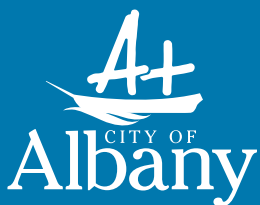




Anzac Albany Troop March - 1 November 2014. Photo: Sue Johnston



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CITY OF ALBANY
2014-2015
**Annual
Report**





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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



Without a doubt, 2014-15 was one of the biggest and most eventful periods in the history of Albany.

The Centenary of the departure of the first convoy of ANZAC troops to the First World War was marked on 1 November 2014 with a series of major commemorative events over four days. After months and years of planning, the four day program of events captured the imagination of people across Australia and the world. Albany was acclaimed by all.

On behalf of the Council, I would like to acknowledge the huge amount of work City of Albany staff did to prepare and plan for these events. The City, in close collaboration with the State and Federal Governments and other major stakeholders such as the RSL, worked long and hard on making sure the launch of the Anzac Centenary was the spectacular event it needed to be. Staff across the organisation showed exceptional dedication and commitment to planning and delivering what was one of the biggest and most significant events ever staged in regional Australia.

I would also like to thank my fellow Councillors for their positivity, vision, and the trust they have showed to staff.

I would also like to thank the Albany community for getting behind their local government and supporting our recent achievements. It was especially gratifying to receive the results of a Community Perception Survey in

early 2015, which showed significant improvements to the City of Albany's reputation in the community across the board over the past two years.

As a result of the Anzac Centenary, the City has a wealth of new facilities, including the iconic National Anzac Centre, the new Town Square and the upgraded Stirling Terrace. The City remains grateful to the State Government and the Federal Government for providing funding for these projects.

The Anzac Albany commemorations were a major focus during 2014-15, but the City has continued to provide the important and value-for-money services the Albany community has come to expect, as well as continuing a range of other major projects.

The City of Albany and Council continues to align all activities to our integrated Planning Framework, with the Community Strategic Plan 2023 the core document.

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.

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 again acknowledge the excellent workforce that the City of Albany is lucky enough to have.

On behalf of Council, I also extend my thanks to outgoing CEO Graham Foster, who was a calm, inspiring and professional figure during his tenure. In August 2015, Graham handed over to Andrew Sharpe, who is looking forward to building on the recent successes the City of Albany has enjoyed.

I also thank the Executive Management Team which in 2014-15 comprised 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. The Executives 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 was a delight to have the opportunity to take up the exciting and challenging role of CEO of the City of Albany in August 2015.

I took over from Graham Foster, who was a highly successful, stable and inspiring leader over several years. Mr Foster was CEO during the 2014-15 financial year.

It would be an understatement to say that 2014-15 was a big year for the City of Albany.

Years of planning and preparation for the launch of the Anzac Centenary came to spectacular fruition between 30 October and 2 November 2014.

Tens of thousands of visitors, and scores of dignitaries and media paid tribute to the first ANZACs who departed Albany 100 years earlier.

The City of Albany, in close collaboration with our partners in the Federal and State Governments, RSL, and our sponsors and contractors, delivered an incredible program of events over a four day period. The Anzac Albany events were universally acclaimed as an appropriately grand, yet respectful commemoration of one of the most significant events in the history of Albany and the nations of Australia and New Zealand.

Then on April 25, 2015 the City of Albany, in collaboration with the RSL, staged a special program of events to mark the Centenary of Anzac Day.

A range of significant infrastructure projects were completed to complement the Anzac Albany commemorative events.

Albany's new international tourism icon, the National Anzac Centre, was opened by the Prime Ministers of Australia and New Zealand to great acclaim and has surpassed all visitor expectations. The National Anzac Centre was funded by the Federal and State Governments and is owned and run by the City of Albany.

Albany's New Town Square, funded by Lotterywest and the City of Albany, was also completed and has proved to be a highly popular addition to Albany's CBD.

The enhancement of historic streetscape Stirling Terrace was also completed in 2014-15, transforming the area into a high quality shared precinct.

A range of other visionary projects and strategies were progressed or completed, including the ongoing \$27 million Centennial Park Sporting Precinct, the Cycle City Albany Strategy, the Trails Hub Strategy, the Coastal Parks Enhancement Plan, and many more.

The City is continuing its focus on attracting major events. In late 2015 Albany played host to the Campervan & Motorhome Club of Australia National Rally, which brought hundreds of RVs from across the country to the region. Albany was also the WA host port for the Clipper Round the World Yacht Race for the second time.

These are just a few of the major projects the City has completed, continued or embarked on during 2014-15 – all while continuing to provide sound financial management and the facilities and services the community has come to expect from the City of Albany.

I would like to thank Elected Members for the dedication they continue to show, and I look forward to welcoming any new Elected Members following the October local government elections.

I would also like to thank the Executive Management Team, which in 2014-15 comprised Matthew Thomson, Dale Putland, Cameron Woods and Deputy CEO Garry Adams.

I would also like to thank the City's wonderful group of dedicated and hardworking staff across the various business units 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.

Andrew Sharpe

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 59,000 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 were on Albany for the beginning of the ANZAC Centenary commemorative period which heralded a new era for the region. The National Anzac Centre has fast become a drawcard for visitors to the region.

Our People

- Resident population for City of Albany is 36,940*
- Number of households is 13,074*
- Median age is 41 years*
- Indigenous population 3.3%*
- Percentage of Great Southern residing in Albany is 61%**
- Population highlights: Albany has a higher proportion of people aged 0-17 years and people aged 60+ years compared with the WA population*

Our Economy

- Largest industries of employment: Great Southern Region - Agriculture, Forestry, Fishing; Retail Trade; Health Care and Social Assistance**
City of Albany – Retail Trade; Health Care and Social Assistance; Construction*
- Albany's labour force is 15,032*
- Median weekly household income is \$1,003 compared with \$1,415 for WA and \$1,234 for Australia
- Unemployment is 5% for Albany compared with 4.7% for WA and 5.6% for Australia
- Average total personal weekly income for Albany is \$522 compared with WA at \$662*

Source:

*ABS Census of Population and Housing. Profile.id

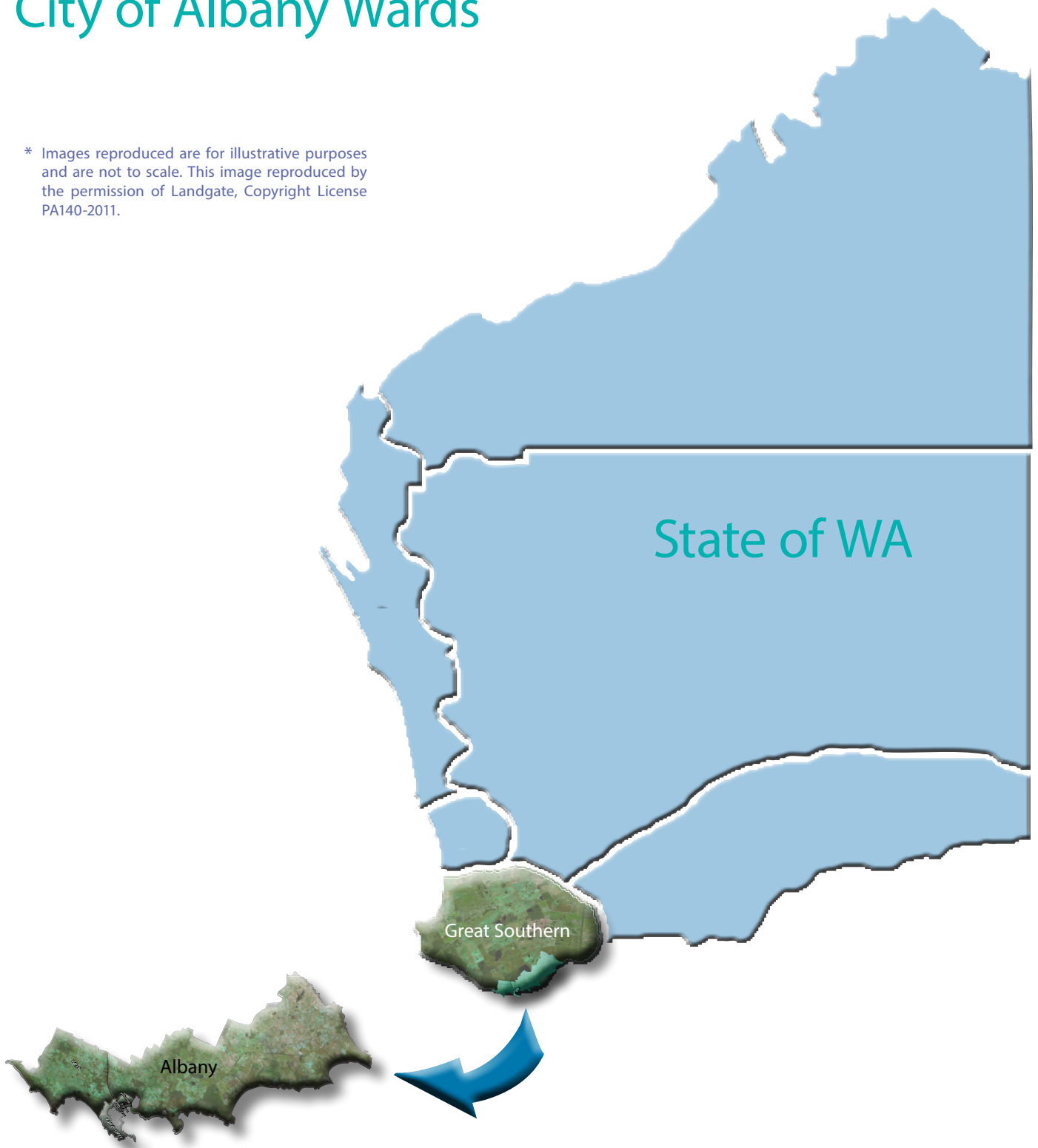
**Department of Regional Development – Great Southern: a region in profile 2014.

Albany in Brief



City of Albany Wards

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Councillors as at June 30, 2015

Yakamia

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



Councillor Robert Sutton, term 2013-2017.



Councillor Alan JP Hortin, term 2011-2015.

Vancouver

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



Councillor Sarah Bowles, term 2011-2015.



Councillor Nicolette Mulcahy, term 2013-2017.

West

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



Councillor Gerry Gregson, term 2011-2015.



Councillor Alison Goode, term 2013-2017.

Frederickstown

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



Deputy Mayor Greg Stocks, term 2011-2015.



Councillor Carolyn Dowling, term 2013-2017.

Breaksea

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



Councillor Vince Calleja, term 2011-2015.



Councillor Ray Hammond, term 2013-2017.

Kalgan

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



Councillor Bill Hollingworth, term 2013-2015.



Councillor Janelle Price, term 2013-2017.

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

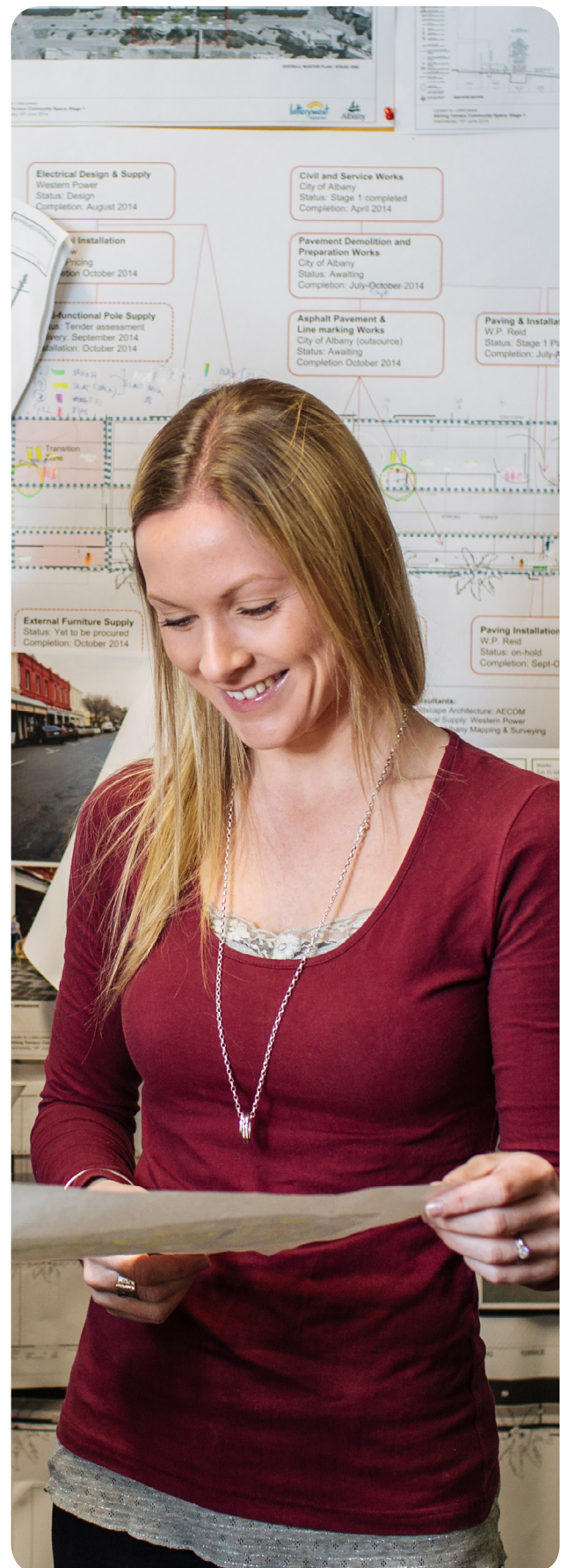
An overarching plan that will guide the future direction of Council's policies, plans, projects and decision making over the next 10 years to 2023.

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.

The Community

Residents, Businesses, Clubs and Organisations

The Community will

- Identify aspirations
- Develop a vision
- Establish goals

The outcome is

- A vision for Albany
- Goal statements to guide Council's strategy

Monitor and Review

- Engage in reviews of strategies
- Provide feedback on progress

The Council

Elected Members who represent their community

The Council will

- Develop strategies to deliver the goals
- Allocate resources

The outcome is

- A 10 year Strategic Community Plan
- Monitoring framework

Monitor and Review

- Review the strategy every two years
- Report back to the community on progress

The City

The organisation led by the Chief Executive Officer

The City will

- Identify actions to deliver the strategy
- Manage resources

The outcome is

- A 4 year Corporate Business Plan
- Annual Budget

Monitor and Review

- Review the plan annually
- Report back to the Council and community on progress

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

In 2014-15 a community perception survey was conducted by an independent survey research centre with the results indicating a significant improvement in the community's satisfaction with the performance of the City. The City's satisfaction rating as a governing organisation improved from 58% in 2013 to 73% in 2015. Albany rated above the WA Local Government average in 70% of the items surveyed. This was well up from 40% of the items surveyed in 2013.

In 2014-15 the City adopted a number of informing and issue specific strategies to support the Community Strategic Plan including the Cycling City Strategy, Trails Hub Strategy, Carbon Footprint Reduction Strategy, City Centre Parking Strategy and the Connected Communities Strategy. Based on feedback from key stakeholders, there was no change to the Community Strategic Plan, which will be subject to a major review involving extensive community engagement in 2016-17.

Rural road maintenance

The 2015-16 Budget has a strong focus on maintaining the City's existing assets. Road maintenance will be a key focus area during 2015-16, with the addition of a new rural roads maintenance team and new equipment.

York Street Upgrade

Changes are coming to York Street: it will be made one lane between Grey Street and Serpentine Road and median parking will be introduced, in addition to amenity improvements.

Centennial Park Sporting Precinct

The City of Albany continues with the development of the Centennial Park Sporting Precinct. This project will span a number of years to fully realise the City's dream to create a world class and unique sporting precinct in the heart of the City. The project is worth about \$26 million in total and includes funding from the Federal Government and State Government (through Royalties for Regions).

Play equipment upgrades

The City will continue to upgrade and replace play equipment in consultation with the community (especially kids). Focus areas so far include Cull Park, Ellen Cove, Emu Point and Eyre Park.

Cycle City Albany

Cycle infrastructure will continue to be improved across Albany.



Community Perception Survey

Satisfaction Ratings

Criteria	2013	2015	LG Average
Smart Prosperous and Growing			
Albany as a place to live	90%	93%	89%
Education and training opportunities	75%	78%	62%
City Centre development	52%	80%	67%
Economic development, tourism and job creation	58%	68%	54%
Benefit from significant events	NA	86%	NA
Tourism attractions	NA	94%	NA
Clean, Green and Sustainable			
Bushfire prevention and control	71%	74%	75%
Coastal and foreshore areas	69%	73%	64%
Parks and sporting grounds	77%	85%	86%
Footpaths, cycleways and trails	69%	74%	71%
Community buildings and halls	71%	82%	72%
Public toilets	54%	61%	72%
Stormwater drainage	50%	66%	65%
Sealed roads	56%	67%	71%
Unsealed roads	44%	49%	NA
Promote and adopt sustainable practices	62%	69%	64%
A Connected Built Environment			
Traffic management and control	72%	73%	69%
Streetscapes	69%	81%	73%
Parking	56%	59%	67%
Safety and security	76%	81%	72%
Areas character and identity	80%	89%	79%
Planning and building approvals	46%	46%	53%
A Sense of Community			
Art Facilities	81%	85%	NA
Youth services and facilities	62%	69%	62%
Senior services and facilities	76%	81%	73%
Disabled services and facilities	69%	81%	65%
Library and information services	91%	97%	85%
Festival and cultural events	76%	79%	76%
Sport and recreation services	80%	86%	81%
Community participation in voluntary work	50%	53%	51%
Civic Leadership			
Value for money from rates	51%	61%	64%
Transparency of council processes	36%	47%	54%
Council's leadership	48%	56%	61%
City's customer service	71%	77%	75%
City as a governing organisation	58%	73%	76%
Consultation on local issues	48%	57%	55%

Compliance

Disability Access and Inclusion Plan

A number of access and inclusion initiatives were introduced during 2014-15:

- The City's Access and Inclusion Plan was updated to include employment. This means the City will aim to ensure people with disability have the same opportunities as other people to obtain and maintain employment with the City.
- Greater attendance by people with disability, their families and carers at its events, in particular the Christmas pageant and Vancouver Street Festival. This was a result of concerted efforts to promote activities to people with disability.
- Disability Awareness Week 2014 included exciting activities across Albany. Albany Leisure and Aquatic Centre hosted an all abilities day for people with disability to try a variety of sports. Albany Public Library hosted a free screening of popular local documentary *The Ride*. A further screening was held in January to meet demand. Vancouver Arts Centre showed the work of local artist with a disability Samala Ghosh.
- All City of Albany customer service outlets, including the Council Chambers now have hearing loop technology to aid customers with hearing impairment.

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 currently being undertaken and finished by the end of 2016,

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 2014-15 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 2015 the number of employees of the City of Albany entitled to an annual total remuneration package of \$100,000 or more was 30.

\$100 000- 109 999	8
110 000-119,999	4
120 000-129 999	3
130 000-139 999	3
140 000-149 999	3
150 000-159 999	2
160 000-169 999	1
170 000-179 999	3
180 000-189 999	1
190 000-199 999	
200 000-209 999	1
210 000-279 999	
280 000-289 999	1



City Achievements & Awards



The 2014 WA Heritage Awards

Winner - Interpretation Project Category for the Princess Royal Forts
 Winner - National Anzac Centre - Heritage Tourism Product
 Finalist - Stirling Terrace Enhancement Conservation



The 2015 WA Tourism Awards

Winner - New Tourism Business for the National Anzac Centre
 Winner - Local Government Award for Tourism
 Bronze – Festival and Events



The 2015 Premier's Awards for Excellence in Public Sector Management

Winner - Anzac Albany for Revitalising the Regions



The 2015 Australian Regional Development Conference and Innovation Awards

Winner of the Economic Development Award



2015 Tidy Towns Sustainable Communities Awards

Winner Tidy Town WA 2015



Annual Financial Report Overview

Operating Surplus

An operating surplus of \$0.4 million derived from operating revenue of \$59.6 million (see figure 1) and operating expenditure of \$59.2 million (see figure 2).

Capital Works

Total capital works expenditure was \$36.3 million, which was expended on the following classes of assets:

- \$14.6 million on Land and Buildings (\$10.1 million for non cash contribution of National Anzac Building).
- \$17.8 million on Infrastructure assets including roads, drainage and footpaths.
- \$3.3 million on plant and equipment.
- \$0.6 million on furniture and equipment.

Assets & Liabilities

Net assets of \$584 million.

Includes:

- Infrastructure (\$442 million)
- Property plant and equipment (\$136 million); and
- Cash and cash equivalent (\$26 million).

The City's infrastructure assets value increased by \$230 million, due largely to the revaluation of infrastructure from historical cost to Fair Value (\$222 million) as per the mandatory requirements of the Local Government Act (Financial Management) Regulations 1996.

\$1.5 million of debt was repaid during 14/15 and \$17.8 million was owing as at 30th June 2015 (see figure 3).

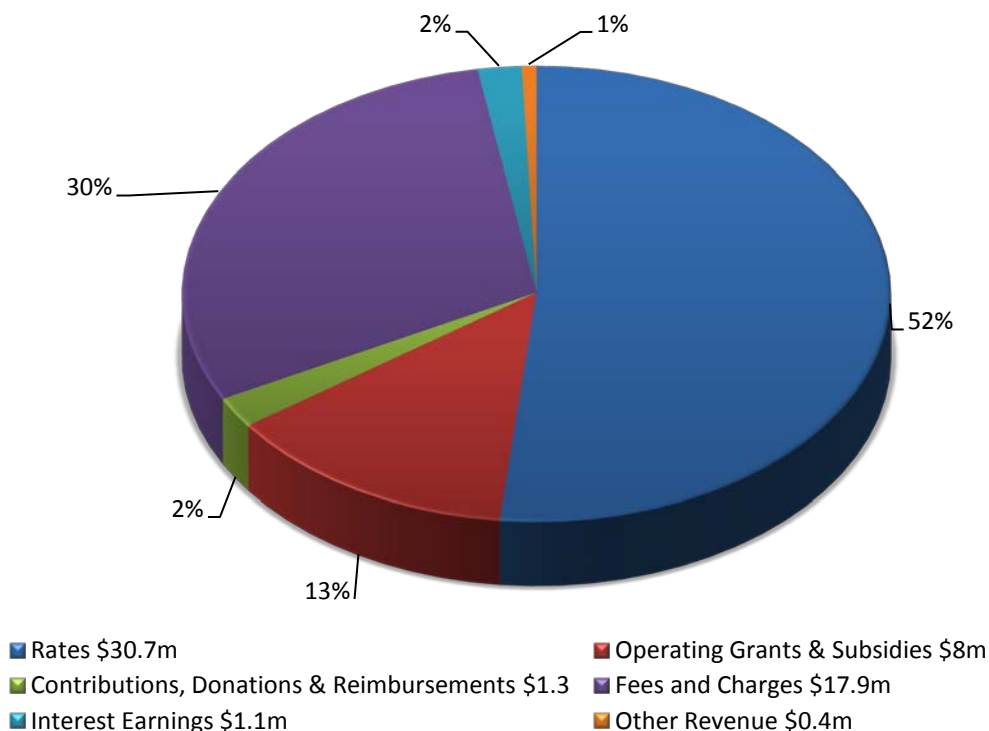
Operating

Figure 1 shows the various sources of the City's \$59.6 million in operating revenue during 2014/15.

Operating revenue increased by 17% in 2014/15. This increase was influenced by grants and subsidies funding increasing by \$4.9 million in 2014/15.

This was primarily due to the early receipt of the 2015/16 Financial Assistance Grant (\$1.9 million) and the grant funding supporting the Anzac event (\$1.3 million).

Figure 1: Operating Revenue Sources

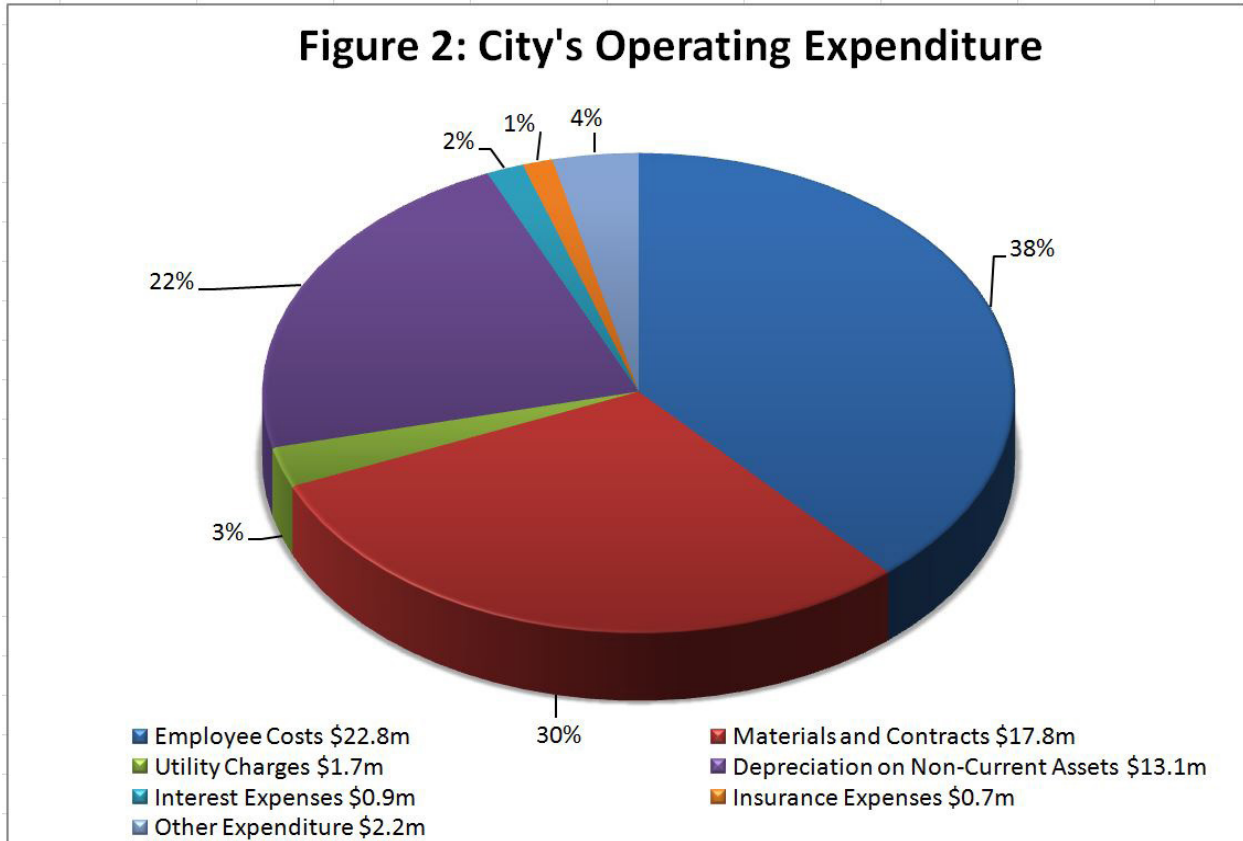


Annual Financial Report Overview

Operating Expenditure

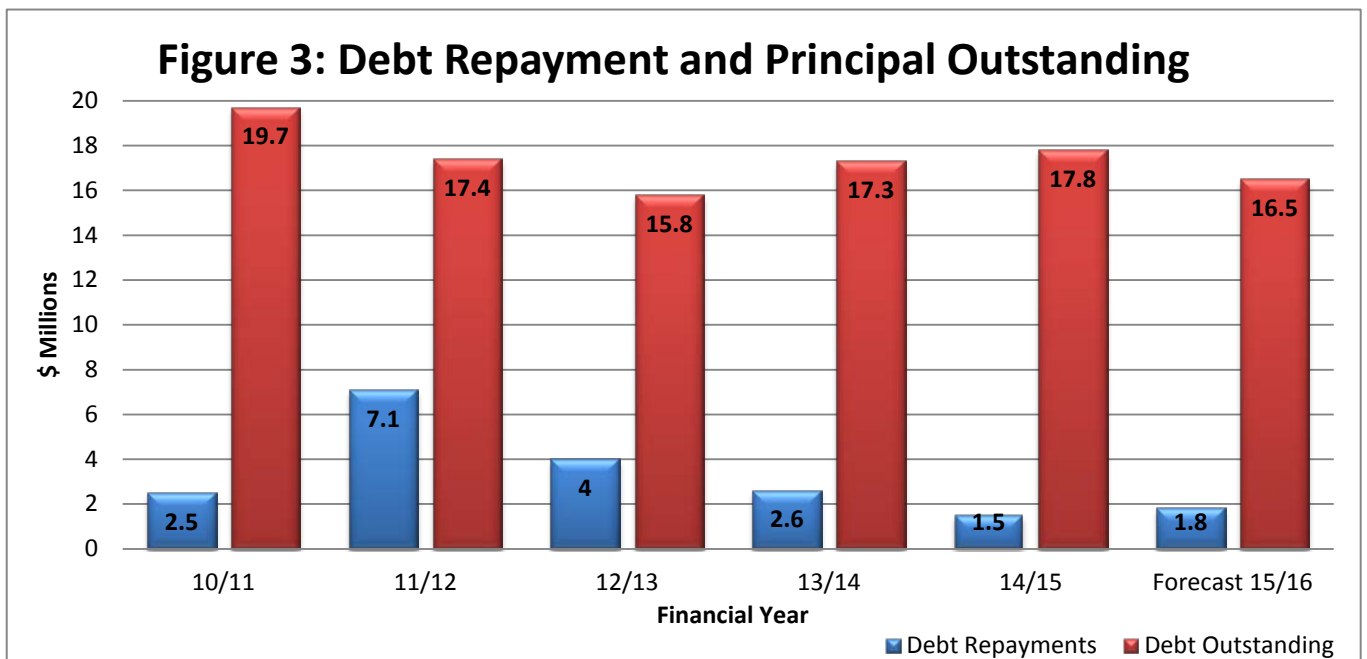
Figure 2 shows the allocation of the City's \$59.2 million of operating expenditure.

Operating expenditure increased by 9% in 2014/15. The primary expense components for 2014/15 were employee costs (38%), materials and contracts (30%) and depreciation (22%).



Debt Repayment and Principal Outstanding

Figure 3 shows a comparison of the debt repayments and outstanding principal over the last 5 years and the 15/16 forecast.



CITY OF ALBANY
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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CITY OF ALBANY
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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 2015 are in my opinion properly drawn up to present fairly the financial position of the City of Albany at 30th June 2015 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 23 day of DECEMBER 2015



Andrew Sharpe
Chief Executive Officer

CITY OF ALBANY
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Rates	23	30,756,331	30,668,026	29,076,725
Operating Grants, Subsidies and Contributions	29	9,348,576	6,180,049	4,375,302
Fees and Charges	28	17,936,177	16,639,899	15,774,868
Interest Earnings	2(a)	1,185,941	1,209,085	1,565,705
Other Revenue		439,971	389,000	353,782
		<u>59,666,996</u>	<u>55,086,058</u>	<u>51,146,382</u>
Expenses				
Employee Costs		(22,770,575)	(21,356,980)	(20,875,853)
Materials and Contracts		(17,789,734)	(18,931,906)	(15,266,858)
Utility Charges		(1,672,869)	(1,840,608)	(1,710,239)
Depreciation on Non-Current Assets	2(a)	(13,110,730)	(12,672,381)	(12,214,326)
Interest Expenses	2(a)	(955,295)	(974,068)	(942,708)
Insurance Expenses		(772,747)	(792,646)	(747,921)
Other Expenditure		(2,192,754)	(2,513,073)	(2,847,604)
		<u>(59,264,704)</u>	<u>(59,081,661)</u>	<u>(54,605,509)</u>
		402,292	(3,995,602)	(3,459,127)
Non-Operating Grants, Subsidies and Contributions	29	21,803,455	26,348,927	13,015,948
Impairment Loss - Infrastructure Other	8	0	0	(244,656)
Loss on Revaluation of Fixed Assets	7	(14,133)	0	0
Fair Value adjustment to Financial Assets at fair value through profit or loss	4	(26,946)	0	(20,516)
Profit/(Loss) on Sale of Investments		0	0	182,604
Profit/(Loss) on Sale of Investment Land	32	(10,615)	0	24,255
Profit/(Loss) on Asset Disposals	21	(67,450)	(305,592)	(1,195,706)
		<u>(59,264,704)</u>	<u>(59,081,661)</u>	<u>(54,605,509)</u>
Net Result		22,086,603	22,047,733	8,302,802
Other Comprehensive Income				
Changes on revaluation of non-current assets	13	222,107,019	0	58,586,012
Total Other Comprehensive Income		222,107,019	0	58,586,012
Total Comprehensive Income		<u>244,193,622</u>	<u>22,047,733</u>	<u>66,888,814</u>

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 2015

	NOTE	2015 \$	2015 Budget \$	2015 \$
Revenue	<u>2(a)</u>			
Governance		34,595	6,700	11,616
General Purpose Funding		38,062,412	35,974,755	32,744,890
Law, Order, Public Safety		525,691	412,284	637,322
Health		106,609	77,200	105,738
Education and Welfare		1,058,204	1,032,242	904,325
Community Amenities		7,903,167	7,339,056	7,512,340
Recreation and Culture		5,074,349	4,323,885	3,706,156
Transport		3,169,901	3,227,603	3,196,545
Economic Services		2,615,449	1,758,681	1,232,852
Other Property and Services		1,116,619	933,652	1,094,598
		<u>59,666,996</u>	<u>55,086,058</u>	<u>51,146,382</u>
Expenses	<u>2(a)</u>			
Governance		(4,152,664)	(4,328,765)	(4,166,580)
General Purpose Funding		(644,131)	(662,669)	(930,289)
Law, Order, Public Safety		(1,999,435)	(1,783,372)	(2,276,108)
Health		(610,828)	(628,093)	(687,118)
Education and Welfare		(1,442,807)	(1,460,040)	(1,300,074)
Community Amenities		(8,177,059)	(9,182,049)	(7,540,693)
Recreation and Culture		(16,026,149)	(14,484,526)	(13,648,534)
Transport		(18,999,531)	(19,655,889)	(17,687,621)
Economic Services		(3,815,700)	(3,359,300)	(2,722,883)
Other Property and Services		(2,441,105)	(2,552,890)	(2,702,901)
		<u>(58,309,409)</u>	<u>(58,097,593)</u>	<u>(53,662,801)</u>
Finance Costs	<u>2(a)</u>			
Community Amenities		(9,556)	(9,650)	(12,335)
Recreation and Culture		(396,306)	(408,077)	(298,619)
Transport		(424,897)	(424,876)	(446,197)
Economic Services		(49,987)	(51,851)	(35,975)
Other Property and Services		(74,549)	(79,613)	(149,582)
		<u>(955,295)</u>	<u>(974,068)</u>	<u>(942,708)</u>
Impairment Loss				
Other Property and Services		0	0	(244,656)
		<u>0</u>	<u>0</u>	<u>(244,656)</u>
Loss on Revaluation of Fixed Assets				
Recreation and Culture	<u>7</u>	(14,133)	0	0
		<u>(14,133)</u>	<u>0</u>	<u>0</u>
Fair Value Adjustments to Financial Assets at Fair Value through Profit or Loss	<u>4</u>			
General Purpose Funding		(26,946)	0	(20,516)
		<u>(26,946)</u>	<u>0</u>	<u>(20,516)</u>
Non-Operating Grants, Subsidies and Contributions	<u>29</u>			
Law, Order, Public Safety		686,459	0	854,902
Education and Welfare		63,311	0	0
Community Amenities		40,000	70,000	0
Recreation and Culture		3,815,877	9,176,712	3,989,365
Transport		6,762,548	6,325,858	8,104,687
Economic Services		10,408,903	10,750,000	0
Other Property and Services		26,357	26,357	66,994
		<u>21,803,455</u>	<u>26,348,927</u>	<u>13,015,948</u>
Profit/(Loss) on Sale of Investments				
Other Property and Services		0	0	182,604
		<u>0</u>	<u>0</u>	<u>182,604</u>
Profit/(Loss) on Sale of Investment Land	<u>32</u>			
Other Property and Services		(10,615)	0	24,255
		<u>(10,615)</u>	<u>0</u>	<u>24,255</u>
Profit/(Loss) on Disposal of Assets	<u>21</u>			
Governance		1,734	0	(3,542)
Law, Order, Public Safety		(114,583)	(15,900)	(27,577)
Health		0	(3,000)	(982)
Community Amenities		(8,263)	(15,000)	(159,910)
Recreation and Culture		(40,170)	(5,629)	(23,989)
Transport		81,190	(15,900)	(116,389)
Economic Services		0	(3,500)	(2,544)
Other Property and Services		12,642	(246,663)	(860,773)
		<u>(67,450)</u>	<u>(305,592)</u>	<u>(1,195,706)</u>
Net Result		<u>22,086,603</u>	<u>22,057,733</u>	<u>8,302,802</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	<u>13</u>	222,107,019	0	58,586,012
Total Other Comprehensive Income		<u>222,107,019</u>	<u>0</u>	<u>58,586,012</u>
Total Comprehensive Income		<u>244,193,622</u>	<u>22,057,733</u>	<u>66,888,814</u>

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

**CITY OF ALBANY
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2014 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	26,219,390	26,015,449
Investments	4	205,605	232,551
Trade and Other Receivables	5	3,917,323	3,837,979
Inventories	6	1,073,994	1,546,020
TOTAL CURRENT ASSETS		<u>31,416,312</u>	<u>31,631,999</u>
NON-CURRENT ASSETS			
Other Receivables	5	489,151	461,935
Property, Plant and Equipment	7	136,863,083	123,038,864
Infrastructure	8	442,659,254	211,921,387
TOTAL NON-CURRENT ASSETS		<u>580,011,488</u>	<u>335,422,186</u>
TOTAL ASSETS		<u>611,427,800</u>	<u>367,054,185</u>
CURRENT LIABILITIES			
Trade and Other Payables	9	4,843,371	5,601,311
Current Portion of Long Term Borrowings	10	1,857,727	1,521,937
Provisions	11	3,500,652	2,992,647
TOTAL CURRENT LIABILITIES		<u>10,201,750</u>	<u>10,115,895</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	10	15,942,253	15,829,980
Provisions	11	480,936	499,071
TOTAL NON-CURRENT LIABILITIES		<u>16,423,189</u>	<u>16,329,051</u>
TOTAL LIABILITIES		<u>26,624,939</u>	<u>26,444,946</u>
NET ASSETS		<u>584,802,861</u>	<u>340,609,239</u>
EQUITY			
Retained Surplus		286,810,325	268,285,604
Reserves - Cash Backed	12	16,670,358	13,108,476
Revaluation Surplus	13	281,322,178	59,215,159
TOTAL EQUITY		<u>584,802,861</u>	<u>340,609,239</u>

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 2015**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 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	13	<u>0</u>	<u>0</u>	<u>58,586,012</u>	<u>58,586,012</u>
Total Comprehensive Income		8,302,802	0	58,586,012	66,888,814
Reserve Transfers		(417,976)	417,976	0	0
Balance as at 30 June 2014		268,285,604	13,108,476	59,215,159	340,609,239
Comprehensive Income					
Net Result		22,086,603	0	0	22,086,603
Changes on Revaluation of Non-Current Assets	13	<u>0</u>	<u>0</u>	<u>222,107,019</u>	<u>222,107,019</u>
Total Comprehensive Income		22,086,603	0	222,107,019	244,193,622
Transfers from/(to) Reserves		(3,561,882)	3,561,882	0	0
Balance as at 30 June 2015		<u>286,810,325</u>	<u>16,670,358</u>	<u>281,322,178</u>	<u>584,802,861</u>

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 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
Cash Flows From Operating Activities				
Receipts				
Rates		30,720,447	30,968,681	28,905,616
Operating Grants, Subsidies and Contributions		9,348,576	6,190,648	4,352,994
Fees and Charges		17,599,839	16,639,899	15,568,155
Interest Earnings		1,185,941	1,229,130	1,529,073
Goods and Services Tax		2,930,184	400,000	1,154,772
Other Revenue		898,517	389,000	624,782
		<u>62,683,504</u>	<u>55,817,357</u>	<u>52,135,392</u>
Payments				
Employee Costs		(22,174,601)	(21,510,980)	(20,626,753)
Materials and Contracts		(18,250,130)	(19,586,782)	(13,466,476)
Utility Charges		(1,672,869)	(1,840,608)	(1,710,239)
Insurance Expenses		(772,747)	(792,646)	(747,921)
Interest expenses		(957,402)	(978,389)	(931,837)
Goods and Services Tax		(2,594,037)	(400,000)	(1,910,571)
Other Expenditure		(2,524,018)	(2,513,073)	(2,852,023)
		<u>(48,945,804)</u>	<u>(47,622,476)</u>	<u>(42,245,820)</u>
Net Cash Provided By Operating Activities	14(b)	<u>13,737,700</u>	<u>8,194,881</u>	<u>9,889,572</u>
Cash Flows from Investing Activities				
Payment for Purchase of Property, Plant and Equipment		(7,823,979)	(22,846,104)	(6,889,054)
Payment for Construction of Infrastructure Assets		(14,939,090)	(10,534,471)	(21,996,659)
Non-Operating Grants, Subsidies and Contributions		8,276,134	13,198,927	13,015,948
Proceeds from Sale of Assets		505,113	912,250	920,103
Proceeds from Sale of Investments		0	0	251,354
Net Cash Provided By/(Used In) Investing Activities		<u>(13,981,822)</u>	<u>(19,269,398)</u>	<u>(14,698,308)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(1,521,937)	(1,518,357)	(2,614,871)
Proceeds from Self Supporting Loans		0	0	13,215
Proceeds from New Debentures		1,970,000	1,220,000	4,127,000
Net Cash (Used In) Financing Activities		<u>448,063</u>	<u>(298,357)</u>	<u>1,525,344</u>
Net Increase/(Decrease) in Cash Held		203,941	(11,372,874)	(3,283,392)
Cash at Beginning of Year		26,015,449	24,837,477	29,298,841
Cash and Cash Equivalents at the End of the Year	14(a)	<u><u>26,219,390</u></u>	<u><u>13,464,603</u></u>	<u><u>26,015,449</u></u>

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

**CITY OF ALBANY
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Operating Grants, Subsidies and Contributions		9,348,576	6,180,049	4,375,302
Fees and Charges		17,936,177	16,639,899	15,774,868
Profit on Asset Disposal		128,436	0	145,600
Interest Earnings		1,185,941	1,209,085	1,565,705
Other Revenue		898,516	389,000	624,782
		<u>29,497,646</u>	<u>24,418,033</u>	<u>22,486,257</u>
Expenses				
Employee Costs		(22,770,575)	(21,356,980)	(20,875,853)
Materials and Contracts		(17,818,583)	(18,931,906)	(15,281,512)
Utility Charges		(1,672,869)	(1,840,608)	(1,710,239)
Depreciation on Non-Current Assets		(13,110,730)	(12,672,381)	(12,214,326)
Interest Expenses		(955,295)	(974,068)	(942,708)
Insurance Expenses		(772,747)	(792,646)	(747,921)
Loss On Sale of Assets		(195,886)	(305,592)	(1,341,307)
Other Expenditure		(2,633,065)	(2,513,073)	(3,334,870)
		<u>(59,929,750)</u>	<u>(59,387,253)</u>	<u>(56,448,736)</u>
Net Result Excluding Rates		(30,432,104)	(34,969,220)	(33,962,479)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	21	67,450	305,592	1,195,706
Movement in Deferred Pensioner Rates (Non-Current)		(27,216)	0	(25,725)
Movement in Employee Benefit Provisions (Non-Current)		(18,135)	0	(89,249)
Work in Progress Expensed		137,897	0	75,449
Impairment Loss	8	0	0	244,656
Carrying Value of Investment Land Sold		429,600	0	233,950
Depreciation on Assets	2(a)	13,110,730	12,672,381	12,214,326
Capital Revenue				
Capital Grants and Contributions	29	21,803,455	26,348,927	13,015,948
Proceeds from Disposal of Investments		0	0	182,604
Proceeds from Disposal of Assets	21	566,474	912,250	920,103
Capital Expenditure				
Purchase Land and Buildings		(12,828,662)	(17,329,242)	(3,230,907)
Purchase Infrastructure Assets		(17,772,954)	(23,534,471)	(21,996,659)
Purchase Plant and Equipment		(3,262,431)	(4,745,398)	(3,467,172)
Purchase Furniture and Equipment		(2,487,703)	(921,464)	(190,975)
Financing/Borrowing				
Repayment of Debentures	22(a)	(1,521,937)	(1,518,357)	(2,614,871)
Proceeds from New Debentures	22(a)	1,970,000	1,220,000	4,127,000
Self-Supporting Loan Principal Income		0	0	13,215
Restricted Funding Movements				
Restricted Cash - Loan Drawn Down Unspent	22(c)	(1,220,000)	0	(3,510,182)
Restricted Cash Utilised		2,021,219	3,008,924	0
Transfers to Reserves (Restricted Assets)	12	(17,688,075)	(13,069,934)	(15,021,427)
Transfers from Reserves (Restricted Assets)	12	14,126,193	17,187,240	14,603,451
ADD Surplus/(Deficit) July 1 B/Fwd	23(b)	5,453,281	3,764,746	13,902,345
LESS Surplus/(Deficit) June 30 C/Fwd	23(b)	3,183,413	0	5,685,832
Total Amount Raised from General Rate	23(a)	<u>(30,756,331)</u>	<u>(30,668,026)</u>	<u>(29,076,725)</u>

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

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES

(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 20 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.

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates 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 2015

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.

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.

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.

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

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

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	\$2,500
Plant	\$2,500
Land & Buildings	\$5,000
Infrastructure	\$10,000
Software	\$8,000

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

Fair Value is the price that the City of Albany 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.

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.

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Valuation techniques (Continued)

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 City 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.

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 and any reduction for impairment; and
- (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 at "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.

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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.

Impairment

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.

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

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 City'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.

(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.

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 City, 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.

(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. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss

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 17.

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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 2015

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 (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	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)	September 2012	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).
[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]			
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	01 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the City of Albany has with those third parties it has dealings with. It may or may not be significant.
(iv) AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	December 2013	Refer Title column	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.
[Operative dates: Part C Financial Instruments – 1 January 2015]			

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
<p>(v) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations</p> <p>[AASB 1 & AASB 11]</p>	<p>August 2014</p>	<p>1 January 2016</p>	<p>This Standard amends AASB 11: Joint Arrangements to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: Business Combinations, to apply all of the principles on combinations accounting in AASB 3 and other Australian business Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, believes it is impracticable at this stage to provide a reasonable estimate of such impact on the City of Albany's financial statements.</p>
<p>(vi) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation</p> <p>[AASB 116 & 138]</p>	<p>August 2014</p>	<p>1 January 2016</p>	<p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the City of Albany currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p>
<p>(vii) AASB 2015-5 Amendments to Australian Accounting Standards arising from AASB15</p>	<p>December 2014</p>	<p>1 January 2017</p>	<p>Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.</p>

**CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
<p>(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101</p> <p>[AASB 7, 101, 134 & 1049]</p>	<p>January 2015</p>	<p>1 January 2016</p>	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures.</p>
<p>(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality</p>	<p>January 2015</p>	<p>1 July 2015</p>	<p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn.</p> <p>It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.</p>
<p>(x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</p> <p>[AASB 10, 124 & 1049]</p>	<p>March 2015</p>	<p>1 July 2016</p>	<p>The objective of this Standard is to extend the scope of AASB 124 Related Party Disclosures to include not-for-profit sector entities.</p> <p>The Standard is expected to have a significant disclosure impact on the financial report of the City of Albany as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.</p>

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 2015**

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 were complied, became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 2011-7
AASB 2012-3
AASB 2013-3
AASB 2013-8
AASB 2013-9 Parts A & B

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 2015

2. REVENUE AND EXPENSES

2015
\$

2014
\$

(a) Net Result

The Net Result includes:

(i) Charging as an Expense:

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 of the financial report 2012/13	0	25,109
- Grant Acquittals	0	2,240

Moore Stephens (Previously known as UHY Haines Norton)

- Audit of the financial report 2013/14	47,187	18,500
- Internal Audit	20,120	22,500
- Tax Advice	0	660
- Grant Acquittals	17,250	0
	84,557	69,009

Depreciation

Buildings	1,746,113	1,328,485
Furniture and Equipment	395,534	314,826
Plant and Equipment	1,830,802	2,193,491
Roads	6,599,806	6,289,447
Footpaths	471,326	358,624
Drainage	416,685	401,684
Infrastructure - Other	1,650,464	1,327,769
	13,110,730	12,214,326

Interest Expenses (Finance Costs)

Debentures (refer Note 22(a))	955,295	942,708
	955,295	942,708

(ii) Crediting as Revenue:

	2015 \$	2015 Budget \$	2014 \$
Interest Earnings			
Investments			
- Reserve Funds	418,661	190,795	387,294
- Other Funds	450,335	880,948	884,503
Other Interest Revenue (refer note 27)	316,945	137,342	293,908
	1,185,941	1,209,085	1,565,705

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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 2015

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 2015

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1-Jul-13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance ⁽¹⁾ 30-Jun-14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance 30-Jun-15 \$
Crime Prevention Grant	Law, Order, Public Safety	0	0	0	0	25,000	0	25,000
Cat Act Grant - Sterilisation Subsidy	Law, Order, Public Safety	10,000	15,000	(3,874)	21,126	0	(1,547)	19,579
Cat Act Implementation Programme	Law, Order, Public Safety	179	0	(179)	0	0	0	0
Fire Equipment Grant	Law, Order, Public Safety	0	0	0	0	167,524	(167,524)	0
Bushfire Brigade Operating Grant	Law, Order, Public Safety	0	334,390	(248,136)	86,254	217,466	(266,827)	36,893
Bushfire Brigade Operating Grant - 12/13 Additional Grant	Law, Order, Public Safety	0	9,435	(9,435)	0	0	0	0
SES Operating Grant	Law, Order, Public Safety	0	52,855	(42,440)	10,415	42,490	(41,915)	10,990
Community Emergency Risk Management	Law, Order, Public Safety	0	30,455	(5,200)	25,255	0	(17,378)	7,877
Tobacco Control Grant	Health	0	10,000	(8,275)	1,725	0	0	1,725
Disability Services - Count Me In Project	Education and Welfare	12,499	0	(12,499)	0	0	0	0
Day Care Centre - Playground Upgrade	Education and Welfare	90	0	(90)	0	63,311	(63,311)	0
Seniors - Stay on Your Feet Project	Education and Welfare	0	2,881	(2,881)	0	0	0	0
Disability Awareness Project	Education and Welfare	0	0	0	0	13,100	(327)	12,773
Torbay Fire Management Strategy	Education and Welfare	0	0	0	0	15,000	0	15,000
Centennial Wetlands Funding	Community Amenities	360	0	(360)	0	0	0	0
Emu Point Coastal Works	Community Amenities	47,500	0	(26,513)	20,987	0	0	20,987
Sport 4 All Kidsport Program	Recreation and Culture	104,276	103,340	(155,783)	66,833	70,000	(136,833)	0
City of Belmont - Library	Recreation and Culture	455	0	(455)	0	0	0	0
Library - Finding My Place Grant	Recreation and Culture	0	0	0	0	4,800	0	4,800
Children's Book Council of Australia	Recreation and Culture	0	0	0	0	5,396	(5,396)	0
Country Arts WA	Recreation and Culture	0	58,449	(39,949)	18,500	18,500	(37,000)	0
Padre White Lookout	Recreation and Culture	0	80,000	(80,000)	0	0	0	0
Library - SLWA Regional Subsidy	Recreation and Culture	0	22,545	(22,545)	0	14,757	(14,757)	0
NAIDOC Community Celebrations	Recreation and Culture	11,753	0	(11,753)	0	0	0	0
Club Development Initiative	Recreation and Culture	43,854	0	(43,854)	0	50,000	(50,000)	0
Centennial Park Upgrade	Recreation and Culture	608,000	558,865	(1,064,000)	102,865	1,766,406	(1,869,271)	0
Centennial Park Living Stream	Recreation and Culture	28,682	0	(10,432)	18,250	0	(18,250)	0
Anzac Centenary - Mt Clarence Grant	Recreation and Culture	2,125,571	3,000,000	(5,063,903)	61,668	0	(61,668)	0
Emu Point Car/Boat Trailer Park	Recreation and Culture	0	77,503	(77,503)	0	0	0	0
Centennial Park Masterplan	Recreation and Culture	5,175	0	(5,175)	0	0	0	0
Lowlands Reserve - 4WD stabilisation	Recreation and Culture	15,864	0	(15,864)	0	0	0	0
Vintage Vancouver Grant	Recreation and Culture	0	11,500	(11,500)	0	1,000	(1,000)	0
Little Grove Boat Facilities Grant	Recreation and Culture	0	0	0	0	142,516	(142,516)	0
Anzac Centenary Event	Recreation and Culture	0	291,682	(291,682)	0	1,307,500	(1,307,500)	0
Anzac Day Event	Recreation and Culture	0	0	0	0	200,000	(200,000)	0
Christmas, New Year and Australia Day Events Grant	Recreation and Culture	0	63,393	(63,393)	0	17,410	(17,410)	0
Coastal Monitoring Program	Recreation and Culture	0	120,945	(71,882)	49,063	0	(45,832)	3,231
Trails Strategic Plan	Recreation and Culture	0	43,986	(43,986)	0	0	0	0
Seniors Week Grant	Recreation and Culture	0	1,000	(1,000)	0	0	0	0
Whaling Cove Sign and Shelter	Recreation and Culture	0	4,526	(4,526)	0	0	0	0
Rehabilitation of Miniup Park Motocross Track	Recreation and Culture	0	10,195	(10,195)	0	0	0	0
Cheyne Beach Rehabilitation	Recreation and Culture	0	14,670	0	14,670	0	(12,069)	2,601
Lower King Foreshore Maintenance	Recreation and Culture	0	2,025	0	2,025	225	0	2,250
Cheyne Beach - Upgrade 4WD Tracks	Recreation and Culture	0	39,936	0	39,936	0	(39,936)	0
Mt. Melville Community Fauna Survey	Recreation and Culture	0	21,909	0	21,909	0	(21,909)	0
Business Case for Cricket/Soccer Clubrooms	Recreation and Culture	0	9,480	(9,480)	0	0	0	0

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1-Jul-13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance ⁽¹⁾ 30-Jun-14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance 30-Jun-15 \$
Betty Beach Reserve - Upgrade Tracks	Recreation and Culture	0	9,000	(9,000)	0	1,000	(1,000)	0
Mill Park Upgrade	Recreation and Culture	0	45,247	(45,247)	0	5,735	(5,735)	0
Upgrade of Town Square	Recreation and Culture	0	218,750	(218,750)	0	286,250	(286,250)	0
Walk Trails Strategic Plan & Development	Recreation and Culture	0	0	0	0	6,015	(6,015)	0
Smart Clubs - Presidents Forums and Education	Recreation and Culture	0	0	0	0	4,000	(4,000)	0
Travel Smart Officer Grant	Recreation and Culture	0	0	0	0	38,513	0	38,513
Memorial Gardens/Entry at Albany Heritage Park	Recreation and Culture	0	0	0	0	50,000	(50,000)	0
Vancouver Arts Centre Workshops	Recreation and Culture	0	0	0	0	16,000	(16,000)	0
Vancouver Street Festival	Recreation and Culture	0	0	0	0	24,090	(24,090)	0
Bella Kelly Retrospective	Recreation and Culture	0	0	0	0	15,670	0	15,670
Emu Point Coastal Park - Ocean Side Revegetation	Recreation and Culture	0	0	0	0	17,100	(4,574)	12,526
Fire Management Strategies (Stage 1)	Recreation and Culture	0	0	0	0	20,369	(11,746)	8,623
ALAC Heat Reclaim Unit & AHU Grant	Recreation and Culture	0	0	0	0	30,000	(18,281)	11,719
ALAC Capital Upgrades	Recreation and Culture	0	0	0	0	40,827	(40,827)	0
Hunton Bridge	Transport	114,000	0	(23,602)	90,398	0	(16,947)	73,451
Elleker Grassmere Bridge/Lower King Bridge	Transport	0	2,616,000	(2,562,000)	54,000	0	(54,000)	0
Great Southern Region Roads Street Lighting	Transport	0	50,612	(50,612)	0	0	0	0
Main Roads Direct Grant	Transport	0	315,594	(315,594)	0	343,100	(343,100)	0
Roads to Recovery	Transport	0	844,968	(844,968)	0	819,631	(819,631)	0
Federal Black Spot Funding	Transport	0	38,000	(38,000)	0	0	0	0
State Black Spot Funding	Transport	0	86,820	(86,820)	0	189,164	(189,164)	0
Drainage Masterplan	Transport	1,431,461	0	(1,327,199)	104,262	0	(104,262)	0
Path Funding	Transport	0	519,971	(427,371)	92,600	1,028,500	(1,121,100)	0
Commodity Funding	Transport	80,000	320,000	(400,000)	0	268,393	(268,393)	0
Regional Road Group	Transport	0	852,797	(774,091)	78,706	803,583	(882,289)	0
Road Funding - Flood Damage	Transport	0	0	0	0	38,617	(38,617)	0
Stirling Terrace Upgrade	Transport	0	131,250	(131,250)	0	173,750	(173,750)	0
Airport Terminal Upgrade	Transport	0	311,608	0	311,608	1,125,000	(1,436,608)	0
Bus Stops - Bayonet Head	Transport	0	0	0	0	15,000	(15,000)	0
Albany Waterfront Cultural Heritage - WA Museum	Economic Services	3,333	0	(3,333)	0	0	0	0
Pre-Masterplan for Albany Waterfront	Economic Services	0	3,350	(3,350)	0	0	0	0
Clipper Event	Economic Services	0	20,000	(20,000)	0	0	0	0
Economic Development Projects	Economic Services	0	1,700	(1,700)	0	0	0	0
Campervan & Motorhome Club of Australia Event Grant	Economic Services	0	0	0	0	10,000	(10,000)	0
Westrail Barracks	Other Property and Services	0	36,993	(36,993)	0	26,357	(26,357)	0
Local Government Energy Efficiency Program	Other Property and Services	0	30,000	(30,000)	0	0	0	0
Total		4,643,053	11,443,625	(14,808,622)	1,293,055	9,539,065	(10,507,912)	324,208

Notes:

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

(2) - 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.

(3) - 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 2015

	NOTE	2015 \$	2014 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		6,515,651	8,103,735
Restricted		19,703,739	17,911,714
		<u>26,219,390</u>	<u>26,015,449</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Airport Reserve	12	1,559,597	1,603,743
Albany Entertainment Reserve	12	439,053	440,000
ALAC Synthetic Surface "Carpet" Reserve	12	179,748	164,494
Albany Classics Reserve	12	48,530	47,028
ANZAC Centenary Reserve	12	0	547,827
Bayonet Head Infrastructure Reserve	12	148,303	59,406
Car Parking Reserve	12	95,536	92,579
Capital Seed Funding for Sporting Club Reserve	12	5,841	0
Emu Point Boat Pens Development Reserve	12	241,833	330,691
Masterplan Funding Reserve	12	267,235	267,235
National Anzac Centre Reserve	12	182,042	0
Parks Development Reserve	12	21,245	20,586
Parks and Receptions Grounds	12	50,000	0
Plant Replacement Reserve	12	1,399,481	1,331,941
Roadwork's Reserve	12	1,229,845	1,016,398
Waste Management Reserve	12	2,053,817	1,830,766
Refuse Collection & Waste Minimisation Reserve	12	889,941	1,107,162
Building Restoration Reserve	12	713,143	165,138
Debt Management Reserve	12	3,002,455	2,998,803
Land Acquisition	12	279,652	0
Coastal Management Reserve	12	353,500	253,500
Information Technology Reserve	12	398,900	200,000
Prepaid Rates Reserve	12	533,726	0
Destination Marketing & Economic Development Reserve	12	130,000	0
Albany Heritage Park Infrastructure Reserve	12	100,000	0
Unspent Grants Reserve	12	2,346,935	631,179
National Anzac Centre Donations		210	0
Unspent Grants	2 (c)	324,208	1,293,056
Unspent Loans	22 (c)	2,708,963	3,510,182
		<u>19,703,739</u>	<u>17,911,714</u>
4. INVESTMENTS			
Financial assets at fair value through profit or loss		<u>205,605</u>	<u>232,551</u>
Financial assets at fair value through profit or loss			
At beginning of the year		232,551	321,817
Revaluation to Income Statement		(26,946)	(20,516)
Disposals		0	(68,750)
At end of the year		<u>205,605</u>	<u>232,551</u>
Held for trading			
Local Government House Unit Trust Shares		<u>205,605</u>	<u>232,551</u>

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 \$	2014 \$
5. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		1,069,724	1,061,056
Sundry Debtors		2,029,846	1,850,537
Prepaid Expenses		266,468	135,677
Other Accrued Income		228,032	131,309
GST Receivable		323,253	659,400
		<u>3,917,323</u>	<u>3,837,979</u>
Non-Current			
Rates Outstanding - Pensioners		489,151	461,935
		<u>489,151</u>	<u>461,935</u>
6. INVENTORIES			
Current			
Fuel and Materials		592,696	720,403
ALAC Stock		9,543	29,468
Albany Visitor Centre Stock		56,563	40,814
Albany Heritage Park		70,296	17,670
Other		40,946	4,115
		<u>770,044</u>	<u>812,470</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		(2,051,484)	(1,611,172)
Adjustment to Realisable Value		(567,026)	(577,738)
Total Land Held for Resale		<u>303,950</u>	<u>733,550</u>
Inventories Total		<u>1,073,994</u>	<u>1,546,020</u>

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
7 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Independent Valuation 2014 - Level 2	60,045,998	60,134,998
- Additions after valuation - cost	<u>1,001,977</u>	<u>0</u>
	61,047,975	60,134,998
Land Vested In and Under the Control of Council at:		
- Independent Valuation 2014 - Level 3	<u>1,015,100</u>	<u>1,015,100</u>
	1,015,100	1,015,100
Total Land	<u><u>62,063,075</u></u>	<u><u>61,150,098</u></u>
Buildings at:		
- Independent Valuation 2014 - Level 2	15,829,537	15,829,537
- Independent Valuation 2014 - Level 3	30,391,961	30,391,961
- Management Valuation 2014 - Level 3	1,789,394	1,789,394
- Additions after valuation - cost	13,295,984	0
Less: Accumulated Depreciation	<u>(1,746,113)</u>	<u>0</u>
	59,560,763	48,010,892
Total Buildings	<u><u>59,560,763</u></u>	<u><u>48,010,892</u></u>
Total Land and Buildings	<u><u>121,623,838</u></u>	<u><u>109,160,990</u></u>
Furniture and Equipment at		
- Management Valuation 2013 - Level 3	1,356,286	1,404,226
- Additions after Valuation at Cost	2,378,678	190,975
Less: Accumulated Depreciation	<u>(676,056)</u>	<u>(308,051)</u>
	3,058,908	1,287,150
Plant and Equipment at		
- Management Valuation 2013 - Level 3	7,254,898	8,112,782
- Additions after Valuation at Cost	6,729,603	3,467,172
Less Accumulated Depreciation	<u>(3,464,653)</u>	<u>(1,967,222)</u>
	10,519,848	9,612,732
Paintings		
- Management Valuation 2015 - Level 3	313,613	0
- Cost	<u>0</u>	<u>327,746</u>
	313,613	327,746
Total Property, Plant & Equipment	<u><u>135,516,207</u></u>	<u><u>120,388,618</u></u>
Work in Progress yet to be Classified	<u>1,046,876</u>	<u>2,650,246</u>
Total Property, Plant & Equipment, Work in Progress	<u><u>136,563,083</u></u>	<u><u>123,038,864</u></u>

The fair value of property, plant and equipment is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost. Given 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. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) 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.

	Balance at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of Year
	\$	\$	\$	\$	\$	\$	\$	\$
Freehold land	60,134,998	1,001,977	(89,000)	0	0	0	0	61,047,975
Land vested in and under the control of City of Albany	1,015,100	0	0	0	0	0	0	1,015,100
Total land	61,150,098	1,001,977	(89,000)	0	0	0	0	62,063,075
Buildings	48,010,892	11,035,604	0	0	0	(1,746,113)	2,260,380	59,560,763
Total buildings	48,010,892	11,035,604	0	0	0	(1,746,113)	2,260,380	59,560,763
Total land and buildings	109,160,990	12,037,581	(89,000)	0	0	(1,746,113)	2,260,380	121,623,838
Plant and Equipment	9,612,732	3,262,431	(524,513)	0	0	(1,830,802)	0	10,519,848
Furniture and Equipment	1,287,150	2,487,703	(20,411)	0	0	(395,534)	0	3,358,908
Paintings and Artwork	327,746	0	0	(14,133)	0	0	0	313,613
Work in Progress	2,650,246	791,081	0	0	0	0	(2,394,451)	1,046,876
Total Property, Plant and Equipment	123,038,864	18,578,796	(633,924)	(14,133)	0	(3,972,449)	(134,071)	136,863,083

**CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land					
Freehold land	2	Market Approach using recent market data for similar properties / income approach using discounted cashflow methodology	Independent Registered Valuers	June 2014	Price per hectare / market borrowing rate
Land vested in and under the control of Council	2	Market Approach using recent market data for similar properties / income approach using discounted cashflow methodology	Independent Registered Valuers	June 2014	Price per hectare / market borrowing rate
Buildings					
- Independent Valuation - Level 2	2	Market Approach using recent market data for similar properties / income approach using discounted cashflow methodology	Independent Registered Valuers	June 2014	Price per square metre / market borrowing rate
- Independent Valuation - Level 3	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent Registered Valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
- Management Valuation - Level 3	3	Cost Approach using depreciated replacement cost	Management Valuation	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Furniture and Equipment	3	Cost Approach using depreciated replacement cost	Management Valuation	June 2013	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Plant and Equipment	3	Cost Approach using depreciated replacement cost	Management Valuation	June 2013	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Paintings and Artwork	2	Market Approach using recent auction information for similar pieces of artwork	Management Valuation	June 2015	Recent auction sales

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
8 (a) INFRASTRUCTURE		
Roads at:		
- Management Valuation 2015 - Level 3	230,748,564	0
- Additions after valuation - cost	0	0
- Cost	0	181,857,964
Less accumulated depreciation	0	(99,346,108)
	<u>230,748,564</u>	<u>82,511,856</u>
Footpaths at:		
- Management Valuation 2015 - Level 3	40,293,377	0
- Additions after valuation - cost	0	0
- Cost	0	12,499,838
Less accumulated depreciation	0	(5,299,334)
	<u>40,293,377</u>	<u>7,200,504</u>
Drainage at:		
- Management Valuation 2015 - Level 3	49,584,492	0
- Additions after valuation - cost	0	0
- Cost	0	20,091,672
Less accumulated depreciation	0	(10,470,948)
	<u>49,584,492</u>	<u>9,620,724</u>
Parks, Gardens and Reserves at:		
- Management Valuation 2015 - Level 3	30,050,476	0
- Additions after valuation - cost	0	0
- Cost	0	21,450,157
Less accumulated depreciation	0	(6,464,671)
	<u>30,050,476</u>	<u>14,985,486</u>
Other Infrastructure at:		
- Management Valuation 2015 - Level 3	88,050,184	0
- Additions after valuation - cost	0	0
- Cost	0	98,153,780
Less accumulated depreciation	0	(8,555,640)
	<u>88,050,184</u>	<u>89,598,140</u>
Work in Progress yet to be Classified	3,932,161	8,004,677
Total Infrastructure and Work in Progress	<u><u>442,659,254</u></u>	<u><u>211,921,387</u></u>

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost. Given 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. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions.

This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires infrastructure to be shown at fair value.

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

8 INFRASTRUCTURE (Continued)

(b) 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.

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Work in Progress Expensed \$	Carrying Amount at the End of Year \$
Roads	82,511,856	4,694,549	0	81,759,591	0	(6,599,806)	68,382,374	0	230,748,564
Footpaths	7,200,504	1,238,836	0	29,639,623	0	(471,326)	2,685,740	0	40,293,377
Drainage	9,620,724	1,554,149	0	36,827,783	0	(416,685)	1,998,521	0	49,584,492
Parks, Gardens and Reserves	14,985,486	4,504,634	0	7,824,895	0	(723,457)	3,458,918	0	30,050,476
Other Infrastructure	89,598,140	2,136,193	0	66,055,127	0	(927,007)	(68,812,269)	0	88,050,184
Work in Progress	8,004,677	3,644,593	0	0	0	0	(7,579,213)	(137,896)	3,932,161
Total Infrastructure	<u>211,921,387</u>	<u>17,772,954</u>	<u>0</u>	<u>222,107,019</u>	<u>0</u>	<u>(9,138,281)</u>	<u>134,071</u>	<u>(137,896)</u>	<u>442,659,254</u>

The revaluation of infrastructure assets resulted in an increase on revaluation of 222,107,019 in the net value of infrastructure.

All of this increase was credited to the revaluation surplus in the City of Albany's equity (refer Note 13) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

8 INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Roads	3	Cost Approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Footpaths	3	Cost Approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Drainage	3	Cost Approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Parks, Gardens and Reserves	3	Cost Approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Other Infrastructure	3	Cost Approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied , they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	3,646,502	4,566,285
Sundry Accruals	292,818	135,376
Provision - Gravel Pit Regeneration	153,286	192,576
Income Received in advance	290,747	351,053
Accrued Interest	45,705	47,812
Accrued Salaries and Wages	414,313	308,209
	<u>4,843,371</u>	<u>5,601,311</u>

10. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge		
Debentures	1,857,727	1,521,937
	<u>1,857,727</u>	<u>1,521,937</u>
Non-Current		
Secured by Floating Charge		
Debentures	15,942,253	15,829,980
	<u>15,942,253</u>	<u>15,829,980</u>

Additional detail on borrowings is provided in Note 22.

11. PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance as at 1 July 2014	1,633,111	1,359,536	2,992,647
Non-current provisions	0	499,071	499,071
	<u>1,633,111</u>	<u>1,858,607</u>	<u>3,491,718</u>
Additional provisions	1,600,153	569,528	2,169,681
Amounts used	(1,476,044)	(203,767)	(1,679,811)
Balance at 30 June 2015	<u>1,757,220</u>	<u>2,224,368</u>	<u>3,981,588</u>
Comprises			
Current	1,757,220	1,743,432	3,500,652
Non-current	0	480,936	480,936
	<u>1,757,220</u>	<u>2,224,368</u>	<u>3,981,588</u>

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

12. RESERVES - CASH BACKED	2015 \$	2015 Budget \$	2014 \$
(a) Airport Reserve			
<i>Purpose: To facilitate the future development and improvements at the Albany Airport.</i>			
Opening Balance	1,603,743	2,452,762	3,743,106
Amount Set Aside / Transfer to Reserve	4,168,064	4,326,687	3,178,257
Amount Used / Transfer from Reserve	<u>(4,212,210)</u>	<u>(4,776,671)</u>	<u>(5,317,620)</u>
	<u>1,559,597</u>	<u>2,002,778</u>	<u>1,603,743</u>

The Airport Reserve is 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	440,000	503,195	618,078
Amount Set Aside / Transfer to Reserve	14,053	9,058	21,326
Amount Used / Transfer from Reserve	<u>(15,000)</u>	<u>(150,000)</u>	<u>(199,404)</u>
	<u>439,053</u>	<u>362,253</u>	<u>440,000</u>

The Albany Entertainment Centre Reserve is 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	164,494	161,508	159,008
Amount Set Aside / Transfer to Reserve	<u>15,254</u>	<u>25,000</u>	<u>5,486</u>
	<u>179,748</u>	<u>186,508</u>	<u>164,494</u>

The Albany Leisure And Aquatic Centre – Synthetic Surface "Carpet" Reserve is 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	47,028	46,278	45,459
Amount Set Aside / Transfer to Reserve	<u>1,502</u>	<u>833</u>	<u>1,569</u>
	<u>48,530</u>	<u>47,111</u>	<u>47,028</u>

The Albany Classic Barriers Reserve is 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	547,827	533,869	529,555
Amount Set Aside / Transfer to Reserve	9,610	9,610	18,272
Amount Used / Transfer from Reserve	<u>(557,437)</u>	<u>(543,479)</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>547,827</u>

(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	59,406	58,460	57,425
Amount Set Aside / Transfer to Reserve	<u>88,897</u>	<u>1,052</u>	<u>1,981</u>
	<u>148,303</u>	<u>59,512</u>	<u>59,406</u>

The Bayonet Head Infrastructure Reserve is 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 2015

12. RESERVES - CASH BACKED (Continued)	2015 \$	2015 Budget \$	2014 \$
(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	92,579	91,103	89,491
Amount Set Aside / Transfer to Reserve	2,957	1,640	3,088
	<u>0</u>	<u>(30,000)</u>	<u>0</u>
	<u>95,536</u>	<u>62,743</u>	<u>92,579</u>

The City of Albany General Parking Reserve is 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	330,691	374,993	375,072
Amount Set Aside / Transfer to Reserve	0	6,750	12,941
Amount Used / Transfer from Reserve	<u>(88,858)</u>	<u>(88,858)</u>	<u>(57,322)</u>
	<u>241,833</u>	<u>292,885</u>	<u>330,691</u>

The Emu Point Boat Pens Development Reserve is 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	267,235	390,523	466,151
Amount Set Aside / Transfer to Reserve	0	0	16,084
Amount Used / Transfer from Reserve	<u>0</u>	<u>(190,523)</u>	<u>(215,000)</u>
	<u>267,235</u>	<u>200,000</u>	<u>267,235</u>

The Master Plan Funding Reserve is 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	20,586	78,308	76,922
Amount Set Aside / Transfer to Reserve	659	1,410	2,654
Amount Used / Transfer from Reserve	0	0	(50,000)
Amount transferred to Parks, Recreation Grounds & Open Space Reserve	<u>0</u>	<u>0</u>	<u>(8,990)</u>
	<u>21,245</u>	<u>79,718</u>	<u>20,586</u>

The Parks Development Reserve is 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	0	0	834,825
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	(845,917)
Amount transferred from Parks, Recreation Grounds & Open Space Reserve & Roadwork's Reserve	<u>0</u>	<u>0</u>	<u>11,092</u>
	<u>0</u>	<u>0</u>	<u>0</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 2015

12. RESERVES - CASH BACKED (Continued)	2015	2015	2014
	\$	Budget	\$
		\$	
(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	1,331,941	1,326,941	1,289,601
Amount Set Aside / Transfer to Reserve	492,540	500,000	200,000
Amount Used / Transfer from Reserve	<u>(425,000)</u>	<u>(1,329,455)</u>	<u>(157,660)</u>
	<u>1,399,481</u>	<u>497,486</u>	<u>1,331,941</u>

The Plant & Equipment Reserve is 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	0	0	600,668
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(600,668)</u>
	<u>0</u>	<u>0</u>	<u>0</u>

(n) Roadwork's Reserve			
<i>Purpose: To facilitate road works</i>			
Opening Balance	1,016,398	896,079	1,130,891
Amount Set Aside / Transfer to Reserve	506,446	99,838	158,250
Amount Used / Transfer from Reserve	<u>(292,999)</u>	<u>(479,500)</u>	<u>(270,641)</u>
Amount transferred to Parks, Recreation Grounds & Open Space Reserve	<u>0</u>	<u>0</u>	<u>(2,102)</u>
	<u>1,229,845</u>	<u>516,417</u>	<u>1,016,398</u>

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

(o) Planning			
<i>Purpose: Carry over committed funds from prior years</i>			
Opening Balance	0	521	19,355
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(19,355)</u>
	<u>0</u>	<u>521</u>	<u>0</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	1,830,766	1,263,736	1,821,507
Amount Set Aside / Transfer to Reserve	999,716	1,025,148	971,816
Amount Used / Transfer from Reserve	<u>(776,665)</u>	<u>(1,796,710)</u>	<u>(962,557)</u>
	<u>2,053,817</u>	<u>492,174</u>	<u>1,830,766</u>

The Waste Management Reserve is 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	1,107,162	2,421,461	833,385
Amount Set Aside / Transfer to Reserve	6,313,875	6,065,661	6,181,084
Amount Used / Transfer from Reserve	<u>(6,531,096)</u>	<u>(6,431,911)</u>	<u>(5,907,306)</u>
	<u>889,941</u>	<u>2,055,211</u>	<u>1,107,162</u>

The Refuse Collection & Waste Minimisation Reserve is 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 2015

12. RESERVES - CASH BACKED (Continued)	2015 \$	2015 Budget	2014 \$
(r) Building Restoration Reserve			
<i>Purpose: To receipt funds for the ongoing Building Renewal and Expansion Projects</i>			
Opening Balance	165,138	115,138	0
Amount Set Aside / Transfer to Reserve	548,005	348,005	165,138
Amount Used / Transfer from Reserve	<u>0</u>	<u>(105,000)</u>	<u>0</u>
	<u>713,143</u>	<u>358,143</u>	<u>165,138</u>

The Debt Management Reserve is 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	2,998,803	2,998,803	0
Amount Set Aside / Transfer to Reserve	464,365	462,342	2,998,803
Amount Used / Transfer from Reserve	<u>(460,713)</u>	<u>(860,713)</u>	<u>0</u>
	<u>3,002,455</u>	<u>2,600,432</u>	<u>2,998,803</u>

The Debt Management Reserve is 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	253,500	253,500	0
Amount Set Aside / Transfer to Reserve	100,000	0	253,500
Amount Used / Transfer from Reserve	<u>0</u>	<u>(100,000)</u>	<u>0</u>
	<u>353,500</u>	<u>153,500</u>	<u>253,500</u>

The Coastal Management Reserve is 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	200,000	200,000	0
Amount Set Aside / Transfer to Reserve	349,900	19,900	200,000
Amount Used / Transfer from Reserve	<u>(151,000)</u>	<u>(151,710)</u>	<u>0</u>
	<u>398,900</u>	<u>68,190</u>	<u>200,000</u>

The Information Technology Reserve is 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	631,179	152,710	0
Amount Set Aside / Transfer to Reserve	2,276,812	0	631,179
Amount Used / Transfer from Reserve	<u>(561,056)</u>	<u>(152,710)</u>	<u>0</u>
	<u>2,346,935</u>	<u>0</u>	<u>631,179</u>

The Unspent Grants and Contributions Reserve is not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

(w) Land Acquisition Reserve			
<i>Purpose: To receipt proceeds from sale of land to acquire strategic parcels of land in a future financial year.</i>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	279,652	97,000	0
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>279,652</u>	<u>97,000</u>	<u>0</u>

The Land Acquisition Reserve is 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
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FOR THE YEAR ENDED 30TH JUNE 2015

12. RESERVES - CASH BACKED (Continued)	2015 \$	2015 Budget	2014 \$
(x) National Anzac Centre Reserve			
<i>Purpose: To receipt funds for the ongoing Management and Building Renewal for (AIC)</i>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	182,042	5,000	0
Amount Used / Transfer from Reserve	0	0	0
	182,042	5,000	0

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

(y) Parks and Recreation Grounds

Purpose: To facilitate the funding of Future Works Associated with Parks and Recreation Grounds.

Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	50,000	5,000	0
Amount Used / Transfer from Reserve	0	0	0
	50,000	5,000	0

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

(z) Capital Seed Funding for Sporting Clubs

Purpose: To receipt funds which are unspent at year end to be expended in a future financial year.

Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	60,000	60,000	0
Amount Used / Transfer from Reserve	(54,159)	0	0
	5,841	60,000	0

The Capital Seed Funding for Sporting Clubs Reserve is not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

(aa) Prepaid Rates Reserve

Purpose: To receipt prepaid rate revenue when these funds relate and are applied to the following financial year.

Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	533,726	0	0
Amount Used / Transfer from Reserve	0	0	0
	533,726	0	0

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

(ab) Destination Marketing & Economic Development Reserve

Purpose: To receipt funds for the purpose of destination marketing and major event attraction within the City of Albany.

Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	130,000	0	0
Amount Used / Transfer from Reserve	0	0	0
	130,000	0	0

The Destination Marketing & Economic Development Reserve is not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

(ac) Albany Heritage Park Infrastructure Reserve

Purpose: To receipt funds for the purpose of maintenance and capital improvements to the Albany Heritage Park.

Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	100,000	0	0
Amount Used / Transfer from Reserve	0	0	0
	100,000	0	0

The Albany Heritage Park Infrastructure Reserve is 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 2015

12. RESERVES - CASH BACKED (Continued)	2015 \$	2015 Budget	2014 \$
TOTAL CASH BACKED RESERVES	<u>16,670,358</u>	<u>10,202,582</u>	<u>13,108,476</u>
Total Opening Balance	13,108,476	14,319,888	12,690,500
Total Amount Set Aside / Transfer to Reserve	17,688,075	13,069,934	15,021,427
Total Amount Used / Transfer from Reserve	<u>(14,126,193)</u>	<u>(17,187,240)</u>	<u>(14,603,450)</u>
TOTAL RESERVES	<u>16,670,358</u>	<u>10,202,582</u>	<u>13,108,476</u>

All of the reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in Note 3 to this financial report.

CITY OF ALBANY
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FOR THE YEAR ENDED 30TH JUNE 2015

13. ASSET REVALUATION SURPLUS	2015	2014
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
(a) Land and Buildings		
Opening balance	58,586,012	0
Revaluation Increment	0	58,586,012
Revaluation Decrement	0	0
	<u>58,586,012</u>	<u>58,586,012</u>
(b) Plant and Equipment		
Opening Balance	629,147	629,147
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>629,147</u>	<u>629,147</u>
(c) Roads		
Opening Balance	0	0
Revaluation Increment	81,759,591	0
Revaluation Decrement	0	0
	<u>81,759,591</u>	<u>0</u>
(d) Footpath		
Opening Balance	0	0
Revaluation Increment	29,639,623	0
Revaluation Decrement	0	0
	<u>29,639,623</u>	<u>0</u>
(e) Drainage		
Opening Balance	0	0
Revaluation Increment	36,827,783	0
Revaluation Decrement	0	0
	<u>36,827,783</u>	<u>0</u>
(f) Parks, Gardens and Reserves		
Opening Balance	0	0
Revaluation Increment	7,824,895	0
Revaluation Decrement	0	0
	<u>7,824,895</u>	<u>0</u>
(g) Other Infrastructure		
Opening Balance	0	0
Revaluation Increment	66,055,127	0
Revaluation Decrement	0	0
	<u>66,055,127</u>	<u>0</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>281,322,178</u></u>	<u><u>59,215,159</u></u>
Total Opening Balance	59,215,159	629,147
Revaluation Increment	222,107,019	58,586,012
Revaluation Decrement	0	0
TOTAL ASSET REVALUATION SURPLUS	<u><u>281,322,178</u></u>	<u><u>59,215,159</u></u>

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

14. 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:

	2015 \$	2015 Budget \$	2014 \$
Cash and Cash Equivalents	<u>26,219,390</u>	<u>13,464,603</u>	<u>26,015,449</u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net Result	22,086,603	22,047,733	8,302,802
Non-cash flows in Net Result			
Depreciation	13,110,730	12,672,381	12,214,326
(Profit)/Loss on Sale of Asset	67,450	305,592	1,013,101
Impairment Loss	0	0	244,656
Fair Value (Gain) Loss on Revaluation - Financial Assets	26,946	0	20,516
Fair Value (Gain) Loss on Revaluation - Paintings and Artwork	14,133	0	0
Changes in Assets and Liabilities			
(Increase)/Decrease in Receivables	(106,560)	281,299	(1,009,046)
(Increase)/Decrease in Inventories	472,026	0	(80,445)
Increase/(Decrease) in Payables	(757,940)	(813,197)	1,974,144
Increase/(Decrease) in Employee Provisions	489,870	50,000	150,017
Grants/Contributions for the Development of Assets	(21,803,455)	(26,348,927)	(13,015,948)
Work in Progress Expensed	<u>137,897</u>	<u>0</u>	<u>75,449</u>
Net Cash from Operating Activities	<u>13,737,700</u>	<u>8,194,881</u>	<u>9,889,572</u>

	2015 \$	2014 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	55,000	55,000
Credit Card Balance at Balance Date	<u>23,526</u>	<u>19,356</u>
Total Amount of Credit Unused	<u>78,526</u>	<u>74,356</u>
Loan Facilities		
Loan Facilities - Current	1,857,727	1,521,937
Loan Facilities - Non-Current	<u>15,942,253</u>	<u>15,829,980</u>
Total Facilities in Use at Balance Date	<u>17,799,980</u>	<u>17,351,917</u>
Unused Loan Facilities at Balance Date	<u>2,708,963</u>	<u>3,510,182</u>

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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15. 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.

16. CAPITAL AND LEASING COMMITMENTS	2015	2014
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	82,535	89,706
- later than one year but not later than five years	28,423	82,279
- later than five years	0	0
	<u>110,958</u>	<u>171,985</u>
(b) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	9,434,111	3,935,821
Payable:		
- not later than one year	9,434,111	3,935,821
The capital expenditure project outstanding at the end of the current reporting period represents		
Stage 2 Albany Airport Terminal Security Upgrade	0	1,109,651
Centennial Park - Multi Use Playing Field	0	880,659
West Rail Barracks - Stages 1-3 Construction	262,474	180,511
Princess Royal Fortress Cafe and Administration Refurbishment	0	940,000
Town Square Development	0	825,000
Albany Highway Path	264,912	0
ALAC - Replace Floor Covering	362,622	0
ALAC - Heat Reclaim Unit	679,628	0
Centennial Park Upgrade Buildings	2,258,000	0
Centennial Park Upgrade	5,606,475	0
	<u>9,434,111</u>	<u>3,935,821</u>

CITY OF ALBANY
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FOR THE YEAR ENDED 30TH JUNE 2015

17. 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:

	2015	2014
	\$	\$
Non-Current Assets		
Infrastructure - Other at Cost	0	376,827
Less: Accumulated Depreciation	0	(132,171)
Less: Impairment Loss	0	(244,656)
	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	12,961,662	6,513,992
General Purpose Funding	533,726	0
Law, Order, Public Safety	3,810,066	3,651,261
Health	180,756	189,736
Education and Welfare	792,123	759,419
Community Amenities	33,691,960	29,483,518
Recreation and Culture	82,578,675	64,438,631
Transport	399,900,328	181,884,594
Economic Services	17,596,640	6,559,362
Other Property and Services	48,993,694	46,188,777
Unallocated	10,388,170	27,384,894
	<u>611,427,800</u>	<u>367,054,185</u>
	<u>611,427,800</u>	<u>367,054,185</u>

CITY OF ALBANY
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	2015	2014	2013
19. FINANCIAL RATIOS			
Current Ratio	1.19	1.40	1.63
Asset Sustainability Ratio	0.76	1.09	0.90
Debt Service Cover Ratio	5.79	2.37	2.36
Operating Surplus Ratio	0.01	(0.09)	0.07
Own Source Revenue Coverage Ratio	0.85	0.84	0.99

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:

(a) Information relating to the asset consumption ratio and the asset renewal funding ratio can be found at Supplementary Ratio Information on Page 62 of this document.

(b) For 2015, the Current, Debt Service Cover and the Operating Surplus ratios as disclosed above were distorted by an item of significant revenue relating to the early payment of 2015/16 Financial Assistance Grants (FAGs) of \$1,996,621 which was received prior to year end.

(c) For 2014, the Current, Debt Service Cover and Operating Surplus ratios disclosed above were distorted by the change to the payment of FAGs during the year ended 30 June 2014 which saw the advance payment of the first quarter of the following year cease. This created a timing difference which resulted in an amount of some \$1,997,476 less revenue for the year

(d) For 2013,

(i) The effect of the FAGs advance payment in 2013 was negligible as it had also occurred in the previous year. In effect, four quarterly payments were received in both years so it was not considered necessary to calculate and disclose the effect of any distortion as it was not considered significant.

(ii) The debt Service Cover and Operating Surplus ratios as disclosed above were all distorted by an 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 Note 1(f) for further details).

Items (a) to (d) mentioned above are considered "one-off" timing/non cash in nature and, if they are ignored, the calculations disclosed in the columns above would be as follows:

	2015	2014	2013
Current Ratio	0.99	1.61	1.63
Debt Service Cover Ratio	4.99	2.93	2.16
Operating Surplus Ratio	(0.03)	(0.05)	0.05

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

20. 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 1-Jul-14 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-15 \$
Albany Heartsafe	218	2,320	(2,418)	120
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	22,000	0	23,277
Commission Sales- AVC	312,370	1,723,641	(1,884,095)	151,916
WAPC - POS	845,917	0	(171,954)	673,963
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	75,869	1,500	0	77,369
Housing Deposits	32,000	30,000	0	62,000
Subdivision Maintenance Bonds	121,923	136,841	(23,317)	235,447
Subdivision Bonds	352,928	291,899	(169,728)	475,099
Lotteries House Management	61,963	0	(8,782)	53,181
Lotteries House Photocopier	15,691	287	0	15,978
Nomination Deposits	880	0	0	880
Unclaimed Monies	44,430	1,416	0	45,846
ALAC Sporting Bonds	0	8,500	(1,500)	7,000
	<u>1,908,177</u>			<u>1,864,788</u>

21. DISPOSALS OF ASSETS - 2014/15 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	524,513	1,045,842	440,502	740,250	(84,011)	(305,592)
Land	89,000	259,898	113,636	170,000	24,636	(89,898)
Furniture & Equipment	20,411	0	12,336	0	(8,075)	0
	<u>633,924</u>	<u>1,305,740</u>	<u>566,474</u>	<u>910,250</u>	<u>(67,450)</u>	<u>(395,490)</u>

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-14 \$	New Loans \$	Principal Repayments		Principal 30-Jun-15		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Community Amenities								
Liquid Waste Project 12	92,839		28,835	28,835	64,004	64,004	6,013	6,029
Waste Management 19	70,582		16,252	16,251	54,330	54,331	3,544	3,622
Recreation and Culture								
Dive Ship 13	116,049		36,043	36,043	80,006	80,006	7,515	7,536
Library Development 17	213,842		49,236	49,236	164,606	164,606	10,738	10,972
Recreation 18	71,630		16,493	16,493	55,137	55,136	3,597	3,675
ALAC Redevelopment 30	1,972,489		101,476	101,476	1,871,013	1,871,013	125,168	125,221
ALAC Redevelopment 32	1,865,469		81,288	81,288	1,784,181	1,784,180	132,728	132,807
Town Square Upgrade 33	500,000		40,807	40,807	459,193	459,193	21,335	21,787
Forts Entrance and Public Space Enhancement 36	500,000		40,807	40,807	459,193	459,193	21,335	21,787
Centennial Park Stage 1 37	2,127,000		178,426	173,509	1,948,574	1,953,491	80,520	91,828
Centennial Park Stage 2 38	0	700,000	0	0	700,000	700,000	507	0
ALAC - Heat Exchange Unit 39	0	520,000	0	0	520,000	520,000	377	0
Transport								
Roadworks - Asset Upgrade 21A	1,207,644		99,706	99,706	1,107,938	1,107,939	85,411	85,489
Roadworks - 22C Refinanced 22D	1,375,354		129,694	132,770	1,245,660	1,239,491	54,785	49,816
Roadworks - 03/04 23	524,328		38,539	38,539	485,789	485,788	34,015	33,990
Roadworks - 04/05 28	1,379,102		92,477	92,477	1,286,625	1,286,624	80,383	80,428
Roadworks - 06/07 29	2,436,424		242,122	242,122	2,194,302	2,194,303	153,234	153,403
Stirling Terrace Upgrade 34	400,000		32,645	32,645	367,355	367,355	17,069	17,430
Economic Services								
Saleyards Loan 3	269,639		37,716	37,716	231,923	231,923	16,868	18,170
Forts Cafe, Retail & Admin Upgrade/Refurbishment 35	600,000		48,968	48,968	551,032	551,032	25,603	26,145
Other Property and Services								
Admin Building 1 25	782,117		52,446	52,446	729,671	729,671	45,092	45,612
Admin Building 2A - interest only 26E	847,410		157,962	156,224	689,448	693,898	28,818	34,001
Purchase Land - Lot 20 40	0	750,000	0	0	750,000	0	640	0
	17,351,917	1,970,000	1,521,938	1,518,357	17,799,980	17,053,177	955,295	969,747

All loan repayments were financed by general purpose revenue.

CITY OF ALBANY
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FOR THE YEAR ENDED 30TH JUNE 2015

22. INFORMATION ON BORROWINGS (continued)

(b) New Debentures - 2014/15

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											
Centennial Park Stage 2	38	700,000	700,000	WATC	Interest & Principal	6	71,009	2.94	0	(700,000)	700,000
ALAC - Heat Exchange Unit	39	520,000	520,000	WATC	Interest & Principal	6	52,750	2.94	0	(520,000)	520,000
Other Property and Services											
Purchase Land - Lot 20	40	750,000	0	WATC	Interest & Principal	10	147,774	3.46	(750,000)	0	0
		1,970,000	1,220,000				271,533		(750,000)	(1,220,000)	1,220,000

(c) Unspent Debentures - 2014/15

Particulars		Date Borrowed	Balance 1-Jul-14 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-15 \$
Recreation and Culture						
Town Square Upgrade	33	31/03/2014	495,152	0	(495,152)	0
Forts Entrance and Public Space Enhancement	36	31/03/2014	498,545	0	(498,545)	0
Centennial Park Stage 1	37	30/06/2014	1,883,663	0	(394,700)	1,488,963
Centennial Park Stage 2	38	22/06/2015	0	700,000	0	700,000
ALAC - Heat Exchange Pump	39	22/06/2015	0	520,000	0	520,000
Transport						
Stirling Terrace Upgrade	34	31/03/2014	119,975	0	(119,975)	0
Economic Services						
Forts Cafe, Retail & Admin Upgrade/Refurbishment	35	31/03/2014	512,847	0	(512,847)	0
			3,510,182	1,220,000	(2,021,219)	2,708,963

(d) Overdraft

No overdraft facility is currently operated by the City of Albany.

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

23. RATING INFORMATION - 2014/15 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	9.7920	13,740	256,324,517	25,099,297	0	0	25,099,297	25,099,297	0	0	25,099,297
UV	0.3828	1,251	693,853,999	2,656,069	0	0	2,656,069	2,656,073	0	0	2,656,073
Interim & Back Rates		0	0	0	152,737	8,813	161,550	0	160,000	10,000	170,000
Sub-Totals		14,991	950,178,516	27,755,366	152,737	8,813	27,916,916	27,755,370	160,000	10,000	27,925,370
Minimum Rates											
GRV Occupied	896	2,726	17,273,690	2,442,496	0	0	2,442,496	2,442,496	0	0	2,442,496
UV	896	335	56,423,485	300,160	0	0	300,160	300,160	0	0	300,160
Sub-Totals		3,061	73,697,175	2,742,656	0	0	2,742,656	2,742,656	0	0	2,742,656
							30,659,572				30,668,026
Total Amount Raised from General Rate							30,659,572				30,668,026
Movement in Rates Received in Advance							96,759				0
Total Rates							30,756,331				30,668,026

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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23. RATING INFORMATION - 2014/15 FINANCIAL YEAR

(b) Information on Surplus Brought Forward	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
Surplus - Rate Setting Statement	<u>3,183,413</u>	<u>5,453,281</u>	<u>5,685,832</u>
<u>Comprises:</u>			
Cash and cash equivalents			
Unrestricted	6,515,651	8,103,734	8,103,734
Restricted	19,703,739	17,911,714	17,911,714
Investments			
Financial assets at fair value through profit and loss	205,605	232,551	232,551
Receivables			
Rates - Current	1,069,724	1,061,056	1,061,056
Sundry Debtors	2,524,346	2,117,523	2,117,523
GST Receivable	323,253	659,400	659,400
Inventories	770,044	812,470	812,470
Less:			
Reserves - Restricted Cash			
- Reserves	(16,670,358)	(13,108,476)	(13,108,476)
- Restricted Cash Utilised - Loan	(2,708,963)	(3,510,182)	(3,510,182)
- Investments - LG Unit Trust Shares	(205,605)	(232,551)	0
Sundry Creditors	(4,383,353)	(5,245,290)	(5,245,290)
Accrued Interest on Debentures	(45,705)	(47,812)	(47,812)
Accrued Salaries and Wages	(414,313)	(308,209)	(308,209)
Current Employee Benefits Provision	(3,500,652)	(2,992,647)	(2,992,647)
Surplus	<u>3,183,413</u>	<u>5,453,281</u>	<u>5,685,832</u>

Difference:

There was a difference between the Surplus/(Deficit) 1 July 2014 Brought Forward position used in the 2015 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2014 audited financial report. The reason for this difference is the restriction on the Local Government Unit Trust Shares.

CITY OF ALBANY
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FOR THE YEAR ENDED 30TH JUNE 2015

24. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

No specified area rate was levied during the 2014/15 Financial Year.

25. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

No service charge was levied during the 2014/15 Financial Year.

26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2014/15 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Rate Assessment	Write-Off	N/A	23,520	0

No discount was offered for early payment of rates for the 2014/15 year.

27. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	N/A	181,988	120,000
Interest on Instalments Plan	5.50%	N/A	134,957	120,000
Charges on Instalment Plan	N/A	3	74,190	65,000
Interest on Sundry Debtors	11.00%	N/A	0	0
			<u>391,135</u>	<u>305,000</u>

Ratepayers had the option of paying rates in four equal instalments, due on 18th September 2014, 18th November 2014, 19th January 2015 and 19th March 2015. Administration charges and interest applied for the final three instalments.

28. FEES & CHARGES	2015 \$	2014 \$
Governance	983	1,654
General Purpose Funding	105,237	105,785
Law, Order, Public Safety	200,625	144,055
Health	106,609	95,738
Education and Welfare	1,019,822	896,449
Community Amenities	7,882,772	7,465,873
Recreation and Culture	2,635,317	2,529,812
Transport	3,067,582	3,090,646
Economic Services	2,130,013	729,555
Other Property and Services	787,217	715,301
	<u>17,936,177</u>	<u>15,774,868</u>

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

29. 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	9,348,576	4,375,302
Non-Operating Grants, Subsidies and Contributions	21,803,455	13,015,948
	<u>31,152,031</u>	<u>17,391,250</u>

By Program:

General Purpose Funding	6,014,903	1,996,675
Governance	33,612	9,722
Law, Order, Public Safety	1,011,525	1,348,170
Health	0	10,000
Education and Welfare	101,693	7,876
Community Amenities	60,395	46,467
Recreation and Culture	6,249,432	5,155,041
Transport	6,864,867	8,210,586
Economic Services	10,572,035	220,603
Other Property And Services	243,569	386,111
	<u>31,152,031</u>	<u>17,391,250</u>

CITY OF ALBANY
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30. ELECTED MEMBERS REMUNERATION		2015	2015	2014
		\$	Budget	\$
		\$		
The following fees, expenses and allowances were paid to council members and/or the president.				
Mayor	Fees	30,385	30,385	29,500
	Allowances	65,350	65,300	63,550
Deputy Mayor	Fees	22,660	22,660	22,000
	Allowances	19,000	18,950	18,550
Councillors	Fees	249,260	249,260	233,553
	Allowances	39,050	38,500	37,687
Other Expenses				0
		<u>425,705</u>	<u>425,055</u>	<u>404,840</u>

31. EMPLOYEE NUMBERS	2015	2014
The number of full-time equivalent employees at balance date	<u>253</u>	<u>255</u>

32. MAJOR LAND TRANSACTIONS

The Ridge' Cull Road Residential Subdivision

(a) Details

As at 30 June 2015, 4 lots remain unsold.

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

(b) Current year transactions	2015	2015	2014
	\$	Budget	\$
	\$		
Operating Revenue			
Proceeds on sale	433,909	170,000	271,000
Less Cost of Blocks Sold	(440,312)	(181,974)	(232,091)
Less Selling Costs	(28,849)	(25,000)	(14,654)
	<u>(35,251)</u>	<u>(36,974)</u>	<u>24,255</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

	2016	2017	2018	2019	2020	Total
	\$	\$	\$	\$	\$	\$
(Cash Outflows)						
- 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	100,000	0	0	0	350,000
	<u>250,000</u>	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>350,000</u>
Net Cash Flows	<u>250,000</u>	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>350,000</u>

(d) Assets and Liabilities Associated with the Transaction

	NOTE	2015	2014
Current Assets			
Land Held for Resale	<u>6</u>	<u>303,950</u>	<u>733,550</u>

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The City of Albany did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year, as defined under the Local Government Act and Regulations.

CITY OF ALBANY
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34. 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	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	26,219,390	26,015,449	26,219,390	26,015,449
Trade & Other Receivables	3,917,323	3,837,979	3,917,323	3,837,979
Investments	205,605	232,551	205,605	232,551
	<u>30,342,318</u>	<u>30,085,980</u>	<u>30,342,318</u>	<u>30,085,980</u>
Financial Liabilities				
Payables	4,843,371	5,601,311	4,843,371	5,601,311
Borrowings	17,799,980	17,351,917	16,203,497	13,885,890
	<u>22,643,351</u>	<u>22,953,228</u>	<u>21,046,868</u>	<u>19,487,201</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.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on market interest rates applicable to assets and liabilities with similar risk profiles.
- 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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FOR THE YEAR ENDED 30TH JUNE 2015

34. 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

	2015	2014
	\$	\$
Impact of a 10% ⁽¹⁾ movement in price of investments:		
- Equity	20,560	27,718
- Statement of Comprehensive Income	20,560	27,718
Impact of a 1% ⁽¹⁾ movement in interest rates on cash and investments:		
- Equity	293,685	385,548
- Statement of Comprehensive Income	293,685	385,548

Notes:

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

**CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

34. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The City of Albany'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. The City 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:

	2015	2014
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	62.02%	84.14%
- Overdue	37.98%	15.86%

CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

34. 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:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2015</u>					
Payables	4,843,371	0	0	4,843,371	4,843,371
Borrowings	<u>2,752,421</u>	<u>10,499,961</u>	<u>9,500,928</u>	<u>22,753,310</u>	<u>17,799,980</u>
	<u><u>7,595,792</u></u>	<u><u>10,499,961</u></u>	<u><u>9,500,928</u></u>	<u><u>27,596,681</u></u>	<u><u>22,643,351</u></u>
<u>2014</u>					
Payables	5,601,309	0	0	5,601,309	5,601,309
Borrowings	<u>2,470,643</u>	<u>9,533,571</u>	<u>11,118,862</u>	<u>23,123,076</u>	<u>17,351,917</u>
	<u><u>8,071,952</u></u>	<u><u>9,533,571</u></u>	<u><u>11,118,862</u></u>	<u><u>28,724,385</u></u>	<u><u>22,953,226</u></u>

**CITY OF ALBANY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

34. 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:

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
Year Ended 30 June 2015								
Borrowings								
Fixed Rate								
Debentures	0	144,011	274,074	689,449	231,923	16,460,523	17,799,980	5.31%
Weighted Average Effective Interest Rate		6.93%	5.34%	3.49%	6.86%	5.35%		
Year Ended 30 June 2014								
Borrowings								
Fixed Rate								
Debentures	0	0	208,888	356,054	847,410	15,939,565	17,351,917	5.57%
Weighted Average Effective Interest Rate			6.93%	5.34%	3.49%	5.66%		

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

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REPORT ON THE FINANCIAL REPORT

www.moorestephenswa.com.au

We have audited the accompanying financial report of the City of Albany, which comprises the statement of financial position as at 30 June 2015, 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. These 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 and fair presentation 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 Council, 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.

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 2015 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)**

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 the 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 62 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is 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.

MOORE STEPHENS
CHARTERED ACCOUNTANTS



WEN-SHIEN CHAI
PARTNER

Signed at Perth this 23rd day of December 2015

**CITY OF ALBANY
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2015**

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.

	2015	2014	2013
Asset Consumption Ratio	0.67	0.66	0.54
Asset Renewal Funding Ratio	0.96	1.00	1.00

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