

CITY OF ARMADALE

AGENDA

**OF CITY AUDIT COMMITTEE TO BE HELD IN THE FUNCTION ROOM,
ADMINISTRATION CENTRE, 7 ORCHARD AVENUE, ARMADALE ON THURSDAY,
16 MARCH 2023 AT 7.00PM.**

A meal will be served at 6:15 p.m.

PRESENT:

APOLOGIES: Cr K Busby (Leave of Absence)

OBSERVERS:

IN ATTENDANCE:

PUBLIC QUESTION TIME

Note:

The Audit Committee is a formally appointed committee of council responsible to that body and does not have any power or duty from the Council. As the matters discussed may be of a sensitive and confidential nature which, if disclosed could reasonably be expected to impair the effectiveness of the audit process, the Audit Committee meetings are closed to the public. – Council resolution CS53/10/2020 refers.

“For details of Councillor Membership on this Committee, please refer to the City’s website – www.armadale.wa.gov.au/mayor-councillors-and-wards.”

DECLARATION OF MEMBERS' INTERESTS

CONFIRMATION OF MINUTES

RECOMMEND

Minutes of the City Audit Committee Meeting held on 8 December 2022 be confirmed.

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CITY AUDIT COMMITTEE

16 MARCH 2023

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*****1.1 - 2021/22 FINANCIAL REPORT AND AUDITORS REPORT***

WARD : ALL
FILE No. : M/125/23
DATE : 7 March 2023
REF : MH
RESPONSIBLE : Executive Director
MANAGER : Corporate Services

In Brief:

- This report presents the Annual Financial Report and Auditor's Completion Report for the financial year ended 30 June 2022.
- The report recommends that the Financial Report and Auditor's Audit Completion Report as presented, be endorsed.

Tabled Items

Nil.

Decision Type

- ☐ **Legislative** The decision relates to general local government legislative functions such as adopting/changing local laws, town planning schemes, rates exemptions, City policies and delegations etc.
- ☒ **Executive** The decision relates to the direction setting and oversight role of Council.
- ☐ **Quasi-judicial** The decision directly affects a person's rights or interests and requires Councillors at the time of making the decision to adhere to the principles of natural justice.

Officer Interest Declaration

Nil.

Strategic Implications

- 4.1 Visionary Civic Leadership and Sound Governance
4.1.3 Support the role of the elected body

Legal Implications

Local Government Act 1995

Local Government (Financial Management) Regulations

Local Government (Audit) Regulations

Australian Accounting Standards

International Financial Reporting Standards

In particular, the pertinent sections of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*, are:

- Section 6.4 – a local government is to prepare an annual financial report in the manner and form prescribed and by 30 September submit to its Auditor the accounts balanced up to the last day of the preceding year and the annual financial report.
- Section 7.9 – the Auditor is required to examine the accounts and annual financial report and by 31 December, prepare a report thereon and forward a copy of that report to the Mayor, CEO and the Minister.
- Clause 10 (of the Regulations) – the auditor’s report is to give the auditor’s opinion on the financial position of the local government, the results of the operations of the local government, include any material matters that in the opinion of the auditor indicate significant adverse trends in the financial position or the financial management practices of the local government and include any matters indicating non-compliance
- Clause 16 (of the Regulations) – a function of the audit committee is to review and make recommendation to Council on the annual financial report and auditor’s report.

Council Policy/Local Law Implications

Nil.

Budget/Financial Implications

Nil.

Consultation

- Council’s Auditor
- Chief Executive Officer

BACKGROUND

The City has prepared its Annual Financial Report for the year ending 30 June 2022, in accordance with the Australian Accounting Standards and the specific requirements of the *Local Government Act 1995* and associated Regulations. The Audit was conducted consistent with the Audit Plan as issued to Councillors via memo dated 21 April 2022.

The financial statements were delivered to the City's external Auditors, KPMG on behalf of the OAG (Office of the Auditor General) on the 30 September 2022. The audit field work was conducted from 17 October to 4 November 2022 and the audit reviewed and confirmed by the OAG on the 10th March 2023. The completion of the audit has taken a month longer than what was achieved for the 2021 financial year. Numerous questions and requests for further information were made following the completion of the field work period which contributed to the delay in finalisation.

DETAILS OF PROPOSAL

The Annual Financial Report for the financial year ended 30 June 2022 is attached to this report.

A final review and confirmation of the City's Annual Financial Statements occurred on the 10th March 2023 and the OAG will sign off on the City's Annual Financial Statements ahead of this City Audit meeting.

The audit plan focused on 8 key areas:

- Existence and Valuation of Infrastructure Assets
- Existence and Valuation of Fixed Assets
- Revenue – rates, fees, charges, operating grants and subsidies
- Landfill Site – rehabilitation asset and liability
- Contracts and procurement
- Personnel costs and related liabilities
- Cash, cash equivalents and term deposits
- IT general controls and systems

The Independent Auditors Report, together with the Annual Financial Report will be included in the Annual Report to meet the requirements of section 5.53 of the *Local Government Act 1995*. The Annual Report will be submitted to the March 2023 Council Meeting.

The OAG Representative Mr Patrick Arulsingham (Senior Director Financial Audit OAG), OAG appointed Auditor (KPMG), Mr Matthew Hingeley (Partner) and Ms Michaela Brouwer (Manager), will be in attendance to present the 2022 Auditor's Audit Completion Report and take any queries from the Committee.

COMMENT

Council, on 19 December 2022, adopted the Year End Financial Position – 30 June 2022 report (CS62/12/22). The City concluded the 2021/22 financial year with a surplus of \$3.2m, after allowing for project carried forward funds, advanced Federal Financial Assistance Grants, performance based Workers Compensation Reserve transfer and the previously unallocated FY21 surplus of \$2.27m.

The City's net assets increased by \$35.2m (2.8%) to \$1.27b. Current Assets increased by \$5.3m due mainly to an increase in cash and cash equivalents and trade and other receivables. Together the increase was from \$10.3m to \$16.2m. Non Current Assets increased by \$49m due mainly to a \$22.5m increase in the valuation of the Rehabilitation Asset at the Landfill. Gifted assets increased by \$11.7m. Total liabilities increased from \$103.2m to \$122.8m mainly due to an increase in the non current Provision for Rehabilitation of the Landfill Site of \$21.1m

The City repaid a total of \$4.9M in loan and lease liabilities but increased its borrowings by a further \$4m. A total of \$21.2M was transferred to Reserves with \$10.7m being transferred from reserves for use in various capital projects.

The Financial Ratios previously included in the Annual Financials are no longer required to be provided and therefore are not included.

CONCLUSION

It is recommended that the Annual Financial Report and Auditor's Audit Completion Report as presented as attachments be accepted.

RECOMMEND

That Council:

1. **in accordance with section 5.54 of the *Local Government Act 1995*, accept* for inclusion in the City's 2021/22 Annual Report, the Annual Financial Report and Auditor's Independent Audit Report for the financial year ended 30 June 2022 as presented; and**
2. **accept the 2022 Audit Completion report as presented.**

ABSOLUTE MAJORITY RESOLUTION REQUIRED

ATTACHMENTS

1. [↓](#) Annual Financial Report 2022
2. Auditor's Audit Completion Report - *This matter is considered to be confidential under Section 5.23(2) (e iii) of the Local Government Act, as the matter, if disclosed, would reveal information about the business, professional, commercial or financial affairs of a person*

2.1 - 2022 COMPLIANCE AUDIT RETURN

WARD : ALL
FILE No. : M/97/23
DATE : 20 February 2023
REF : DB/MBL/BG
RESPONSIBLE : Executive Director
MANAGER : Corporate Services

In Brief:

- Council is requested to consider and adopt the 2022 Compliance Audit Return covering the period 1 January 2022 to 31 December 2022 as presented, noting that there were two instances of non-compliance out of 94 questions.

Tabled Items

Nil.

Decision Type

- ☐ **Legislative** The decision relates to general local government legislative functions such as adopting/changing local laws, town planning schemes, rates exemptions, City policies and delegations etc
- ☒ **Executive** The decision relates to the direction setting and oversight role of Council.
- ☐ **Quasi-judicial** The decision directly affects a person's rights or interests and requires Councillors at the time of making the decision to adhere to the principles of natural justice.

Officer Interest Declaration

Nil.

Strategic Implications

4.1.3 Develop organisational frameworks to achieve consistency, transparency and clarity of decision making processes

Legal Implications

Local Government Act 1995

Section 7.13(1)(i) – Regulations as to audits

Local Government (Audit) Regulations 1996

Regulation 13 – prescribed statutory requirements for which compliance audit needed.

Regulation 14 – compliance audits by local governments.

Regulation 15 – compliance audit return, certified copy of etc. to be given to Department CEO.

Regulation 16 – Functions of audit committee

Council Policy/Local Law Implications

Nil.

Budget/Financial Implications

Nil.

Consultation

- Executive Leadership Team (ELT)
- Internal stakeholders and Department heads.

BACKGROUND

The *Local Government (Audit) Regulations 1996* require every local government to carry out a Compliance Audit for the period 1 January to 31 December each year and to complete a Compliance Audit Return (CAR) as produced by the Department of Local Government, Sport and Cultural Industries (DLGSC).

The CAR is to be:

- Reviewed by the Audit Committee
- Presented to Council at a meeting of the Council
- Adopted by the Council
- Recorded in the minutes of the council meeting at which it is adopted.

After the CAR has been presented to and adopted by Council, a certified copy is to be signed by the Mayor and CEO for lodgement with the Department by 31 March 2023 together with the relevant section of the council minutes and any additional information explaining or qualifying the compliance audit.

COMMENT

The CAR is one of the tools available to Council in its governance monitoring role and also forms part of the DLGSC's monitoring program.

The 2022 CAR once again places emphasis on the need for Council to be aware and acknowledge instances of non-compliance or where full compliance has not been achieved.

In addition, the CAR also requires (where applicable) Council to endorse details of remedial action taken or proposed to prevent future like occurrences.

ANALYSIS

The process used for the 2022 CAR was adjusted to that used for the 2021 reporting year. This was necessitated due to the fact that the CAR was not released by the DLGSC until 13 January 2023, shortening the amount of time officers had to provide responses and conduct follow-up enquiries.

Executive Directors were requested to nominate a person in their directorate to coordinate responses to sections of the CAR that were determined to be relevant to the activities of a respective directorate or department. Sections of the CAR were then issued to those nominated persons for completion, with the returned responses added to the consolidated CAR.

The process then examined documents and other records to assess the City's compliance with the questions posed in the CAR. Each question has been addressed either wholly or by sample, depending on the volume of activity and assessed risk factors. Where a sample has been examined, the audit findings are based only on that sample.

Governance then reviewed all responses and where necessary, clarified them with the relevant manager or Executive Director and conducted any further research to quantify a response.

The content of the CAR and wording of the questions was again altered for the 2022 reporting year, with a slight reduction in the number of questions compared to the previous reporting period. In all, there are 94 questions with 9 of those being optional. The following areas of activity are required to be answered:

1. Commercial Enterprises by Local Governments (5 questions);
2. Delegation of Power / Duty (13 questions);
3. Disclosure of Interest (21 questions);
4. Disposal of Property (2 questions);
5. Elections (Gift Register) (3 questions);
6. Finance (7 questions);
7. Integrated Planning and Reporting (3 questions);
8. Local Government Employees (5 questions);
9. Official Conduct (4 questions);
10. Tenders for providing Goods and Services (22 questions);
11. Optional Questions (9 questions).

The CAR process identified 2 non-compliances. These are set out as follows:

Question	Response	Response
Tendering for Providing Goods and Services		
Did the local government comply with its current purchasing policy, adopted under the <i>Local Government (Functions and General) Regulations 1996</i> , regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	No	The City has a waiver process which has been in place for some time and is detailed in the purchasing procedures, which underpin the Purchasing Policy. The Purchasing Policy is being revised to explicitly reference the waiver procedures that were established for the Policy's operation.
Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	No	An administrative error resulted in two unsuccessful tenderers not being advised of the tender outcome.

Generally, the 2022 CAR findings compare favourably to the 2021 CAR, in which there were 6 reported non-compliances (inclusive of 1 optional response). This demonstrates that process improvements during the reporting period and better cultural awareness inside the organisation in respect of identifying and reporting on problems, is having an impact.

Whilst the findings result in non-compliance with the Regulations, the actual matters identified represent low-level administrative errors that do not appear to indicate an adverse trend with procurement practices generally or in the organisation. In addition it is expected the review of the City's Procurement of Goods and Services Policy and associated procedures, which was informed by a 2022 review by Moore Australia, will provide the level of procedural rigour needed to avoid such issues arising in the future.

CONCLUSION

It is recommended that 2022 Compliance Audit Return as presented as an Attachment to this Report, be approved by Council.

RECOMMEND

That Council:

- 1. Adopt the Compliance Audit Return (CAR) for the 2022 calendar year presented as an attachment.**
- 2. Acknowledge that the 2022 Compliance Audit Return presented as an attachment will be subsequently jointly certified by the Mayor and Chief Executive Officer for submission to the Department of Local Government, Sport and Cultural Industries.**

ATTACHMENTS

- 1. [Download](#) 2022 Compliance Audit Return**

COUNCILLORS' ITEMS

Nil

MEETING DECLARED CLOSED AT _____

CITY AUDIT COMMITTEE SUMMARY OF ATTACHMENTS 16 MARCH 2023		
ATT NO.	SUBJECT	PAGE
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**CITY OF ARMADALE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

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The City of Armadale conducts the operations of a local government with the following community vision:

A liveable city that is responsive to community values, appreciative of our natural environment, and provides a choice of lifestyle and work.

Principal Place of Business:
7 Orchard Avenue
Armadale, WA 6112

**CITY OF ARMADALE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

***Local Government Act 1995
Local Government (Financial Management) Regulations 1996***

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Armadale for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the City of Armadale at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 10th day of March 2023

**Chief Executive Officer
Joanne Abbiss**

CITY OF ARMADALE
STATEMENT OF COMPREHENSIVE INCOME - BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Revenue				
Rates	27	73,601,899	73,865,600	69,574,771
Operating Grants, Subsidies and Contributions	2(a)	8,065,185	6,060,600	7,254,621
Fees and Charges	2(a)	33,183,712	32,966,600	29,429,365
Interest Earnings	2(a)	1,327,346	1,818,700	1,516,339
Other Revenue	2(a)	190,564	168,000	1,544,189
		116,368,706	114,879,500	109,319,285
Expenses				
Employee Costs		(47,289,134)	(43,509,300)	(46,473,195)
Materials and Contracts		(34,944,944)	(46,401,900)	(28,697,360)
Utility Charges		(4,025,498)	(3,683,000)	(3,971,732)
Depreciation	11(a)	(25,922,658)	(26,122,000)	(25,102,572)
Amortisation	11(a)	(534,835)	-	(263,435)
Finance Costs	2(b)	(1,200,466)	(1,457,100)	(1,272,843)
Insurance		(1,103,392)	(1,110,000)	(1,081,619)
Other Expenditure		(1,461,660)	(1,320,200)	(1,006,142)
		(116,482,587)	(123,603,500)	(107,868,898)
		(113,881)	(8,724,000)	1,450,387
Grants / Contributions for Asset Development				
Non-Operating Grants, Subsidies and Contributions	2(a)	8,117,324	12,371,200	5,712,251
Developer Contribution Plans - Cash	2(a)	967,909	3,273,400	3,940,445
Developer Contribution Plans - Gifted Assets		11,733,899	35,519,100	16,132,127
Developer Contribution Plans - Contributions Payments	2(b)	(95,784)	-	(1,570,369)
(Loss) on Revaluation of Infrastructure - Parks and Reserves			-	-
Profit / (Loss)				
Profit on Disposal of Assets	11(c)	275,213	3,300	66,688
(Loss) on Disposal of Assets	11(c)	(1,356,678)	(141,000)	(1,695,504)
		19,641,883	51,026,000	22,585,638
Fair Value Adjustments to Financial Assets at Fair Value Through Profit or Loss	4(b)	15,170	-	(72,887)
Net Result for the Period		19,543,172	42,302,000	23,963,138
Other Comprehensive Income for the Period				
Revaluation Surplus	18	15,698,003	-	-
Total Other Comprehensive Income for the Period		15,698,003	-	-
Total Comprehensive Income for the Period		35,241,175	42,302,000	23,963,138

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

**CITY OF ARMADALE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	Note	2022 Actual \$	2021 Actual \$
Current Assets			
Cash and Cash Equivalents	3	6,086,910	2,792,506
Trade and Other Receivables	5	10,117,434	7,514,046
Other Assets	7	1,181,561	2,245,212
Financial Assets	4(a)	129,219,315	128,724,424
Inventories	6	636,542	578,382
Total Current Assets		147,241,762	141,854,570
Non-Current Assets			
Trade and Other Receivables	5	968,603	840,735
Property, Plant and Equipment	9(a)	269,998,441	251,752,753
Infrastructure	10(a)	944,876,460	937,201,394
Landfill Cell	8(b)	639,203	817,840
Financial Assets	4(b)	234,335	219,165
Rehabilitation Asset	8(a)	24,809,363	2,332,301
Right of Use Assets	12(a)	4,288,462	3,219,565
Total Non-Current Assets		1,245,814,867	1,196,383,753
Total Assets		1,393,056,629	1,338,238,323
Current Liabilities			
Trade and Other Payables	13	19,530,910	26,878,804
Capital Grants Liabilities	14	4,633,100	7,950,291
Borrowings	15	3,931,944	3,584,116
Employee Related Provisions	16	8,478,482	8,444,332
Lease Liabilities	12(b)	2,148,645	1,287,948
Total Current Liabilities		38,723,081	48,145,491
Non-Current Liabilities			
Capital Grants Liabilities	14	22,746,133	15,009,119
Borrowings	15	33,309,159	33,279,502
Employee Related Provisions	16	523,776	617,618
Lease Liabilities	12(b)	2,139,442	1,931,617
Other Provisions	17	25,309,905	4,191,018
Total Non-Current Liabilities		84,028,415	55,028,874
Total Liabilities		122,751,496	103,174,365
Net Assets		1,270,305,133	1,235,063,958
Equity			
Retained Surplus		454,619,068	443,451,346
Reserves - Cash Backed	30	111,440,880	100,949,315
Revaluation Surplus	18	704,245,185	690,663,297
Total Equity		1,270,305,133	1,235,063,958

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

CITY OF ARMADALE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Retained Surplus \$	Reserves Cash or Investment Backed \$	Revaluation Surplus \$	Total Equity \$
Balance as at 1 July 2020		430,967,128	92,724,424	693,115,828	1,216,807,380
Adjustments - Disposal of Assets		(3,593,190)	-	(2,113,370)	(5,706,560)
Comprehensive Income Net Result for the period		23,963,138	-	-	23,963,138
Transfer of Revaluation Surplus on Asset Disposals / Impairment	18	339,161	-	(339,161)	-
Total Comprehensive Income		20,709,109	-	(2,452,531)	18,256,578
Transfer from / (to) Reserves	30	(8,224,891)	8,224,891	-	-
Balance as at 30 June 2021		443,451,346	100,949,315	690,663,297	1,235,063,958
Balance as at 1 July 2021		443,451,346	100,949,315	690,663,297	1,235,063,958
Comprehensive Income Net Result for the period		19,543,172	-	-	19,543,172
Transfer of Revaluation Surplus on Asset Disposals / Impairment	18	2,116,115	-	(2,116,115)	-
Other Comprehensive Income for the Period		-	-	15,698,003	15,698,003
Total Comprehensive Income		21,659,287	-	13,581,888	35,241,175
Transfer from / (to) Reserves	30	(10,491,565)	10,491,565	-	-
Balance as at 30 June 2022		454,619,068	111,440,880	704,245,185	1,270,305,133

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

**CITY OF ARMADALE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		71,742,742	73,865,600	71,537,140
Operating Grants, Subsidies and Contributions		7,161,658	3,189,600	7,450,479
Fees and Charges		34,478,640	32,966,600	30,429,365
Interest Received		1,327,346	1,818,700	1,516,339
Goods and Services Tax Received		4,595,936	5,350,000	5,386,537
Other Revenue		(28,687)	168,000	1,316,123
Total Receipts		119,277,635	117,358,500	117,635,983
Payments				
Employee Costs		(43,336,882)	(43,458,300)	(48,087,880)
Materials and Contracts		(46,488,843)	(46,048,300)	(26,291,847)
Utility Charges		(4,025,498)	(3,683,000)	(3,971,732)
Insurance Paid		(1,103,392)	(1,110,000)	(1,272,843)
Interest Expenses		(1,199,198)	(1,457,100)	(1,081,619)
Goods and Services Tax Paid		-	(5,350,000)	(5,307,939)
Other Expenditure		(1,461,660)	(1,320,200)	(973,115)
Total Payments		(97,615,473)	(102,426,900)	(86,986,975)
Net Cash Provided by / (used in) Operating Activities	19(b)	21,662,162	14,931,600	30,649,008
CASH FLOWS FROM INVESTING ACTIVITIES				
Movement in Financial Assets		(494,891)	-	(52,887,224)
Payments for Property, Plant and Equipment		(12,120,269)	(33,243,600)	(9,163,596)
Payments for Construction of Infrastructure		(14,973,124)	(16,089,300)	(12,260,137)
Developer Contribution Plans - Contributions Payments	2(b)	(95,784)	-	(1,570,369)
Non-Operating Grants and Subsidies		8,116,949	12,371,200	2,682,927
Developer Contribution Plans - Cash		967,909	4,281,400	3,940,445
Proceeds from Sale of Assets	11(c)	1,216,729	1,104,500	492,567
Net Cash Provided by / (used in) Investing Activities		(17,382,481)	(31,575,800)	(68,765,387)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of Borrowings	29(a)	(3,584,116)	(4,274,200)	(3,527,847)
Repayment for Principal Portion of Lease Liabilities	29(d)	(1,362,761)	(1,851,300)	(1,452,021)
Proceeds from New Borrowings	29(a)	3,961,600	14,875,600	750,000
Net Cash Provided by / (used in) Financing Activities		(985,277)	8,750,100	(4,229,868)
Net Increase / (Decrease) in Cash Held		3,294,404	(7,894,100)	(42,346,247)
Cash and Cash Equivalents at Beginning of Year		2,792,506	44,223,319	45,138,753
Cash and Cash Equivalents at End of the Year	19(a)	6,086,910	36,329,219	2,792,506

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

**CITY OF ARMADALE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
NET CURRENT ASSETS - at Start of Financial Year - Surplus / (Deficit)	28	12,774,984	1,043,100	9,714,694
OPERATING ACTIVITIES				
Revenue from Operating Activities (excluding general Rates)				
Specified area and ex gratia rates	27(a)	421,465	493,100	489,476
Operating grants, subsidies and contributions	2(a)	8,065,185	6,060,600	7,254,621
Fees and charges	2(a)	33,183,712	32,966,600	29,429,365
Interest earnings	2(a)	1,327,346	1,818,700	1,516,339
Other revenue	2(a)	190,564	168,000	1,544,189
Profit on asset disposals	11(c)	275,213	3,300	66,688
		43,463,485	41,510,300	40,300,678
Expenditure from Operating Activities				
Employee costs		(47,289,134)	(43,509,300)	(46,473,195)
Materials and contracts		(34,944,944)	(46,401,900)	(28,697,360)
Utility charges		(4,025,498)	(3,683,000)	(3,971,732)
Depreciation on non-current assets	11(a)	(26,457,493)	(26,122,000)	(31,072,549)
Interest expenses	2(b)	(1,200,466)	(1,457,100)	(1,272,843)
Insurance expenses		(1,103,392)	(1,110,000)	(1,081,619)
Other expenditure		(1,461,660)	(1,320,200)	(1,006,160)
Loss on asset disposals	11(c)	(1,356,678)	(141,000)	(1,695,504)
		(117,839,265)	(123,744,500)	(115,270,962)
Non cash amounts excluded from operating activities	28(a)	35,248,185	26,259,700	33,755,541
Amount Attributable to Operating Activities		(39,127,595)	(55,974,500)	(41,214,743)
INVESTING ACTIVITIES				
Non-Operating Grants, Subsidies and Contributions	2(a)	8,117,324	12,371,200	5,712,251
Developer Contribution Plans - Cash	2(a)	967,909	3,273,400	3,940,445
Developer Contribution Plans - Gifted Assets	9 & 10	11,733,899	35,519,100	16,132,127
Proceeds from Disposal of Assets	11(c)	1,216,729	1,104,500	492,567
Purchase of Property, Plant and Equipment	9	(12,120,269)	(33,243,600)	(9,163,596)
Purchase and Construction of Infrastructure	10	(14,973,124)	(16,089,300)	(12,260,137)
Infrastructure Assets Contributed by Developers (Gifted Assets)	9 & 10	(11,733,899)	(35,519,100)	(16,132,127)
		(16,791,431)	(32,583,800)	(11,278,470)
Non-cash amounts excluded from investing activities	28(b)	(2,530,327)	(1,863,000)	(1,077,033)
Amount Attributable to Investing Activities		(19,321,758)	(34,446,800)	(12,355,503)
FINANCING ACTIVITIES				
Repayment of Borrowings	29(a)	(3,584,116)	(4,274,200)	(3,527,847)
Repayment for Principal Portion of Lease Liabilities	29(d)	(1,362,761)	(1,851,300)	(1,452,021)
Proceeds from New Borrowings	29(a)	3,961,600	14,875,600	750,000
Transfers to Reserves	30	(21,219,862)	(14,120,100)	(20,167,031)
Transfers from Reserves	30	10,728,297	21,375,700	11,942,140
Amount Attributable to Financing Activities		(11,476,842)	16,005,700	(12,454,759)
Surplus / (Deficiency) before Imposition of General Rates		(57,151,211)	(73,372,500)	(56,310,311)
Total Amount Raised from General Rates	27(a)	73,180,434	73,372,500	69,085,295
Surplus / (Deficiency) after Imposition of General Rates	28(c)	16,029,223	-	12,774,984

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

CITY OF ARMADALE
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FOR THE YEAR ENDED 30 JUNE 2022

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CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

LOCAL GOVERNMENT ACT 1995 REQUIREMENTS

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost.

The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the City to measure any vested improvements at zero cost. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the City 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. A separate statement of those monies appears at Note 31 to these financial statements.

JUDGEMENTS AND ESTIMATES

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

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

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting
- estimated useful life of intangible asset

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES

a) Revenue

Contracts with Customers

Recognition of revenue is dependent on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of Goods and Services	When Obligations Typically Satisfied	Payment Terms	Returns/ Refund/ Warranties	Timing of Revenue Recognition
Operating grants, subsidies and contributions with customers	Community events, minor facilities, research, design, planning evaluation and services	Overtime/ Single point in time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations. On receipt of funds when no obligation to refund
Fees and charges - licences, registrations, approvals	Building, Planning, development and animal management	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Output method based on goods sold
Other revenue	Contracted private works	Single point in time	Monthly in arrears	None	Output method based on works done

Consideration from contracts with customers is included in the transaction price.

Revenue from contracts with customers was recognised during the year for the following nature or types of goods or services:

	2022 Actual \$	2021 Actual \$
Operating Grants, Subsidies and Contributions	8,065,185	7,254,621
Fees and Charges	32,761,998	29,054,861
Other Revenue	190,564	1,544,189
Total revenue from contracts with customers recognised during the year	41,017,747	37,853,671

Capital Grant/ Contributions

Revenue from capital grant/ contributions recognised as non-operating grants/ contributions and reimbursements

8,117,324 **5,712,251**

Revenue from Statutory Requirements

Revenue from Statutory Requirements was recognised during the year for the following nature or type classifications:

General Rates	73,180,434	69,085,295
Specified Area Rates	421,465	489,476
Statutory Permits and Licences	262,232	245,908
Fines	159,482	128,596
Developer Contributions	967,909	3,940,445
	74,991,522	73,889,720

Assets and Services Acquired Below Fair Value

Contributed Assets	11,733,899	16,132,127
Recognised Volunteer Services	126,872	122,185
	11,860,771	16,254,312

Interest Earnings

Interest on Reserve Funds	515,713	663,893
Rates Instalment and Penalty Interest (Refer Note 27(e))	642,594	521,034
Other Interest Earnings	169,039	331,412
	1,327,346	1,516,339

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
b) Expenses				
Auditor's Remuneration				
Audit of the Annual Financial Report		144,100	126,600	136,202
Acquittals		7,763	5,600	4,200
		151,863	132,200	140,402
Bad and Doubtful Debts				
Write Off - Rates		28,395	20,300	1,249
Write Off - General		(6,695)	5,000	(70,804)
Write Off - Infringements		34,401	26,800	13,843
		56,101	52,100	(55,712)
Finance Cost				
Borrowing	29(a)	1,078,499	1,285,600	1,159,181
Interest expense on lease liabilities	29(d)	121,967	171,500	113,662
		1,200,466	1,457,100	1,272,843
Developer Contribution Plans - Contributions Payments				
Roads		95,784	-	632,000
Land Under Roads		-	-	938,369
		95,784	-	1,570,369

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Actual \$	2021 Actual \$
3. CASH AND CASH EQUIVALENTS			
Cash at Bank		6,073,700	2,778,946
Cash on Hand		13,210	13,560
Total Cash and Cash Equivalents		6,086,910	2,792,506
Comprises			
Unrestricted Cash and Cash Equivalents		5,426,927	655,230
Unspent Grants/Contributions	33	306,360	1,430,030
Unspent Loans	29(c)	353,623	707,246
		6,086,910	2,792,506

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

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

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

Details of the restrictions on financial assets can be found at Note 30.

4. OTHER FINANCIAL ASSETS

	Note	2022 Actual \$	2021 Actual \$
(a) Current Assets			
Financial Assets at Amortised Cost		129,219,315	128,724,424
Other Financial Assets at Amortised Cost			
Term Deposits		129,219,315	128,724,424
Held as			
- Unrestricted Other Financial Assets at Amortised Cost		17,778,435	27,775,109
- Restricted Other Financial Assets at Amortised Cost	30	111,440,880	100,949,315
		129,219,315	128,724,424
(b) Non-Current Assets			
Financial Assets at Fair Value through Profit or Loss			
Units in Local Government House Trust		155,607	147,614
Interest in Rivers Regional Council		78,728	71,551
		234,335	219,165

The accounting share applicable to the City as at 30 June 2021 is calculated at 22.82% as disclosed in the financial statements of Rivers Regional Council as at 30 June 2022.

Fair value of financial assets at fair value through profit or loss is determined from the net asset of the units held in the Trust at balance date as compiled by WALGA and Rivers Regional Council.

SIGNIFICANT ACCOUNTING POLICIES

Other Financial Assets at Amortised Cost

The City classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cashflows that are solely payments of principal and interest.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cashflows using a current market rates. They are classified as level 2 fair values in their fair value hierarchy (see Note 25(i)) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Financial Assets at Fair Value through Profit or Loss

The City classifies the following financial assets at fair value through profit or loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the City has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and Risk

Information regarding impairment and exposure to risk can be found at Note 23.

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

5. TRADE AND OTHER RECEIVABLES

Current

Rates Receivable
ESL Receivables
GST Receivable
Receivables for Employee Related Provisions
Sundry Receivables
Less : Expected Credit Loss

2022 Actual \$	2021 Actual \$
5,791,880	4,482,770
386,485	300,465
555,158	646,004
101,234	-
3,365,350	2,386,731
(82,673)	(301,924)
10,117,434	7,514,046
873,479	761,007
95,124	79,728
968,603	840,735

Non-Current

Rates Deferred
ESL Deferred

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 23.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the City measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is

6. INVENTORIES

Current

Fuel and Materials
Land Held for Resale
Cost of Acquisition

2022 Actual \$	2021 Actual \$
176,542	118,382
460,000	460,000
636,542	578,382
578,382	599,620
(998,859)	(642,235)
162,363	(71,424)
894,656	692,421
636,542	578,382

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year
Write back/(down) of inventories to net realisable value
Additions to inventory

Balance at end of year

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land Held for Resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and

Land Held for Resale (Continued)

Borrowing costs and holding charges incurred after development is completed are expensed.

Gain and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed onto the buyer at this point.

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.

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

7. OTHER ASSETS

Current

Prepayments
Accrued Revenue

2022 Actual \$	2021 Actual \$
370,966	859,610
810,595	1,385,602
1,181,561	2,245,212

SIGNIFICANT ACCOUNTING POLICIES

Other Current Assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

8(a). REHABILITATION ASSET

Non-Current

Landfill Site Rehabilitation
Add/(Less) : Revision to Estimates
Less : Amortisation

2022 Actual \$	2021 Actual \$
2,332,301	2,463,113
23,011,897	132,623
(534,835)	(263,435)
24,809,363	2,332,301

8(b). LANDFILL CELL ASSET

Non-Current

Landfill Cell - Independent Valuation 2018
Additions After Valuation - Cost
Additions Transfer from/(to) WIP - Cost
Less : Depreciation

2022 Actual \$	2021 Actual \$
817,840	774,016
-	132,618
(83,133)	5,191
(95,504)	(93,985)
639,203	817,840

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. PROPERTY, PLANT AND EQUIPMENT

(a) Moments in Balances

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

	Land- Freehold Land \$	Land Vested in & Under the Control of Council \$	Total Land \$	Building \$	Furniture and Equipment \$	Plant and Machinery \$	Work in Progress \$	Total Property Plant and Equipment \$
Balance at 1 July 2020	101,918,871	-	101,918,871	130,463,087	2,529,408	10,186,714	2,381,714	247,479,794
Additions	-	-	-	4,672,371	136,220	1,351,097	3,003,908	9,163,596
Asset written off (Disposals)	-	-	-	-	-	-	(10,000)	(10,000)
Depreciation (expense)	-	-	-	(1,397,434)	-	(514,910)	-	(1,912,344)
Depreciation (expense)	-	-	-	(2,467,110)	(363,492)	(1,487,788)	-	(4,318,390)
Gifted Assets	-	-	-	95,448	-	-	-	95,448
Transfers from WIP	-	-	-	741,084	18,835	99,700	(859,619)	-
Transfers from/(to) other class of assets	-	-	-	1,240,049	-	14,600	-	1,254,649
Balance at 30 June 2021	101,918,871	-	101,918,871	133,347,495	2,320,971	9,649,413	4,516,003	251,752,753
Comprises:								
Gross carrying amount	101,918,871	-	101,918,871	166,110,051	3,987,738	12,788,834	4,516,003	289,321,497
Accumulated depreciation	-	-	-	(32,762,556)	(1,666,767)	(3,139,421)	-	(37,568,744)
Balance at 30 June 2021	101,918,871	-	101,918,871	133,347,495	2,320,971	9,649,413	4,516,003	251,752,753
Additions	-	-	-	518,958	-	2,675,060	8,926,251	12,120,269
(Disposals)	(40,000)	-	(40,000)	(64,810)	-	(1,116,851)	(403,700)	(1,625,361)
Depreciation (expense)	-	-	-	(2,423,662)	(372,712)	(1,385,262)	-	(4,181,636)
Gifted Assets	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	(3,635)	(27,175)	-	(30,810)
Revaluation Surplus/(deficit)	2,846,130	-	2,846,130	10,993,156	-	-	-	13,839,286
Transfers from WIP	-	-	-	947,828	59,508	2,102,809	(3,110,145)	-
Transfers from/(to) other class of assets	-	-	-	(191,186)	(40,900)	(1,643,974)	-	(1,876,060)
Balance at 30 June 2022	104,725,001	-	104,725,001	143,127,779	1,963,232	10,254,020	9,928,409	269,998,441
Comprises:								
Gross carrying amount	104,725,001	-	104,725,001	187,990,124	4,002,711	14,423,605	9,928,409	321,069,850
Accumulated depreciation	-	-	-	(44,862,345)	(2,039,479)	(4,169,585)	-	(51,071,409)
Balance at 30 June 2022	104,725,001	0	104,725,001	143,127,779	1,963,232	10,254,020	9,928,409	269,998,441

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. PROPERTY, PLANT AND EQUIPMENT

b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land & Buildings					
Land	2	Market approach using recent observable market data for similar properties/ income approach using discounted cashflow methodology.	Independent registered valuer	June 2022	Price per hectare/ market borrowing rate
Buildings - non-specialised	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction cost and current condition, residual values and remaining useful life assessments inputs
Buildings - specialised	2	Market approach using recent observable market data for similar properties/ income approach using discounted cashflow methodology	Independent valuer and Management valuation	June 2022	Price per square metre/ market borrowing rate
<p>Level 3 inputs are on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.</p> <p>During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.</p>					
(ii) Cost					
Furniture and Equipment	N/A		Cost	Not applicable	N/A
Plant and Equipment	N/A		Cost	Not applicable	N/A

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

10. INFRASTRUCTURE

(a) Movement in Balances

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

	Roads \$	Drainage \$	Pathways \$	Parks and Reserves \$	Waste Infrastructure \$	Other Infrastructure \$	Work in Progress \$	Total Infrastructure \$
Balance at 1 July 2020	499,339,901	311,661,465	56,640,144	46,086,178	2,367,486	899,985	18,225,536	935,220,695
Additions	1,227,219	2,303	719,962	364,221	-	-	9,946,432	12,260,137
Gifted Assets	5,791,524	6,282,836	2,250,020	1,807,747	-	-	-	16,132,127
(Disposals)	(1,150)	(2,458,889)	(311,348)	(3,107,945)	(25,458)	(10,808)	-	(5,915,598)
Depreciation (expense)	(11,180,774)	(3,647,062)	(1,709,553)	(2,378,066)	(229,158)	(93,563)	-	(19,238,176)
Asset Class Reclassification	(196,735)	-	-	-	170,363	26,372	-	-
Adjustment	-	-	-	-	-	-	(7,950)	(7,950)
Transfers from WIP	10,037,144	1,886,542	2,558,486	1,097,614	-	26,690	(15,606,476)	-
Transfers from/(to) other class of assets	-	-	-	-	-	-	(1,249,841)	(1,249,841)
Balance at 30 June 2021	505,017,129	313,727,195	60,147,711	43,869,749	2,283,233	848,676	11,307,701	937,201,394
Comprises:								
Gross carrying amount	693,594,036	406,083,683	87,693,891	72,299,104	3,339,547	2,163,418	11,307,701	1,276,481,380
Accumulated depreciation	(188,576,907)	(92,356,488)	(27,546,180)	(28,429,355)	(1,056,314)	(1,314,742)	-	(339,279,986)
Balance at 30 June 2021	505,017,129	313,727,195	60,147,711	43,869,749	2,283,233	848,676	11,307,701	937,201,394
Additions	-	-	-	-	-	-	14,973,123	14,973,123
Gifted Assets	4,278,596	3,597,868	1,625,187	2,232,248	-	-	-	11,733,899
(Disposals)	(52,845)	(459,847)	(22,857)	(137,191)	-	(92)	-	(672,832)
Depreciation (expense)	(11,989,690)	(3,687,435)	(1,810,471)	(2,483,219)	(223,572)	(88,370)	-	(20,282,757)
Transfers from WIP	1,376,490	9,000	606,227	502,073	-	1,282	(2,495,072)	-
Transfers from/(to) other class of assets	5,850	-	-	77,395	1,840,388	-	-	1,923,633
Balance at 30 June 2022	498,635,530	313,186,781	60,545,797	44,061,055	3,900,049	761,496	23,785,752	944,876,460
Comprises:								
Gross carrying amount	699,183,275	409,050,440	89,896,120	74,637,471	5,179,935	2,161,197	23,785,752	1,303,894,190
Accumulated depreciation	(200,547,745)	(95,863,659)	(29,350,323)	(30,576,416)	(1,279,886)	(1,399,701)	-	(359,017,730)
Balance at 30 June 2022	498,635,530	313,186,781	60,545,797	44,061,055	3,900,049	761,496	23,785,752	944,876,460

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

10. INFRASTRUCTURE

b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - Roads	3	Cost approach using current replacement cost	Management Valuation	June 2018	Construction cost and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Drainage	3	Cost approach using current replacement cost	Management Valuation	June 2018	Construction cost and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Pathways	3	Cost approach using current replacement cost	Management Valuation	June 2018	Construction cost and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Parks and Reserves	3	Cost approach using current replacement cost	Management Valuation	June 2018	Construction cost and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Waste Infrastructure	3	Cost approach using current replacement cost	Management Valuation	June 2018	Construction cost and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Other	3	Cost approach using current replacement cost	Management Valuation	June 2018	Construction cost and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Landfill Cell	3	Cost approach using current replacement cost	Management Valuation	June 2018	Construction cost and current condition, residual values and remaining useful life assessments inputs

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

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

11. FIXED ASSETS

(a) Depreciation and Amortisation

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Depreciation				
Buildings	9(a)	2,423,662	2,602,000	2,467,110
Furniture and Equipment	9(a)	372,712	303,800	363,492
Plant and Machinery	9(a)	1,385,262	2,078,000	1,487,788
Roads	10(a)	11,989,690	10,847,300	11,180,774
Drainage	10(a)	3,687,435	3,262,400	3,647,062
Pathways	10(a)	1,810,471	1,745,300	1,709,553
Parks and Reserves	10(a)	2,483,219	2,857,300	2,378,066
Waste / Other Infrastructure	10(a)	311,942	267,900	322,721
Landfill Cell	8(b)	95,504	492,700	93,985
		24,559,897	24,456,700	23,650,551
Depreciation				
Right of Use Asset - Gym Equipment		187,702	181,600	187,981
Right of Use Asset - IT Equipment		716,900	811,400	640,634
Right of Use Asset - Plants		995	13,400	8,812
Right of Use Asset - Printing Equipment		-	-	165,688
Right of Use Asset - Properties		457,164	658,900	448,906
	12(a)	1,362,761	1,665,300	1,452,021
Total Depreciation				
		25,922,658	26,122,000	25,102,572
Amortisation				
Rehabilitation Asset	8(a)	534,835	-	263,435
		534,835	-	263,435

Depreciation Rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful Life
Buildings	30 - 180 years
Electronic Equipment	2 - 3 years
Furniture and Equipment	5 - 15 years
Plant and Machinery:	
Motor Vehicles	2 - 10 years
Major Plants	5 - 20 years
Minor Plant and Equipment	1 - 30 years
Roads:	
Sealed	15 - 80 years
Pavements	40 - 120 years
Gravel	10 years
Kerb	50 years
Formation	Not depreciated
Road Bridges	30 - 80 years
Drainage:	
Storm Water	25 - 120 years
Subsoil	25 - 120 years
Water Harvesting Devices	50 years
Parks and Reserves:	
Playground Equipment	10 - 40 years
Bores and Pumps	10 - 50 years
Artworks, Memorials and Signs	10 - 80 years
POS Structures	10 - 50 years
Active Areas and Hardscape	15 - 50 years
POS Furniture and Infrastructure	10 - 30 years
Boardwalks and Bridges	10 - 30 years
Retaining Walls and Walls	35 - 50 years
Fences/ Gates	20 - 50 years
Electrical	25 - 30 years
POS Lighting	10 - 50 years
Pathways	20 - 50 years
Waste/ Other Infrastructure	15 - 70 years
Landfill Cell	15 - 50 years
Community Art	No depreciation
Right of Use Asset - Building, and Plant & Equipment	Based on the remaining lease term

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the City which are currently in use yet fully depreciated are shown in the table below:

	2022 Actual \$	2021 Actual \$
Furniture and Equipment	84,556	66,556
Plant and Equipment	1,030,000	1,030,000
	1,114,556	1,096,556

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

11. FIXED ASSETS (Continued)

(c Disposals of Assets)

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss *
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Governance	403,700	-	-	(403,700)	95,600	90,300	-	(5,300)	31,436	35,132	3,696	-
Law Order and Public Safety	77,047	106,642	29,595	-	115,400	77,000	-	(38,400)	28,834	259	259	(28,834)
Health	14,000	21,873	7,873	-	30,600	29,900	-	(700)	-	-	-	-
Education and Welfare	50,634	66,011	15,377	-	72,700	72,700	-	-	-	-	2,008	-
Community Amenities	550,374	440,485	78,675	(188,564)	9,000	15,800	100	(13,300)	26,658	1,376	176	(25,458)
Recreation and Culture	378,336	270,597	69,636	(177,375)	273,700	262,600	2,400	(13,500)	4,636,012	168,032	37,107	(3,244,582)
Transport	731,957	194,457	49,132	(586,632)	332,800	264,400	800	(69,200)	3,105,003	287,768	23,442	(2,840,677)
Economic Services	35,000	39,641	5,048	(407)	77,800	77,200	-	(600)	-	-	-	(1,262,513)
Other Property and Services	57,146	77,023	19,877	-	234,600	214,600	-	-	-	-	-	-
Total Disposal of Assets	2,298,194	1,216,729	275,213	(1,356,678)	1,242,200	1,104,500	3,300	(141,000)	7,827,943	492,567	66,688	(7,402,064)
By Class												
Property, Plant & Equipment												
Land and Buildings	104,810	-	-	(104,810)	-	-	-	-	1,372,027	-	-	(1,372,027)
Plant and Machinery	1,116,851	1,216,729	275,213	(175,335)	1,242,200	1,104,500	3,300	(141,000)	540,318	492,567	66,688	(114,439)
Furniture & Equipment - WIP	403,700	-	-	(403,700)	-	-	-	-	-	-	-	-
	1,625,361	1,216,729	275,213	(683,845)	1,242,200	1,104,500	3,300	(141,000)	1,912,345	492,567	66,688	(1,486,466)
Infrastructure												
Roads	52,845	-	-	(52,845)	-	-	-	-	1,150	-	-	(1,150)
Parks and Reserves	137,192	-	-	(137,192)	-	-	-	-	3,107,945	-	-	(3,107,945)
Drainage	459,847	-	-	(459,847)	-	-	-	-	2,458,889	-	-	(2,458,889)
Pathways	22,857	-	-	(22,857)	-	-	-	-	311,348	-	-	(311,348)
Waste Infrastructure	-	-	-	-	-	-	-	-	25,458	-	-	(25,458)
Other Infrastructure	92	-	-	(92)	-	-	-	-	10,808	-	-	(10,808)
	672,833	-	-	(672,833)	-	-	-	-	5,915,598	-	-	(5,915,598)
Total Disposal of Assets	2,298,194	1,216,729	275,213	(1,356,678)	1,242,200	1,104,500	3,300	(141,000)	7,827,943	492,567	66,688	(7,402,064)

* The total loss on disposed assets of \$7,402,064 consists of prior year losses of \$5,706,560 and current year loss of \$1,695,504. The prior year loss on demolished or unusable assets of drainage, pathways, other infrastructure, and buildings has been recognised through retained earnings. The yearly loss on disposals is summarised below;

	Loss \$
2017/2018	5,422,536
2018/2019	25,161
2019/2020	258,863
2020/2021	1,695,504
	7,402,064

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
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11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Asset held at cost are depreciated and assessed for indicators for impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A(5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of the larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

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 zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City 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 that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e., vested improvements) on vested land acquired by the City.

At the end of each period the carrying amount of each asset class is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

Revaluation (continued)

For property, plant and equipment and infrastructure, increase in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decrease that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain and losses on disposals are determined by comparing proceeds with the carrying amount. These gain and losses are included in the statement of comprehensive income in the period in which they arise.

Depreciation on revaluation

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

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

All intangible assets with finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use.

The residual value of the intangible asset is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within depreciation in the Statement of Comprehensive Income and Note 8(a)

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

12. LEASES
(a) Right of Use Assets

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

	Note	Right of use assets Building	Right of use assets Plant & Equipment	Right of use assets Motor Vehicle	Right of use assets Total
		\$	\$	\$	\$
Balance at 1 July 2020		2,815,447	1,831,146	15,102	4,661,695
Additions		-	9,891	-	9,891
Depreciation		(448,906)	(994,303)	(8,812)	(1,452,021)
Balance at 30 June 2021		2,366,541	846,734	6,290	3,219,565
Additions		-	2,431,658	-	2,431,658
Depreciation	11(a)	(457,164)	(904,602)	(995)	(1,362,761)
Balance at 30 June 2022		1,909,377	2,373,790	5,295	4,288,462

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

	Note	2022 Actual \$	2021 Actual \$
Depreciation on Right of Use Asset	11(a)	1,362,761	(1,452,021)
Interest Expense on Lease Liabilities	29(d)	121,967	113,662
Short-term Lease Payments Recognised as Expense		19,956	-
Total Amount Recognised in the Statement of Comprehensive Income		1,504,684	(1,338,359)

Cash Outflow from Leases

Interest expense on lease liabilities		121,967	113,662
Lease principal expense	29(d)	(1,362,761)	(1,452,021)
Total Cash Outflow from Leases		(1,240,794)	(1,338,359)

(b) Lease Liabilities

Current		2,148,645	1,287,948
Non-current		2,139,442	1,931,617
	29(d)	4,288,087	3,219,565

SIGNIFICANT ACCOUNTING POLICIES
Leases

At inception of a contract, the City assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right of use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the City uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 29(d)

Right-of-use assets - valuation measurement

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 11 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right of use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right of use asset reflects that the City anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Actual \$	2021 Actual \$
13. TRADE AND OTHER PAYABLES			
Current			
Sundry Creditors		81,574	9,389,997
Accrued Salaries and Wages		608,471	161,956
Accrued Expenses		4,059,224	403,162
Revenue Received in Advance		402,103	2,368,628
Rates in Advance		7,016,235	7,358,797
ESL Liability		87,605	42,153
Payroll Entitlements		279,228	268,627
Deposits and Bonds		6,996,470	6,885,484
		19,530,910	26,878,804

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are initially recognised at fair value when the City becomes a party to the contractual provisions of the instrument.

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

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

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises revenue for the prepaid rates

	Note	2022 Actual \$	2021 Actual \$
14. OTHER LIABILITIES			
Current			
Contract Liabilities		1,437,100	3,572,505
Capital Grant/ Contributions Liabilities		3,196,000	4,377,786
		4,633,100	7,950,291
Non Current			
Capital Grant/ Contributions Liabilities		22,746,133	15,009,119
		22,746,133	15,009,119
Reconciliation of Changes in Capital Grant/ Contribution Liabilities			
Opening Balance		22,959,410	21,189,989
Additions		12,537,147	17,901,548
Revenue from capital grant/ contributions held as a liability at the start of the period		(8,117,324)	(16,132,127)
		27,379,233	22,959,410
Expected Satisfaction of Capital Grant/ Contribution Liabilities			
Less than 1 year		4,633,100	7,950,291
1 to 2 years		2,906,500	3,529,300
2 to 3 years		7,678,300	4,721,600
3 to 4 years		2,363,200	1,758,600
4 to 5 years		5,943,000	1,407,100
> 5 years		3,855,132	3,592,519
		27,379,232	22,959,410

Performance obligations in relation to capital grant/ contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

Contract liabilities represent the City's obligation to transfer goods or services to a customer for which the City has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital Grant/ Contribution Liabilities

Capital grant/ contribution liabilities represent the City's obligations to construct recognisable non-financial assets to identified specifications to be controlled the City which are yet to be satisfied. Capital grant/ contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current Capital grant/ contribution liabilities fair values are based on discounted cash flows of expected cash flows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

15. BORROWINGS

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
		\$	\$	\$	\$	\$	\$
Secured							
WA Treasury Corporation		3,931,944	33,309,159	37,241,103	3,584,116	33,279,502	36,863,618
Total Secured Borrowings	29(a)	3,931,944	33,309,159	37,241,103	3,584,116	33,279,502	36,863,618

Secured Liabilities and Assets Pledged as Security

The loans from WA treasury Corporation is secured by a floating charge over the assets of the City of Armadale.

The City of Armadale has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 years.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing Costs

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

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 23. Details of individual borrowings required by regulations are provided at Note 29(d).

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
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16. EMPLOYEE RELATED PROVISIONS

Current Provisions

Annual Leave
Long Service Leave

Non-current Provisions

Long Service Leave

Total Employee Benefits Provisions

2022 Actual \$	2021 Actual \$
4,677,848	4,653,350
3,800,634	3,790,982
8,478,482	8,444,332
523,776	617,618
523,776	617,618
9,002,258	9,061,950

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on-costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period

Annual Leave
Long Service Leave

More than 12 months after the end of the reporting period

Annual Leave
Long Service Leave

Expected reimbursements of employee related provisions from other WA local governments

2022 Actual \$	2021 Actual \$
4,144,309	4,172,674
3,699,400	3,790,982
533,539	480,676
523,776	617,618
101,234	-
9,002,258	9,061,950

SIGNIFICANT ACCOUNTING POLICIES

Employee Benefits

The City's obligations for employees' annual leave, and long service leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

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

The City's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the Statement of Financial Position.

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
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17. OTHER PROVISIONS

Provision for Rehabilitation of Landfill Site

Non-current Provisions

Balance at the Beginning of the Year
Provision Made During the Year
Change in Estimates*
Unwinding Discount

Balance at the End of the Year

2022 Actual \$	2021 Actual \$
4,191,018	4,033,319
21,117,619	132,623
1,268	25,076
25,309,905	4,191,018

* The change in estimates is attributable to changes cost estimates and method of calculation along with changes in the inflation and discount rates due to changes in economic conditions.

Other Provisions

A provision is recognised when:

- there is a present obligation as a result of activities undertaken;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount of the provision can be measured reliably.

Amounts which are reliably expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

Provision for Rehabilitation of Landfill Site

Under the licence for the operation of the Armadale City waste landfill site, the City has a legal obligation to restore the site.

The estimated future obligations include the cost of restoring the affected areas and continued monitoring of the site.

The provision for future remediation costs is the best estimate of the present value of the expenditure required to settle the remediation obligation at the reporting date. Future remediation costs are reviewed annually and any changes in the estimate are reflected in the present value of the remediation provision at each reporting date.

SIGNIFICANT ACCOUNTING POLICIES

Provisions

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

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

Provision for Site Rehabilitation

A provision for the future costs associated with closing and restoring the landfill is recognised as a liability within the financial accounts. The nature of work planned by the City includes cell capping, landform reconstruction, dismantling of site operating facilities and implementation of a revegetation plan to suit the final land use. The cost is provided at the present value of the expenditure expected to be incurred, using estimated cash flows based on current prices. The unwinding of rehabilitation obligation is included in the Statement of Comprehensive Income. Estimated future rehabilitation costs are reviewed regularly and adjusted as appropriate for new circumstances or change in law or technology. Changes in estimates are capitalised or revised against the relevant asset. Estimates are discounted at a discount rate that reflects current market assessment of time value of money.

During the 2017/18 financial year, the City appointed an independent valuer to conduct an evaluation of potential site rehabilitation costs followed by an initial measurement and recognition of Landfill Cell asset.

The discounted present value of the future capping expenditure is amortised on a straight line basis over the anticipated lives of the current cell phases.

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. REVALUATION SURPLUS

	2022 Opening Balance	2022 Increment/(Decr ement)	2022 Transfer to Retained Surplus	2022 Closing Balance	2021 Opening Balance	2021 Increment/(Decr ement)	2021 Transfer to Retained Surplus	2021 Closing Balance
	\$	\$		\$	\$	\$		\$
Revaluation surplus - Land - Vested Land	95,068,334	2,846,130	(3,941,334)	93,973,130	95,068,334	-	-	95,068,334
Revaluation surplus - Land - Freehold Land	-	-	-	-	-	-	-	-
Revaluation surplus - Building	25,632,512	10,993,156	2,376,549	39,002,217	25,718,295	-	(85,783)	25,632,512
Revaluation surplus - Furniture & Equipment	161,766	-	-	161,766	161,766	-	-	161,766
Revaluation surplus - Plant & Machinery	187,523	-	(115,080)	72,443	240,974	-	(53,451)	187,523
Revaluation surplus - Infrastructure Roads	302,035,023	-	-	302,035,023	302,074,383	-	(39,360)	302,035,023
Revaluation surplus - Infrastructure Drainage	227,029,217	-	(442,166)	226,587,051	229,082,462	-	(2,053,245)	227,029,217
Revaluation surplus - Infrastructure Pathways	38,367,565	-	(22,847)	38,344,718	38,570,503	-	(202,938)	38,367,565
Revaluation surplus - Infrastructure Parks & Gardens	-	-	29,445	29,445	-	-	-	-
Revaluation surplus - Infrastructure Waste	237,486	-	-	237,486	237,486	-	-	237,486
Revaluation surplus - Infrastructure Landfill Cell	1,169,445	-	-	1,169,445	1,169,445	-	-	1,169,445
Revaluation surplus - Infrastructure Other	774,426	-	(682)	773,744	792,180	-	(17,754)	774,426
Revaluation surplus - Landfill Site Rehabilitation	-	1,858,717	-	1,858,717	-	-	-	-
	690,663,297	15,698,003	(2,116,115)	704,245,185	693,115,828	-	(2,452,531)	690,663,297

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
19. NOTES TO THE STATEMENT OF CASH FLOWS				
a) Reconciliation of Cash				
For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows;				
Cash and Cash Equivalents	3	6,086,910	36,329,219	2,792,506
Restrictions				
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:				
- Cash and Cash Equivalents	3	-	25,895,455	-
- Financial Assets at Amortised Cost	4	111,440,880	64,954,400	100,949,315
		111,440,880	90,849,855	100,949,315
The restricted financial assets are a result of the following specific purposes to which the assets may be used:				
Restricted Reserve Accounts	30	111,440,880	64,954,400	100,949,315
Total Restricted Financial Assets		111,440,880	64,954,400	100,949,315
b) Reconciliation of Net Cash Provided by Operating Activities to Net Result				
Net Result		19,543,172	42,302,000	23,963,138
Non-cash Items:				
Depreciation		25,922,658	26,122,000	25,102,572
Amortisation		534,835	-	263,435
Accretion Charge		1,268	-	25,076
Land Fill - Revision to Estimates		-	-	(132,618)
Expected Credit Loss/(Reversal)		(219,251)	-	7,950
Profit on Sale of Asset		(275,213)	(3,300)	(66,688)
Loss on Sale of Asset		1,356,678	141,000	1,695,504
(Increase)/ Decrease in Investment		(15,170)	-	72,887
Developer Contribution Plans - Gifted Assets		(11,733,899)	(35,519,100)	(16,227,575)
Changes in Assets and Liabilities:				
(Increase) / Decrease in Receivables		(1,447,701)	353,600	(1,839,065)
(Increase) / Decrease in Inventories		(58,160)	-	21,239
Increase / (Decrease) in Payables		(5,381,369)	-	3,002,304
Increase / (Decrease) in Provisions		(59,692)	51,000	(186,148)
Increase / (Decrease) in Capital Grant/ Contribution Liabilities		4,419,823	(2,871,000)	-
Grants and Contributions for Asset Development		(10,053,692)	(12,371,200)	(2,682,927)
Developer Contribution Plans - Cash		(967,909)	(3,273,400)	(3,940,445)
Developer Contribution Plans - Contributions Payments		95,784	-	1,570,369
Net Cash from Operating Activities		21,662,162	14,931,600	30,649,008
c) Undrawn Borrowing Facilities				
Credit Standby Arrangements				
Bank overdraft limit		-		100,000
Bank overdraft at balance date		-		-
Credit card limit		18,000		21,000
Credit card balance at balance date		(8,000)		(15,000)
Total Amount of Credit Unused		10,000		106,000
Loan Facilities				
Loan facilities - current		3,931,944		3,584,116
Loan facilities - non-current		33,309,159		33,279,502
Lease liabilities - current		2,148,645		1,287,948
Lease liabilities - non-current		2,139,442		1,931,617
Total Facilities in Use at Balance Date		41,529,190		40,083,183

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

20. CONTINGENT LIABILITIES

The City had no contingent liabilities at 30 June 2022.

21. CAPITAL AND LEASING COMMITMENTS

Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant and machinery purchases

Payable:

- not later than one year

2022 Actual \$	2021 Actual \$
8,474,111	2,539,760
2,068,056	1,759,948
10,542,167	4,299,708
10,542,167	4,299,708
1,019,179	-
3,191,448	1,473,082
2,352,351	941,218
2,068,056	1,759,948
1,748,113	125,460
163,020	-
10,542,167	4,299,708

The capital expenditure projects outstanding at the end of the current reporting period is represented by the following expenditure groups:

Group

- Drainage
- Land / Buildings
- Parks
- Plant / Machinery
- Roads
- Other Infrastructure

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

22. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Councillor 1			
Mayor's Annual Allowance	88,510	89,750	89,750
Meeting Attendance Fee	48,760	48,760	47,520
Annual Allowance for ICT Expenses	3,500	3,500	3,500
Travel and Accommodation Expenses	-	13,665	3,266
	140,770	155,675	144,036
Councillor 2			
Deputy Mayor's Annual Allowance	15,732	15,850	22,440
Meeting Attendance Fee	31,677	31,677	31,677
Annual Allowance for ICT Expenses	3,500	3,500	3,500
Travel and Accommodation Expenses	1,778	1,842	876
	52,687	52,869	58,493
Councillor 3			
Meeting Attendance Fee	31,677	31,677	31,677
Annual Allowance for ICT Expenses	3,500	3,500	3,500
Travel and Accommodation Expenses	230	1,842	1,488
	35,407	37,019	36,665
Councillor 4			
Meeting Attendance Fee	22,294	22,294	31,677
Annual Allowance for ICT Expenses	2,463	2,463	3,500
Travel and Accommodation Expenses	1,327	1,216	1,345
	26,084	25,973	36,522
Councillor 5			
Meeting Attendance Fee	31,677	31,677	31,677
Annual Allowance for ICT Expenses	3,500	3,500	3,500
Travel and Accommodation Expenses	1,909	1,842	271
	37,086	37,019	35,448
Councillor 6			
Meeting Attendance Fee	22,294	22,294	15,839
Annual Allowance for ICT Expenses	2,463	2,463	1,750
Travel and Accommodation Expenses	1,103	1,296	134
	25,860	26,053	17,723
Councillor 7			
Meeting Attendance Fee	31,677	31,677	31,677
Annual Allowance for ICT Expenses	3,500	3,500	3,500
Travel and Accommodation Expenses	362	1,842	2,971
	35,539	37,019	38,148
Councillor 8			
Meeting Attendance Fee	22,294	22,294	31,677
Annual Allowance for ICT Expenses	2,463	2,463	3,500
Travel and Accommodation Expenses	901	1,296	1,779
	25,658	26,053	36,956
Councillor 9			
Meeting Attendance Fee	31,677	31,677	31,677
Annual Allowance for ICT Expenses	3,500	3,500	3,500
Travel and Accommodation Expenses	141	1,842	1,545
	35,318	37,019	36,722
Councillor 10			
Meeting Attendance Fee	22,294	22,294	31,677
Annual Allowance for ICT Expenses	2,463	2,463	3,500
Travel and Accommodation Expenses	1,132	1,296	1,527
	25,889	26,053	36,704
Councillor 11			
Meeting Attendance Fee	31,677	31,677	31,677
Annual Allowance for ICT Expenses	3,500	3,500	3,500
Travel and Accommodation Expenses	1,579	1,842	1,469
	36,756	37,019	36,646

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

22. RELATED PARTY TRANSACTIONS (Continued)

(a) Elected Member Remuneration

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Councillor 12			
Meeting Attendance Fee	22,294	22,294	31,677
Annual Allowance for ICT Expenses	2,463	2,463	3,500
Travel and Accommodation Expenses	141	1,296	1,389
	24,898	26,053	36,566
Councillor 13			
Meeting Attendance Fee	31,677	31,677	31,677
Annual Allowance for ICT Expenses	3,500	3,500	3,500
Travel and Accommodation Expenses	2,034	1,842	135
	37,211	37,019	35,312
Councillor 14			
Meeting Attendance Fee	30,730	30,435	31,677
Annual Allowance for ICT Expenses	3,395	3,395	3,500
Travel and Accommodation Expenses	1,471	1,822	677
	35,596	35,652	35,854

The following fees, expenses and allowances were paid to Council Members and/or the Mayor;

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Members Allowance	459,184	459,330	443,483
Mayoral Allowance	88,510	89,750	89,750
Deputy Mayoral Allowance	22,318	22,440	22,440
Travelling Allowance	6,611	8,800	6,123
Communication Reimbursement	9,372	16,310	10,647
Child Minding Reimbursement	-	250	-
Information Technology Allowance	48,848	49,000	47,250
Vehicle Operation - Mayor	10,276	12,500	2,101
	645,119	658,380	621,794

(b) Key Management Personnel (KMP) Compensation

The total remuneration of KMP of the City during the year are as follows:

	2022 Actual \$	2021 Actual \$
Short term employee benefits	1,298,569	1,332,777
Post employment benefits	147,618	169,332
Other long term benefits	40,991	24,155
Termination benefits	-	-
	1,487,178	1,526,264

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

These amounts are the current-year's cost of City's superannuation contributions.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP.

Council Member Costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

22. RELATED PARTY TRANSACTIONS (Continued)

Transaction with Related Parties

Transactions between related parties, and the City are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

No related party transactions occurred with the below related parties during the 2021/22 financial year. There were also no committed agreements with the said related parties as at the balance date.

Related Parties

The City's main related parties are as follows:

i. Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

ii. Other Related Parties

An associate person of KMP was employed by the City under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the City.

iii. Entities Subject to Significant Influence by the City

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

iv. Joint venture entities accounted for under the proportionate consolidation method

The City has a one-third interest in an environmental health and building service. The interest in the joint venture entity is accounted for in these financial statements using the proportionate consolidation method of accounting.

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

23. FINANCIAL RISK MANAGEMENT

This note explains the City's exposure to financial risks and how these risks could affect the City's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rates	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The City's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the City to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the City to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2022					
Cash and cash equivalents	0.15%	6,086,910	-	6,073,700	13,210
Financial assets at amortised cost - term deposits	0.96%	129,219,315	129,219,315	-	-
2021					
Cash and cash equivalents	0.74%	2,792,506	-	2,778,946	13,560
Financial assets at amortised cost - term deposits	0.36%	128,724,424	128,724,424	-	-

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2022 \$	2021 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	60,737	27,789

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 29(d).

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

23. FINANCIAL RISK MANAGEMENT (Continued)
(b) Credit risk
Trade and Other Receivables

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

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

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

The City applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2022					
Rates receivable					
Expected credit loss	0%	0%	0%	0.60%	
Gross carrying amount	-	-	-	6,665,359	6,665,359
Loss allowance	-	-	-	39,702	39,702

30 June 2021

Rates receivable					
Expected credit loss	0%	0%	0%	0%	
Gross carrying amount	-	-	-	5,243,777	5,243,777
Loss allowance	-	-	-	-	-

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Less than 1 month past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2022					
Trade and other receivables					
Expected credit loss	1.28%	1.28%	1.28%	1.28%	
Gross carrying amount	1,104,743	1,076,462	121,945	1,062,200	3,365,350
Loss allowance	14,106	13,745	1,557	13,563	42,971

30 June 2021

Trade and other receivables					
Expected credit loss	5.00%	5.00%	5.00%	5.10%	
Gross carrying amount	1,090,558	305,819	103,247	887,107	2,386,731
Loss allowance	86,830	15,292	5,164	194,638	301,924

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

The loss allowances for trade receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Rates Receivable		Trade and Other Receivable	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual
Opening loss allowance as at 1 July	-	-	301,924	386,145
Increase in loss allowance recognised in profit or loss during the year	39,702	-	-	-
Receivables written off during the year as uncollectible	-	-	(27,706)	56,961
Unused amount reversed	-	-	(231,247)	(141,182)
Closing loss allowance at 30 June	39,702	-	42,971	301,924

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the City, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(c) Liquidity risk

Payables

Payables are subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 19(c).

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2022					
Trade and other payables	19,530,910	-	-	19,530,910	19,530,910
Borrowings	5,040,546	20,273,135	18,763,709	44,077,390	37,241,103
Lease liabilities	1,436,270	2,114,840	0	3,551,110	4,288,087
	26,007,726	22,387,975	18,763,709	67,159,410	61,060,100
2021					
Trade and other payables	26,878,804	-	-	26,878,804	26,878,804
Borrowings	4,637,108	20,717,602	22,605,024	47,959,734	36,863,618
Lease liabilities	1,460,316	2,973,208	1,471,949	5,905,473	3,219,565
	32,976,228	23,690,810	24,076,973	80,744,011	66,961,987

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There have been no significant events of a material nature to report since the end of the financial year.

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

25. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the City's operational cycle. In the case of liabilities where the City 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 or non-current based on the City's intentions to release for sale.

c) Rounding off figures

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

d) Comparative figures

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

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

e) 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.

f) Superannuation

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

g) Fair value of assets and liabilities

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

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. 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 or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

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

h) Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

i) 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:

i) Fair value hierarchy (Continued)

Level 1

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

Level 2

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

Level 3

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the City gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are 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.

j) Impairment of assets

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

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

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

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of *Liabilities as Current or Non-current*
 - AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements *2018-2020 and Other Amendments*
 - AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
 - AASB 2021-7 Amendments to Australian Accounting Standards – *Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
- It is not expected these standards will have an impact on the financial report.

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

City operations as disclosed in these financial statements encompass the following service orientated functions and activities.

Objective	Description
Governance To provide a decision making process for the efficient allocation of scarce resources.	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 local government services.
General Purpose Funding To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue,
Law, Order, Public Safety To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
Health To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
Education and Welfare To provide services to disadvantaged persons, the elderly, children and youth.	Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home care programs and youth services.
Housing To provide and maintain elderly residents housing.	Provision and maintenance of elderly residents housing,
Community Amenities To provide services required by the community.	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, cemetery and public conveniences.
Recreation and Culture To establish and effectively manage infrastructure and resources which will help the social well being of the community.	Maintenance of public halls, civic centres, 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 To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
Economic Services To help promote the local government and its economic wellbeing.	Tourism and area promotion including the maintenance and operation of a caravan park, Provision of rural services including weed control, vermin control and standpipes. Building Control.
Other Property and Services To monitor and control operating accounts.	Private works operation, plant repair and costs.

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. FUNCTION AND ACTIVITY (Continued)
(b) Income and expenses

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Income excluding grants, subsidies and contributions			
General Purpose Funding	75,470,654	76,094,300	71,445,561
Governance	1,948,440	1,461,500	1,765,587
Law, Order and Public Safety	547,969	477,400	495,747
Health	154,948	128,300	130,296
Education and Welfare	33,668	5,500	33,502
Community Amenities	21,470,513	22,652,700	20,789,925
Recreation and Culture	7,054,771	5,512,700	6,407,735
Transport	689,097	1,667,000	1,125,745
Economic Services	1,246,638	753,900	1,364,686
Other Property and Services	72,990	68,900	70,050
	108,689,688	108,822,200	103,628,834
Operating grants, subsidies and contributions			
General Purpose Funding	3,664,584	1,520,100	2,761,356
Governance	-	3,000	615
Law, Order and Public Safety	541,038	222,800	290,466
Health	4,225	500	4,388
Education and Welfare	574,852	185,300	166,138
Community Amenities	2,326,017	6,545,400	6,080,385
Recreation and Culture	233,347	213,000	188,138
Transport	1,631,330	586,900	1,642,273
Economic Services	52,606	50,000	46,866
Other Property and Services	5,095	7,000	14,441
	9,033,094	9,334,000	11,195,066
Non-operating grants, subsidies and contributions			
Law, Order and Public Safety	40,000	-	-
Community Amenities	(95,784)	-	(1,570,369)
Recreation and Culture	8,133,316	25,835,500	6,987,398
Transport	12,645,817	22,054,800	18,797,425
	20,723,349	47,890,300	24,214,454
Total Income	138,446,131	166,046,500	139,038,354
Expenses			
General Purpose Funding	(1,203,408)	(1,526,800)	(1,365,124)
Governance	(3,647,503)	(3,046,100)	(2,463,596)
Law, Order and Public Safety	(3,719,758)	(3,496,800)	(3,212,114)
Health	(1,966,046)	(2,126,800)	(1,917,615)
Education and Welfare	(4,395,041)	(4,595,000)	(4,305,028)
Community Amenities	(27,113,896)	(31,395,900)	(27,348,027)
Recreation and Culture	(36,484,406)	(37,456,200)	(36,070,755)
Transport	(36,363,036)	(35,425,900)	(34,659,248)
Economic Services	(3,771,115)	(4,221,600)	(3,341,037)
Other Property and Services	(238,750)	(453,400)	(392,672)
Total Expenses	(118,902,959)	(123,744,500)	(115,075,216)
Net Result for the Period	19,543,172	42,302,000	23,963,138

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. FUNCTION AND ACTIVITY (Continued)

	2022 Actual \$	2022 Budget \$	2021 Actual \$
(c) Fees and Charges			
General Purpose Funding	541,409	410,000	354,451
Governance	1,872,064	1,439,500	1,737,906
Law, Order and Public Safety	513,913	477,400	495,488
Health	147,075	128,300	130,296
Education and Welfare	20,957	5,500	6,494
Community Amenities	21,135,564	22,516,600	17,989,638
Recreation and Culture	6,975,468	6,577,900	6,339,338
Transport	662,682	588,600	941,018
Economic Services	1,241,590	753,900	1,364,686
Other Property and Services	72,990	68,900	70,050
	33,183,712	32,966,600	29,429,365
(d) Total Assets			
General Purpose Funding	140,505,830		136,518,525
Governance	88,225,172		77,700,621
Law, Order and Public Safety	491,737		611,156
Health	110,944		116,275
Education and Welfare	-		2,031,363
Community Amenities	77,897,161		73,625,106
Recreation and Culture	69,912,591		66,254,622
Transport	868,392,790		845,271,481
Economic Services	3,932,686		4,333,039
Other Property and Services	143,587,718		131,776,135
	1,393,056,629		1,338,238,323

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

27. RATING INFORMATION

(a) Rates

RATE TYPE
Differential general rate / general rate

Gross rental valuations
Gross Rental Value Lands
Group 1 - Vacant
Group 2 - Residential Improved
Group 3 - Business Improved
Unimproved valuations
Unimproved Value Lands
Sub-Total

Rate in Cents	Number of Properties	2022 Actual Rateable Value	2022 Actual Rate Revenue	2022 Actual Interim Rates	2022 Actual Back Rates	2022 Actual Total Revenue
\$	#	\$	\$	\$	\$	\$
15.1845	1,387	22,359,240	3,395,139	(166,611)	(32,046)	3,196,482
10.4615	30,229	491,808,630	51,450,560	895,448	55,472	52,401,480
9.4739	732	101,602,497	9,625,719	72,139	11,969	9,709,827
0.4582	127	140,317,000	642,932	(7,927)	(3,832)	631,173
	32,475	756,087,367	65,114,350	793,049	31,563	65,938,962

Minimum payment

Gross rental valuations
Gross Rental Value Lands
Group 1 - Vacant
Group 2 - Residential Improved
Group 3 - Business Improved
Unimproved valuations
Unimproved Value Lands
Sub-Total

Minimum						
\$						
1,035	1,358	6,574,553	1,405,530	160,649	100,369	1,666,548
1,194	4,217	42,901,855	5,034,647	(4,956)	(587)	5,029,104
1,388	348	3,541,731	483,024	10,298	(114)	493,208
1,430	16	3,394,994	22,880	4,290	708	27,878
	5,939	56,413,133	6,946,081	170,281	100,376	7,216,738

TOTAL

Vacant
Residential Improved
Business Improved
Unimproved Value Lands

2,745	28,933,793	4,800,669	(5,962)	68,323	4,863,030
34,446	534,710,485	56,485,207	890,492	54,885	57,430,584
1,080	105,144,228	10,108,743	82,437	11,855	10,203,035
38,271	668,788,506	71,394,619	966,967	135,063	72,496,649
143	143,711,994	665,812	(3,637)	(3,124)	659,051
38,414	812,500,500	72,060,431	963,330	131,939	73,155,700

GRAND TOTAL

Discounts (Note 27(b))

Add - Rate Equivalent Payments and Adjustments
Less - Rate Concession
Less - Rate Concession - COVID-19 Pandemic Response
 Vacant
 Residential Improved
 Business Improved

Total amount raised from general rate

Specified Area Rate (Note 27(b))

Ex-gratia rates
Prepaid rates

Totals

Rate in Cents	Number of Properties	2022 Budget Rateable Value	2022 Budget Rate Revenue	2022 Budget Interim Rate	2022 Budget Back Rate	2022 Budget Total Revenue	2021 Actual Total Revenue
\$	#	\$	\$	\$	\$	\$	\$
15.1845	1,335	22,359,240	3,395,100	-	-	3,395,100	3,313,464
10.4615	30,295	493,752,776	51,649,950	841,250	-	52,491,200	50,636,478
9.4739	728	101,569,747	9,621,600	-	-	9,621,600	9,490,116
0.4582	126	140,317,000	642,800	-	-	642,800	630,202
	32,484	757,998,763	65,309,450	841,250	-	66,150,700	64,070,260

**Minimum
\$**

1,035	1,358	6,574,553	1,405,450	258,750	-	1,664,200	1,315,036
1,194	4,244	43,175,375	5,067,300	-	-	5,067,300	4,980,700
1,388	351	3,574,481	487,100	-	-	487,100	479,393
1,430	16	3,394,992	22,800	-	-	22,800	22,472
	5,969	56,719,401	6,982,650	258,750	-	7,241,400	6,797,601

2,693	28,933,793	4,800,550	258,750	-	5,059,300	4,628,500
34,539	536,928,151	56,717,250	841,250	-	57,558,500	55,617,178
1,079	105,144,228	10,108,700	-	-	10,108,700	9,969,509
38,311	671,006,172	71,626,500	1,100,000	-	72,726,500	70,215,187
142	143,711,992	665,600	-	-	665,600	652,674
38,453	814,718,164	72,292,100	1,100,000	-	73,392,100	70,867,861

31,616	
(19,226)	
12,344	
-	
-	
-	
73,180,434	
421,465	
-	
-	
73,601,899	

30,400	29,154
(20,000)	(19,291)
-	(1,792,429)
-	-
-	-
-	-
73,402,500	69,085,295
463,100	489,476
-	-
-	-
73,865,600	69,574,771

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*.

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

27. RATING INFORMATION (Continued)

(b) Specified Area Rate GRV

Specified Area Rate GRV	Basis of Valuation	Rate in Cents	Number of Properties	2022 Actual Rateable Value	2022 Actual Rate Revenue	2022 Actual Interim Revenue	2022 Actual Back Rate Revenue	2022 Total Specified Area Rate Revenue	Rate in Cents	Number of Properties	2022 Budget Rateable Value	2022 Budget Rate Revenue	2022 Budget Interim/Back Rate Revenue	2022 Total Budget Revenue	2021 Total Actual Revenue
		\$	#	\$	\$	\$	\$	\$		#	\$	\$	\$	\$	\$
A - Armadale CBD		0.4050	88	29,405,960	119,094	(10)	-	119,084	0.4050	88	29,405,960	119,100	-	119,100	118,836
B - Kelmscott CBD			80	-	-	-	-	-		80	7,933,378	-	-	-	69,814
C - Kelmscott Industry		0.1702	342	11,691,287	19,899	-	-	19,899	0.1702	342	11,691,297	19,900	-	19,900	20,017
D - South Armadale Industry		0.3394	138	6,687,318	22,697	157	-	22,854	0.3394	138	6,687,318	22,700	-	22,700	22,725
F - Piara Waters / Harrisdale		0.2509	4,993	97,542,130	244,734	895	(44)	245,585	0.2509	4,993	97,542,130	287,700	-	287,700	247,742
G - Champion Lakes		0.2804	330	4,885,660	13,699	321	22	14,043	0.2804	330	4,885,660	13,700	-	13,700	10,343
				5,971	150,212,355	420,123	1,363	(22)		5,971	158,145,743	463,100	-	463,100	489,477

In the 2021 - 2022 financial year, the City imposed 6 separate Specified Area Rates, the purpose of which was to enhance the amenity of selected areas by way of increased and improved service levels.

Four of the six (Areas A - D) are referred to as the Townscape Amenity Services and entail increased and improved levels of street bin emptying, litter pick-ups, road and path sweeping, water blasting of pathways, garden maintenance, weed control and general maintenance.

Two of the six (Areas F - G) is for the increased maintenance and enhancement of the public open space (POS) and streetscapes of selected new estates in the North Forrestdale and Champion Lakes area of the City over and above other areas of the City.

(c) Service Charges

No service charges were imposed for the 2021 - 2022 financial year. As such, no transfer to or from Reserve Accounts has occurred.

(d) Discounts, Incentives, Concessions and Write-Offs

Discounts

No discounts were offered in the 2021 - 2022 financial year.

Incentives

No rate payment incentives were offered in the 2021-2022 financial year.

Concessions

No rate concessions were offered in the 2021-2022 financial year.

Write-Offs

The following write-offs were made during the 2021 - 2022 financial year -

	2022 Actual \$	2021 Actual \$
Rates	28,395	1,249
General	(6,695)	(70,804)
Infringements	34,401	13,843
	56,101	(55,712)

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

27. RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	28/09/2021	0.00	0.00%	7.00%
Option Two				
First Instalment	28/09/2021	0.00	5.50%	7.00%
Second Instalment	29/01/2022	8.00	5.50%	7.00%
Option Three				
First Instalment	28/09/2021	0.00	5.50%	7.00%
Second Instalment	29/11/2021	8.00	5.50%	7.00%
Third Instalment	29/01/2022	8.00	5.50%	7.00%
Fourth Instalment	1/04/2022	8.00	5.50%	7.00%

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Interest on unpaid rates	386,670	175,000	244,529
Interest on instalment plan	254,988	240,000	275,437
Charges on instalment plan	936	180,000	1,068
	642,594	595,000	521,034

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

28. RATE SETTING STATEMENT INFORMATION

Note	2022		2022		2021	
		(30 June 2022 Carried Forward) \$		Budget (30 June 2022 Carried Forward) \$	(1 July 2021 Brought Forward) \$	
(a) Non-cash amounts excluded from operating activities						
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .						
Adjustments to operating activities						
Less: Profit on asset disposals	11(c)	(275,213)		(3,300)		(66,688)
Less: Fair value adjustments to investments	4(b)	(15,170)		-		72,887
Less: Fixed Assets Adjustments		-		-		-
Movement in Deferred Pensioner Rates/ESL (Non-Current)	5	(127,868)		-		(63,545)
Unwinding Discount of Landfill Site Provision	17	1,268		-		25,076
Movement in employee benefit provisions (Non-Current)	16	(93,842)		-		(215,158)
Movement in Leasing Liability (Non-Current)	12(b)	207,825		-		(1,122,532)
Movement in Contract Liability (Non-Current)	14	7,737,014		-		2,357,430
Add: Loss on disposal of assets - prior year	11(c)	-		-		5,706,560
Add: Loss on disposal of assets	11(c)	1,356,678		141,000		1,695,504
Add: Depreciation on assets	11(a)	25,922,658		26,122,000		25,102,572
Add: Amortisation	11(a)	534,835		-		263,435
Non cash amounts excluded from operating activities		35,248,185		26,259,700		33,755,541
(b) Non-cash amounts excluded from investing activities						
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .						
Adjustments to investing activities						
Movement in restricted cash back reserve		(2,530,327)		(1,863,000)		(1,077,033)
Non cash amounts excluded from investing activities		(2,530,327)		(1,863,000)		(1,077,033)
(c) Surplus/(deficit) after imposition of general rates						
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.						
Adjustments to net current assets						
Less: - Restricted Cash - Reserves	3	-		(25,895,456)		-
Less: Term Deposits - restricted investments	4(a)	(111,440,880)		(64,954,400)		(100,949,315)
Less: Land held for sale	6	(460,000)		-		(460,000)
Less: Unspent Loan Funds		-		-		(707,246)
Add: Movement in Expected Credit Loss on Sundry Receivables	5	219,251		-		(84,221)
Add: Contract Liability	14	4,633,100		4,930,500		7,950,291
Add: Lease Current Liability	12(b)	2,148,645		1,907,300		1,287,948
Add: Borrowings	15	3,931,944		4,300,500		3,584,116
Add: Current provisions	16	8,478,482		8,391,300		8,444,332
Total adjustments to net current assets		(92,489,458)		(71,320,256)		(80,934,095)
Net current assets used in the Rate Setting Statement						
Total current assets		147,241,762		124,173,886		141,854,570
Less: Total current liabilities		(38,723,081)		(52,853,630)		(48,145,491)
Less: Total adjustments to net current assets		(92,489,458)		(71,320,256)		(80,934,095)
Net current assets used in the Rate Setting Statement		16,029,223		-		12,774,984

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

29. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual Principal 1 July 2021	2022 Actual New Loans	2022 Actual Principal repayments	2022 Actual Interest repayments	2022 Actual Principal outstanding	Budget Principal 1 July 2021	2022 Budget New Loans	2022 Budget Principal repayments	2022 Budget Interest repayments	2022 Budget Principal outstanding	Actual Principal 1 July 2020	2021 Actual New Loans	2021 Actual Principal repayments	2021 Actual Interest repayments	2021 Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance																		
292 Loan Borrowings 2008	292	WATC	7.29%	110,157	-	53,562	6,157	56,595	110,100	-	52,700	7,000	57,400	158,323	-	48,166	11,532	110,157
296 Loan Borrowings 2009	296	WATC	6.77%	154,558	-	48,130	9,682	106,428	154,600	-	48,100	9,700	106,500	199,588	-	45,030	12,754	154,558
306 Loan Borrowings 2011	306	WATC	5.68%	-	-	-	-	-	-	-	-	-	-	85,605	-	85,605	3,518	-
316 Orchard House 2014	316	WATC	4.78%	2,627,567	-	149,885	127,389	2,477,682	2,627,500	-	149,900	123,800	2,477,600	2,770,536	-	142,969	130,538	2,627,567
318 Orchard House 2015	318	WATC	3.53%	8,257,157	-	486,976	293,962	7,770,181	8,257,200	-	487,000	287,200	7,770,200	8,727,388	-	470,231	303,555	8,257,157
323 Core System Review	323	WATC	3.60%	2,849,255	-	334,224	50,531	2,515,031	2,849,200	-	334,200	49,800	2,515,000	3,310,118	-	460,863	72,385	2,849,255
342 Core System Review	342	WATC	2.40%	1,267,425	-	134,173	15,049	1,133,252	1,267,400	-	134,200	14,800	1,133,200	1,267,425	-	-	-	1,267,425
345A Core System Review	345	WATC	4.18%	-	1,350,000	-	463	1,350,000	-	2,300,000	207,100	62,600	2,092,900	-	-	-	-	-
Recreation and culture																		
291 Aquatic Works 2008	291	WATC	7.26%	258,609	-	29,527	18,294	229,082	258,700	-	29,500	18,200	229,200	286,104	-	27,495	20,276	258,609
299 Aquatic Centre Upgrade 2010	299	WATC	6.19%	349,695	-	79,599	20,936	270,096	349,700	-	79,700	20,500	270,000	424,587	-	74,892	25,001	349,695
302 Aquatic Centre Upgrade 2011	302	WATC	6.02%	919,563	-	69,404	55,867	850,159	919,600	-	69,500	54,400	850,100	984,970	-	65,407	58,207	919,563
304 Frye Park Redevelopment 2011	304	WATC	6.02%	686,136	-	51,786	41,685	634,350	686,100	-	51,900	40,600	634,200	734,940	-	48,804	43,431	686,136
305 Piara Waters (North) Sports 2011	305	WATC	5.89%	501,879	-	89,073	28,999	412,806	501,800	-	89,200	28,300	412,600	585,928	-	84,049	33,143	501,879
311 Aquatic Centre Upgrade 2012	311	WATC	4.48%	1,051,718	-	77,339	45,931	974,379	1,051,700	-	75,800	46,200	975,900	1,122,598	-	70,880	50,980	1,051,718
314 Oval Lighting Renewal	314	WATC	3.47%	397,491	-	94,305	13,154	303,186	397,500	-	94,300	13,000	303,200	488,607	-	91,116	16,119	397,491
315 Armadale Golf Course	315	WATC	2.94%	224,022	-	34,667	6,364	189,355	224,000	-	34,700	6,300	189,300	257,692	-	33,670	7,325	224,022
322 Kelmscott Library - Stage 1	322	WATC	2.69%	377,079	-	71,440	9,868	305,639	377,000	-	71,400	9,700	305,600	446,636	-	69,557	11,504	377,079
324A Indoor Aquatic Centre	324	WATC	2.94%	10,072,267	-	474,994	190,214	9,597,273	10,072,500	-	495,000	182,300	9,577,500	10,538,450	-	466,183	195,922	10,072,267
326 Armadale Hall Upgrade 2018	326	WATC	3.60%	3,155,998	-	370,205	55,972	2,785,793	3,156,000	-	370,200	55,100	2,785,800	3,519,828	-	363,830	61,617	3,155,998
327 Lighting Renewal 2018	327	WATC	5.32%	117,872	-	58,157	2,764	59,715	117,900	-	58,200	2,800	59,700	174,512	-	56,640	4,256	117,872
329 Infrastructure - Parks 2017	329	WATC	2.42%	83,895	-	83,894	1,526	1	83,900	-	83,900	1,500	-	165,795	-	81,900	3,509	83,895
330 Greendale Centre	330	WATC	5.32%	183,004	-	90,293	4,292	92,711	183,000	-	90,300	4,300	92,700	270,943	-	87,939	6,607	183,004
331 Infrastructure - Parks 2018	331	WATC	5.32%	124,775	-	61,564	2,926	63,211	124,700	-	61,600	2,900	63,100	184,733	-	59,958	4,505	124,775
332 Champion Centre Upgrade	332	WATC	5.32%	281,057	-	69,468	2,029	211,589	281,100	-	69,500	2,000	211,600	350,000	-	68,943	2,518	281,057
334 Armadale Library Creative Space	334	WATC	2.90%	164,335	-	53,989	2,214	110,346	164,300	-	54,000	2,200	110,300	217,549	-	53,214	2,950	164,335
336 Lighting Renewal - 2	336	WATC	2.90%	30,439	-	9,998	410	20,441	30,400	-	10,000	400	20,400	40,294	-	9,855	546	30,439
337 AFAC Carpark	337	WATC	3.87%	479,306	-	21,096	9,316	458,210	479,300	-	21,100	9,200	458,200	500,000	-	20,694	9,567	479,306
343 Bedfordale Fire Service	343	WATC	1.45%	750,000	-	70,234	10,641	679,766	750,000	-	65,500	22,000	684,500	-	750,000	-	59	750,000
344 Challenge Park	344	WATC	4.18%	-	1,230,000	-	422	1,230,000	-	1,230,000	107,200	36,100	1,122,800	-	-	-	-	-
346 Roleystone Theatre	346	WATC	3.00%	-	-	-	-	-	-	2,939,000	226,600	76,300	2,712,400	-	-	-	-	-
347 Creyk Park 2021	347	WATC	4.18%	-	1,381,600	-	474	1,381,600	-	1,381,600	120,400	40,600	1,261,200	-	-	-	-	-
348 Morgan Park	348	WATC	3.00%	-	-	-	-	-	-	200,000	17,400	5,900	182,600	-	-	-	-	-
349 Harrisdale Library Services - 2	349	WATC	3.00%	-	-	-	-	-	-	2,475,000	-	-	2,475,000	-	-	-	-	-
350 Forrestdale Hub	350	WATC	3.00%	-	-	-	-	-	-	2,840,000	-	-	2,840,000	-	-	-	-	-
353 Morgan Park - 2	353	WATC	3.00%	-	-	-	-	-	-	1,510,000	-	-	1,510,000	-	-	-	-	-
Transport																		
303 Civil Works - Roads 2011	303	WATC	5.68%	1,958	-	1,958	113	-	2,000	-	-	-	2,000	43,690	-	41,732	1,683	1,958
317 Abbey Road Project 2014	317	WATC	4.03%	1,028,663	-	329,301	39,018	699,362	1,028,700	-	329,200	38,200	699,500	1,345,084	-	316,421	50,667	1,028,663
321 Armadale Arena Roofing 2015	321	WATC	3.47%	357,738	-	84,875	11,837	272,863	357,700	-	84,900	11,700	272,800	439,742	-	82,004	14,507	357,738
Total				36,863,618	3,961,600	3,584,116	1,078,499	37,241,102	36,863,600	14,875,600	4,274,200	1,285,600	47,465,000	39,641,465	750,000	3,527,847	1,159,181	36,863,618

**All Loans are with the Western Australian Treasury Corporation

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

29. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2021/22

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2022 Actual	2022 Budget	2022 Actual	2022 Budget		
				%	\$	\$	\$	\$	\$	\$
344 John Dunne Challenge Park	WATC	Debenture	10	4.18	1,230,000	1,230,000	-	1,230,000	287,794	1,230,000
345A Core System Review	WATC	Debenture	10	4.18	1,350,000	2,300,000	-	2,300,000	315,872	1,350,000
346 Roleystone Theatre	WATC	Debenture	10	3.00	-	2,939,000	-	2,939,000	-	-
347 Creyk Park Pavilion	WATC	Debenture	10	4.18	1,381,600	1,381,600	-	1,381,600	323,265	1,381,600
348 Morgan Park	WATC	Debenture	10	3.00	-	200,000	-	200,000	-	-
349 Piara Waters Library Services	WATC	Debenture	15	3.00	-	2,475,000	-	2,475,000	-	-
350 Forrestdale Hub	WATC	Debenture	10	3.00	-	2,840,000	-	2,840,000	-	-
353 Morgan Park	WATC	Debenture	10	3.00	-	1,510,000	-	1,510,000	-	-
* WA Treasury Corporation					3,961,600	14,875,600	-	14,875,600	926,931	3,961,600

(c) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 2021	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2022
		\$	\$	\$	\$
323 Core System Review	WATC 25/06/2019	707,246	-	353,623	353,623
344 John Dunne Challenge Park	WATC 27/06/2022	-	1,230,000	1,230,000	-
345A Core System Review	WATC 27/06/2022	-	1,350,000	1,350,000	-
347 Creyk Park Pavilion	WATC 27/06/2022	-	1,381,600	1,381,600	-
* WA Treasury Corporation		707,246	3,961,600	4,315,223	353,623

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

29. BORROWING AND LEASE LIABILITIES (Continued)

(d) Lease Liabilities

	2022	2021
Current	\$ 2,148,945	\$ 1,287,948
Non-current	2,139,442	1,931,617
Total	4,288,087	3,219,565

Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual Lease Principal 1 July 2021	30 June 2022 Actual New/Renewed Leases	30 June 2022 Actual Lease Principal Repayments	30 June 2022 Actual Lease Principal Outstanding	30 June 2022 Actual Lease Interest Repayments	Budget Lease Principal 1 July 2021	30 June 2022 Budget New/Renewed Leases	30 June 2022 Budget Lease Principal Repayments	30 June 2022 Budget Lease Principal Outstanding	30 June 2022 Budget Lease Interest Repayments	Actual Lease Principal 1 July 2020	30 June 2021 Actual New/Renewed Loans	30 June 2021 Actual Lease Principal Repayments	30 June 2021 Actual Lease Principal Outstanding	30 June 2021 Actual Lease Interest Repayments
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance																			
Office Equipment	EGN0160050	MAIA Financial	3.1%	3	1,582	-	(1,438)	-	(144)	14,800	-	(3,500)	11,300	400	143,708	-	(142,126)	1,582	(3,175)
Office Equipment	EGN0162408	MAIA Financial	3.1%	36	682	-	(620)	-	(62)	-	410,200	(132,500)	277,700	11,200	4,809	-	(4,127)	682	(35)
Office Equipment	EGN0162386	MAIA Financial	2.5%	36	-	-	-	-	-	-	11,400	(3,700)	7,700	300	8,671	-	(8,671)	-	(273)
Office Equipment	EGN0162423	MAIA Financial	2.6%	12	-	6,243	(1,959)	4,284	(196)	-	6,200	(2,000)	4,200	100	4,127	-	(4,127)	-	(35)
Office Equipment	EGN0160522	MAIA Financial	3.0%	13	15,419	-	(4,735)	10,684	(475)	-	-	-	-	-	11,129	-	(5,210)	5,919	(284)
Office Equipment	EGN0162255	MAIA Financial	2.6%	14	4,685	-	(3,080)	1,605	(309)	3,400	-	(3,400)	-	100	8,074	-	(3,389)	4,685	(182)
Office Equipment	COARM001	Equigroup	2.68%	16	-	397,574	(72,143)	325,431	(6,194)	-	-	-	-	-	-	-	-	-	-
Corporate Services																			
IT Equipment	EGN0158584	MAIA Financial	3.1%	6	12,468	-	(5,543)	6,925	(197)	11,100	-	(5,500)	5,600	300	18,752	-	(6,284)	12,468	(447)
IT Equipment	EGN0157674	MAIA Financial	3.1%	5	-	-	-	-	-	16,000	-	(5,200)	10,800	400	-	-	-	-	-
IT Equipment	EGN0157825	MAIA Financial	3.1%	6	-	20,225	(6,837)	13,388	(243)	20,100	-	(6,500)	13,600	600	3,446	-	(3,446)	-	(40)
IT Equipment	EGN0162208	MAIA Financial	2.7%	19	35,297	-	(13,246)	22,051	(470)	26,400	-	(13,000)	13,400	800	51,304	-	(16,007)	35,297	(1,945)
IT Equipment	EGN0160522	MAIA Financial	3.1%	6	-	-	-	-	-	5,100	-	(5,100)	-	100	15,445	-	(5,945)	9,500	(255)
IT Equipment	EGN0160541	MAIA Financial	3.1%	5	-	91,731	(29,420)	62,311	(1,978)	31,300	-	(31,300)	-	600	31,323	-	(31,323)	-	(1,307)
IT Equipment	EGN0159126	MAIA Financial	2.9%	7	-	74,985	(24,362)	50,623	(1,636)	97,900	-	(23,400)	74,500	2,600	18,947	-	(18,947)	-	(1,267)
IT Equipment	EGN0161099	MAIA Financial	2.9%	8	-	331,642	(111,049)	220,593	(3,942)	222,700	-	(109,700)	113,000	5,300	110,933	-	(110,933)	-	(4,541)
IT Equipment	EGN0162109	MAIA Financial	2.9%	9	1,353	29,316	(9,775)	20,894	(347)	10,000	-	(10,000)	-	100	12,206	-	(10,853)	1,353	(259)
IT Equipment	EGN0162256	MAIA Financial	2.9%	10	-	283,247	(94,845)	188,402	(3,367)	-	281,200	(91,000)	190,200	7,200	97,447	-	(97,447)	-	(1,755)
IT Equipment	EGN0162172	MAIA Financial	3.0%	10	293	18,769	(6,630)	13,432	(235)	-	19,600	(6,300)	13,300	500	8,022	-	(7,729)	293	(127)
IT Equipment	EGN0162003	MAIA Financial	3.0%	13	82,187	-	(31,192)	50,995	(1,107)	31,700	-	(31,700)	-	600	161,246	-	(79,059)	82,187	(4,211)
IT Equipment	EGN0161177	MAIA Financial	3.1%	16	-	-	-	-	-	49,400	-	(16,000)	33,400	1,300	-	-	-	-	-
IT Equipment	EGN0162826	MAIA Financial	1.6%	12	85,122	-	(69,806)	15,316	(4,689)	146,400	-	(72,600)	73,800	1,900	160,049	-	(74,927)	85,122	(1,325)
IT Equipment	EGN0156842	MAIA Financial	3.1%	6	-	38,450	(12,909)	25,541	(458)	37,200	-	(12,000)	25,200	1,000	6,506	-	(6,506)	-	(1,415)
IT Equipment	EGN0161351	MAIA Financial	3.1%	4	-	35,402	(11,533)	23,869	(775)	46,100	-	(11,000)	35,100	1,300	11,660	-	(11,660)	-	(772)
IT Equipment	EGN0157869	MAIA Financial	3.1%	4	-	-	-	-	-	3,700	-	(1,900)	1,800	100	1,964	-	(1,964)	-	(84)
IT Equipment	EGN0158456	MAIA Financial	3.1%	4	-	7,541	(2,470)	5,071	(166)	6,800	-	(3,400)	3,400	200	3,561	-	(3,561)	-	(230)
IT Equipment	EGN0159125	MAIA Financial	3.1%	4	-	24,679	(7,955)	16,724	(534)	83,900	-	(27,100)	56,800	2,300	-	-	-	-	-
IT Equipment	EGN0159226	MAIA Financial	3.1%	4	-	-	-	-	-	85,200	-	(20,300)	64,900	2,400	-	-	-	-	-
IT Equipment	EGN0162636	MAIA Financial	3.1%	22	-	-	-	-	-	25,400	-	(3,900)	21,500	700	-	-	-	-	-
IT Equipment	EGN0162637	MAIA Financial	3.1%	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IT Equipment	EGN0159594	MAIA Financial	3.1%	60	36,584	230,706	(69,851)	197,439	(3,651)	-	-	-	-	-	68,343	-	(31,759)	36,584	(1,759)
IT Equipment	EGN0158125	MAIA Financial	3.1%	60	7,964	-	(7,795)	-	(169)	-	-	-	-	-	16,626	-	(8,662)	7,964	(908)
IT Equipment	EGN0159696	MAIA Financial	3.1%	60	13,766	47,919	(15,613)	46,072	(1,049)	-	-	-	-	-	29,201	-	(15,435)	13,766	(970)
IT Equipment	EGN0161137	MAIA Financial	3.1%	48	26,644	-	(17,852)	8,792	(634)	-	-	-	-	-	44,163	-	(17,519)	26,644	(1,576)
IT Equipment	EGN0157673	MAIA Financial	3.1%	36	-	99,589	(27,446)	72,143	(3,625)	-	-	-	-	-	34,597	-	(34,597)	-	(654)
IT Equipment	EGN0162255	MAIA Financial	3.1%	84	37,583	-	(14,873)	22,710	(528)	-	-	-	-	-	51,304	-	(13,721)	37,583	(1,804)
IT Equipment	EGN0159671	MAIA Financial	3.1%	60	-	16,464	(5,529)	10,935	(196)	-	-	-	-	-	5,725	-	(5,725)	-	(762)
IT Equipment	EGN0160884	MAIA Financial	3.1%	48	-	-	-	-	-	-	-	-	-	-	6,014	-	(6,014)	-	(192)
IT Equipment	EGN0160099	MAIA Financial	3.1%	60	-	91,282	(22,328)	68,954	(3,836)	28,400	-	-	28,400	800	15,866	-	(15,866)	-	(188)
IT Equipment	Harrisdale Lib MAIA Financial		3.1%	3	-	-	-	-	-	-	24,200	(24,000)	200	800	-	-	-	-	-
IT Equipment	009-0154500- Dell Financial		2.0%	12	-	62,548	(8,986)	53,562	(418)	-	-	-	-	-	-	-	-	-	-
IT Equipment	009-0154500- Dell Financial		2.0%	12	-	492,180	(13,807)	478,373	(1,042)	-	-	-	-	-	-	-	-	-	-
IT Equipment	009-0154500- Dell Financial		2.0%	12	-	12,758	(1,937)	10,821	(90)	-	-	-	-	-	-	-	-	-	-
Recreation and culture																			
Fitness Equipment	EGN0162801	MAIA Financial	3.1%	16	27,452	-	(10,714)	16,738	(1,075)	11,600	-	(11,600)	-	200	38,665	-	(11,213)	27,452	(577)
Fitness Equipment	EGN0162813	MAIA Financial	3.6%	24	37,664	-	(9,367)	28,297	(940)	57,500	-	(13,600)	43,900	1,900	50,780	-	(13,116)	37,664	(3,295)
Fitness Equipment	EGN0162400	MAIA Financial	3.5%	23	187,126	-	(49,958)	137,168	(5,011)	155,900	-	(50,200)	105,700	4,800	235,574	-	(48,448)	187,126	(7,472)
Fitness Equipment	EGN0162398	MAIA Financial	3.0%	15	206,245	-	(98,780)	107,465	(12,409)	112,100	-	(112,100)	-	2,100	299,365	-	(93,120)	206,245	(6,484)
Fitness Equipment	EGN0162389	MAIA Financial	3.0%	11	0	17,408	(5,494)	11,914	(551)	11	17,300	(5,600)	11,700	500	10,119	-	(10,119)	-	(112)
Fitness Equipment	EGN0162397	MAIA Financial	3.0%	19	23,566	-	(8,294)	15,272	(832)	17,700	-	(8,700)	9,000	400	32,004	-	(8,438)	23,566	(1,639)
Fitness Equipment	EGN0163450	MAIA Financial	3.0%	60	8,917	-	(1,824)	7,093	(183)	-	-	-	-	-	-	9,891	(974)	8,917	(30)
Transport																			
Plants Equipment	6397356	Gibbons Holden	3.4%	21	5,859	-	(1,101)	4,758	(78)	22,600	-	(4,200)	18,400	700	14,672	-	(8,813)	5,859	(533)
Plants Equipment	904377	SG Fleet	3.1%	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other property and services																			
Building Armadale	Shop 64 & 65	Westzone Enterprise	3.4%	21	1,429,709	-	(304,821)	1,124,888	(34,150)	1,341,100	-	(320,400)	1,020,700	35,900	1,718,682	-	(288,973)	1,429,709	(40,683)
Building Kelmscott	KELLIB	Cardone Nominees	3.6%	25	916,335	-	(140,080)	776,255	(23,084)	680,800	-	(219,000)	461,800	20,300	1,076,619	-	(160,284)	916,335	(19,400)
Building Seville Grove	EGN0162636	MAIA Financial	3.4%	20	15,063	-	(4,764)	10,299	(320)	21,400	-	(4,000)	17,400	800	20,147	-	(5,084)	15,063	(662)
Harrisdale Library Equipment		MAIA Financial	3.1%	3	-	-	-	-	-	-	12,100	(11,900)	200	-	-	-	-	-	-
Total					3,219,565	2,431,658	(1,362,761)	4,288,087	(121,967)	3,423,700	782,200	(1,437,200)	2,768,700	111,600	4,661,695	9,891	(1,452,021)	3,219,565	(113,664)

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

30. RESERVES - CASH BACKED

All of the following Cash Backed Reserves are supported by money held in financial institutions and match the amounts shown as Restricted Cash in Note 3 to this Financial Report. In accordance with Council resolutions in relation to each Reserve account, the purpose for which the funds are set aside, and their anticipated date of use are as follows.

	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
Restricted by legislation	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1 Reserves Cash Backed - Anstey Keane - DCP	4,382,206	2,876,583	(488,230)	6,770,559	4,971,400	2,154,200	(1,647,100)	5,478,500	672,980	3,857,150	(147,924)	4,382,206
2 Reserves Cash Backed - North Forrestdale DCP 3	18,716,512	2,994,345	(1,102,184)	20,608,673	18,567,700	2,127,200	(4,497,300)	16,197,600	20,517,008	3,899,399	(5,699,895)	18,716,512
3 Reserves Cash Backed - North Forrestdale SAR Asset Renewal	3,691,980	17,840	(483,189)	3,226,631	3,704,500	32,900	(250,000)	3,487,400	3,667,870	24,110	-	3,691,980
4 Reserves Cash Backed - SAR -A	-	-	-	-	-	120,300	(119,100)	1,200	-	-	-	-
5 Reserves Cash Backed - SAR -B	20,538	100	(10,670)	9,968	19,700	200	(19,700)	200	-	20,538	-	20,538
6 Reserves Cash Backed - SAR -C	630	19,899	(17,711)	2,818	-	20,100	(19,900)	200	-	630	-	630
7 Reserves Cash Backed - SAR -D	1,575	22,863	(19,148)	5,290	-	23,000	(22,700)	300	-	1,575	-	1,575
8 Reserves Cash Backed - SAR -F	-	-	-	-	-	290,600	(287,700)	2,900	-	-	-	-
9 Reserves Cash Backed - SAR -G	-	-	-	-	-	13,800	(13,700)	100	-	-	-	-
	26,813,441	5,931,630	(2,121,132)	30,623,939	27,263,300	4,782,300	(6,877,200)	26,168,400	24,857,858	7,803,402	(5,847,819)	26,813,441
Restricted by council												
1 Reserves Cash Backed - Asset Renewal	7,837,060	2,378,570	(750,000)	9,465,630	7,858,000	903,300	-	8,761,300	6,172,680	1,664,380	-	7,837,060
2 Reserves Cash Backed - Champion Lakes SAR Asset Renewal	167,270	810	-	168,080	167,900	1,700	-	169,600	166,180	1,090	-	167,270
3 Reserves Cash Backed - City Centre Activation	208,054	1,010	(135,923)	73,141	265,400	3,400	(166,500)	102,300	335,439	2,210	(129,595)	208,054
4 Reserves Cash Backed - Civic Precinct	1,799,820	1,008,700	-	2,808,520	1,954,700	1,042,500	-	2,997,200	1,935,300	12,720	(148,200)	1,799,820
5 Reserves Cash Backed - Community Art	47,610	230	-	47,840	47,800	500	-	48,300	47,300	310	-	47,610
6 Reserves Cash Backed - Computer Systems Technologies	751,082	557,842	(384,400)	924,524	370,400	2,800	(369,800)	3,400	275,272	475,810	-	751,082
7 Reserves Cash Backed - Crossover Contributions	61,690	300	-	61,990	61,900	600	-	62,500	61,290	400	-	61,690
8 Reserves Cash Backed - Covid-19 Response and Recovery	1,712,741	8,280	-	1,721,021	1,603,600	16,000	(79,600)	1,540,000	3,584,900	23,570	(1,895,729)	1,712,741
9 Reserves Cash Backed - Emergency Waste	228,522	1,100	-	229,622	229,300	2,300	-	231,600	227,032	1,490	-	228,522
10 Reserves Cash Backed - Employee Provisions	8,913,667	392,792	(300,000)	9,006,459	8,959,500	(696,500)	368,000	8,631,000	8,855,447	58,220	-	8,913,667
11 Reserves Cash Backed - Events Reserve Fund	123,929	600	(80,000)	44,529	128,355	-	-	128,355	-	349,929	(226,000)	123,929
12 Reserves Cash Backed - Freehold Sales Capital Works	185,791	900	-	186,691	409,200	5,800	(157,000)	258,000	405,523	2,670	(222,402)	185,791
13 Reserves Cash Backed - Future Community Facilities	1,874,810	9,060	-	1,883,870	906,900	9,100	(897,000)	19,000	897,910	976,900	-	1,874,810
14 Reserves Cash Backed - Future Project Funding	15,611,819	958,967	(1,493,115)	15,077,671	14,676,500	731,800	(1,960,400)	13,447,900	15,866,814	104,320	(359,315)	15,611,819
15 Reserves Cash Backed - Future Recreation Facilities	972,350	4,700	(71,766)	905,284	975,200	9,800	-	985,000	816,980	155,370	-	972,350
16 Reserves Cash Backed - History of the District	37,490	180	-	37,670	37,700	400	-	38,100	37,250	240	-	37,490
17 Reserves Cash Backed - Infrastructure Project Contribution	3,046,691	14,720	(1,500,191)	1,561,220	1,812,900	18,100	(445,000)	1,386,000	3,029,324	19,920	(2,553)	3,046,691
18 Reserves Cash Backed - Land Acquisition	474,856	2,290	-	477,146	476,500	4,800	-	481,300	471,756	3,100	-	474,856
19 Reserves Cash Backed - Mobile Bin Program	2,020,038	9,760	-	2,029,798	2,026,900	20,300	-	2,047,200	2,006,848	13,190	-	2,020,038
20 Reserves Cash Backed - Perth Hills Tourism Alliance	46,258	220	-	46,478	46,600	-	-	46,600	71,503	30,470	(55,715)	46,258
21 Reserves Cash Backed - Plant and Machinery	4,809,992	2,023,240	(1,944,324)	4,888,908	4,302,600	2,021,600	(1,132,400)	5,191,800	3,586,601	2,023,580	(800,189)	4,809,992
22 Reserves Cash Backed - Portable Long Service Leave	348,042	1,680	(349,722)	-	364,400	3,600	(368,000)	0	345,772	2,270	-	348,042
23 Reserves Cash Backed - Revolving Energy	299,550	1,450	-	301,000	142,400	1,400	-	143,800	235,314	64,236	-	299,550
24 Reserves Cash Backed - Strategic Asset Investments	712,180	3,440	-	715,620	713,800	11,100	-	724,900	707,530	4,650	-	712,180
25 Reserves Cash Backed - Waste Management	20,032,999	5,850,785	(675,911)	25,207,873	20,751,400	4,306,100	(8,685,800)	16,371,700	16,221,029	5,957,593	(2,145,623)	20,032,999
26 Reserves Cash Backed - Workers Compensation	588,699	468,334	(921,813)	135,220	389,000	789,600	(605,000)	573,600	354,478	343,221	(109,000)	588,699
27 Reserves Cash Backed - Wungong River Project	569,500	118,750	-	688,250	507,700	121,100	-	628,800	502,000	67,500	-	569,500
28 Reserves Cash Backed - Works Contributions	653,364	3,160	-	656,524	655,600	6,600	-	662,200	649,094	4,270	-	653,364
29 Reserves Cash Backed - Public Art Contributions	-	42,000	-	42,000	-	-	-	-	-	-	-	-
30 Reserves Cash Backed - DevelopmentWA Public Art Contribution	-	158,306	-	158,306	-	-	-	-	-	-	-	-
31 Reserves Cash Backed - Forrestdale Business Park East	-	704,824	-	704,824	-	-	-	-	-	-	-	-
32 Reserves Cash Backed - Project Funds Rolled Over	-	561,232	-	561,232	-	-	-	-	-	-	-	-
	74,135,874	15,288,232	(8,607,165)	80,816,941	70,842,155	9,337,800	(14,498,500)	65,681,455	67,866,566	12,363,629	(6,094,321)	74,135,874
Total	100,949,315	21,219,862	(10,728,297)	111,440,880	98,105,455	14,120,100	(21,375,700)	90,849,855	92,724,424	20,167,031	(11,942,140)	100,949,315

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

In accordance with Council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

City of Armadale
Notes to, and forming part of, the Financial Report
FOR THE YEAR ENDED 30 JUNE 2022

30. RESERVES - CASH BACKED (Continued)

Name of Reserve	Anticipated date of use	Purpose of the reserve
1 Reserves Cash Backed - Anstey Keane - DCP	Ongoing	Fund common infrastructure works as identified in the Development Contribution Plan
2 Reserves Cash Backed - Asset Renewal	Ongoing	Assist in funding capital works, thereby extending the useful economic life of such assets.
3 Reserves Cash Backed - Asset Renewal - Buildings	Ongoing	Assist in funding capital works on buildings, thereby extending the useful economic life of such assets. This reserve have been consolidated with the Asset Renewal Reserve from 1 July 2018.
4 Reserves Cash Backed - Asset Renewal - Parks	Ongoing	Assist in funding capital works on parks, thereby extending the useful economic life of such assets. This reserve have been consolidated with the Asset Renewal Reserve from 1 July 2018.
5 Reserves Cash Backed - Building Plant and Equipment	Ongoing	To be used to assist in the maintenance and replacement of Plant and Equipment associated with City's buildings. This reserve have been consolidated with the Asset Renewal Reserve from 1 July 2018.
6 Reserves Cash Backed - Champion Lakes SAR Asset Renewal	Ongoing	To be used to assist in the renewal of assets associated with Champion Lakes Estates covered by Specified Area Rating.
7 Reserves Cash Backed - City Centre Activation	Ongoing	To be used to assist in City Centre Activation projects.
8 Reserves Cash Backed - Civic Precinct	Ongoing	To be used to assist in research, planning and redevelopment of the City's Civic Precinct.
9 Reserves Cash Backed - Community Art	Ongoing	To be used to assist in providing for timing differences in Community Art contributions and project development.
10 Reserves Cash Backed - Computer Systems Technologies	Ongoing	To be used to assist in funding the long-term renewal of City's core computer systems.
11 Reserves Cash Backed - Crossover Contributions	Ongoing	To be used to assist in funding the construction of Crossovers as a condition of approved building licences
12 Reserves Cash Backed - Covid-19 Response and Recovery	Ongoing	To be used to assist in responding to COVID-19 Pandemic Emergency and Recovery actions and initiatives
13 Reserves Cash Backed - Emergency Waste	Ongoing	To be used to assist with the costs associated with storm damage clean-up, collections and disposal.
14 Reserves Cash Backed - Employee Provisions	Ongoing	To be used to cash-back the employees' sick, annual and long-service leave entitlements liability.
15 Reserves Cash Backed - Freehold Sales Capital Works	Ongoing	To be used to assist in funding capital works and to be funded from the proceeds (30% of net sale proceeds) of selling Freehold land parcels.
16 Reserves Cash Backed - Future Community Facilities	Ongoing	To be used to assist in the research, planning and construction of future Community Facilities.
17 Reserves Cash Backed - Future Project Funding	Ongoing	To be used to fund future capital works projects considered in excess of the City's normal funding capacity.
18 Reserves Cash Backed - Future Recreation Facilities	Ongoing	To be used to assist in the research, planning and construction of future recreation facilities.
19 Reserves Cash Backed - History of the District	Ongoing	To be used to assist in the future rewrite and publication of the History of the District.
20 Reserves Cash Backed - Infrastructure Project Contribution	Ongoing	To be used to assist in completion of Infrastructure projects funded externally
21 Reserves Cash Backed - Land Acquisition	Ongoing	To be used to assist in future acquisitions of land for investment or works requirement.
22 Reserves Cash Backed - Mobile Bin Program	Ongoing	To be used to assist in the purchase and replacement of the City's Mobile Garbage Bins.
23 Reserves Cash Backed - North Forrestdale DCP 3	Ongoing	To be used to fund common infrastructure works as identified in the Development Contribution Plan #3.
24 Reserves Cash Backed - North Forrestdale SAR Asset Renewal	Ongoing	To be used to assist in the renewal of assets associated with North Forrestdale Estates covered by Specified Area Rating.
25 Reserves Cash Backed - Perth Hills Tourism Alliance	Ongoing	To be used to assist in providing for timing differences in Alliance activities.
26 Reserves Cash Backed - Plant and Machinery	Ongoing	To be used to assist in the purchase and replacement of the City's Plant and Machinery requirements.
27 Reserves Cash Backed - Portable Long Service Leave	Ongoing	To be used to assist in financing the City's Portable Long Service Leave liability.
28 Reserves Cash Backed - Revolving Energy	Ongoing	To be used to assist in establishing energy efficient management techniques and practices.
29 Reserves Cash Backed - SAR -A	Ongoing	To be used to enhance the general amenity of the area by way of increased service levels in ways like litter control, verge and streetscape maintenance, verge mowing etc.
30 Reserves Cash Backed - SAR -B	Ongoing	To be used to enhance the general amenity of the area by way of increased service levels in ways like litter control, verge and streetscape maintenance, verge mowing etc.
31 Reserves Cash Backed - SAR -C	Ongoing	To be used to enhance the general amenity of the area by way of increased service levels in ways like litter control, verge and streetscape maintenance, verge mowing etc.
32 Reserves Cash Backed - SAR -D	Ongoing	To be used to enhance the general amenity of the area by way of increased service levels in ways like litter control, verge and streetscape maintenance, verge mowing etc.
33 Reserves Cash Backed - SAR -F	Ongoing	To be used to enhance the general amenity of the area by way of increased service levels in ways like litter control, verge and streetscape maintenance, verge mowing etc.
34 Reserves Cash Backed - SAR -G	Ongoing	To be used to enhance the general amenity of the area by way of increased service levels in ways like litter control, verge and streetscape maintenance, verge mowing etc.
35 Reserves Cash Backed - Strategic Asset Investments	Ongoing	To be used to fund the acquisition of strategic asset investments from the proceeds (70% of net sale proceeds) of selling Freehold land.
36 Reserves Cash Backed - Waste Management	Ongoing	To be used to assist in the management and future provisioning of the City's Waste Management Sites.
37 Reserves Cash Backed - Workers Compensation	Ongoing	To be used to assist in covering any workers' compensation liability claims in excess of the City's normal funding capacity.
38 Reserves Cash Backed - Wungong River Project	Ongoing	To be used to fund works utilising contributions received from developers, generally pursuant to conditions of development approval.
39 Reserves Cash Backed - Works Contributions	Ongoing	To be used to fund works utilising contributions received from developers, generally pursuant to conditions of development approval.

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

31. TRUST FUNDS

	Balance 1 July 2021 \$	Amounts Received \$	Amounts Paid/Transfers* \$	Balance 30 June 2022 \$
Funds held at balance date over which the City has no control, and that are not included in the financial statements, are as follows;				
Cash in Lieu - POS - A14 Plan	1,715,312	4,243	-	1,719,555
Cash in Lieu - POS - Agreements	29,075	72	-	29,147
Cash in Lieu - POS - Ward - Minnawarr	9,155	22	-	9,177
Cash in Lieu - POS - Ward - River	1,997	5	-	2,002
Cash in Lieu of Parking	229,233	567	-	229,800
Cash in Lieu - POS - Flematti Res 4925	235,013	582	-	235,595
POS - Precinct A - Westfield	81,147	201	-	81,348
POS - Precinct B - Seville Grove	38,876	96	-	38,972
POS - Precinct C - West Armadale	238,885	591	-	239,476
POS - Precinct F - Clifton Hills	749,299	1,854	-	751,153
POS - Precinct H - Mount Nasura	1,210,846	2,996	-	1,213,842
POS - Precinct N - Forrestdale	220,596	546	-	221,142
POS - Precinct O - Palomino	74,808	185	-	74,993
POS - Regional Recreation Infrastructure	457,100	1,131	-	458,231
POS Cash in Lieu - Suburb - Piara Wat	677,644	1,676	-	679,320
POS Cash in Lieu - Suburb - Camillo	117,494	291	-	117,785
POS Cash in Lieu - Suburb - Kelmscott	92,215	229	-	92,444
POS Cash in Lieu - Suburb - Mount Ric	113,842	282	-	114,124
POS Cash in Lieu - Suburb - Armadale	287,502	712	-	288,214
POS Cash in Lieu - Suburb - Roleyston	82,855	205	-	83,060
POS Cash in Lieu - Suburb - Bedfordale	226,691	561	-	227,252
Nomination Deposits	320	-	(80)	240
Wungong Road Contribution Accounts	560,281	1,386	-	561,667
	7,450,186	18,433	(80)	7,468,539

CITY OF ARMADALE
NOTES TO, AND FORMING PART OF, THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

32. MAJOR LAND TRANSACTIONS

No major land transactions occurred during the 2021/22 financial year.

33. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grants / Contributions	Opening Balance 01/07/2020 \$	Received 2020/21 \$	Expended 2020/21 \$	Closing Balance 30/06/2021 \$	Received 2021/22 \$	Expended 2021/22 \$	Closing Balance 30/06/2022 \$
Community Amenities							
Indigenous Support Grants	-	80,000	0	80,000	-	80,000	-
Community Development	-	83,937	23,000	60,937	-	60,937	-
Volunteer Resources	-	32,232	25,232	7,000	-	7,000	-
Early Years Initiative	-	-	-	-	145,000	7,553	137,447
Aboriginal Development	-	-	-	-	396,540	382,756	13,784
Indigenous Advancement Strategy	-	-	-	-	70,900	52,771	18,129
Cricket Pavilion	499,051	-	499,051	-	-	-	-
Cricket Pavilion - Club Contribution	253,446	-	253,446	-	-	-	-
Recreation and Culture							
Wetlands Rehabilitation	86,685	-	86,685	-	-	-	-
Water Quality Monitoring - SPG	54,590	-	54,590	-	-	-	-
Parks	6,046	-	6,046	-	-	-	-
Transport & Building							
Metropolitan Regional Road Grant - MRRG	41,059	-	41,059	-	-	-	-
Pathways - Bike Plan	174,988	-	174,988	-	-	-	-
Eighth Road Grant	-	1,411,900	599,626	812,274	-	812,274	-
Solar Panel Grant	-	537,500	67,681	469,819	-	469,819	-
St Francis Xavier Church	-	-	-	-	100,000	3,000	97,000
CCTV Trailer	-	-	-	-	40,000	-	40,000
Total	1,115,865	2,145,569	1,831,404	1,430,030	752,440	1,876,110	306,360

preparation of the financial report that is free from material misstatement, whether due to fraud or error.

- (g) We have provided your auditors with
 - (i) Access to all information of which we are aware that is relevant to the preparation of the financial report, such as records, documentation and other matters.
 - (ii) Additional information that your auditors have requested for the purpose of the audit.
 - (iii) Unrestricted access to staff and councillors of the **Error! Reference source not found.** from whom your auditors determined it necessary to obtain audit evidence.
- (h) All transactions have been recorded in the accounting and other records and are reflected in the financial report.
- (i) All internal audit reports and reports resulting from other management reviews, including legal issues and legal opinions which have the capacity to be relevant to the fair presentation of the financial report including, where relevant, minutes of meetings, have been brought to your auditors' attention and made available to them.
- (j) We have advised your auditors of all known instances of non-compliance or suspected non-compliance with laws and regulations, and all known data or security breaches whose effects should be considered when preparing the financial report.
- (k) We have provided to your auditors the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
- (l) No frauds or suspected frauds affecting the **Error! Reference source not found.** involving:
 - (i) Management;
 - (ii) Employees who have significant roles in internal control; or
 - (iii) Othershave occurred to the knowledge of management of the **Error! Reference source not found..**
- (m) To our knowledge no allegations of fraud or suspected fraud affecting the **Error! Reference source not found.**'s financial report has been communicated to us by employees, former employees, analysts, regulators or others.
- (n) We have disclosed to your auditors all known actual or possible litigation and claims whose effects should be considered when preparing the financial report, and they have been accounted for and disclosed in accordance with Australian Accounting Standards.

2. FAIR VALUE MEASUREMENTS AND DISCLOSURES

We confirm that where assets and liabilities are recorded at fair value, the value attributed to these assets and liabilities is the fair value.

We confirm that the carrying amount of each physical non-current asset does not materially differ from its fair value at the end of the reporting period. Significant fair value assumptions, including those with high estimation uncertainty, are reasonable.

We confirm the measurement methods, including related assumptions, used by management in determining fair values are appropriate and have been consistently applied.

We confirm that the fair value disclosures in the financial report are complete and appropriate.

3. GOING CONCERN

We confirm that the going concern basis of accounting is appropriate for the annual financial report.

4. CONTINGENT LIABILITIES

There are no material contingent liabilities at year end that have not been completely and adequately disclosed in the Notes to the financial report.

5. COMMITMENTS FOR CAPITAL AND OTHER EXPENDITURE

Other than those commitments reported in the Notes to the financial report, there were no significant commitments for capital or other expenditure contracts carrying over at year end.

6. FINANCIAL LIABILITY FOR CONTAMINATED SITES

We are aware of our obligations under the *Contaminated Sites Act 2003* and have reported to the Department of Water and Environmental Regulation, all land owned, vested or leased by the **Error! Reference source not found.** that is known to be, or is suspected of being, contaminated. All actual liabilities or contingent liabilities, if any, have been recognised and/or disclosed in the financial report as appropriate.

7. RELATED ENTITIES

We acknowledge our responsibility under section 17(1) of the *Auditor General Act 2006* (as applied by section 7.12AL of the *Local Government Act 1995*) to give written notice to the Auditor General if any of the **Error! Reference source not found.**'s functions are being performed in partnership or jointly with another person or body, through the instrumentality of another person or body, and/or by means of a trust. We confirm that we have provided the Auditor General with details of all related entities in existence at **Error! Reference source not found.**

8. RELATED PARTIES

We have disclosed to your auditors the identity of the **Error! Reference source not found.**'s related parties, as defined in Australian Accounting Standards, of which we are aware, and all the related party relationships and transactions of which we are aware. These include the **Error! Reference source not found.**'s key management personnel (KMP) and their related parties, including their close family members and their controlled and jointly controlled entities.

We have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of Australian Accounting Standards.

9. KEY MANAGEMENT PERSONNEL COMPENSATION

We confirm the **Error! Reference source not found.**'s key management personnel (KMP) have not received any other money, consideration or benefit (except amounts being reimbursements for out of pocket expenses) which has not been included in the compensation disclosed in the Notes to the financial report.

10. SUBSEQUENT EVENTS

All events subsequent to the date of the financial report and up to the date of this letter for which Australian Accounting Standards require adjustment or disclosure, have been adjusted or disclosed.

11. INTERNAL CONTROL

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

12. INSURANCE

We have established procedures to assess the adequacy of insurance cover on all assets and insurable risks. We believe, where appropriate, assets and insurable risks are adequately covered by insurance.

13. RISK MANAGEMENT

We confirm that we have established and maintained a risk management framework that is appropriate to the **Error! Reference source not found.**

14. ACCOUNTING MISSTATEMENTS

The effects of uncorrected misstatements in the financial statements for the year ended 30 June 2022 are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these uncorrected misstatements is listed below.

is listed below.

Account balance	Original Balance \$	Actual Balance \$	Variance \$	Adjusted (Yes/No)
Rehabilitation Asset	24,809,363	21,445,963	(3,363,400)	No
Rehabilitation Provision	(25,309,905)	(24,055,916)	1,253,989	
Amortisation	534,835	595,721	60,886	
Opening retained earnings	(454,619,068)	(453,338,897)	1,280,171	
Finance costs	1,268	769,621	768,354	
Difference identified in recalculation of the landfill rehabilitation provision as at 30 June 2022. The difference primarily relates to inflation rates applied and the adjustment to retained earnings to recognise the effect of the input error identified in FY22.				

16. ELECTRONIC PRESENTATION OF THE AUDITED ANNUAL FINANCIAL REPORT AND AUDITOR'S REPORT

- (a) We acknowledge that we are responsible for the electronic presentation of the annual financial report.
- (b) We will ensure that the electronic version of the audited annual financial report and the auditor's report presented on the **Error! Reference source not found.**'s website is the same as the final signed versions of the audited annual financial report and the auditor's report.
- (c) We have clearly differentiated between audited and unaudited information in the construction of **Error! Reference source not found.**'s website and understand the risk of potential misrepresentation in the absence of appropriate controls.
- (d) We have assessed the security controls over the audited annual financial report and the auditor's report and are satisfied that procedures in place are adequate to ensure the integrity of the information provided.
- (e) We will ensure that where the auditor's report on the annual financial report is provided on the website, the annual financial report is also provided in full.

17. OTHER (UNAUDITED) INFORMATION IN THE ANNUAL REPORT

We will provide the final version of the annual report to you when available, to enable you to complete your required procedures.

Director Corporate Services

NAME: JASON LYON

10/03/2023
Date

Chief Executive Officer

NAME: JOANNE ABBISS

10/03/2023
Date



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Commercial Enterprises by Local Governments					
No	Reference	Question	Respondent	Answer	Narration
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2022?	Chief Executive Officer	N/A	No major trading undertakings during the reporting period
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2022?	Chief Executive Officer	Yes	Whilst major land transactions were completed in 2022, business planning for the purposes of LGA compliance was effected in 2014 and 2015.
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2022?	Chief Executive Officer	Yes	See above
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2022?	Chief Executive Officer	Yes	See answer 2
5	s3.59(5)	During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	Chief Executive Officer	Yes	See answer 2

Delegation of Power/Duty					
No	Reference	Question	Respondent	Answer	Narration
1	s5.16	Were all delegations to committees resolved by absolute majority?	Chief Executive Officer	N/A	Council does not operate delegated committees
2	s5.16	Were all delegations to committees in writing?	Chief Executive Officer	N/A	See answer 1
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the <i>Local Government Act 1995</i> ?	Chief Executive Officer	N/A	See answer 1
4	s5.18	Were all delegations to committees recorded in a register of delegations?	Chief Executive Officer	N/A	See answer 1
5	s5.18	Has council reviewed delegations to its committees in the 2021/2022 financial year?	Chief Executive Officer	N/A	See answer 1
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the <i>Local Government Act 1995</i> ?	Chief Executive Officer	Yes	
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Chief Executive Officer	Yes	Refer item CS36/7/22 from OCM 25 July 2022
8	s5.42(2)	Were all delegations to the CEO in writing?	Chief Executive Officer	Yes	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Chief Executive Officer	Yes	
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	Chief Executive Officer	N/A	None amended or revoked in the reporting period
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Chief Executive Officer	Yes	

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12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2021/2022 financial year?	Chief Executive Officer	Yes	Refer item CS36/7/22 from OCM 25 July 2022
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19?	Chief Executive Officer	Yes	Sample audit of the City's records shows compliance with this requirement

Disclosure of Interest					
No	Reference	Question	Respondent	Answer	Narration
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the <i>Local Government Act 1995</i> , did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Chief Executive Officer	Yes	Perusal of Council minutes shows compliance with this requirement
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	Chief Executive Officer	N/A	No circumstance of this nature arose in the reporting period
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) of the <i>Local Government Act 1995</i> recorded in the minutes of the meeting at which the disclosures were made?	Chief Executive Officer	Yes	Perusal of Council minutes shows compliance with this requirement
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Chief Executive Officer	Yes	
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022?	Chief Executive Officer	Yes	
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Chief Executive Officer	Yes	
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> ?	Chief Executive Officer	Yes	
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the <i>Local Government Act 1995</i> , in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Chief Executive Officer	Yes	
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> , did the CEO remove from the register all returns relating to that person?	Chief Executive Officer	Yes	



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10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Chief Executive Officer	Yes	
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Chief Executive Officer	Yes	See the City's website https://www.armadale.wa.gov.au/registers
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Chief Executive Officer	Yes	See answer 11
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people?	Chief Executive Officer	N/A	No circumstance of this nature arose in the reporting period
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Chief Executive Officer	N/A	No circumstance of this nature arose in the reporting period
15	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Chief Executive Officer	Yes	
16	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	Chief Executive Officer	N/A	No circumstance of this nature arose in the reporting period
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) of the Local Government Act 1995 recorded in the minutes of the council meeting at which the decision was considered?	Chief Executive Officer	N/A	No circumstance of this nature arose in the reporting period
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	Chief Executive Officer	Yes	Adopted SCM 3 May 2021
19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995?	Chief Executive Officer	Yes	See https://www.armadale.wa.gov.au/code-conduct-1
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Chief Executive Officer	Yes	See https://www.armadale.wa.gov.au/code-conduct-1
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government in accordance with section 5.51A(1) of the Local Government Act 1995?	Chief Executive Officer	Yes	



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Disposal of Property					
No	Reference	Question	Respondent	Answer	Narration
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)?	Chief Executive Officer	Yes	Whilst disposal of property was approved by Council and advertised in 2021, the transaction occurred during the reporting period.
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4) of the Act, in the required local public notice for each disposal of property?	Chief Executive Officer	Yes	See above

Elections					
No	Reference	Question	Respondent	Answer	Narration
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997?	Chief Executive Officer	Yes	
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?	Chief Executive Officer	Yes	
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997?	Chief Executive Officer	Yes	See the City's website https://www.armadale.wa.gov.au/register

Finance					
No	Reference	Question	Respondent	Answer	Narration
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995?	Chief Executive Officer	Yes	Appointed SCM 18 October 2021
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the <i>Local Government Act 1995</i> , did it do so by absolute majority?	Chief Executive Officer	N/A	No delegated powers or duties to the audit committee
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2022 received by the local government by 31 December 2022?	Chief Executive Officer	No	Audit report was not received from the OAG and KPMG by the due date

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4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the <i>Local Government Act 1995</i> required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	Chief Executive Officer	N/A	See answer 3
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	Chief Executive Officer	N/A	See answer 3
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the <i>Local Government Act 1995</i> , did the CEO publish a copy of the report on the local government's official website?	Chief Executive Officer	N/A	See answer 3
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2022 received by the local government within 30 days of completion of the audit?	Chief Executive Officer	N/A	See answer 3



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Integrated Planning and Reporting					
No	Reference	Question	Respondent	Answer	Narration
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Chief Executive Officer	Yes	Adopted OCM 19 April 2021
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Chief Executive Officer	Yes	Corporate Business Plan 2022/23 2025/26 - adopted OCM 23 May 2022
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	Chief Executive Officer	Yes	

Local Government Employees					
No	Reference	Question	Respondent	Answer	Narration
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?	Chief Executive Officer	Yes	Executive Director Technical Services vacancy – advertised nationally and online from 11 February to 8 March 2022
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	Chief Executive Officer	N/A	No vacancy in CEO position in the reporting period
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the <i>Local Government Act 1995</i> ?	Chief Executive Officer	N/A	No vacancy in CEO position in the reporting period
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	Chief Executive Officer	Yes	Appointment of Executive Director Technical Services, reported to Council 28 March 2022
5	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	Chief Executive Officer	N/A	

Official Conduct					
No	Reference	Question	Respondent	Answer	Narration
1	s5.120	Has the local government designated an employee to be its complaints officer?	Chief Executive Officer	No	CEO is Complaints Officer
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the <i>Local Government Act 1995</i> ?	Chief Executive Officer	Yes	See the City's website https://www.armadale.wa.gov.au/registers
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the <i>Local Government Act 1995</i> ?	Chief Executive Officer	Yes	See answer 2
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Chief Executive Officer	Yes	See answer 2



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Optional Questions					
No	Reference	Question	Respondent	Answer	Narration
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2022? If yes, please provide the date of council's resolution to accept the report.	Chief Executive Officer	Yes	Presented to City Audit Committee on 1 October 2020. Endorsed by Council at OCM 12 October 2020
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three years prior to 31 December 2022? If yes, please provide date of council's resolution to accept the report.	Chief Executive Officer	Yes	The review was completed and the draft report received on 9 December 2022. The final report has not yet been presented to Council.
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the <i>Local Government Act 1995</i> , were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?	Chief Executive Officer	Yes	
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?	Chief Executive Officer	Yes	Adopted OCM 23 May 2022
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the <i>Local Government Act 1995</i> ?	Chief Executive Officer	Yes	Whilst the schedule of fees and charges is not in a central location, the information is available on the City's website according to the relevant service required.
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Chief Executive Officer	Yes	
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2021/2022 financial year and publish it on the local government's official website by 31 July 2022?	Chief Executive Officer	Yes	See the City's website https://www.armadale.wa.gov.au/registers
8	s6.4(3)	By 30 September 2022, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2022?	Chief Executive Officer	Yes	Sent to KPMG on 30 September 2022
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Chief Executive Officer	Yes	



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Tenders for Providing Goods and Services					
No	Reference	Question	Respondent	Answer	Narration
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Chief Executive Officer	No	The City has a waiver process which has been in place for some time and is detailed in the purchasing procedures, which underpin the Purchasing Policy. The Purchasing Policy is being revised to explicitly reference the waiver procedures that were established for the Policy's operation
2	s3.57 F&G Reg 11	Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?	Chief Executive Officer	Yes	
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Chief Executive Officer	Yes	
4	F&G Reg 12	Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	Chief Executive Officer	Yes	
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation?	Chief Executive Officer	Yes	
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	Chief Executive Officer	Yes	
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Chief Executive Officer	Yes	
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	Chief Executive Officer	N/A	No circumstance of this nature arose during the reporting period
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Chief Executive Officer	Yes	
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no	Chief Executive Officer	No	An administrative error resulted in two unsuccessful



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		tender was accepted?			tenderers not being advised of the tender outcome.
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?	Chief Executive Officer	Yes	
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	Chief Executive Officer	Yes	
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	Chief Executive Officer	Yes	
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24?	Chief Executive Officer	Yes	
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions and General) Regulations 1996, Regulations 24AD(4) and 24AE?	Chief Executive Officer	Yes	
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	Chief Executive Officer	Yes	
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	Chief Executive Officer	Yes	
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG?	Chief Executive Officer	Yes	See: https://www.armadale.wa.gov.au/tenders-and-eoi
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	Chief Executive Officer	Yes	
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	Chief Executive Officer	Yes	
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	Chief Executive Officer	Yes	

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22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?	Chief Executive Officer	N/A	No regional price preference given
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