<i>Purpose: To provide a replacement of the synthetic surface "carpet"</i>			
Opening Balance	159 008	138 870	126 098
Amount Set Aside / Transfer to Reserve	5 486	2 500	32 910
	<u>164 494</u>	<u>141 370</u>	<u>159 008</u>

The Albany Leisure And Aquatic Centre – Synthetic Surface "Carpet" Reserve are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

(d) Albany Classics Reserve			
<i>Purpose: To provide funding for the roadside barriers for the Albany Classic Event.</i>			
Opening Balance	45 459	45 496	44 140
Amount Set Aside / Transfer to Reserve	1 569	819	1 319
	<u>47 028</u>	<u>46 315</u>	<u>45 459</u>

The Albany Classic Barriers Reserve are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

(e) ANZAC Centenary Reserve			
<i>Purpose: To provide funding for the Anzac Centenary</i>			
Opening Balance	529 555	239 663	125 797
Amount Set Aside / Transfer to Reserve	18 272	4 314	403 758
	<u>547 827</u>	<u>243 977</u>	<u>529 555</u>

The Anzac Centenary Reserve is expected to be utilised in 2014/15.

(f) Bayonet Head Infrastructure Reserve			
<i>Purpose: To hold owner funding for infrastructure items and works within the Bayonet Head Outline Development Plan Area.</i>			
Opening Balance	57 425	57 472	55 759
Amount Set Aside / Transfer to Reserve	1 981	1 035	1 666
	<u>59 406</u>	<u>58 507</u>	<u>57 425</u>

The Bayonet Head Infrastructure Reserve are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

13. RESERVES - CASH BACKED (cont.)	2014 \$	2014 Budget \$	2013 \$
(g) Car Parking Reserve			
<i>Purpose: To provide for the acquisition of land, the development of land for car parking within the Central Business District.</i>			
Opening Balance	89 491	89 565	86 895
Amount Set Aside / Transfer to Reserve	3 088	1 612	2 596
	<u>92 579</u>	<u>91 177</u>	<u>89 491</u>

The City of Albany General Parking Reserve are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

(h) Emu Point Boat Pens Development Reserve			
<i>Purpose: To provide for the development/redevelopment of the Emu Point Boat Pens.</i>			
Opening Balance	375 072	402 383	364 192
Amount Set Aside / Transfer to Reserve	12 941	7 243	10 880
Amount Used / Transfer from Reserve	(57 322)	(80 634)	0
	<u>330 691</u>	<u>328 992</u>	<u>375 072</u>

The Emu Point Boat Pens Development Reserve are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

(i) Masterplan Funding Reserve			
<i>Purpose: To provide for funding of asset masterplans.</i>			
Opening Balance	466 151	467 017	453 094
Amount Set Aside / Transfer to Reserve	16 084	8 406	13 057
Amount Used / Transfer from Reserve	(215 000)	(204 034)	0
	<u>267 235</u>	<u>271 389</u>	<u>466 151</u>

The Master Plan Funding Reserve are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

(j) Parks Development Reserve			
<i>Purpose: To provide for the planning, development and enhancement of parks and park facilities.</i>			
Opening Balance	76 922	76 986	74 691
Amount Set Aside / Transfer to Reserve	2 654	1 386	2 231
Amount Used / Transfer from Reserve	(50 000)	(76 049)	0
Amount transferred to Parks, Recreation Grounds & Open Space Reserve	(8 990)	0	0
	<u>20 586</u>	<u>2 323</u>	<u>76 922</u>

The Parks Development Reserve are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

(k) Parks, Recreation Grounds & Open Space Reserve			
<i>Purpose: For the purchase of land for parks, recreation grounds.</i>			
Opening Balance	834 825	835 542	810 633
Amount Set Aside / Transfer to Reserve	0	0	24 192
Amount Used / Transfer from Reserve	(845 917)	0	0
Amount transferred from Parks, Recreation Grounds & Open Space Reserve & Roadwork's Reserve	11 092	0	0
	<u>0</u>	<u>835 542</u>	<u>834 825</u>

The Parks Development Reserve has been transferred to the Trust Account

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

13. RESERVES - CASH BACKED (cont.)	2014 \$	2014 Budget \$	2013 \$
(l) Plant Replacement Reserve			
<i>Purpose: To provide for the future replacement of plant, and reduce dependency on loans for this purpose.</i>			
Opening Balance	1 289 601	1 178 183	1 446 389
Amount Set Aside / Transfer to Reserve	200 000	200 000	143 212
Amount Used / Transfer from Reserve	(157 660)	(902 610)	(300 000)
	<u>1 331 941</u>	<u>475 573</u>	<u>1 289 601</u>

The Plant & Equipment Reserve are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

(m) Refuse Depot Reserve			
<i>Purpose: To facilitate the rehabilitation, redevelopment and development of refuse sites.</i>			
Opening Balance	600 668	600 668	1 725 352
Amount Set Aside / Transfer to Reserve	0	0	51 546
Amount Used / Transfer from Reserve	(600 668)	(600 668)	(1 176 230)
	<u>0</u>	<u>0</u>	<u>600 668</u>

(n) Roadwork's Reserve			
<i>Purpose: To facilitate road works</i>			
Opening Balance	1 130 891	867 740	206 835
Amount Set Aside / Transfer to Reserve	158 250	138 829	924 056
Amount Used / Transfer from Reserve	(270 641)	(430 216)	0
Amount transferred to Parks, Recreation Grounds & Open Space Reserve	(2 102)	0	0
	<u>1 016 398</u>	<u>576 353</u>	<u>1 130 891</u>

(o) Planning			
<i>Purpose: Carry over committed funds from prior years</i>			
Opening Balance	19 355	18 834	18 273
Amount Set Aside / Transfer to Reserve	0	0	1 082
Amount Used / Transfer from Reserve	(19 355)	(18 834)	0
	<u>0</u>	<u>0</u>	<u>19 355</u>

(p) Waste Management Reserve			
<i>Purpose: To facilitate the funding of future waste management the rehabilitation, redevelopment and development of refuse sites.</i>			
Opening Balance	1 821 507	1 822 269	893 488
Amount Set Aside / Transfer to Reserve	971 816	937 118	928 019
Amount Used / Transfer from Reserve	(962 557)	(1 494 889)	0
	<u>1 830 766</u>	<u>1 264 498</u>	<u>1 821 507</u>

The Waste Management Reserve are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

(q) Refuse Collection & Waste Minimisation Reserve			
<i>Purpose: To receipt any annual surplus from Council's Waste Collection/Minimisation Program to provide future funding for Council's Sanitation program</i>			
Opening Balance	833 385	106 952	0
Amount Set Aside / Transfer to Reserve	6 181 084	5 774 333	1 176 230
Amount Used / Transfer from Reserve	(5 907 306)	(5 685 363)	(342 845)
	<u>1 107 162</u>	<u>195 922</u>	<u>833 385</u>

The Refuse Collection & Waste Minimisation Reserve are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2014	2013
	\$	Budget	\$
	\$		
13. RESERVES - CASH BACKED (cont.)			
(r) Building Restoration Reserve			
<i>Purpose: To receipt funds for the ongoing Building Renewal and Expansion Projects</i>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	165 138	115 138	0
Amount Used / Transfer from Reserve	0	0	0
	<u>165 138</u>	<u>115 138</u>	<u>0</u>
The Debt Management Reserve are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.			
(s) Debt Management Reserve			
<i>Purpose: To receipt funds for the Long Term Debt Strategy</i>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	2 998 803	2 375 000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>2 998 803</u>	<u>2 375 000</u>	<u>0</u>
The Debt Management Reserve are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.			
(t) Coastal Management Reserve			
<i>Purpose: To receipt funds to facilitate future coastal works</i>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	253 500	253 500	0
Amount Used / Transfer from Reserve	0	0	0
	<u>253 500</u>	<u>253 500</u>	<u>0</u>
The Coastal Management Reserve are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.			
(u) Information Technology Reserve			
<i>Purpose: To receipt funds for the Long Term Information technology changes and licensing</i>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	200 000	187 089	0
Amount Used / Transfer from Reserve	0	0	0
	<u>200 000</u>	<u>187 089</u>	<u>0</u>
The Information Technology Reserve are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.			
(v) Unspent Grants Reserve			
<i>Purpose: To receipt grant funds which are unspent at year end to be expended in a future financial year</i>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	631 179	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>631 179</u>	<u>0</u>	<u>0</u>
The Unspent Grants and Contributions Reserve are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.			
TOTAL CASH BACKED RESERVES	<u>13 108 476</u>	<u>9 167 537</u>	<u>12 690 500</u>
Total Opening Balance	12 690 500	10 617 662	9 018 178
Total Amount Set Aside / Transfer to Reserve	15 021 427	13 640 795	5 577 210
Total Amount Used / Transfer from Reserve	<u>(14 603 450)</u>	<u>(15 090 919)</u>	<u>(1 904 888)</u>
TOTAL CASH BACKED RESERVES	<u>13 108 476</u>	<u>9 167 537</u>	<u>12 690 500</u>

All of the reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in this financial report.

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013
	\$	\$
14. ASSET REVALUATION SURPLUS		
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
(a) Land and Buildings		
Opening balance	0	0
Revaluation Increment	58 586 012	0
Revaluation Decrement	0	0
	<u>58 586 012</u>	<u>0</u>
(b) Plant and Equipment		
Opening Balance	629 147	0
Revaluation Increment	0	629 147
Revaluation Decrement	0	0
	<u>629 147</u>	<u>629 147</u>
TOTAL ASSET REVALUATION SURPLUS	<u>59 215 159</u>	<u>629 147</u>

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	2014	2014	2013
	\$	Budget	\$
	\$		
Cash and Cash Equivalents	<u>26 015 449</u>	<u>12 657 917</u>	<u>29 298 841</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	8 302 802	18 714 803	9 742 060
Depreciation	12 214 326	12 271 352	11 377 584
(Profit)/Loss on Sale of Asset	1 013 101	184 105	(2 189 459)
(Increase)/Decrease in Receivables	(1 009 046)	333 799	6 653
(Increase)/Decrease in Inventories	(80 445)	(2 500)	799 921
Increase/(Decrease) in Payables	1 974 144	(887 953)	(307 031)
Increase/(Decrease) in Employee Provisions	150 017	76 537	313 487
Non-Current Investment Land transferred to Land	0	0	3 862 148
Impairment Loss	244 656	0	0
Fair Value (Gain) Loss on Revaluation - Financial Assets	20 516	0	(233 566)
Fair Value Loss on Revaluation - Furniture & Equipment	0	0	84 068
Grants/Contributions for the Development of Assets	(13 015 948)	(24 720 796)	(10 187 735)
WIP Expensed	75 449	0	5 346
Non-Current Assets recognised due to changes in legislative requirements	0	0	(1 015 727)
Net Cash from Operating Activities	<u>9 889 572</u>	<u>5 969 347</u>	<u>12 257 749</u>

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

15. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

	2014	2013
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	55 000	49 000
Credit Card Balance at Balance Date	(19 356)	(16 305)
Total Amount of Credit Unused	<u>35 644</u>	<u>32 695</u>
Loan Facilities		
Loan Facilities - Current	1 521 937	2 614 871
Loan Facilities - Non-Current	15 829 980	13 224 917
Total Facilities in Use at Balance Date	<u>17 351 917</u>	<u>15 839 788</u>
Unused Loan Facilities at Balance Date	<u>3 510 182</u>	<u>0</u>

16. CONTINGENT LIABILITIES

The City, together with the Water Corporation, is part of a joint venture agreement which owns a liquid waste facility. This facility is currently not in operation. Indications from the Water Corporation is that this will not be used in the future. The City may be liable for some costs with the unwinding of this joint venture and the decommissioning of the facility. The facility is currently in care and maintenance, which could continue under the current agreement until 2022.

	2014	2013
	\$	\$
17. CAPITAL AND LEASING COMMITMENTS		
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	89 706	90 542
- later than one year but not later than five years	82 279	170 815
- later than five years	0	0
	<u>171 985</u>	<u>261 357</u>

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

17. CAPITAL AND LEASING COMMITMENTS (continued)

	2014	2013
	\$	\$
(b) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	3 935 821	5 004 367
- plant & equipment purchases	0	374 111
Payable:		
- not later than one year	3 935 821	5 378 478
The capital expenditure project outstanding at the end of the current reporting period represents		
Stage 2 Albany Airport Terminal Security Upgrade	1 109 651	0
Centennial Park - Multi Use Playing Field	880 659	0
West Rail Barracks - Stages 1-3 Construction	180 511	0
Princess Royal Fortress Cafe and Administration Refurbishment	940 000	0
Town Square Development	825 000	0
Mt Clarence Infrastructure Upgrade	0	4 881 606
Eyre Park Pathway	0	122 761
	<u>3 935 821</u>	<u>5 004 367</u>
Plant & Equipment - Light Fleet Purchases	<u>0</u>	<u>374 111</u>

18. JOINT VENTURE

The City, together with the Water Corporation has a joint venture arrangement with regard to the processing of liquid waste. The assets consist of liquid waste processing equipment. Council's half share of this asset is included in Infrastructure - Other, as follows:

	2014	2013
Non-Current Assets		
Infrastructure - Other	376 827	350 982
Less: Accumulated Depreciation	(132 171)	(121 016)
Less: Impairment Loss	(244 656)	0
	<u>0</u>	<u>229 966</u>
Revenue		
Joint Venture (Income)/Expenditure	<u>0</u>	<u>34 849</u>

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	6 513 992	6 335 997
Law, Order, Public Safety	3 651 261	2 916 240
Health	189 736	202 180
Education and Welfare	759 419	284 444
Community Amenities	29 483 518	20 625 505
Recreation and Culture	64 438 631	51 162 527
Transport	181 884 594	176 321 808
Economic Services	6 559 362	5 251 442
Other Property and Services	46 188 777	9 677 510
Unallocated	27 384 894	23 751 429
	<u>367 054 185</u>	<u>296 529 082</u>

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2014	2013	2012
20. FINANCIAL RATIOS			
Current Ratio	1.36	1.63	1.50
Asset Sustainability Ratio	1.09	0.90	0.70
Debt Service Cover Ratio	2.37	2.36	4.21
Operating Surplus Ratio	(0.09)	0.07	0.04
Own Source Revenue Coverage Ratio	0.84	0.99	0.90

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 61 of this document.

Two of the 2013 ratios disclosed above are distorted by item of significant revenue totalling \$1,015,100 relating to the initial recognition of Land under the City's control in accordance with amendments to the Financial Management Regulations (refer to Notes 1 (f) and 2 (a) (iii) for details).

This item forms part of operating revenue and has been included in the calculations above.

This item of significant revenue is considered to be "one-off" and non-cash in nature and, if it was ignored, the calculations disclosed in the 2013 column above would be as follows;

	2013
Debt Service Cover Ratio	2.16
Operating Surplus Ratio	0.05

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

21. TRUST FUNDS

Funds held at balance date over which the City has no control and which are not included in the financial statements are as follows:

	Balance 01-Jul-13 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-14 \$
Gala Flood Benefit	23 029	0	(23 029)	0
Albany Heartsafe	(2 300)	11 580	(9 063)	218
Amity Trust	31 302	0	0	31 302
Point King Lighthouse	1 980	0	0	1 980
Recycling Committee	3 871	0	0	3 871
Auspiced Grants	1 277	0	0	1 277
Commission Sales- AVC	204 435	1 787 997	(1 680 062)	312 370
WAPC - POS	0	845 917	0	845 917
Works Bonds	2 500	0	0	2 500
Development Bonds	1 700	0	0	1 700
Drainage Upgrade	1 358	0	0	1 358
Extractive Industry Deposits	84 369	0	(8 500)	75 869
Housing Deposits	37 000	5 000	(10 000)	32 000
Subdivision Maintenance Bonds	167 935	55 668	(101 680)	121 923
Subdivision Bonds	336 594	54 105	(37 771)	352 928
Lotteries House Management	64 361	0	(2 398)	61 963
Lotteries House Photocopier	15 470	221	0	15 691
Nomination Deposits	880	240	(240)	880
Unclaimed Monies	44 430	0	0	44 430
	<u>1 020 191</u>			<u>1 908 177</u>

22. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant & Equipment	890 389	1 240 843	797 307	1 317 400	(93 082)	76 557
Land	306 140	0	122 796	0	(183 344)	15 153
Buildings	782 907	36 610	0	0	(782 907)	(36 610)
Infrastructure - Bridges	101 121	239 205	0	0	(101 121)	(239 205)
Information Technology	34 625	0	0	0	(34 625)	0
Intangible Assets - Easements	627	0	0	0	(627)	0
	<u>2 115 809</u>	<u>1 516 658</u>	<u>920 103</u>	<u>1 317 400</u>	<u>(1 195 706)</u>	<u>(184 105)</u>

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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23. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 01-Jul-13 \$	New Loans \$	Principal Repayments		Principal 30-Jun-14		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Community Amenities								
Liquid Waste Project	119 749		26 910	26 910	92 839	92 838	7 954	7 954
Waste Management	85 984		15 402	15 402	70 582	70 582	4 471	4 471
Recreation and Culture								
Dive Ship	149 686		33 637	33 637	116 049	116 049	9 942	9 942
Library Development	260 505		46 663	46 663	213 842	213 842	13 545	13 545
Recreation	87 261		15 631	15 631	71 630	71 629	4 537	4 537
ALAC Redevelopment	2 067 815		95 326	95 326	1 972 489	1 972 489	131 370	131 370
ALAC Redevelopment	1 941 265		75 796	75 796	1 865 469	1 865 468	138 300	138 300
Town Square Upgrade	0	500 000	0	0	500 000	0	0	0
Forts Entrance and Public Space Enhancement	0	500 000	0	0	500 000	0	0	0
Centennial Park Stage 1	0	2 127 000	0	0	2 127 000	2 127 000	0	0
Transport								
Roadworks - Asset Upgrade	1 300 595		92 951	92 951	1 207 644	1 207 645	92 244	92 244
Roadworks - 22C Refinanced	1 500 000		124 646	127 739	1 375 354	1 372 261	59 750	54 847
Roadworks - 03/04	560 148		35 820	35 820	524 328	524 327	36 708	36 708
Roadworks - 04/05	1 466 406		87 304	87 304	1 379 102	1 379 101	85 601	85 601
Roadworks - 06/07	2 663 851		227 428	227 428	2 436 424	2 436 424	168 097	168 097
Stirling Terrace Upgrade	0	400 000	0	0	400 000	0	0	0
Economic Services								
Saleyards Loan	304 894		35 256	35 256	269 639	269 639	20 630	20 630
Forts Cafe, Retail & Admin Upgrade/Refurbishment	0	600 000	0	0	600 000	0	0	0
Other Property and Services								
Admin Building 1	831 629		49 512	49 512	782 117	782 117	48 546	45 856
Admin Building 2A - interest only	1 000 000		152 590	149 878	847 410	850 122	34 139	40 518
Subdivision Funding	1 500 000		1 500 000	1 500 000	0	0	76 001	50 000
	15 839 788	4 127 000	2 614 871	2 615 253	17 351 917	15 351 533	931 835	904 620

All loan repayments were financed by general purpose revenue.

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

23. INFORMATION ON BORROWINGS (cont.)

(b) New Debentures - 2013/14

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual (\$)	Budget (\$)	
Recreation and Culture										
Town Square Upgrade	500 000	0	WATC	Interest & Principal	10	125 940	4.39	(4 848)	0	495 152
Forts Entrance and Public Space Enhancement	500 000	0	WATC	Interest & Principal	10	125 940	4.39	(1 455)	0	498 545
Centennial Park Stage 1	2 127 000	2 127 000	WATC	Interest & Principal	10	462 649	3.81	(243 337)	(2 127 000)	1 883 663
Transport										
Stirling Terrace Upgrade	400 000	0	WATC	Interest & Principal	10	100 752	4.39	(280 025)	0	119 975
Economic Services										
Forts Cafe, Retail & Admin Upgrade/Refurbishment	600 000	0	WATC	Interest & Principal	10	151 128	4.39	(87 153)	0	512 847
	4 127 000	2 127 000				966 409		(616 818)	(2 127 000)	3 510 182

(c) Unspent Debentures - 2013/14

Particulars	Date Borrowed	Balance 1 July 13 \$	Borrowed During Year \$	Expended During Year \$	Balance 30 June 14 \$
Recreation and Culture					
Town Square Upgrade	31/03/2014	0	500 000	(4 848)	495 152
Forts Entrance and Public Space Enhancement	31/03/2014	0	500 000	(1 455)	498 545
Centennial Park Stage 1	30/06/2014	0	2 127 000	(243 337)	1 883 663
Transport					
Stirling Terrace Upgrade	31/03/2014	0	400 000	(280 025)	119 975
Economic Services					
Forts Cafe, Retail & Admin Upgrade/Refurbishment	31/03/2014	0	600 000	(87 153)	512 847
		0	4 127 000	(616 818)	3 510 182

(d) Overdraft
No overdraft facility is currently operated by the City

24. RATING INFORMATION - 2013/14 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in Cents	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV General	9.8635	13 453	234 934 412	23 172 760	0	0	23 172 760	23 172 759	0	0	23 172 759
GRV Non-Residential (Vacant)	8.0445	233	5 360 152	431 197	0	0	431 197	431 197	0	0	431 197
UV	0.3663	1 254	694 136 000	2 542 621	0	0	2 542 621	2 542 621	0	0	2 542 621
Interim & Back Rates		0	0	0	287 358	50 485	337 843	0	260 000	10 000	270 000
Sub-Totals		14 940	934 430 564	26 146 578	287 358	50 485	26 484 420	26 146 577	260 000	10 000	26 416 577
Minimum Rates											
GRV Occupied	857	2 557	15 887 621	2 191 349	0	0	2 191 349	2 191 349	0	0	2 191 349
GRV Vacant	857	84	557 440	71 988	0	0	71 988	71 988	0	0	71 988
UV	857	328	54 311 726	281 096	0	0	281 096	281 096	0	0	281 096
Sub-Totals		2 969	70 756 787	2 544 433	0	0	2 544 433	2 544 433	0	0	2 544 433
Total Amount Raised from General Rate											
Movement in Excess Rates				29 028 853			29 028 853				28 961 010
Total Rates											
				47 872			47 872				0
											28 961 010

24. RATING INFORMATION - 2013/14 FINANCIAL YEAR

(b) Information on Surplus Brought Forward

	2014 (30 June 2014 Carried Forward) \$	2014 (1 July 2013 Brought Forward) \$	2013 (30 June 2013 Carried Forward) \$
Surplus - Rate Setting Statement	<u>5 685 832</u>	<u>13 902 345</u>	<u>13 238 100</u>
Comprises:			
Cash - Unrestricted	8 103 734	9 967 812	16 559 228
Cash - Restricted	17 911 714	19 331 029	12 610 570
Investments	232 551	321 817	68 750
Restricted - Other	0	0	82 565
Rates - Current	1 061 056	915 672	915 672
Sundry Debtors	2 117 523	1 952 203	1 952 203
GST Receivable	659 400	0	0
Inventories	812 470	498 075	498 075
Less:			
Reserves - Restricted Cash			
- Reserves	(13 108 476)	(12 690 500)	(12 679 320)
- Restricted Cash Utilised - Loan	(3 510 182)	0	0
- Self Supporting Loan Principal Repayment	0	(13 215)	0
Sundry Creditors	(5 245 290)	(3 381 100)	(3 770 195)
Accrued Interest on Debentures	(47 812)	(36 941)	(36 941)
Accrued Salaries and Wages	(308 209)	(209 126)	(209 126)
Current Employee Benefits Provision	(2 992 647)	(2 753 381)	(2 753 381)
Surplus	<u>5 685 832</u>	<u>13 902 345</u>	<u>13 238 100</u>

Difference:

There was a difference between the Surplus/(Deficit) 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2013 audited financial report. The reason for this difference is the removal of the self-supporting loan principal repayment from the opening surplus.

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

25. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

No specified area rate was levied during the 2013/14 Financial Year.

26. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

No service charge was levied during the 2013/14 Financial Year.

27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2013/14 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	0.00%	0	0
			0	0
Rate Assessment	Write-Off		6 681	0

No discount was offered for early payment of rates for the 2013/14 year.

28. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		164 591	17 170
Interest on Instalments Plan	5.50%		129 209	118 000
Charges on Instalment Plan		3	72 384	45 000
Interest on Sundry Debtors	11.00%		108	0
			366 292	180 170

Ratepayers had the option of paying rates in four equal instalments, due on 11th September 2013, 12th November 2013, 13th January 2014 and 14th March 2014. Administration charges and interest applied for the final three instalments.

29. FEES & CHARGES

	2014 \$	2013 \$
Governance	1 654	1 411
General Purpose Funding	105 785	182 503
Law, Order, Public Safety	144 055	139 569
Health	95 738	80 400
Education and Welfare	896 449	864 963
Community Amenities	7 465 873	6 914 070
Recreation and Culture	2 529 812	2 445 932
Transport	3 090 646	3 072 744
Economic Services	729 555	962 430
Other Property and Services	715 301	744 368
	<u>15 774 868</u>	<u>15 408 390</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

30. GRANT REVENUE

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

By Nature and Type:

Operating Grants, Subsidies and Contributions	4 375 302	5 077 575
Non-Operating Grants, Subsidies and Contributions	13 015 948	10 187 735
	<u>17 391 250</u>	<u>15 265 310</u>

By Program:

General Purpose Funding	1 996 675	3 802 312
Governance	9 722	6 800
Law, Order, Public Safety	1 348 170	707 249
Health	10 000	0
Education and Welfare	7 876	23 430
Community Amenities	46 467	55 476
Recreation and Culture	5 155 041	4 026 564
Transport	8 210 586	5 844 456
Economic Services	220 603	4 833
Other Property And Services	386 111	794 190
	<u>17 391 250</u>	<u>15 265 310</u>

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

31. ELECTED MEMBERS REMUNERATION

The following fees, expenses and allowances were paid to council members and/or the president.

		2014 \$	2014 Budget \$	2013 \$
Mayor	Fees	29 500	29 500	14 000
	Allowances	63 550	60 000	51 000
Deputy Mayor	Fees	22 000	22 000	7 000
	Allowances	18 550	15 000	5 800
Councillors	Fees	233 553	242 000	77 000
	Allowances	37 687	45 500	28 000
		<u>404 840</u>	<u>414 000</u>	<u>182 800</u>

32. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2014	2013
	<u>255</u>	<u>238</u>

33. MAJOR LAND TRANSACTIONS

The Ridge' Cull Road Residential Subdivision

(a) Details

As at 30 June 2014, 11 lots remain unsold.

No further development costs are anticipated to be spent on this development.

(b) Current year transactions

Operating Revenue

	2014 \$	2014 Budget \$	2013 \$
Proceeds on sale	271 000	475 000	367 273
Less Cost of Blocks Sold	(232 091)	(500 000)	(393 761)
Less Selling Costs	(14 654)	(25 000)	(20 188)
	<u>24 255</u>	<u>(50 000)</u>	<u>(46 676)</u>

Capital Expenditure

- Purchase of Land	0	0	0
- Development Costs	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

(c) Expected Future Cash Flows

(Cash Outflows)

	2015 \$	2016 \$	2017 \$	2018 \$	2019 \$	Total \$
- Development Costs	0	0	0	0	0	0
- Loan Repayments	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Cash Inflows

- Loan Proceeds	0	0	0	0	0	0
- Sale Proceeds	250 000	200 000	200 000	95 000	0	745 000
	<u>250 000</u>	<u>200 000</u>	<u>200 000</u>	<u>95 000</u>	<u>0</u>	<u>745 000</u>

Net Cash Flows

	<u>250 000</u>	<u>200 000</u>	<u>200 000</u>	<u>95 000</u>	<u>0</u>	<u>745 000</u>
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(d) Assets and Liabilities Associated with the Transaction

	NOTE	2014	2013
Current Assets			
Land Held for Resale	<u>6</u>	<u>733 550</u>	<u>967 500</u>
Current Liabilities			
Long Term Borrowings - Loan 31B	<u>23</u>	<u>0</u>	<u>1 500 000</u>

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The City of Albany did not participate in any trading undertakings or major trading undertakings during the 2013/14 financial year, as defined under the Local Government Act and Regulations.

City of Albany
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35. FINANCIAL RISK MANAGEMENT

The City of Albany activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The City's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the City.

The City of Albany 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 the finance area under policies approved by the Council.

The City of Albany held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2014 \$	2013 \$	2014 \$	2013 \$
Financial Assets				
Cash and cash equivalents	26 015 449	29 298 841	26 015 449	29 298 841
Trade & Other Receivables	3 837 979	2 867 873	3 837 979	2 867 873
Investments	232 551	321 817	232 551	321 817
	<u>30 085 980</u>	<u>32 488 531</u>	<u>30 085 980</u>	<u>32 488 531</u>
Financial Liabilities				
Payables	5 601 311	3 627 168	5 601 311	3 627 168
Borrowings	17 351 917	17 426 394	13 885 890	15 839 788
	<u>22 953 228</u>	<u>21 053 562</u>	<u>19 487 201</u>	<u>19 466 956</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Trade & Other Receivables, Trade & Other Payables – estimated to the carrying value which approximates net market value.
- Investments – based on quoted market prices at the reporting date or at independent valuation.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

City of Albany
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35. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The City of Albany's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). The City of Albany has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

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

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash and investments is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the City.

The City of Albany manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. The City of Albany also seeks advice from independent advisers (where applicable) before placing any cash and

	2014 \$	2013 \$
Impact of a 10% (*) movement in price of investments:		
- Equity	27 718	32 182
- Statement of Comprehensive Income	27 718	32 182

Notes:

(*) Sensitivity percentages based on management's expectation of future possible market movements.

Recent market volatility has seen large market movements for certain types of investments.

Impact of a 1% (*) movement in interest rates on cash and investments:

- Equity	385 548	296 207
- Statement of Comprehensive Income	385 548	296 207

City of Albany
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35. FINANCIAL RISK MANAGEMENT (Continued)
(b) Receivables

The City's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the City to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. The City of Albany is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The City makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

The profile of the City's credit risk at balance date was:

	2014	2013
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	84.14%	91.25%
- Overdue	15.86%	8.75%

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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35. FINANCIAL RISK MANAGEMENT (Continued)
(c) Payables
Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City of Albany manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of the City's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	<u>2014</u>				<u>2013</u>			
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Total contractual cash flows \$	Carrying values \$	Total contractual cash flows \$	Carrying values \$
Payables	5 601 311			5 601 311	5 601 311	5 601 311		
Borrowings	2 470 643	9 533 571	11 118 862	23 123 076	23 123 076	17 351 917		
	<u>8 071 954</u>	<u>9 533 571</u>	<u>11 118 862</u>	<u>28 724 387</u>	<u>28 724 387</u>	<u>22 953 228</u>		
Payables	3 627 168			3 627 168	3 627 168	3 627 168		
Borrowings	3 546 707	7 804 382	10 020 596	21 371 685	21 371 685	15 839 788		
	<u>7 173 875</u>	<u>7 804 382</u>	<u>10 020 596</u>	<u>24 998 853</u>	<u>24 998 853</u>	<u>19 466 956</u>		

35. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
 Borrowings (Continued)**

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	Year Ended 30 June 2014						Weighted Average Effective Interest Rate %
	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	
Borrowings							
Fixed Rate							
Debtures	0	0	208 888	356 054	847 410	15 939 565	17 351 917
Weighted Average Effective Interest Rate			6.93%	5.34%	3.49%	5.66%	5.57%
Borrowings							
Fixed Rate							
Debtures	3 546 707	1 970 706	1 970 706	1 970 706	1 892 264	10 020 596	21 371 685
Weighted Average Effective Interest Rate	6.03%	6.06%	6.09%	6.13%	6.19%	6.27%	6.12%

36. PRIOR PERIOD CORRECTIONS

Balances relating to the 2013 comparative year have been amended due to the correction of prior period balances. These amendments have been adjusted as shown below and, in accordance with the requirements of AASB101, a statement of financial position as at the beginning of the earliest comparative period has been included (refer statement of financial position column labelled as at 1 July 2012).

A number of prior period corrections have been made for this annual report.

1. Upon revaluing furniture & equipment, which included information technology assets, a valuation increment was assessed on furniture & equipment, excluding information technology assets. A valuation loss was assessed on information technology assets. The loss was reported and accounted for separately. Subsequent advice has been received that the valuation increment should have been offset against the loss.
2. Under Local Government (Financial Management) Reg. 16, Crown Land (vested in and controlled by the City) which has been used as a golf course was to be included as an asset in the annual financial report.
3. The City had previously contributed \$1 200 000 towards the construction of the Albany Entertainment Centre. This had been carried as an asset on the asset register, with the anticipation that the City was to take over the ownership of this asset upon completion. This has not happened. The AEC is still owned and operated by the State government. Therefore, this contribution will be no longer be classified as an asset, but a contribution to a third party.
4. The City has previously recognised prepaid rates as a liability, as the ratepayer has the right to request a refund. Local government rates would be obtained at the commencement of the rating period or, where earlier, upon receipt.
5. Investments. The City had previously recognised units in Local Government House Unit Trust at the original cost of \$19 501. These units are now valued at fair value.
6. Trust funds for Bonds, Retentions and Other Restrictions had previously been held as a liability in Statement of Financial Position. As the City has no control over these funds the funds have been transferred to Trust and removed from the Statement of Financial Position.

Effect of the above:	Original Balance \$	Amount of Adjustment \$	Adjusted Balance \$
Changes to Financial Statements			
Statement of Comprehensive Income			
- by Nature or Type			
Revenue			
Rates	27 062 006	33 221	27 095 227
Other Revenue	89 456	1 003 858	1 093 314
Expenses			
Depreciation	(11 410 560)	32 976	(11 377 584)
Changes on Revaluation of Non-Current Assets - Furniture and Equipment	(165 437)	81 369	(84 068)
Fair Value adjustment to Financial Assets at fair Value through profit or loss	0	233 566	233 566
Changes on Revaluation of Non-Current Assets Plant and Equipment & Furniture and Equipment	710 516	(81 369)	629 147
- by Program			
Revenue			
Other Property and Services	1 292 404	1 003 858	2 296 262
General Purpose Funding	32 356 360	33 221	32 389 581
Expenses			
Recreation and Culture	(12 334 116)	32 976	(12 301 140)

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

36. PRIOR PERIOD CORRECTIONS (cont.)	Original Balance \$	Amount of Adjustment \$	Adjusted Balance \$
Fair Value Adjustments to Non-Current Assets at Fair Value through Profit or Loss			
Other Property and Services - Furniture and Equipment	(165 437)	81 369	(84 068)
Fair Value adjustment to Financial Assets at fair Value through profit or loss			
General Purpose Funding	0	233 566	233 566
Changes on Revaluation of Non-Current Assets			
Plant and Equipment & Furniture and Equipment	710 516	(81 369)	629 147
Statement of Financial Position			
Current Assets			
Cash and Cash Equivalents	30 055 438	(756 597)	29 298 841
Investments	68 750	253 067	321 817
Non-Current Assets			
Local Government House Shares	19 501	(19 501)	0
Property, Plant and Equipment	67 701 235	(151 925)	67 549 310
Current Liabilities			
Trade and other Payables	4 016 262	(389 095)	3 627 167
Bonds, Retentions and Other Resrtictions	803 075	(803 075)	0
Equity			
Retained Surplus	259 813 375	587 404	260 400 779
Revaluation Surplus	710 516	(81 369)	629 147
Statement of Cash Flow			
Receipts			
Other Revenue	456 102	(11 242)	444 860
Payments			
Other Expenditure	(662 368)	146 288	(516 080)
Cash at Beginning of Year	18 968 865	(891 642)	18 077 223
Changes to Notes of the Financial Report			
Note 2 - Revenue and Expenses			
Depreciation			
Buildings	1 458 352	(32 976)	1 425 376
Total	<u>11 410 560</u>	<u>(32 976)</u>	<u>11 377 584</u>
Note 3- Cash and Cash Equivalents			
Unrestricted Cash	16 559 228	(6 591 416)	9 967 812
Resrticted Cash	13 496 210	5 834 819	19 331 029
Total	<u>30 055 438</u>	<u>(756 597)</u>	<u>29 298 841</u>

City of Albany
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

36. PRIOR PERIOD CORRECTIONS (cont.)	Original Balance \$	Amount of Adjustment \$	Adjusted Balance \$
Note 4 - Investments			
Financial assets at fair value through profit or loss	68 750	253 067	321 817
Financial assets at fair value through profit or loss			
At beginning of the year	68 771	19 501	88 272
Revaluation to Income Statement	0	233 566	233 566
Disposals	(21)	0	(21)
At end of the year	<u>68 750</u>	<u>253 067</u>	<u>321 817</u>
Note 7 - Property, Plant and Equipment			
Land Vested In and Under the Control of Council at:			
- Independent Valuation 2014	0	1 015 100	1 015 100
Buildings at:			
Cost	61 978 440	(1 200 000)	60 778 440
Less:Accumulated Depreciation	(15 661 270)	32 975	(15 628 295)
	<u>46 317 170</u>	<u>(1 167 025)</u>	<u>45 150 145</u>
Note 10 - Trade and Other Payables			
Current			
Prepaid Rates	389 095	(389 095)	0
Bonds, Retentions and Other Restrictions	803 075	(803 075)	0
Note 13 - Reserves - Cash/Investment Backed			
- (n) Roadwork's Reserve			
Opening Balance	195 655	11 180	206 835
Note 14 - Asset Revaluation Surplus			
- (a) Furniture and Equipment			
Revaluation Surplus	81 369	(81 369)	0
Note 15 - Notes to the Statement of Cash Flows			
- (a) Reconciliation of Net Cash By Operating Activities			
Cash and Cash Equivalents	30 055 437	(756 597)	29 298 841
- (b) Reconciliation of Net Cash By Operating Activities to Net Result			
Fair Value Gain on Revaluation - Financial Assets	0	(233 566)	(233 566)
Fair Value Loss on Revaluation - Furniture & Equipment	165 437	(81 369)	84 068
Depreciation	11 410 560	(32 976)	11 377 584
Increase/Decrease in Payables	(273 809)	(33 221)	(307 030)
Consolidation of Bonds, Retentions & Other Restrictions	(146 288)	146 288	0
Note 19 - Total Assets Classified by Function and Activity			
Unallocated	24 426 386	(674 957)	23 751 429
Total	<u>297 204 039</u>	<u>(674 957)</u>	<u>296 529 082</u>
Total 21 - Trust Funds			
Total	<u>263 594</u>	<u>756 597</u>	<u>1 020 191</u>

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE CITY OF ALBANY**

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the City of Albany, which comprises the statement of financial position as at 30 June 2014, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL REPORT

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

AUDITOR'S OPINION

In our opinion, the financial report of the City of Albany is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a) giving a true and fair view of the City's financial position as at 30 June 2014 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE CITY OF ALBANY (CONTINUED)**

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the City.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 61 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

Date: 19 December 2014
Perth, WA

UHY HAINES NORTON
CHARTERED ACCOUNTANTS


WEN-SHIEN CHAI
PARTNER

City of Albany
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2014

RATIO INFORMATION

The following information relates to these ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

	2014	2013	2012
Asset Consumption Ratio	0.66	0.54	N/A
Asset Renewal Funding Ratio	1.00	0.96	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio $\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$

Asset Renewal Funding Ratio $\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

N/A -In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for the 2012 year, have not been reported as financial information is not available.



Contact us:

- By email
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