



City of Bayswater

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2014

**A Quality Lifestyle in a Sustainable
Environment**



City of **Bayswater**

City of Bayswater

General Purpose Financial Statements for the year ended 30 June 2014

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for City of Bayswater.
 - (ii) All figures presented in these financial statements are presented in Australian Currency.
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City of Bayswater

General Purpose Financial Statements for the year ended 30 June 2014

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across Western Australia are required to present a set of audited Financial Statements to their Council and Community in accordance with the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*.

About the Certification of Financial Statements

The Financial Statements must be certified by the Chief Executive Officer as (i) presenting fairly the Council's financial results for the year and complying with (ii) Australian Accounting Standards and the *Local Government Act 1995*.

What you will find in the Statements

The Financial Statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2014.

The format of the Financial Statements is standard across all Western Australian Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and the requirements as set down in the Western Australian Local Government Accounting Manual.

The Financial Statements incorporate 6 "primary" financial statements:

1. A Statement of Comprehensive Income - (by Nature or Type)

A summary of Council's financial performance for the year, listing all income & expenses by their "nature or type". This allows users of the financial statements to identify a break up of operating revenues and expenses for the year.

2. A Statement of Comprehensive Income - (by Program)

A summary of Council's financial performance for the year, listing all income & expenses by "program". This allows users of the financial statements to identify the cost relating to each Council Program and whether or not these costs were recovered from Program revenues.

3. A Statement of Financial Position

A 30 June snapshot of Council's financial position listing its assets & liabilities.

4. A Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

5. A Statement of Cash Flows

Indicates where Council's cash came from and where it was spent across operating, investing & financing activities.

6. A Rate Setting Statement

A Statement showing the amount of rates budgeted to be raised during the year to fund the Council's proposed Programs (and any budget surplus/deficit from prior years).

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the 6 Primary Financial Statements.

About the Auditor's Reports

Council's Financial Statements are required to be audited by external accountants (that generally specialise in Local Government).

In Western Australia, the Auditor provides an audit report that provides an opinion on whether the Financial Statements present fairly the Council's financial performance and position.

Who uses the Financial Statements?

The Financial Statements are publicly available documents and are used by (but not limited to) Councillors, Residents and Ratepayers, Employees, Suppliers, Contractors, Customers, the Department of Local Government, and Financiers including Banks and other Financial Institutions.

Under the *Local Government Act 1995* the Financial Statements must be made available at the office of the Council.

City of Bayswater

General Purpose Financial Statements for the year ended 30 June 2014

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Statement by Chief Executive Officer

The attached financial report of the City of Bayswater being the annual financial report and supporting notes and other information for the financial year ended 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the City of Bayswater at 30 June 2014 and the results of the operations for the financial year 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 _____ Tenth _____ day of _____ November _____ 2014



Francesca Lefante
BA (Urb & Reg Stud), Grad Dip
(Urb & Reg Plan)

CHIEF EXECUTIVE OFFICER

City of Bayswater

Statement of Comprehensive Income (by Nature or Type)
for the year ended 30 June 2014

		2014	Council	2013	Consolidated	
\$	Notes	Actual	2014 Budget	Actual	2014 Actual	2013 Actual
Revenue						
Rates	24(a)	34,781,485	34,549,121	32,953,343	34,781,485	32,953,343
Operating Grants, Subsidies & Contributions	28	11,746,751	11,540,742	11,937,055	13,414,273	13,196,723
Fees & Charges	27	19,308,378	18,402,364	19,439,294	22,152,140	22,249,492
Interest Earnings	2(a)	3,083,390	3,171,209	2,600,177	3,146,363	2,679,600
Other Revenue		1,001,175	484,780	505,097	1,001,175	505,097
		<u>69,921,179</u>	<u>68,148,216</u>	<u>67,434,966</u>	<u>74,495,436</u>	<u>71,584,255</u>
Expenses						
Employee Costs	31	(28,434,851)	(28,000,517)	(26,249,468)	(31,985,952)	(29,614,834)
Materials & Contracts		(28,112,139)	(26,778,559)	(26,318,956)	(29,096,977)	(27,188,059)
Utilities		(3,622,781)	(3,457,111)	(3,349,421)	(3,622,781)	(3,397,198)
Depreciation	2(a)	(8,970,403)	(8,260,000)	(9,744,524)	(9,110,929)	(9,845,000)
Interest Expenses	2(a)	(11,158)	(12,443)	(15,349)	(11,158)	(15,349)
Insurance		(885,497)	(839,009)	(883,515)	(885,497)	(915,469)
		<u>(70,036,830)</u>	<u>(67,347,639)</u>	<u>(66,561,233)</u>	<u>(74,713,295)</u>	<u>(70,975,909)</u>
Operating Result from Continuing Operations		<u>(115,651)</u>	<u>800,577</u>	<u>873,733</u>	<u>(217,859)</u>	<u>608,346</u>
Non-Operating Grants, Subsidies & Contributions	28	3,299,206	2,507,661	1,872,946	3,299,206	2,198,003
Fair Value Adjustments to financial assets at fair value through profit and loss	2(a)	-	-	15,860,000	-	15,860,000
Net Share of Interests in Joint Ventures	17	8,062,301	-	3,549,015	8,062,301	3,549,015
Profit on Asset Disposals	21	1,365	-	22,071,639	1,365	22,078,483
Loss on Asset Disposal	21	(393,362)	(170,487)	(155,874)	(393,362)	(155,874)
		<u>10,969,511</u>	<u>2,337,174</u>	<u>43,197,726</u>	<u>10,969,511</u>	<u>43,529,627</u>
Net Result - Surplus (Deficit)		<u>10,853,860</u>	<u>3,137,751</u>	<u>44,071,459</u>	<u>10,751,652</u>	<u>44,137,973</u>
Other Comprehensive Income						
Changes on revaluation of non-current assets	13	420,444,545	-	27,779,393	420,444,545	27,779,393
Total Other Comprehensive Income		<u>420,444,545</u>	<u>-</u>	<u>27,779,393</u>	<u>420,444,545</u>	<u>27,779,393</u>
Total Comprehensive Income		<u>431,298,405</u>	<u>3,137,751</u>	<u>71,850,852</u>	<u>431,196,197</u>	<u>71,917,366</u>

City of Bayswater

Statement of Comprehensive Income (by Program)
for the year ended 30 June 2014

			Council		Consolidated	
\$	Notes	2014 Actual	2014 Budget	2013 Actual	2014 Actual	2013 Actual
Revenue						
	2(a)					
General Purpose Funding		39,283,777	39,552,621	37,079,386	39,283,777	37,079,386
Law, Order, Public Safety		329,946	222,763	183,450	329,946	183,450
Health		264,188	129,000	214,182	264,188	214,182
Education & Welfare		10,629,701	10,031,088	10,245,601	15,203,958	14,714,772
Housing		98,499	85,120	86,800	98,499	86,800
Community Amenities		10,256,833	9,740,303	10,990,346	10,256,833	10,990,346
Recreation & Culture		7,521,549	7,124,226	7,119,543	7,521,549	7,119,543
Transport		761,837	633,094	664,018	761,837	344,136
Economic Services		640,939	543,500	752,223	640,939	752,223
Other Property & Services		133,911	86,501	99,417	133,911	99,417
		69,921,180	68,148,216	67,434,966	74,495,437	71,584,255
Expenses						
	2(a)					
Governance		(5,286,623)	(5,157,305)	(4,188,537)	(5,286,623)	(4,188,537)
General Purpose Funding		(790,454)	(579,177)	(610,548)	(790,454)	(610,548)
Law, Order, Public Safety		(2,456,642)	(2,125,140)	(2,111,617)	(2,456,642)	(2,111,617)
Health		(1,459,150)	(1,827,849)	(1,498,003)	(1,459,150)	(1,498,003)
Education & Welfare		(10,293,638)	(11,213,533)	(9,862,597)	(14,970,103)	(14,277,273)
Housing		(97,325)	(159,506)	(90,712)	(97,325)	(90,712)
Community Amenities		(10,977,174)	(10,622,448)	(10,849,281)	(10,977,174)	(10,849,281)
Recreation & Culture		(26,841,574)	(26,399,971)	(26,501,331)	(26,841,574)	(26,501,331)
Transport		(7,676,160)	(5,414,235)	(6,662,626)	(7,676,160)	(6,662,626)
Economic Services		(1,277,672)	(1,274,921)	(1,550,473)	(1,277,672)	(1,550,473)
Other Property & Services		(2,869,260)	(2,561,111)	(2,620,158)	(2,869,260)	(2,620,158)
		(70,025,672)	(67,335,196)	(66,545,883)	(74,702,137)	(70,960,559)
Finance Costs						
	2(a)					
Recreation & Culture		(11,158)	(12,443)	(15,349)	(11,158)	(15,349)
		(11,158)	(12,443)	(15,349)	(11,158)	(15,349)
Non-Operating Grants, Subsidies, Contributions						
Law, Order, Public Safety		(50,539)	-	-	(50,539)	-
Education & Welfare		47,261	-	44,832	47,261	50,007
Community Amenities		1,031,772	1,371,169	-	1,031,772	-
Recreation & Culture		1,303,855	100,375	756,632	1,303,855	756,632
Transport		966,857	1,036,117	1,071,482	966,857	1,391,364
	2b	3,299,206	2,507,661	1,872,946	3,299,206	2,198,003
Profit/(Loss) on Disposal of Assets						
Law, Order, Public Safety		(48,942)	(18,817)	(6,300)	(48,942)	(6,300)
Health		(38,753)	(12,916)	(13,510)	(38,753)	(13,510)
Education & Welfare		(29,835)	(2,800)	(16,050)	(29,835)	(9,206)
Housing		(11,984)	-	-	(11,984)	-
Community Amenities		(5,092)	-	22,153,976	(5,092)	22,153,976
Recreation & Culture		(38,583)	-	(31,918)	(38,583)	(31,918)
Transport		-	(6,542)	-	-	-
Economic Services		(20,178)	(19,854)	(37,470)	(20,178)	(37,470)
Other Property & Services		(198,630)	(109,558)	(132,964)	(198,630)	(132,964)
	21	(391,997)	(170,487)	21,915,764	(391,997)	21,922,608
Other Income						
Fair Value Adjustments to Financial Assets at Fair Value through Profit & Loss	2(a)	-	-	15,860,000	-	15,860,000
Net Share of Interests Joint Ventures	17	8,062,301	-	3,549,015	8,062,301	3,549,015
		8,062,301	-	19,409,015	8,062,301	19,409,015
Net Result		10,853,860	3,137,751	44,071,459	10,751,652	44,137,973
Other Comprehensive Income	13	420,444,545	-	27,779,393	420,444,545	27,779,393
Total Comprehensive Income		431,298,405	3,137,751	71,850,852	431,196,197	71,917,366

City of Bayswater

Statement of Financial Position
as at 30 June 2014

		Council		Consolidated	
\$	Notes	2014 Actual	2013 Actual	2014 Actual	2013 Actual
ASSETS					
Current Assets					
Cash and Cash Equivalents	3	53,402,380	52,302,431	55,411,235	54,294,731
Trade and Other Receivables	5	5,839,716	4,560,187	5,902,868	4,636,263
Inventories	6	92,554	128,423	92,554	128,423
Other		116,967	23,901	116,968	23,901
Total Current Assets		59,451,616	57,014,942	61,523,625	59,083,318
Non-Current Assets					
Trade and Other Receivables	5	696,395	770,677	696,395	770,677
Property, Plant and Equipment	7	501,993,357	101,346,289	502,488,317	101,930,367
Infrastructure	8	191,662,236	170,975,438	191,662,236	170,975,437
Interest in Joint Ventures	17	26,435,434	18,373,133	26,435,434	18,373,133
Total Non-Current Assets		720,787,422	291,465,536	721,282,381	292,049,614
TOTAL ASSETS	19	780,239,039	348,480,478	782,806,006	351,132,932
LIABILITIES					
Current Liabilities					
Trade and Other Payables	9	27,097,511	4,062,661	27,277,938	4,294,557
Borrowings	10	69,776	66,172	69,776	66,172
Provisions	11	5,266,462	4,701,921	5,863,080	5,226,844
Total Current Liabilities		32,433,749	8,830,754	33,210,794	9,587,573
Non-Current Liabilities					
Trade and Other Payables	9	11,900	23,509,904	11,900	23,509,904
Borrowings	10	88,055	157,831	88,055	157,831
Provisions	11	945,673	520,732	1,027,982	606,546
Total Non-Current Liabilities		1,045,628	24,188,467	1,127,937	24,274,281
TOTAL LIABILITIES		33,479,377	33,019,221	34,338,731	33,861,854
Net Assets		746,759,661	315,461,257	748,467,275	317,271,078
EQUITY					
Retained Surplus		209,453,810	199,139,889	210,084,859	199,931,083
Reserves - Cash Backed	12	39,117,120	38,577,182	40,193,685	39,595,809
Reserves - Asset Revaluation	13	498,188,731	77,744,186	498,188,731	77,744,186
Total Equity		746,759,661	315,461,257	748,467,275	317,271,078

City of Bayswater

Statement of Changes in Equity
for the year ended 30 June 2014

Council					
\$	Notes	Retained Surplus	Reserves Cash Backed	Asset Revaluation Surplus	Total Equity
Balance as at 1 July 2012		182,954,685	10,690,927	49,964,793	243,610,405
Net Result		44,071,459	-	-	44,071,459
Change on Asset Revaluation	13	-	-	27,779,393	27,779,393
Reserve Transfers	12	(27,886,255)	27,886,255	-	-
Balance as at 30 June 2013		199,139,889	38,577,182	77,744,186	315,461,257
Net Result		10,853,860	-	-	10,853,860
Change on Asset Revaluation	13	-	-	420,444,545	420,444,545
Reserve Transfers	12	(539,938)	539,938	-	-
Balance as at 30 June 2014		209,453,810	39,117,120	498,188,731	746,759,661

Consolidated					
\$	Notes	Retained Surplus	Reserves Cash Backed	Asset Revaluation Surplus	Total Equity
Balance as at 1 July 2012		183,767,343	11,621,576	49,964,793	245,353,712
Net Result		44,137,973	-	-	44,137,973
Change on Asset Revaluation	13	-	-	27,779,393	27,779,393
Reserve Transfers	12	(27,974,233)	27,974,233	-	-
Balance as at 30 June 2013		199,931,083	39,595,809	77,744,186	317,271,078
Net Result		10,751,652	-	-	10,751,652
Change on Asset Revaluation	13	-	-	420,444,545	420,444,545
Reserve Transfers	12	(597,876)	597,876	-	-
Balance as at 30 June 2014		210,084,859	40,193,685	498,188,731	748,467,275

City of Bayswater

Statement of Cash Flows

for the year ended 30 June 2014

			Council		Consolidated	
\$	Notes	2014 Actual	2014 Budget	2013 Actual	2014 Actual	2013 Actual
Cash Flows from Operating Activities						
<u>Receipts:</u>						
Rates		34,769,966	35,000,000	33,100,006	34,769,966	33,100,006
Operating Grants, Subsidies and Contributions		11,746,751	11,169,916	11,896,037	13,418,414	13,467,433
Fees and Charges		17,964,571	18,397,106	19,439,098	20,804,111	22,249,296
Interest Earnings		3,083,388	3,171,209	2,910,138	3,146,360	2,989,561
Goods and Services Tax		3,626,134	2,500,000	3,370,945	3,716,784	3,370,945
Other Revenue		978,786	484,780	-	978,786	-
		72,169,596	70,723,011	70,716,224	76,834,421	75,177,241
<u>Payments:</u>						
Employee Costs		(27,339,687)	(27,750,000)	(25,780,599)	(30,822,599)	(29,082,980)
Materials and Contracts		(26,402,746)	(29,486,291)	(22,272,103)	(27,226,210)	(23,142,283)
Utilities		(3,622,781)	(3,457,000)	(3,349,421)	(3,676,967)	(3,397,198)
Insurance		(885,497)	(839,009)	(883,515)	(918,313)	(915,471)
Interest		(11,849)	(12,443)	-	(11,849)	-
Goods and Services Tax		(3,539,914)	-	(3,370,945)	(3,630,564)	(3,370,945)
Other Expenditure		(2,334,736)	-	(4,559,811)	(2,350,611)	(4,559,811)
		(64,137,210)	(61,544,743)	(60,216,394)	(68,637,113)	(64,468,688)
Net Cash provided (or used in) Operating Activities	14(b)	8,032,386	9,178,268	10,499,830	8,197,308	10,708,553
Cash Flows from Investing Activities						
<u>Receipts:</u>						
Non-Operating Grants, Subsidies and Contributions	28	3,299,206	2,878,487	2,296,081	3,299,206	2,301,256
Proceeds from Sale of Assets	21	715,077	629,000	22,803,254	715,077	22,817,799
<u>Payments:</u>						
Payments for Purchase of Property, Plant & Equipme	20	(4,120,994)	(6,650,082)	(3,918,012)	(4,269,358)	(4,037,299)
Payments for Construction of Infrastructure	20	(6,845,803)	(12,703,079)	(5,754,445)	(6,845,803)	(5,754,445)
		(6,952,514)	(15,845,674)	15,426,878	(7,100,878)	15,327,311
Net Cash provided (or used in) Investing Activities		(6,952,514)	(15,845,674)	15,426,878	(7,100,878)	15,327,311
Cash Flows from Financing Activities						
<u>Receipts:</u>						
Proceeds from Self Supporting Loans	23(a)	86,248	-	-	86,248	-
Ingoing Fees Received		-	-	6,243,546	-	6,243,546
<u>Payments:</u>						
Repayment of Debentures	23(a)	(66,172)	-	(64,064)	(66,172)	(64,064)
Ingoing Fees Refunded		-	-	(6,209,905)	-	(6,209,905)
		20,076	-	(30,423)	20,076	(30,423)
Net Cash provided (or used in) Investing Activities		20,076	-	(30,423)	20,076	(30,423)
Net Increase/(Decrease) in Cash & Cash Equivalents		1,099,949	(6,667,406)	25,896,285	1,116,507	26,005,441
Cash at the beginning of the year	3	52,302,431	48,761,206	26,406,146	54,294,729	28,289,290
		53,402,380	42,093,800	52,302,431	55,411,235	54,294,731
Cash & Cash Equivalents - End of the Year	14(a)	53,402,380	42,093,800	52,302,431	55,411,235	54,294,731

City of Bayswater

Rate Setting Statement (by Program)
for the year ended 30 June 2014

		Council 2014 Actual	Council 2014 Budget	Council 2013 Actual
\$	Notes			
Revenue				
General Purpose Funding (Excl Rates)		4,502,292	4,985,254	4,126,043
Law, Order, Public Safety		329,946	203,946	183,450
Health		264,188	116,084	214,182
Education and Welfare		10,629,701	10,031,088	10,245,601
Housing		98,499	85,120	86,800
Community Amenities		10,256,833	9,737,503	10,990,346
Recreation and Culture		7,521,549	8,419,233	29,273,519
Transport		761,837	1,784,206	344,136
Economic Services		640,939	578,646	752,223
Other Property and Services		133,911	(4,811)	99,417
		35,139,695	35,936,269	56,315,717
Expenses				
Governance		(5,286,623)	(5,157,305)	(4,188,537)
General Purpose Funding		(790,454)	(591,620)	(610,548)
Law, Order, Public Safety		(2,505,584)	(2,125,140)	(2,117,917)
Health		(1,497,903)	(1,827,849)	(1,511,513)
Education and Welfare		(10,323,473)	(11,213,553)	(9,878,647)
Housing		(109,309)	(159,505)	(90,712)
Community Amenities		(10,982,266)	(10,622,448)	(10,849,281)
Recreation and Culture		(26,891,315)	(26,399,971)	(26,548,598)
Transport		(7,676,160)	(5,414,235)	(6,662,626)
Economic Services		(1,297,850)	(1,274,921)	(1,587,943)
Other Property and Services		(3,067,891)	(2,561,092)	(2,753,122)
		(70,428,828)	(67,347,639)	(66,799,444)
Net Result Excluding Rates		(35,289,133)	(31,411,370)	(10,483,727)
Significant Items				
Changes in Non-Current Assets Revaluation		420,444,545	-	27,779,393
EMRC Asset Revaluation		8,062,301	-	3,549,015
		428,506,846	-	31,328,408
Adjustment for Cash Budget Requirements:				
Non-Cash Expenditure & Revenue				
(Profit)/Loss on Asset Disposal	21	391,997	170,487	(21,915,765)
Movement in Non-Current Deferred Pensioner Rates		4,267	-	(32,241)
Movement in Non-Current Employee Benefit Provisions		424,941	488,517	64,428
Movement in Self Supporting Loan Debtors		3,843	-	2,108
Depreciation on Assets	2(a)	8,970,403	8,260,000	9,744,524
Aged Persons Liability Movement		(1,106,167)	-	(424,988)
Net Non-Cash Expenditure & Revenue		8,689,284	8,919,004	(12,561,934)
Capital Expenditure				
Purchase Land and Buildings	20	(1,838,336)	-	-
Purchase Plant and Equipment	20	(1,754,031)	(1,182,160)	-
Purchase Furniture and Equipment	20	(528,627)	(3,471,422)	-
Purchase of Other PP&E	20	-	(1,996,500)	(9,672,456)
Infrastructure Assets	20	(6,845,803)	(12,703,079)	-
Repayment of Debentures	23(a)	(66,172)	(74,885)	(64,064)
Net Capital Expenditure		(11,032,969)	(19,428,046)	(9,736,520)
Capital Revenue				
Proceeds from Disposal of Assets	21	715,077	629,000	22,803,254
Principal Loan Recoveries		66,172	74,885	64,274
Grants & Contributions applied for Asset Development		3,299,206	-	2,192,828
Revaluation of Non-Current Assets		(420,444,545)	-	(27,779,393)
EMRC Asset Revaluation		(8,062,301)	-	(3,549,015)
Net Capital Revenue		(424,426,391)	703,885	(6,268,052)
Transfers				
Transfers to Reserves (Restricted Assets)	12	(3,086,611)	(2,267,557)	(28,598,627)
Transfers from Reserves (Restricted Assets)	12	2,546,673	4,892,999	712,372
Net Transfers		(539,938)	2,625,442	(27,886,255)
Surplus/(Deficit) July 1 B/Fwd	24(b)	9,673,178	6,837,587	12,327,915
Surplus/(Deficit) June 30 C/Fwd	24(b)	10,362,362	2,795,623	9,673,178
Amount Raised from Rates	24(a)	(34,781,485)	(34,549,121)	(32,953,343)

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

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City of Bayswater

Notes to the Financial Statements for the year ended 30 June 2014

Note 1: Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(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), other authoritative pronouncements of the Australian Standards Board, *Local Government Act 1995* and accompanying regulations. The report has also been prepared on the accrual basis under the convention of historical cost accounting modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. 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 this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

(b) 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 18 to this financial report.

Principles of Consolidation

All entities through which the Council controls resources to carry on its operation have been included in the financial statements. This encompasses:

Main Entity

The Council of the City of Bayswater

Consolidation

The Council of the City of Bayswater
The City of Bayswater Child Care Association (Inc.)

(c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Statement of Financial Position are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and on hand or that are readily convertible

to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the Statement of Financial Position.

(e) Trade and Other Receivables

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which 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.

(f) Inventories

(i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the established selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Land Held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred. Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

Revenue arising from the sale of property is recognised in the operating statement as at the time of signing a binding contract of sale. Land held for resale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

(g) Fixed Assets

Initial Recognition

All assets are initially recognised at cost. 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 includes the cost of all materials, direct labour and variable and fixed overheads.

City of Bayswater

Notes to the Financial Statements for the year ended 30 June 2014

Note 1: Summary of Significant Accounting Policies

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits of the asset.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalue amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ significantly from that determined using fair value at reporting date.

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 2013, 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, Council 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.

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the Council 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 were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

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

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

In relation to this initial 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 Council 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.

Transitional Arrangements

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

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

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

Early Adoption of AASB 13 – Fair Value Measurement

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

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

Land Under Roads

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

City of Bayswater

Notes to the Financial Statements for the year ended 30 June 2014

Note 1: Summary of Significant Accounting Policies

Effective as at 1 July 2008, Council 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 AASB 1051 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 Council.

Fair Value of Assets and Liabilities

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

Fair Value is the price that Council would receive to sell the asset or would have to pay to transfer a liability, in an orderly (ie 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 (ie 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 (ie 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.

Market approach

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

Income approach

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

Cost approach

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

Valuation techniques

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

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

(h) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

City of Bayswater

Notes to the Financial Statements

for the year ended 30 June 2014

Note 1: Summary of Significant Accounting Policies

Capitalisation Threshold:

Plant & Equipment	\$2,000
Computer Equipment	\$2,000
Furniture & Equipment	\$2,000
Building Improvements	\$2,000
Land & Buildings	No Limit

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Plant	5 to 15 years
Furniture & Equipment	4 to 10 years
Buildings	30 to 50 years
Computer Equipment	3 years
Work Equipment	5 to 15 years
Toys	3 years
Fleet Vehicles	3 years
Roads	50 years
Footpaths	
- Concrete	50 years
- Asphalt	25 years
Drains	100 years
Reserves	
- Passive Reserves	100 years
- Medians	50 years
- Civic Gardens	30 years
- Verges	30 years
- Active Reserves	20 years
Street Furniture	
- Crash Barriers	10 years
- Bus Shelters	20 years
- Seats	10 years
- Parking Signs	5 years
- Street Name Plates	10 years

The assets residual value 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 earnings.

(i) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Council becomes a part to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council 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 amortised cost using the effective interest rate method or cost.

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

Amortised cost is calculated as:

- the amount is which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- 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; &
- less any reduction for impairment.

The effective interest method used is to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums of 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 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 or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. 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. They are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other

City of Bayswater

Notes to the Financial Statements

for the year ended 30 June 2014

Note 1: Summary of Significant Accounting Policies

categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the Statement of Financial Position date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses recognised in the Statement of Comprehensive Income.

(j) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(k) Provisions

Provisions are recognised when the Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(l) Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is

allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. Lease payments under 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.

(m) Impairment

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are tested annually for impairment. Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 *Impairment of Assets* and appropriate adjustments made. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised in the Statement of Comprehensive Income.

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

(n) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid of the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date. 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.

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 1: Summary of Significant Accounting Policies

(p) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the Council has a present obligation to pay resulting from employee's services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(q) Superannuation

The Council contributes to a number of Superannuation Funds on behalf of their employees. Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(r) Joint Venture

The municipality's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the Statement of Financial Position and Statement of Comprehensive Income. Information about the joint venture is set out in Note 17.

(s) 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 at Note 2(d). 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.

(t) 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 operation cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on the Council's intentions to release for sale.

(u) Rounding Off Figures

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

(v) Comparative Figures

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

(w) 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.

(x) Investment Property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields. Investment property is carried at fair value, representing open-market value determined annually by external users.

(y) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either (i) their carrying amount and (ii) fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Property, Plant and Equipment - unless the assets are to be traded in after 30 June and

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 1: Summary of Significant Accounting Policies

the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets in the balance sheet.

A Discontinued Operation is a component of Council that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

(z) Intangible Assets

Council has not classified any assets as Intangible.

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

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2014.

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

AASB 9 Financial Instruments, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

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

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

The Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

Applicable to Local Government but no implications for Council;

AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective for 30 June 2015 Financial Statements)

There are no changes to reported financial position or performance from AASB 2013 – 3, however additional disclosures may be required.

Applicable to Local Government but not relevant to Council at this stage;

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective for 30 June 2015 Financial Statements for not-for-profit entities)

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

City of Bayswater

Notes to the Financial Statements for the year ended 30 June 2014

Note 1: Summary of Significant Accounting Policies

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

Not applicable to Local Government per se;

There are no other standards that are "not yet effective" and expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

(ab) Comparative Figures

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

(ac) Disclaimer

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

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 2. Operating Revenues and Expenses

		2014	Council	2013	Consolidated	2013
\$	Notes	Actual	2014 Budget	Actual	2014 Actual	Actual
(a) Net Result						
The Result includes:						
(i) Charging as an Expense:						
Auditors Remuneration						
- Audit		17,756	25,750	16,000	26,956	16,000
- Other Services		1,100	-	6,850	1,100	6,850
Bad & Doubtful Debts						
Rates	27(b)	3,844	-	3,617	3,844	3,617
General Debtors	27(b)	38,004	-	-	38,004	-
Depreciation						
Property, Plant & Equipment						
- Buildings		2,889,588	2,600,000	2,835,882	2,899,415	2,835,882
- Furniture & Equipment		249,525	318,331	688,930	334,785	777,289
- Fleet		285,304	-	368,914	312,318	142,623
- Computer Equipment		173,627	-	142,623	192,052	381,032
- Plant		285,678	1,068,000	407,562	285,678	407,562
Infrastructure						
- Roads		2,763,730	2,398,409	2,412,910	2,763,730	2,412,910
- Drainage		308,881	295,460	298,491	308,881	298,491
- Footpaths		474,720	443,620	443,770	474,720	443,770
- Parks & Gardens		1,151,570	1,054,680	2,126,709	1,151,570	2,126,709
- Street Furniture		-	80,000	17,432	-	17,432
- Other Infrastructure		387,780	1,500	1,300	387,780	1,300
		<u>8,970,403</u>	<u>8,260,000</u>	<u>9,744,524</u>	<u>9,110,929</u>	<u>9,845,000</u>
Interest Expenses (Finance Costs)						
Debentures	23(a)	11,158	12,443	15,349	11,158	15,349
		<u>11,158</u>	<u>12,443</u>	<u>15,349</u>	<u>11,158</u>	<u>15,349</u>
(ii) Crediting as Revenue:						
Significant Revenue (Through Profit & Loss)						
- Fair Value Classification of Land Under Control		-	-	15,860,000	-	15,860,000
- Changes in Non-Current Assets Revaluation		420,444,545	-	27,779,393	420,444,545	27,779,393
- Increase in Equity Joint Venture		8,062,301	-	3,549,015	8,062,301	3,549,015
		<u>428,506,846</u>	<u>-</u>	<u>47,188,408</u>	<u>428,506,846</u>	<u>47,188,408</u>
Interest Earnings						
Investments - Reserve Funds		1,332,496	1,314,974	584,756	1,370,428	629,784
Investments - Other Funds		1,390,579	1,501,235	1,671,259	1,415,620	1,705,654
Other Interest Revenue	26	360,315	355,000	344,162	360,315	344,162
		<u>3,083,390</u>	<u>3,171,209</u>	<u>2,600,177</u>	<u>3,146,363</u>	<u>2,679,600</u>

City of Bayswater

Notes to the Financial Statements for the year ended 30 June 2014

Note 2. Operating Revenues and Expenses (continued)

\$

(b). Statement of Objectives, Reporting Programs and Nature or Type

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

REPORTING PROGRAM DESCRIPTIONS

Council operations that are disclosed encompass the following service orientated activities/programs:

GOVERNANCE

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

Activities: Includes the activities of members of 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 protection of the environment and other aspects of public safety including emergency services.

HEALTH

Objective: To provide services to achieve community and environmental health

Activities: Maternal and infant health facilities, immunisation, me, inspection of food outlets, noise control and pest control services.

EDUCATION AND WELFARE

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

Activities: Pre-school and other education services, child minding facilities, playgroups, senior citizens centres, meals on wheels and home care services.

HOUSING

Objective: To provide housing for rental or future sale.

Activities: Provision and maintenance of community housing.

COMMUNITY AMENITIES

Objective: To provide services required by the community.

Activities: Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, and public conveniences.

City of Bayswater

Notes to the Financial Statements for the year ended 30 June 2014

Note 2. Operating Revenues and Expenses (continued)

\$

(b). Statement of Objectives, Reporting Programs and Nature or Type (continued)

RECREATION AND CULTURE

Objective: To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.

Activities: Maintenance of public halls, civic centre, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

TRANSPORT

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

Activities: Construction (if not capitalised) and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES

Objective: To help promote the city and its economic wellbeing.

Activities: Tourism and area promotion. Provision of services including weed control, vermin control and standpipes. Building control.

OTHER PROPERTY & SERVICES

Objective: To monitor and control council's overheads operating accounts.

Activities: Private works operation, plant repair and operation costs and engineering operation costs.

(c) Nature or Type Classifications

City of Bayswater is required by the Australian Accounting Standards to disclose revenue and expenditure according to its nature or type classification. The following nature or function descriptions are also required by State Government regulations.

REVENUE

Rates

All rates levied under the Local Government Act 1995. Includes general, differential, specific area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Excludes administration fees, interest on instalments, interest on arrears, service charges and waste and sewerage rates.

Operating Grants, Subsidies and Contributions

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

Non-Operating Grants, Subsidies and Contributions

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

Profit on Asset Disposal

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

City of Bayswater

Notes to the Financial Statements for the year ended 30 June 2014

Note 2. Operating Revenues and Expenses (continued)

\$

(c) Nature or Type Classifications

REVENUE (continued)

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

Interest Earnings

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

Other Revenue

Other revenue, which cannot be classified under the above headings, includes dividends, discounts, rebates, etc.

EXPENDITURE

Employee Costs

All costs associated with the employment of persons such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefits tax etc.

Material and Contracts

All expenditure on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc.

Utilities (Gas, Electricity, Water, etc.)

Expenditures made to respective agencies for the provision of power, gas or water. Excludes expenditure incurred for the re-instatement of road works on behalf of these agencies.

Depreciation on Non-Current Assets

Depreciation and amortisation expense raised on all classes of assets.

Loss on Asset Disposal

Loss on the disposal of fixed assets.

Interest Expenses

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and re-financing expenses.

Insurance

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

Other Expenditure

Statutory fees, taxes, provision of bad debts. Donations and subsidies made to community groups.

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹ 1-Jul-12	Received ² 2013	Expended ³ 2013	Closing Balance ¹ 30-Jun-13	Received ² 2014	Expended 2014	Closing Balance 30-Jun-14
\$							
(d). Conditions Over Grants, Subsidies & Contributions							
Grant/Subsidy/Contribution							
Road Grants	-	27,497	-	27,497	-	(27,497)	-
Swan River Trust - Eric Singleton Bird Sanctuary	11,110	-	-	11,110	-	(11,110)	-
Crossover Contributions	-	200,120	-	200,120	80,378	-	280,498
Eric Strauss Centre	-	222,110	-	222,110	-	-	222,110
Swan River Trust - Water Quality Monitoring	2,357	-	(1,129)	1,228	-	-	1,228
Swan River Trust - Water Quality Officer	33,595	-	(12,322)	21,273	-	(21,273)	-
Recreational Grants - Jetties	381,232	-	(126,151)	255,081	-	(255,081)	-
Recreational Grants - Sports for All	40,507	41,670	(25,376)	56,801	54,170	(83,886)	27,085
Home & Community Care - Capital	49,812	-	(49,812)	-	-	-	-
Contribution - Mt Lawley Subway	5,000	-	(5,000)	-	-	-	-
Emergency Services - Bayswater SES	41,632	-	-	41,632	(41,632)	-	-
Swan River Trust - Eric Singleton Bird Sanctuary	-	275,000	(97,082)	177,918	750,000	-	927,918
Swan River Trust - Weld Square Living Stream	-	50,000	-	50,000	75,000	(96,557)	28,443
Swan River Trust - Bath St Foreshore Stabilisation	75,104	-	(75,104)	-	-	-	-
Grant/Contribution/Subsidy - Various	-	187,094	-	187,094	-	(2,746)	184,348
Dept of Sport & Recreation - Morley Noranda Recreation Club	-	-	-	-	200,000	-	200,000
Department of Sport & Recreation - Lightning Park	-	-	-	-	200,000	(23,647)	176,353
Main Roads - Broun Avenue	-	-	-	-	127,381	(105,296)	22,085
Total Unspent Grants, Subsidies & Contributions	640,349	1,003,491	(391,976)	1,251,864	1,445,297	(627,093)	2,070,068

Notes:

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

Notes to the Financial Statements
for the year ended 30 June 2014

Note 3. Cash and Cash Equivalents

\$	Notes	Council		Consolidated	
		2014 Actual	2013 Actual	2014 Actual	2013 Actual
Cash - Unrestricted		12,215,192	12,473,385	12,579,697	12,924,461
Cash - Restricted		41,187,188	39,829,046	42,831,538	41,370,270
Total Cash and Cash Equivalents	14(a)	53,402,380	52,302,431	55,411,235	54,294,731
The following restrictions have been imposed by regulations or other externally imposed requirements:					
City Buildings & Amenities	12	1,555,109	1,500,000	1,555,109	1,500,000
Bore & Reticulation	12	1,091,141	1,055,584	1,091,141	1,055,584
Building Furniture & Equipment	12	582,863	562,208	582,863	562,208
Major Capital Works	12	5,727,595	7,810,822	5,727,595	7,810,823
Plant & Works Equipment	12	466,532	450,000	466,532	450,000
Workers Compensation	12	432,284	416,965	432,284	416,965
Long Service Leave & Entitlements	12	1,115,144	1,075,626	1,115,144	1,075,626
Bayswater Waves Aquatic Centre	12	518,370	500,000	518,370	500,000
The RISE	12	518,370	500,000	518,370	500,000
Maylands Waterland	12	51,837	50,000	51,837	50,000
Aged Persons Homes - General Reserves	12	13,307,735	11,105,805	13,307,735	11,105,805
Aged Persons Homes - Prudential Requirements	12	2,392,299	2,392,299	2,392,299	2,392,299
Aged Persons Homes - Employee Entitlements	12	144,396	357,873	144,396	357,873
Civic Centre	12	518,370	500,000	518,370	500,000
Roads & Drainage	12	518,370	500,000	518,370	500,000
Footpath/Cycleway	12	518,370	500,000	518,370	500,000
Playground & Parks	12	518,370	500,000	518,370	500,000
Golf Courses	12	1,036,740	1,000,000	1,036,740	1,000,000
Street Scapes	12	518,370	500,000	518,370	500,000
Information Technology	12	518,370	500,000	518,370	500,000
Eric Singleton Bird Sanctuary	12	1,036,740	1,000,000	1,036,740	1,000,000
Les Hansman Centre Development	12	3,628,588	3,500,000	3,628,588	3,500,000
Senior Citizens Building	12	311,022	300,000	311,022	300,000
Morley City Centre	12	518,370	500,000	518,370	500,000
Landfill Restoration	12	518,370	500,000	518,370	500,000
Sustainable Environment	12	518,370	500,000	518,370	500,000
Morley Sport & Recreation Centre	12	518,370	500,000	518,370	500,000
Community Housing	12	16,655	-	16,655	-
Child Care Association - Building Reserve	12	-	-	151,230	163,946
Child Care Association - Equipment Reserve	12	-	-	431,856	412,839
Child Care Association - Capital Works Reserve	12	-	-	324,553	287,025
Child Care Association - Motor Vehicle reserve	12	-	-	168,927	154,817
Total Reserves		39,117,120	38,577,182	40,193,685	39,595,810
Unspent Grants/Contributions	2(d)	2,070,068	1,251,864	2,070,068	1,251,864
Total Unspent Grants and Loans		2,070,068	1,251,864	2,070,068	1,251,864
City of Bayswater Child Care Association - Long Service Leave		-	-	567,785	522,596
Other Restrictions		-	-	567,785	522,596
Total Restricted Cash		41,187,188	39,829,046	42,831,538	41,370,270

Note 4. Investments

Council holds no Investments

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 5. Trade & Other Receivables

\$	Council		Consolidated	
	2014 Actual	2013 Actual	2014 Actual	2013 Actual
Current				
Rates	585,813	570,026	585,813	570,026
GST Net Position	201,206	287,426	201,206	287,426
Self Supporting Loan Debtors	70,015	86,248	70,015	86,248
Private Works	90,421	72,623	90,421	72,623
Recreation	69,372	26,286	69,372	26,286
Rentals	1,441	1,149	1,441	1,149
Government Grants	2,531,055	1,046,952	2,534,557	1,046,952
Reimbursements/Contributions	1,828,134	1,915,701	1,887,784	2,224,277
Cultural & Recreation Association	-	232,500	-	-
Home Care	23,576	21,816	23,576	21,816
Other	438,683	337,310	438,683	337,310
Provision for Doubtful Debts	-	(37,850)	-	(37,850)
Total Current Trade & Other Receivables	5,839,716	4,560,187	5,902,868	4,636,263
Non-Current				
Rates Outstanding - Pensioners	581,625	585,893	581,625	585,893
Self Supporting Loan Debtors	87,817	157,832	87,817	157,832
Other	26,952	26,952	26,952	26,952
Total Non-Current Trade & Other Receivables	696,395	770,677	696,395	770,677

Note 6. Inventories

Current				
Fuel and Materials	92,554	128,423	92,554	128,423
Total Current Inventories	92,554	128,423	92,554	128,423

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 7a. Property, Plant and Equipment

\$	Notes	Council		Consolidated	
		2014 Actual	2013 Actual	2014 Actual	2013 Actual
Land - Independent Valuation 2014		303,492,000	4,596,386	303,492,000	4,596,386
		303,492,000	4,596,386	303,492,000	4,596,386
Land Under Control - Management Valuation 2013		15,860,000	15,860,000	15,860,000	15,860,000
		15,860,000	15,860,000	15,860,000	15,860,000
Buildings - Independent Valuation 2014		207,289,916	102,362,465	207,289,916	102,362,465
Less Accumulated Depreciation		(33,131,538)	(29,722,301)	(33,131,538)	(29,722,301)
		174,158,378	72,640,164	174,158,378	72,640,164
Furniture & Equipment					
Management Valuation 2013		1,699,184	1,699,184	1,699,184	1,699,184
Additions after Valuation		321,629	-	321,629	-
Less Accumulated Depreciation		(293,613)	(44,088)	(293,613)	(44,088)
		1,727,200	1,655,096	1,727,200	1,655,096
Fleet					
Management Valuation 2013		3,146,319	3,146,319	3,146,319	3,146,319
Additions after Valuation		1,261,322	-	1,261,322	-
Disposals		(739,892)	-	(739,892)	-
Less Accumulated Depreciation		(370,319)	(85,015)	(370,319)	(85,015)
		3,297,430	3,061,303	3,297,430	3,061,303
Computer Equipment					
Management Valuation 2013		597,854	597,854	597,854	597,854
Additions after Valuation		206,998	-	206,998	-
Less Accumulated Depreciation		(173,627)	-	(173,627)	-
		631,225	597,854	631,225	597,854
Plant					
Management Valuation 2013		3,322,407	3,322,407	3,322,407	3,322,407
Additions after Valuation		492,709	-	492,709	-
Disposals		(315,391)	-	(315,391)	-
Less Accumulated Depreciation		(672,601)	(386,922)	(672,601)	(386,922)
		2,827,124	2,935,485	2,827,124	2,935,485
City of Bayswater Child Care Association (Inc)					
Buildings - At Cost				406,535	-
Less Accumulated Depreciation				(114,578)	-
				291,957	-
Furniture & Equipment - At Cost				392,321	1,414,659
Less Accumulated Depreciation				(243,085)	(891,507)
				149,237	523,153
Computer Equipment - At Cost				62,021	-
Less Accumulated Depreciation				(42,166)	-
				19,855	-
Fleet - At Cost				81,862	81,862
Less Accumulated Depreciation				(47,951)	(20,937)
				33,911	60,925
Total Property, Plant & Equipment	7(b)	501,993,357	101,346,289	502,488,317	101,930,367

Land & Buildings

All Council's Land and Buildings was revalued at the 30 April 2014.

All of the valuations were made on the basis of open market values for assets of a similar nature.

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 7b. Property, Plant and Equipment (continued)

Movements in Carrying Amounts

Council		Land	Land Under Control	Buildings	Furniture & Equipment	Fleet	Computer Equipment	Plant	Total
\$	Notes								
Balance as at 1 July 2013		4,596,386	15,860,000	72,640,164	1,655,096	3,061,303	597,854	2,935,485	101,346,289
Additions									
- Renewal		-	-	1,838,336	321,629	1,261,322	206,998	492,709	4,120,994
- New		-	-	-	-	-	-	-	-
Disposals		-	-	(51,789)	-	(739,892)	-	(315,391)	(1,107,072)
Revaluation	13	298,895,614	-	105,331,423	-	-	-	-	404,227,037
Depreciation	2(a)	-	-	(2,889,588)	(249,525)	(285,304)	(173,627)	(285,678)	(3,883,722)
Other Movements		-	-	(2,710,168)	-	-	-	-	(2,710,168)
Equipment at 30 June 2014		303,492,000	15,860,000	174,158,378	1,727,200	3,297,430	631,225	2,827,124	501,993,357

Consolidated		Land	Land Under Control	Buildings	Furniture & Equipment	Fleet	Computer Equipment	Plant	Total
\$	Notes								
Balance as at 1 July 2013		4,596,386	15,860,000	72,833,155	1,925,948	3,122,228	657,165	2,935,485	101,930,368
Additions									
- Renewal		-	-	1,960,734	337,204	1,261,322	217,389	492,709	4,269,358
- New		-	-	-	-	-	-	-	-
Disposals		-	-	(51,789)	-	(739,892)	-	(315,391)	(1,107,072)
Revaluation	13	298,895,614	-	105,331,423	-	-	-	-	404,227,037
Depreciation	2(a)	-	-	(2,899,415)	(334,785)	(312,318)	(192,052)	(285,678)	(4,024,248)
Other Movements		-	-	(2,723,773)	(51,931)	-	(31,422)	-	(2,807,126)
Equipment at 30 June 2014		303,492,000	15,860,000	174,450,335	1,876,436	3,331,340	651,080	2,827,125	502,488,317

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 8a. Infrastructure

\$	Notes	Council		Consolidated	
		2014 Actual	2013 Actual	2014 Actual	2013 Actual
Roads - Management Valuation 2014		103,260,020	94,668,820	103,260,020	94,668,820
		103,260,020	94,668,820	103,260,020	94,668,820
Drainage - Management Valuation 2014		39,823,683	38,775,240	39,823,683	38,775,240
		39,823,683	38,775,240	39,823,683	38,775,240
Footpaths - Management Valuation 2014		25,989,750	24,625,550	25,989,750	24,625,550
		25,989,750	24,625,550	25,989,750	24,625,550
Parks & Gardens - Management Valuation 2014		18,425,213	110,819,091	18,425,213	110,819,091
Less Accumulated Depreciation		-	(97,990,814)	-	(97,990,814)
		18,425,213	12,828,277	18,425,213	12,828,277
Other Infrastructure - Management Valuation 2014		4,163,570	1,360,120	4,163,570	1,360,119
Less Accumulated Depreciation		-	(1,282,569)	-	(1,282,569)
		4,163,570	77,551	4,163,570	77,550
Total Infrastructure	8(b)	191,662,236	170,975,438	191,662,236	170,975,437

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 8b. Infrastructure (continued)

Movements in Carrying Amounts

Council		Roads	Drainage	Footpaths	Parks & Gardens	Other Infrastructure	Total
\$	Notes						
Balance as at 1 July 2013		94,668,820	38,775,240	24,625,550	12,828,277	77,551	170,975,438
Additions							
- Renewal		3,209,991	116,481	568,174	2,934,019	17,138	6,845,803
Revaluation - Increments	13	8,144,939	1,240,843	1,270,746	1,104,319	4,456,661	16,217,508
Depreciation (Expense)	2(a)	(2,763,730)	(308,881)	(474,720)	(1,151,570)	(387,780)	(5,086,681)
Other Movements		-	-	-	2,710,168	-	2,710,168
Infrastructure at 30 June 2014		103,260,020	39,823,683	25,989,750	18,425,213	4,163,570	191,662,236

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 9. Trade and Other Payables

\$	Council		Consolidated	
	2014 Actual	2013 Actual	2014 Actual	2013 Actual
Current				
Sundry Creditors	4,347,288	2,673,763	4,527,715	2,859,000
Accrued Interest on Debentures	1,785	2,476	1,785	2,476
Accrued Salaries and Wages	356,601	250,919	356,601	297,578
Refundable Contributions ¹	22,391,836	1,135,503	22,391,836	1,135,503
Total Current Trade and Other Payables	27,097,511	4,062,661	27,277,938	4,294,557
Non-Current				
Creditors and Accruals	11,900	11,900	11,900	-
Refundable Contributions	-	23,498,004	-	23,509,904
Total Non-Current Trade and Other Payables	11,900	23,509,904	11,900	23,509,904

¹ The City of Bayswater Aged Persons Homes holds \$22,391,836 in refundable contributions (Accommodation Bonds). These contributions have been reclassified as current liabilities as the provider does not have the right to defer settlement. However the expected settlement of the liability is expected to be greater than twelve months.

Accommodation bonds are charged for admittance in accordance with current State and Federal Government regulations. These fees can vary according to each individuals financial status and, in accordance with current policy embodying the relevant regulations, varying amounts are deducted for "Retention" over a period of 5 years.

Note 10. Borrowings

		Council		Consolidated	
\$	Notes	2014 Actual	2013 Actual	2014 Actual	2013 Actual
Current					
Secured by Floating Charge					
- Debentures	23(a)	69,776	66,172	69,776	66,172
Total Current Borrowings		69,776	66,172	69,776	66,172
Non-Current					
Secured by Floating Charge					
- Debentures	23(a)	88,055	157,831	88,055	157,831
Total Non-Current Borrowings		88,055	157,831	88,055	157,831

Additional detail on borrowings is provided in Note 23.

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 11. Provisions

\$	Council		Consolidated	
	2014 Actual	2013 Actual	2014 Actual	2013 Actual
Current				
Annual Leave	2,633,917	2,420,218	2,955,845	2,701,872
Long Service Leave	2,632,545	2,281,703	2,907,235	2,524,972
Total Current Provisions	5,266,462	4,701,921	5,863,080	5,226,844
Non-Current				
Annual Leave	344,357	-	344,357	-
Long Service Leave	601,316	520,732	683,624	606,546
Total Non-Current Provisions	945,673	520,732	1,027,982	606,546

Movements in Provisions (Council)

Class of Provision	2013	2014			
	Opening Balance as at 1/7/13	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Closing Balance as at 30/6/14
Annual Leave	2,420,218	2,394,971	(1,854,544)	17,629	2,978,274
Long Service Leave	2,802,435	667,790	(263,474)	27,110	3,233,861
TOTAL	5,222,653	3,062,761	(2,118,018)	44,739	6,212,135

Note 12. Reserves - Cash Backed

\$	2014	2014	2013
	Council Actual	Council Budget	Council Actual
(a). City Buildings & Amenities			
Opening Balance	1,500,000	1,500,000	1,500,000
Interest	55,109	60,000	-
	1,555,109	1,560,000	1,500,000
(b). Bore & Reticulation			
Opening Balance	1,055,584	1,055,450	1,055,584
Interest	35,557	42,218	-
	1,091,141	1,097,668	1,055,584
(c). Building Furniture & Equipment			
Opening Balance	562,208	562,123	562,208
Interest	20,655	22,484	-
	582,863	584,607	562,208
(d). Major Capital Works			
Opening Balance	7,810,822	7,916,779	8,523,194
Interest	249,969	338,975	-
Amount Used / Transfer from Reserve	(2,333,196)	(4,892,999)	(712,372)
	5,727,595	3,362,755	7,810,822
(e). Plant & Works Equipment			
Opening Balance	450,000	450,000	450,000
Interest	16,532	18,000	-
	466,532	468,000	450,000

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 12. Reserves - Cash Backed (continued)

	2014 Council Actual	2014 Council Budget	2013 Council Actual
\$			
(f). Workers Compensation			
Opening Balance	416,965	419,538	416,965
Interest	15,319	16,782	-
	432,284	436,320	416,965
(g). Long Service Leave & Entitlements			
Opening Balance	1,075,626	1,075,372	1,075,626
Interest	39,518	43,015	-
	1,115,144	1,118,387	1,075,626
(h). Bayswater Waves Aquatic Centre			
Opening Balance	500,000	500,000	500,000
Interest	18,370	20,000	-
	518,370	520,000	500,000
(i). The RISE			
Opening Balance	500,000	500,000	500,000
Interest	18,370	20,000	-
	518,370	520,000	500,000
(j). Maylands Waterland			
Opening Balance	50,000	50,000	50,000
Interest	1,837	2,000	-
	51,837	52,000	50,000
(k). Aged Persons Homes - General Reserves			
Opening Balance	11,105,805	14,362,627	11,105,805
Amount Set Aside / Transfer to Reserve	2,201,930	-	-
	13,307,735	14,362,627	11,105,805
(l). Aged Persons Homes - Prudential Requirements			
Opening Balance	2,392,299	2,392,299	-
	2,392,299	2,392,299	2,392,299
(m) Aged Persons Homes - Employee Entitlements			
Opening Balance	357,873	339,431	357,873
Amount Used / Transfer from Reserve	(213,477)	-	-
	144,396	339,431	357,873
(n). Civic Centre			
Opening Balance	500,000	500,000	500,000
Interest	18,370	20,000	-
	518,370	520,000	500,000
(o). Roads & Drainage			
Opening Balance	500,000	500,000	500,000
Interest	18,370	20,000	-
	518,370	520,000	500,000

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 12. Reserves - Cash Backed (continued)

\$	2014 Council Actual	2014 Council Budget	2013 Council Actual
(p). Footpath/Cycleway			
Opening Balance	500,000	500,000	500,000
Interest	18,370	20,000	-
	518,370	520,000	500,000
(q). Playground & Parks			
Opening Balance	500,000	500,000	500,000
Interest	18,370	20,000	-
	518,370	520,000	500,000
(r). Golf Courses			
Opening Balance	1,000,000	1,000,000	1,000,000
Interest	36,740	40,000	-
	1,036,740	1,040,000	1,000,000
(s). Street Scapes			
Opening Balance	500,000	500,000	500,000
Interest	18,370	20,000	-
	518,370	520,000	500,000
(t). Information Technology			
Opening Balance	500,000	500,000	500,000
Interest	18,370	20,000	-
	518,370	520,000	500,000
(u). Eric Singleton Bird Sanctuary			
Opening Balance	1,000,000	1,000,000	1,000,000
Interest	36,740	40,000	-
	1,036,740	1,040,000	1,000,000
(v). Les Hansman Centre Development			
Opening Balance	3,500,000	3,500,000	3,500,000
Interest	128,588	140,000	-
	3,628,588	3,640,000	3,500,000
(w). Senior Citizens Building			
Opening Balance	300,000	300,000	300,000
Interest	11,022	12,000	-
	311,022	312,000	300,000
(x). Morley City Centre			
Opening Balance	500,000	500,000	500,000
Interest	18,370	20,000	-
	518,370	520,000	500,000
(y). Landfill Restoration			
Opening Balance	500,000	500,000	500,000
Interest	18,370	20,000	-
	518,370	520,000	500,000

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 12. Reserves - Cash/Investment Backed (continued)

	2014 Council Actual	2014 Council Budget	2013 Council Actual
\$			
(z). Sustainable Environment			
Opening Balance	500,000	500,000	500,000
Interest	18,370	20,000	-
	518,370	520,000	500,000
(aa). Morley Sport & Recreation Centre			
Opening Balance	500,000	500,000	500,000
Interest	18,370	20,000	-
	518,370	520,000	500,000
(ab). Community Housing			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	16,655	-	-
	16,655	-	-
Total Reserves - Council	39,117,120	38,046,094	38,577,182
Reserves - Other			
(a). Child Care Association - Building Reserve			
Opening Balance	163,946	-	138,020
Amount Set Aside / Transfer to Reserve	35,000	-	33,800
Interest	7,947	-	6,737
Amount Used / Transfer from Reserve	(55,663)	-	(14,611)
	151,230	-	163,946
(b). Child Care Association - Equipment Reserve			
Opening Balance	412,839	-	382,016
Amount Set Aside / Transfer to Reserve	30,200	-	28,650
Interest	13,439	-	18,428
Amount Used / Transfer from Reserve	(24,623)	-	(16,255)
	431,856	-	412,839
(c). Child Care Association - Capital Works Reserve			
Opening Balance	287,025	-	270,961
Amount Set Aside / Transfer to Reserve	38,152	-	35,083
Interest	10,836	-	13,098
Amount Used / Transfer from Reserve	(11,460)	-	(32,117)
	324,553	-	287,025
(d). Child Care Association - Motor Vehicle reserve			
Opening Balance	154,817	-	139,652
Amount Set Aside / Transfer to Reserve	8,400	-	8,400
Interest	5,710	-	6,765
	168,927	-	154,817
Total Reserves - Consolidated	40,193,685	-	39,595,809

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 12. Reserves - Cash Backed (continued)

	2014 Council Actual	2014 Council Budget	2013 Council Actual
\$			
Summary of Reserve Transfers - Council			
Transfers to Reserves			
City Buildings & Amenities	55,109	60,000	-
Bore & Reticulation	35,557	42,218	-
Building Furniture & Equipment	20,655	22,484	-
Major Capital Works	249,969	338,975	-
Plant & Works Equipment	16,532	18,000	-
Workers Compensation	15,319	16,782	-
Long Service Leave & Entitlements	39,518	43,015	-
Bayswater Waves Aquatic Centre	18,370	20,000	-
The RISE	18,370	20,000	-
Maylands Waterland	1,837	2,000	-
Aged Persons Homes - General Reserves	2,201,930	1,252,083	-
Civic Centre	18,370	20,000	-
Roads & Drainage	18,370	20,000	-
Footpath/Cycleway	18,370	20,000	-
Playground & Parks	18,370	20,000	-
Golf Courses	36,740	40,000	-
Street Scapes	18,370	20,000	-
Information Technology	18,370	20,000	-
Eric Singleton Bird Sanctuary	36,740	40,000	-
Les Hansman Centre Development	128,588	140,000	-
Senior Citizens Building	11,022	12,000	-
Morley City Centre	18,370	20,000	-
Landfill Restoration	18,370	20,000	-
Sustainable Environment	18,370	20,000	-
Morley Sport & Recreation Centre	18,370	20,000	-
Community Housing	16,655	-	-
Reserves Redistributed	-	-	28,598,627
Total Transfers to Reserves	3,086,611	2,267,557	28,598,627
Transfers from Reserves			
Major Capital Works	(2,333,196)	(4,892,999)	(712,372)
Aged Persons Homes - Employee Entitlements	(213,477)	-	-
Total Transfers from Reserves	(2,546,673)	(4,892,999)	(712,372)
Total Net Transfer to/(from) Reserves - Council	539,938	(2,625,442)	27,886,255
Summary of Reserve Transfers - Other			
Transfers to Reserves			
Child Care Association - Building Reserve	42,947	-	40,537
Child Care Association - Equipment Reserve	43,639	-	47,078
Child Care Association - Capital Works Reserve	48,988	-	48,181
Child Care Association - Motor Vehicle reserve	14,110	-	15,165
Total Transfers to Reserves	149,684	-	150,961
Transfers from Reserves			
Child Care Association - Building Reserve	(55,663)	-	(14,611)
Child Care Association - Equipment Reserve	(24,623)	-	(16,255)
Child Care Association - Capital Works Reserve	(11,460)	-	(32,117)
Total Transfers from Reserves	(91,746)	-	(62,983)
Total Net Transfer to/(from) Reserves - Other	57,938	-	87,978

City of Bayswater

Notes to the Financial Statements for the year ended 30 June 2014

Note 12. Reserves - Cash Backed (continued)

\$

The 2013-2014 Budget provided for changes to the Reserve Fund accounts. This resulted in the creation of a number of new reserves and a reallocation of existing Reserve account balances. Reserve account titles and purpose have been amended as required. For comparative purposes the closing 30 June 2013 balance has been allocated to align with the new structure.

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in Note 3 and 4 to this financial report.

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Long Service Leave

To provide for the payment to employees of Long Service Leave and approved entitlements in accordance with statute, and for forwarding on to other Councils upon staff movement.

Workers Compensation

To finance Workers' Compensation costs in excess of premium deposits, using the burning cost method (as per Council's Workers Compensation Policy).

Gratuity Reserve

To provide funds for gratuity payments made to retiring employees of the City of Bayswater.

Major Capital Works Reserve

To finance the cost of major capital works programs as approved by Council in the Annual Budget as adopted.

Plant & Equipment Reserve

For the purposes of acquisition of plant and equipment use in Council's outside and Depot operations.

Property Building & Equipment Reserve

To provide a cash-backed reserve for property, buildings and equipment and computer equipment.

Building Upgrade Reserve

For the purpose of preserving and upgrading Council's buildings.

Bayswater Aquatic Centre Replacement Reserve

A cash-backed reserve to provide for the replacement of capital items at the Bayswater Waves Aquatic Centre.

Morley Sport & Recreation Centre Reserve

To provide a cash-backed reserve for the development of the Morley Sport and Recreation Centre.

The RISE Reserve

To provide a cash-backed reserve for the development of the RISE.

Maylands Waterland Reserve

To provide a cash-backed reserve for the development of the Maylands Water Playground.

Bore & Reticulation Reserve

For the installation of new bores and reticulation, and the replacement of old bore and reticulation systems, due to wear and tear.

Computer PC Laptops Replacement Reserve

To provide funding for the replacement of laptop computers and general personal computer replacement for elected members and staff.

Prudential Compliance

To provide a cash backed prudential reserve to meet the accommodation obligations for Residential Care Facilities and Independent Living Units.

Aged Persons Homes - General Reserves

This reserve restricts funds held for the Independent Living Units and Residential Care Facilities owned and controlled by the City. These funds are managed in accordance with the relevant statutory requirements and policies.

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 12. Reserves - Cash Backed (continued)

\$

Aged Persons Homes - Employee Entitlements

To provide restricted funds to meet the City's contractual obligations for Residential Care Facilities and Independent Living Unit activities.

Child Care Association - Building Reserve

To provide funding for future building upgrades and development.

Child Care Association - Equipment Reserve

To provide funds for equipment replacements.

Child Care Association - Capital Works Reserve

For the development of care facilities.

Child Care Association - Motor Vehicle reserve

To provide funds for the replacement of motor vehicles.

Note 13. Reserves - Asset Revaluation Surplus

		Council 2014 Actual	Council 2013 Actual
\$	Notes		
Asset revaluation reserves have arisen on revaluation of the following classes of assets:			
(a). Land			
Opening Balance		-	-
Revaluation	7(b)	298,895,614	-
		<u>298,895,614</u>	<u>-</u>
(b). Buildings			
Opening Balance		-	-
Revaluation	7(b)	105,331,423	-
		<u>105,331,423</u>	<u>-</u>
(c). Computer Equipment			
Opening Balance		171,025	-
Revaluation	7(b)	-	171,025
		<u>171,025</u>	<u>171,025</u>
(d). Plant			
Opening Balance		95,196	-
Revaluation	7(b)	-	95,196
		<u>95,196</u>	<u>95,196</u>
(e). Roads			
Opening Balance		41,580,565	44,329,969
Revaluation	8(b)	8,144,939	-
Revaluation Decrement	8(b)	-	(2,749,404)
		<u>49,725,504</u>	<u>41,580,565</u>

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 13. Reserves - Asset Revaluation Surplus (continued)

		Council 2014 Actual	Council 2013 Actual
\$	Notes		
(f). Drainage			
Opening Balance		14,637,218	-
Revaluation Increment	8(b)	1,240,843	14,637,218
		<u>15,878,061</u>	<u>14,637,218</u>
(g). Footpaths			
Opening Balance		16,000,717	-
Revaluation Increment	8(b)	1,270,746	16,000,717
		<u>17,271,463</u>	<u>16,000,717</u>
(h). Parks & Gardens			
Opening Balance		-	-
Revaluation Increment	8(b)	1,104,319	-
		<u>1,104,319</u>	<u>-</u>
(i). Other Infrastructure			
Opening Balance		-	-
Revaluation Increment	8(b)	4,456,661	-
		<u>4,456,661</u>	<u>-</u>
(j). Other Infrastructure			
Opening Balance		5,259,465	5,634,824
Revaluation Decrement	8(b)	-	(375,359)
		<u>5,259,465</u>	<u>5,259,465</u>
Total Asset Revaluation Reserves		<u>498,188,731</u>	<u>77,744,186</u>

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 14. Notes to the Statement of Cash flows

			Council		Consolidated	
\$	Notes	2014 Actual	2014 Budget	2013 Actual	2014 Actual	2013 Actual

(a). Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand 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:

Cash and Cash Equivalents	3	<u>53,402,380</u>	<u>42,093,800</u>	<u>52,302,431</u>	<u>55,411,235</u>	<u>54,294,731</u>
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(b). Reconciliation of Net Cash Provided
By Operating Activities to Net Result

Total Comprehensive Income	431,298,405	3,137,751	71,850,852	431,196,197	56,057,366
Capital Grants	(3,299,206)	-	(2,296,081)	(3,299,206)	(2,301,256)
Aged Persons Homes Ingoings Refundable	-	-	(458,630)	-	(458,630)
Joint Venture	(8,062,301)	-	(3,549,015)	(8,062,301)	(3,549,015)
Land under Control (Initial recognition)	-	-	(15,860,000)	-	-
Depreciation	8,970,403	8,260,000	9,744,524	9,110,929	9,845,001
Write Down Property and Equipment	-	-	-	96,958	-
(Profit)/Loss on Sale of Assets	391,997	170,487	(21,915,765)	391,997	(21,922,609)
Net Losses/(Gains) on Discontinued Operations	-	-	-	(103,413)	-
Other Non Cash Movements - Infrastructure Revaluation	(420,444,545)	-	(27,779,393)	(420,444,545)	(27,779,393)
Decrease/(Increase) in Receivables	(1,253,645)	(2,389,970)	365,696	(1,253,727)	357,541
Increase/(Decrease) in Provision for Doubtful Debts	(37,850)	-	(32,242)	(37,850)	(32,242)
Decrease/(Increase) in Inventories	35,868	-	(26,374)	35,868	(26,374)
Decrease/(Increase) in Other Current Assets	(93,065)	-	(9,431)	(93,065)	(9,431)
Increase/(Decrease) in Payables & Accruals	(462,463)	-	(11,422)	(397,512)	50,481
Increase/(Decrease) in Accrued Interest Payable	(692)	-	-	(692)	-
Increase/(Decrease) in Employee Leave Entitlements	989,482	-	477,112	1,057,672	477,112
Net Cash from Operating Activities		<u>8,032,387</u>	<u>9,178,268</u>	<u>10,499,830</u>	<u>8,197,309</u>
				<u>8,197,309</u>	<u>10,708,551</u>

Note 15. Contingent Liabilities

Council does not have any Contingent Liabilities or Contingent Assets

Note 16. Capital and Leasing Commitments

		Council	
\$		2014 Actual	2013 Actual

(a). Finance Lease Commitments

Payable:

- not later than one year	-	-
- later than one year but not later than five years	115,284	183,012
- later than five years	-	-
Minimum Lease Payments	115,284	183,012
Less Future Finance Charges	-	-
Total Lease Liability	<u>115,284</u>	<u>183,012</u>

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 16. Capital and Leasing Commitments (continued)

\$	Council	
	2014 Actual	2013 Actual
(b). Capital Expenditure Commitments		
Contracted for:		
Building Construction & Improvements	1,001,778	256,342
Recreation Development	181,374	633,426
Road/Footpath Development	623,984	261,971
Parks/Environment Development	4,438,268	1,757,300
Other Capital Expenditure Commitments	676,855	1,511,379
Total Capital Expenditure Commitments	6,922,259	4,420,418
Payable:		
- not later than one year	6,922,259	4,420,418
Total Capital Expenditure Commitments	6,922,259	4,420,418

The capital expenditure project outstanding at the end of the current reporting period represents the construction of the new recreation centre.

Note 17. Joint Ventures

Council's objectives can and in some cases are best met through the use of separate entities & operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other Councils, Bodies and other Outside Organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards.

The City of Bayswater is in joint venture with:

(a) Homeswest - Community Housing Project

Ten (10) Houses.

- Stage 1 No 2 Haddrill Street (4 Units)
- Stage 2 No 20 Francis Street (6 Units)

The City has a 25% interest in the project. Operating costs are funded by the City from rental received on the houses. Excess income over expenditure is retained as a restricted cash item for future community housing projects.

(b) City of Swan - Altone Park - a community, sporting and recreational facility

The financial statements reflect the City of Bayswater's interest in the joint development with the City of Swan for the development of a community recreation and sporting facility at Altone Park.

The City of Bayswater has the following interest in the assets and liabilities of the venture.

- Pavilion - 50%
- Recreation Centre - 50%
- Library - 33%

Operating costs are shared on the basis of each interest.

The City's share of the assets and liabilities to each venture are recorded in the statement of financial position under the following classifications:

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 17. Joint Ventures (continued)

	2014 Actual	2013 Actual
\$		
Buildings		
- Community Housing Project	1,370,449	102,811
- Altone Park	959,008	959,008

(c) Eastern Metropolitan Regional Council

The City of Bayswater is a participant in the Eastern Metropolitan Regional Council (EMRC).

Comprising six member councils it is primarily concerned with refuse, environmental and safety services.

	2014	%	2013
City of Bayswater	26,435,434	19.87%	18,373,133
Town of Bassendean	6,057,177	4.55%	4,236,303
Shire of Mundaring	15,138,568	11.38%	10,752,890
City of Swan	47,467,605	35.67%	32,715,166
Shire of Kalamunda	22,716,221	17.07%	15,937,574
City of Belmont	15,247,744	11.46%	10,581,155
	133,062,749	100%	92,596,221

	2014 Actual	2013 Actual
The City's interest in the assets and liabilities of the EMRC is as follows:		
Current Assets	14,386,422	11,605,018
Non-Current Assets	14,467,601	9,045,964
Total Assets	28,854,023	20,650,982
Current Liabilities	1,067,484	1,317,266
Non Current Liabilities	1,351,105	960,583
Total Liabilities	2,418,589	2,277,849
Net Assets	26,435,434	18,373,133

Increase in interest in the EMRC during 2013/14 \$8,062,301

Note 18. Trust Funds

	Balance 1-Jul-13	Amounts Received	Amounts Paid	Balance 30-Jun-14
\$				
Funds held at balance date over which the City has no control and which are not included in the financial statements are as follows:				
Cash in Lieu of POS	3,572,749	140,737	-	3,713,486
Town Planning Bonds/Other	285,931	27,738	-	313,669
BRB/BCITF	40,788	593,135	(592,033)	41,890
Crossover/Verge Bonds	471,280	353,760	(216,480)	608,560
Unclaimed Monies	27,633	13,730	(29)	41,334
Retentions and Deposits	35,656	9,653	(7,610)	37,699
Other Bonds	26,836	184,760	(160,545)	51,051
Other	1,044,544	280,549	(1,057,172)	267,921
	5,505,417	1,604,062	(2,033,869)	5,075,610

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 19. Total Assets Classified by Function and Activity

\$	Council		Consolidated	
	2014 Actual	2013 Actual	2014 Actual	2013 Actual
Governance/Admin	668,178	383,749	668,178	383,749
Law, Order, Public Safety	2,790,644	632,549	2,790,644	632,549
Health	1,065,216	288,810	1,065,216	288,810
Education & Welfare	67,883,275	18,162,847	68,378,234	18,746,927
Housing	1,546,665	148,096	1,546,665	148,096
Community Amenities	291,466,202	4,322,845	291,466,202	4,322,845
Recreation & Culture	137,050,287	84,491,089	137,050,287	84,491,089
Transport	169,124,701	158,182,849	169,124,701	158,182,849
Economic Services	361,507	393,990	361,507	393,990
Other Property & Services	21,698,917	23,688,036	21,698,917	23,688,036
Other Non-Attributed	86,583,447	57,785,618	88,655,455	59,853,991
	<u>780,239,039</u>	<u>348,480,478</u>	<u>782,806,006</u>	<u>351,132,931</u>

Note 20. Acquisition of Assets

\$	2014 Actual	2014 Budget
By Program		
Governance		
Buildings	26,025	666,750
Computer Equipment	128,525	-
Fleet	173,557	-
Law, Order, Public Safety		
Buildings	2,806	64,000
Furniture & Equipment	9,116	-
Fleet	134,888	-
Health		
Fleet	254,701	37,500
Education & Welfare		
Buildings	183,751	35,000
Furniture & Equipment	65,284	-
Fleet	56,041	-
Housing		
Buildings	66,884	641,351
Community Amenities		
Fleet	24,134	687,393
Recreation & Culture		
Buildings	1,558,871	9,310,045
Furniture & Equipment	247,229	-
Plant	213,021	-
Infrastructure - Reserves	2,934,019	-
Infrastructure - Other	17,138	-
Transport		
Infrastructure - Roads	3,209,991	5,977,122
Infrastructure - Paths	568,174	-
Infrastructure - Drainage	116,481	-
Economic Services		
Fleet	68,531	-
Other Property & Services		
Computer Equipment	78,473	1,934,000
Fleet	689,716	1,934,000
Plant	139,441	-
	<u>10,966,797</u>	<u>21,287,161</u>

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 20. Acquisition of Assets (continued)

	2014 Actual	2014 Budget
\$		
By Class		
<i>Property, Plant & Equipment</i>		
- Buildings	1,838,336	3,471,422
- Furniture & Equipment	321,629	1,182,160
- Fleet	1,261,322	-
- Computer Equipment	206,998	-
- Plant	492,709	1,996,500
<i>Infrastructure</i>		
- Roads	3,209,991	2,615,427
- Drainage	116,481	375,000
- Footpaths	568,174	464,000
- Parks & Gardens	2,934,019	6,030,089
- Other Infrastructure	17,138	3,218,563
	10,966,797	19,353,161

Note 21. Disposal of Assets

	Net Book Value		Sale Price		Profit/(Loss)	
\$	Actual	Budget	Actual	Budget	Actual	Budget
The following assets were disposed of during the year.						
<i>Property, Plant & Equipment</i>						
Administration	112,988	114,245	(74,701)	96,000	(38,287)	(18,245)
Law Order & Public Safety	121,685	75,817	(72,743)	57,000	(48,942)	(18,817)
Health	118,318	72,916	(79,565)	60,000	(38,753)	(12,916)
Welfare	64,419	-	(40,047)	-	(24,373)	-
Community Amenities	15,451	-	(10,359)	-	(5,092)	-
Economic Services	58,397	74,854	(38,219)	55,000	(20,178)	(19,854)
Other Property & Services	506,249	170,120	(345,907)	130,000	(160,342)	(40,120)
Recreation & Culture	68,435	176,342	(11,041)	131,000	(57,394)	(45,342)
Transport	41,129	115,193	(42,495)	100,000	1,365	(15,193)
Total	1,107,071	799,487	(715,077)	629,000	(391,997)	(170,487)

	2014 Actual	Council 2014 Budget	2013 Actual	Consolidated 2014 Actual	2013 Actual
\$					
Summary					
Profit on Asset Disposals	1,365	-	22,071,639	1,365	22,078,483
Loss on Asset Disposals	(393,362)	(170,487)	(155,874)	(393,362)	(155,874)
Net Profit/(Loss) on Disposal of Assets	(391,997)	(170,487)	21,915,765	(391,997)	21,922,609

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 22. Financial Ratios

\$	Indicator 2014	Target	Prior Periods 2013 2012	
<i>Liquidity Ratio</i>				
1. Current Ratio ⁽¹⁾				
Current Assets less Restricted Current Assets	1.17 : 1	> 1.00 : 1	2.05	2.53
Current Liabilities less Liabilities Associated with Restricted Assets				
<i>Debt Ratio</i>				
2. Debt Service Cover Ratio ⁽²⁾				
Operating Surplus before Interest and Depreciation Exp	213.84 : 1	> 2.00 : 1	650.25:1	157.08
Principal and Interest Repayments				
<i>Coverage Ratio</i>				
3. Own Source Revenue Coverage Ratio ⁽³⁾				
Own Source Operating Revenue	82.60%	> 40%	140.04%	80.90%
Operating Expense				
<i>Financial Performance Ratio</i>				
4. Operating Surplus Ratio ⁽⁴⁾				
Operating Revenue less Operating Expense	12.99%	> 1%	24.05%	0.00%
Own Source Operating Revenue				
<i>Asset Management Ratios</i>				
<i>The information relates to those ratios which only require an attestation they have been checked and are supported by verifiable information.</i>				
5. Asset Sustainability Ratio ⁽⁵⁾				
Capital Renewal and Replacement Expenditure	122.26%	90-110%	99.26%	110.71%
Depreciation Expense				
<i>Additional Financial Ratios</i>				
6. Asset Consumption Ratio ⁽⁶⁾				
Depreciated Replacement Cost of Depreciable Assets	91.18%	> 50%	66.00%	N/A
Current Replacement Cost of Depreciable Assets				
7. Asset Renewal Funding Ratio ⁽⁷⁾				
NPV of Planned Capital Renewals over 10 years	86.47%	75-95%	82.09%	N/A
NPV of Required Capital Expenditure over 10 years				

Notes

⁽¹⁾ This is a modified commercial ratio designed to focus on the liquidity position of the Council that has arisen from past year's transactions.

⁽²⁾ This ratio is the measurement of Council's ability to repay its debt including lease payments.

⁽³⁾ This ratio is the measurement of Council's ability to cover its costs through its own revenue efforts.

⁽⁴⁾ This ratio is a measure of Council's ability to cover its operational costs and have revenues available for capital funding or other purposes.

⁽⁵⁾ This ratio indicates whether Council is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.

⁽⁶⁾ This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.

⁽⁷⁾ This ratio is a measure of the ability of Council to fund its projected asset renewal / replacements in the future.

City of Bayswater

Notes to the Financial Statements for the year ended 30 June 2014

Note 23. Information on Borrowings

	Borrowing Institution	Interest Rate %	Principal 01-Jul-13	New Loans	Principal Repayments		Principal 30-Jun-14		Interest Repayments	
					Actual	Budget	Actual	Budget	Actual	Budget
(a). Debenture Repayments										

Funding of Borrowings All loan repayments were funded by general purpose income.

1 Self-Supporting Loan

* Those loans denoted with "*" are subject of a repayment agreement that secured the reimbursement from a community organisation of all costs associated with the loan.

2 WATC = WA Treasury Corporation

Note 24(a). Rating Information (2013/14 Financial Year)

\$	Rate in \$	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
							Total	Revenue				
General Rate												
Residential - General	0.05831	21,799	393,614,866	22,950,092	261,655	-	23,211,747	22,958,716	-	-	-	22,958,716
Commercial	0.05831	612	54,716,964	3,192,061	(36,611)	-	3,155,450	3,192,062	-	-	-	3,192,062
Industrial	0.05831	818	48,703,226	3,254,109	(407,132)	-	2,846,977	2,839,146	-	-	-	2,839,146
Morley Shopping Area			1,185,056	1,185,057	-	-	1,185,057	1,185,056	-	-	-	1,185,056
Sub-Total		23,229	498,220,112	30,581,317	(182,088)	-	30,399,229	30,174,980	-	-	-	30,174,980
Minimum Rates												
Residential	\$739	5,785	63,340,428	4,275,115	6,408	-	4,281,523	4,272,898	-	-	-	4,272,898
Comm/Industrial	\$739	136	1,411,164	100,504	-	-	100,504	100,504	-	-	-	100,504
GRV - Mining	\$739	1	188	739	(510)	-	229	739	-	-	-	739
Sub-Total		5,922	64,751,780	4,376,358	5,898	-	4,382,256	4,374,141	-	-	-	4,374,141
Totals							34,781,485					34,549,121

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 24(b). Surplus/(Deficit) B/Fwd and C/Fwd

		2014	2013
		Carried Fwd	Brought Fwd
\$	Notes	Actual	Actual
Current Assets			
Cash - Unrestricted	3	12,215,192	12,473,385
Cash - Restricted Reserves	3	39,117,120	38,577,182
Cash - Restricted Unspent Grants	2(d)	2,070,068	1,251,864
Rates - Current	5	585,813	570,026
Sundry Debtors	5	5,052,697	3,702,735
GST Receivable	5	201,206	287,426
Inventories			
- Fuel and Materials	6	92,554	128,423
- Other	6	-	23,901
Prepayments		116,968	-
		59,451,618	57,014,942
Current Liabilities			
Sundry Creditors	9	4,347,288	2,673,763
Accrued Interest on Debentures	9	1,785	2,476
Accrued Salaries and Wages	9	356,601	250,919
Other Current Trade and Other Payables	9	22,391,836	1,135,503
Current Employee Benefits Provision	11	5,266,462	4,701,921
Current Loan Liability	10	69,776	66,172
		32,433,749	8,830,754
Net Current Assets		27,017,869	48,184,188
Less:			
Reserves - Restricted Cash	3	(39,117,120)	(38,577,183)
Add Back:			
Current Loan Liability	10	69,776	66,172
(1) Aged Persons Homes - Refundable Contributions		22,391,836	-
Surplus/(Deficit)		10,362,362	9,673,177

(1) Restricted Grants & Contributions that are not expected to be spent in the next 12 months.

Note 25. Discounts, Incentives, Concessions & Write-offs (2013/14 Financial Year)

(a) Discounts

Nil

		Total	Budget
\$	Notes	Cost / Value	Cost / Value
(b). Write-Offs			
Rate Assessment	2(a)	3,844	-
General Debtors	2(a)	38,004	-
		41,848	-

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 26. Interest Charges and Instalments (2013/14 Financial Year)

\$	Interest Rate %	Revenue	Budgeted Revenue
Interest on Unpaid Rates	11.00%	114,718	115,000
Interest on Instalments Plan	5.50%	127,301	120,000
Charges on Instalment Plan	\$5.00	118,296	120,000
		<u>360,315</u>	<u>355,000</u>

Note 27. Fees & Charges

\$	2014 Actual	2014 Budget	2013 Actual
Governance	257,873	279,026	328,017
General Purpose Funding	18,348	257,000	17,278
Law, Order, Public Safety	255,207	163,488	128,812
Health	215,227	107,000	182,235
Education and Welfare	560,173	505,768	496,978
Housing	97,082	85,120	86,800
Community Amenities	9,648,994	9,169,503	10,313,884
Recreation and Culture	7,322,363	7,023,191	6,986,204
Transport	291,061	262,268	316,982
Economic Services	634,515	543,500	576,117
Other Property and Services	7,534	6,500	5,986
	<u>19,308,378</u>	<u>18,402,364</u>	<u>19,439,294</u>

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

Note 28. Grants, Subsidies & Contributions

\$	Council		Consolidated	
	2014 Actual	2013 Actual	2014 Actual	2013 Actual

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

(a). By Nature & Type

Operating Grants and Subsidies	9,283,022	9,331,287	10,950,544	10,552,975
Contributions	2,463,729	2,605,768	2,463,729	2,643,748
Non-Operating Grants, Subsidies and Contributions	3,299,206	1,872,946	3,299,206	2,198,003
	<u>15,045,957</u>	<u>13,810,001</u>	<u>16,713,479</u>	<u>15,394,726</u>

(b). By Program

General Purpose Funding	1,503,038	2,206,100	1,503,038	2,206,100
Law, Order, Public Safety	24,200	54,638	24,200	54,638
Health	48,961	31,947	48,961	31,947
Education & Welfare	8,755,255	8,264,478	10,422,777	9,849,203
Housing	1,417	-	1,417	-
Community Amenities	1,639,612	676,462	1,639,612	676,462
Recreation & Culture	1,503,041	889,971	1,503,041	889,971
Transport	1,437,632	1,418,518	1,437,632	1,418,518
Economic Services	6,423	174,377	6,423	174,377
Other Property & Services	126,378	93,510	126,378	93,510
	<u>15,045,957</u>	<u>13,810,001</u>	<u>16,713,479</u>	<u>15,394,726</u>

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 29. Employee Numbers

	2014 Actual	2013 Actual	2012 Actual
\$			
The number of full-time equivalent employees at balance date	330	339	330

Note 30. Councillor Remuneration

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

Meeting Fees	347,629	345,000	103,897
Mayor's Allowance	89,139	85,000	61,400
Deputy Mayor's Allowance	53,528	21,250	23,856
Information Technology/Telecommunications/Other	14,522	37,400	-
	<u>504,818</u>	<u>488,650</u>	<u>189,153</u>

Note 31. Employee Costs

Wages and Salaries	25,206,988		
Superannuation	2,727,917	28,000,517	26,249,468
Workers' Compensation Insurance	563,909		
Conferences/Training	276,329		
Total Employee Costs	28,775,143	28,000,517	26,249,468
less: Capitalised Costs	(340,292)	-	-
	<u>28,434,851</u>	<u>28,000,517</u>	<u>26,249,468</u>

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 32. Financial Risk Management

\$

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

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

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

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

The City held the following financial instruments at balance date.

	Notes	Carrying Value		Fair Value	
		2014	2013	2014	2013
Financial Assets					
Cash and Cash Equivalents	3	53,402,380	52,302,431	53,402,380	52,302,431
Receivables (Current & Non-Current)	5	6,536,110	5,330,864	6,536,110	5,330,864
Investment in Joint Venture	4	26,435,434	18,373,133	26,435,434	18,373,133
		<u>86,373,924</u>	<u>76,006,428</u>	<u>86,373,924</u>	<u>76,006,428</u>
Financial Liabilities					
Payables (Current & Non-Current)	9	5,215,414	4,062,661	5,215,414	4,062,661
Refundable Contributions	9	22,391,836	23,509,904	22,391,836	23,509,904
Borrowings (Current & Non-Current)	10	157,831	224,003	148,854	215,026
		<u>27,765,081</u>	<u>27,796,568</u>	<u>27,756,104</u>	<u>27,787,591</u>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates market value.
- **Borrowings & Held to Maturity Investments** - estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles.
- Financial Assets classified (i) "at fair value through profit & loss" or (ii) **Available for Sale** - based on quoted market prices at the reporting date or independent valuation.

(a). Cash & Cash Equivalents, Financial assets "at Fair Value through the Profit & Loss",
"Available-for-sale" financial assets & "Held-to-maturity" Investments

Council's objective is to maximise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's Finance Section manages the Cash & Investments portfolio with the assistance of independent advisors.

Council has an Investment Policy which complies with the relevant legislation. The policy is regularly reviewed by Council and an Investment Report is tabled before 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 there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

Cash & Investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with Cash & Investments is credit risk - the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees in accordance with investment restrictions prescribed in the *Local Government (Financial Management) Regulations 1996*.

	30-Jun-14	30-Jun-13
Impact of a 1% ⁽¹⁾ movement in interest rates on cash and investments		
Equity	534,024	523,024
Statement of Comprehensive Income	534,024	523,024

Notes:

1. Sensitivity percentages based on management's expectations of future possible market movements. (Price movements calculated on investments subject to fair value adjustments. Interest rate movements calculated on cash, cash equivalents and managed funds.)

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 32. Financial Risk Management (continued)

\$

(b). Receivables

Council's major receivables comprise (i) Rates & Annual charges and (ii) User Charges & Fees.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts - that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates & annual charges at higher than market rates which further encourages the payment of debt.

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

Council 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 subjected to a re-negotiation of repayment terms.

A profile of Council's receivables credit risk at balance date follows:

	30-Jun-14 %	30-Jun-13 %
Percentage of Rates and Annual Charges		
Current	49.45%	54.51%
Overdue	50.55%	45.49%
Percentage of Other Receivables		
Current	91.66%	91.25%
Overdue	8.34%	8.75%

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 32. Financial Risk Management (continued)

\$

(c). Payables & Borrowings

Payables & Borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can be extended & overdraft facilities drawn upon in extenuating circumstances.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the Liquidity Table below:

\$	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
2014					
Payables	5,203,515	-	-	5,203,515	27,097,511
Borrowings	80,417	93,164	12,159	185,740	157,832
	<u>5,283,932</u>	<u>93,164</u>	<u>12,159</u>	<u>5,389,255</u>	<u>27,255,343</u>
2013					
Payables	4,062,661	-	-	4,062,661	4,062,661
Borrowings	79,593	168,177	17,563	265,333	224,003
	<u>4,142,254</u>	<u>168,177</u>	<u>17,563</u>	<u>4,327,994</u>	<u>4,286,664</u>

The City of Bayswater Aged Persons Homes holds \$22,391,836 in refundable contributions (Accommodation Bonds). These contributions have been classified as current liabilities as the provider does not have the right to defer settlement. However the expected settlement of the liability is expected to be greater than twelve months.

Accommodation bonds are charged for admittance in accordance with current State and Federal Government regulations. These fees can vary according to each individuals financial status and, in accordance with current policy embodying the relevant regulations, varying amounts are deducted for "Retention" over a period of 5 years.

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs & debt servicing requirements. Council manages this risk by borrowing long term and fixing the interest rate on a basis that is most suitable for the circumstance. Council officers regularly review interest rate movements to determine if it would be advantageous to refinance or renegotiate.

The following interest rates were applicable to the Council's Borrowings at balance date:

	30-Jun-14		30-Jun-13	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Bank Loans - Fixed	1.39%	157,832	2.74%	224,003
		<u>157,832</u>		<u>224,003</u>

Notes:

1. The interest rate risk applicable to Variable Rate Bank Loan is not considered significant.

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 33. Fair Value Measurements

\$

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities,

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

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

The City's land, buildings and infrastructure assets were revalued in 2014 (Plant & Equipment were revalued in 2013).

Additions since valuation to 30 June 2014 are at cost.

The City of Bayswater Child Care Association assets and liabilities are carried at cost and have been excluded.

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values:

2014	Fair Value Measurement using:			Total
	Level 1 Quoted prices in	Level 2 Significant observable	Level 3 Significant unobservable	
Property, Plant & Equipment				
Land	-	303,492,000	-	303,492,000
Land - Under Control	-	15,860,000	-	15,860,000
Buildings	-	20,285,803	153,872,575	174,158,378
Furniture & Equipment	-	1,727,200	-	1,727,200
Fleet	-	3,297,430	-	3,297,430
Computer Equipment	-	-	631,225	631,225
Plant	-	2,827,124	-	2,827,124
Total Property, Plant & Equipment	-	347,489,557	154,503,800	501,993,357
Infrastructure				
Roads	-	-	103,260,020	103,260,020
Drainage	-	-	39,823,683	39,823,683
Footpaths	-	-	25,989,750	25,989,750
Parks & Gardens	-	-	18,425,213	18,425,213
Other	-	-	4,163,570	4,163,570
Total Infrastructure	-	-	191,662,236	191,662,236

2013	Fair Value Measurement using:			Total
	Level 1 Quoted prices in	Level 2 Significant observable	Level 3 Significant unobservable	
Property, Plant & Equipment				
Furniture & Equipment	-	1,655,096	-	1,655,096
Fleet	-	3,061,303	-	3,061,303
Computer Equipment	-	-	597,854	597,854
Plant	-	2,935,485	-	2,935,485
Total Property, Plant & Equipment	-	7,651,884	597,854	8,249,738

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 33. Fair Value Measurements (continued)

\$

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

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

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values**(1) Recurring Value Methods**

The following methods are used to determine the fair value measurements.

The City's Land and Buildings were revalued in 2014 by APV Valuers & Asset Management.

Land

Level 2 valuation inputs were used to value land held in freehold title as well as land used for special purpose which is restricted under current zoning rules.

The valuation of freehold (saleable) land has been carried out using the market approach and they have been assessed on the basis of the estimated amount which each interest in each property being valued might reasonably be expected to realise in an exchange between market participants given highest and best use.

The most significant inputs into this valuation approach are price per square metre.

The valuation of restricted or otherwise non-saleable land has been valued using the cost approach.

Specific Considerations

Contaminated Sites - Several sites valued are deemed to be potentially contaminated by activities carried out by council. These valuations represent the current replacement cost of the land the council would need to acquire "non-contaminated" land and as such as such any instances or possibilities of contamination have been disregarded.

Zonings - A number of parcels of land have been given zonings that relate to public open space, conservation areas and specific locality zonings. These zonings are not representative of surrounding land use. The high level of development restrictions would not be considered normal in an open market situation.

Valuation has been based on the highest and best use of the land. In an open market situation these properties would be zoned similarly to surrounding land uses.

It should be noted that there is no evidence of sales within specific zoned areas.

Sale prices under comparable land sites in close proximity are adjusted for key attributes such as property size.

The most significant inputs into this valuation approach are price per square metre.

BuildingsLevel 2 Valuation Inputs

These were used to determine the fair value of a range of properties. This included the bulk of residential and commercial properties.

The residential properties fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation were price per metre.

Level 3 Valuation Inputs

Specialised buildings were valued using professionally qualified Registered Valuers. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metre could be supported by market evidence (Level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having level 3 valuation inputs.

Plant & Equipment

Plant and Equipment fair values were determined by council as at 30 June 2013.

Subsequent to the 2013 council's revalued assets are reviewed to ensure that the carrying amount does not differ significantly from that determined using fair value at reporting date.

Valuations were undertaken utilizing in house professional staff referencing market conditions and the availability of sales evidence.

Level 2 valuation inputs have been applied having regard to the condition and useful life of the asset class except for computer equipment, which has been valued at Level 3.

City of Bayswater

Notes to the Financial Statements for the year ended 30 June 2014

Note 33. Fair Value Measurements (continued)

\$

Infrastructure

All council infrastructure assets were fair valued using a depreciated replacement cost valuation technique. This method used assets current replacement cost less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. The gross cost of replacing the full service potential of the asset was established then adjusted to take into account the expired service potential of the asset.

The current replacement cost was measured by referencing the lowest cost at which the asset could be obtained in the normal course of business.

The total cost values have been calculated using work code unit costs based on current tender and general market rates.

All council infrastructure has been valued at fair value utilizing in house professional Asset Management staff.

Level 3 valuation inputs have been applied to all asset categories.

Infrastructure Categories

Roads

The road asset comprises seal, Pavement and Kerbing components.

The City of Bayswater's sealed road length is 351.4 Km and does not include MRWA controlled roads.

Valuation methodology comprises

- (1) Current replacement cost to replace the entire network : Current Replacement Cost = Unit Cost X Quantity
- (2) Depreciated Cost is the value the asset has deteriorate : Valuation Depreciation Rate (Critical Life) = (100/Critical Life (Years) % Per Annum

Critical Life - The lowest calculated life of longevity in years between "Conditioned Assessed Life and Design Assessed Life (Annual Revaluation)."

Footpaths

The footpath network comprises

- Concrete Paths
- Brick Paved Paths
- Asphalt Paths
- Slab Paths

The City of Bayswater's footpath length is 313.2 Km.

Valuation methodology comprises

- (1) Current replacement cost to replace the entire network : Current Replacement Cost = Unit Cost X Quantity
- (2) Depreciated Cost is the value the asset has deteriorate : Valuation Depreciation Rate (Critical Life) = (100/Critical Life (Years) % Per Annum

Critical Life - The lowest calculated life of longevity in years between "Conditioned Assessed Life and Design Assessed Life (Annual Revaluation)

Drainage

The drainage network comprises Pits, Covers and Pipes

The City of Bayswater's length of pipes is 209.9KM

Valuation methodology comprises

- (1) Current replacement cost to replace the entire network : Current Replacement Cost = Unit Cost X Quantity
- (2) Depreciated Cost is the value the asset has deteriorate : Valuation Depreciation Rate (Critical Life) = (100/Critical Life (Years) % Per Annum

Critical Life - The lowest calculated life of longevity in years between "Conditioned Assessed Life and Design Assessed Life (Annual Revaluation)

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 33. Fair Value Measurements (continued)

\$

Drainage (continued)**Parks/Reserves/Car Parking**

Valuation methodology comprises

- (1) Current replacement cost to replace the entire network : Current Replacement Cost = Unit Cost X Quantity
- (2) Depreciated Cost is the value the asset has deteriorate : Valuation Depreciation Rate (Critical Life) = (100/Critical Life (Years) % Per Annum

Critical Life - The lowest calculated life of longevity in years between "Conditioned Assessed Life and Design Assessed Life (Annual Revaluation)

Miscellaneous Infrastructure

The components split out to establish fair value for this category comprise the following

- Bus Shelters
- Public Litter Bins
- Lighting
- Entry Statements
- Signage Poles
- Street Signs and Parking Signs

Valuation methodology comprises

- (1) Current replacement cost to replace the entire network : Current Replacement Cost = Unit Cost X Quantity
- (2) Depreciated Cost is the value the asset has deteriorate : Valuation Depreciation Rate (Critical Life) = (100/Critical Life (Years) % Per Annum

Critical Life - The lowest calculated life of longevity in years between "Conditioned Assessed Life and Design Assessed Life (Annual Revaluation)

(5). Disclosed Fair Value Measurements

The following assets and liabilities are not measured at fair value in the statement of financial position, but their fair values are disclosed in the notes:

- Borrowings

The following table provides the level of fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique and inputs used:

Description	Note	Fair Value Hierarchy Level	Valuation Technique	Inputs Used
Borrowings	32	2	Income approach using discounted cash flow methodology	Current Treasury borrowing rates for similar instruments

(6). Highest and best use

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

(7). Fair Value Sensitivity to Unobservable Inputs

Relationship between asset consumption rating scale and the level of consumed service potential.

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 33. Fair Value Measurements (continued)

\$	Sensitivity to Unobservable Market Inputs		Amount of Potential Impact	
	Lower %	Upper %	Lower \$	Upper \$
Property, Plant & Equipment				
Buildings	5.00	5.00	(7,693,630)	7,693,630
Total Property, Plant & Equipment			(7,693,630)	7,693,630
Infrastructure				
Roads	10.00	10.00	(10,326,002)	10,326,002
Drainage	10.00	10.00	(3,982,368)	3,982,368
Footpaths	10.00	10.00	(2,598,975)	2,598,975
Parks & Gardens	10.00	10.00	(1,842,521)	1,842,521
Other	10.00	10.00	(416,357)	416,357
Total Infrastructure			(19,166,223)	19,166,223

City of Bayswater

Notes to the Financial Statements
for the year ended 30 June 2014

Note 34. Discontinued Operations

	Actual 2014	Actual 2013
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(i) Discontinued Operations

City of Bayswater Cultural & Recreation Association (INC)

Established in 1999 to provide a governance mechanism for the City's contract management of the aquatic centre.

In May 2002 the requirements of the Association became redundant after Council resolved to bring the management of the aquatic centre in-house.

The City of Bayswater Cultural & Recreation Association was formerly wound up on the 20 June 2014.

(ii) Net Carrying Value of Discontinued Operations

Discontinued Operation		
Carrying Value - Assets	145,962	-
Carrying Value - Liabilities	(233,500)	-
Net Carrying Value	(87,538)	-
Total Value of Discontinued Operations (On Hand)	(87,538)	-

Note 35. Events occurring after the Reporting Period

Events that occur after the reporting period represent one of two types:

(i) those that provide evidence of conditions that existed at the end of the reporting period

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2014.

(ii) those that are indicative of conditions that arose after the reporting period

Since the finalisation of these financial statements the Government announced its position on Local Government Reform. An estimate of its financial effect on the City is unknown.

City of Bayswater

Notes to the Financial Statements for the year ended 30 June 2014

Note 36. Council Information & Contact Details

Principal Place of Business:

61 Broun Avenue
Morley WA 6062

Contact Details

Mailing Address:

PO Box 467
Morley WA 6943

Opening Hours:

8.30am-4.30pm (Monday to Friday)

Telephone: 08 9272 0622

Facsimile: 08 9272 0665

Internet: www.bayswater.wa.gov.au

Email: mail@bayswater.wa.gov.au

Officers

CHIEF EXECUTIVE OFFICER

Francesca Lefante
BA (Urb & Reg Stud), Grad Dip (Urb & Reg Plan)

AUDITORS

Macri Partners
Suite 2 137 Burswood Road
Burswood 6100

Other Information

ABN: 61-054-003-131

Elected Members

MAYOR

Councillor Sylvan Albert (Mayor)

COUNCILLORS

Councillor Michael Sabatino (Deputy Mayor)

Councillor Martin Toldo

Councillor Barry McKenna

Councillor Chris Cornish

Councillor Mike Anderton JP

Councillor Alan Radford

Councillor Michelle Sutherland

Councillor John Rifici

Councillor Sylvan Albert (Mayor)

Councillor Stephanie Coates

Councillor Terry Kenyon, JP

INDEPENDENT AUDITOR'S REPORT

TO: RATEPAYERS OF CITY OF BAYSWATER

We have audited the financial report of the City of Bayswater, which comprises the Statement of Financial Position as at 30 June 2014 and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity and Statement of Cash Flows and Rate Setting Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information and Statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

Management is responsible for the preparation and fair presentation 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 controls 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. Our audit has been conducted in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with the relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 management's preparation and fair presentation of the financial report 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 council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

INDEPENDENT AUDITOR'S REPORT

TO: RATEPAYERS OF CITY OF BAYSWATER (Cont'd)

Auditor's Opinion

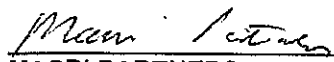
In our opinion, the financial report of the City of Bayswater:

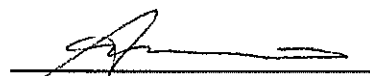
- (a) gives a true and fair view of the financial position of the City of Bayswater as at 30 June 2014 and of its financial performance for the year ended on that date; and
- (b) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards.

Report on Other Legal and Regulatory Requirements

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

- (a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Council.
- (b) There are 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 asset consumption ratio and asset renewal funding ratio (presented at Note 22 of the annual financial report) we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - (i) reasonably calculated; and
 - (ii) based on verifiable information.
- (d) All necessary information and explanations were obtained by us.
- (e) All audit procedures were satisfactorily completed in conducting our audit.


MACRI PARTNERS
CERTIFIED PRACTISING ACCOUNTANTS
SUITE 2, 137 BURSWOOD ROAD
BURSWOOD WA 6100


A MACRI
PARTNER

PERTH
DATED THIS 11th DAY OF NOVEMBER 2014.

