CITY OF ARMADALE

AGENDA

OF **CITY AUDIT COMMITTEE** TO BE HELD IN THE **COMMITTEE ROOM**, ADMINISTRATION CENTRE, 7 ORCHARD AVENUE, ARMADALE ON **WEDNESDAY, 1 NOVEMBER 2017 AT 6PM.**

PRESENT:

APOLOGIES:

OBSERVERS:

IN ATTENDANCE:

ELECTION OF CHAIR AND DEPUTY CHAIR

As this is the first meeting of the City Audit Committee since the October 2017 Elections, the first item of business is the Election of Committee Chair and Deputy Chair.

The Executive Director Corporate Services will call for nominations for the position of Chair and, having elected the Chair, the Chair will then call nominations for election of Deputy Chair.

Note:
Pursuant to the requirements of the Local Government Act 1995, nominations are to be in writing either before the meeting or at the meeting before the close of nominations. If an election is required for either of the positions, then the provisions of Schedule 2.3 and 4.1 of the Local Government Act 1995 will apply as appropriate, i.e. committee members are to vote on the matter by secret ballot as if they were electors voting at an election and the votes cast will be counted on a "first past the post" basis. An Explanatory Note is attached.

DECLARATION OF MEMBERS' INTERESTS

PUBLIC QUESTION TIME

Note:
Meetings of the City Audit Committee are closed to the public on the basis that matters to be dealt with by Committee will generally be of a sensitive and confidential nature which, if disclosed could reasonably be expected to impair the effectiveness of the audit process – Council resolution CS18/2001 refers.

DEPUTATION

Nil

CONFIRMATION OF MINUTES

RECOMMEND

Minutes of the City Audit Committee Meeting held on 2 October 2017 be confirmed.

*"For details of Councillor Membership on this Committee, please refer to the City's website – **www.armadale.wa.gov.au/your council/councillors**."*

ELECTION OF COMMITTEE PRESIDING MEMBERS AND DEPUTY PRESIDING MEMBERS

Notes:

- The election of Committee **Chair** is to be conducted in accordance with *Section 5.12(1) and Schedule 2.3 Division 1 of the Local Government Act 1995*
- The election of Committee **Deputy Chair** is to be conducted in accordance with *Section 5.12(2) and Schedule 2.3 Division 2 of the Local Government Act 1995*
- Nominations are to be given to the CEO or Executive Director in writing before the meeting or during the meeting before the close of nominations. A Councillor can nominate another Councillor or a Councillor can nominate them self.
- The CEO or Executive Director cannot accept a nomination unless the Councillor being nominated has advised orally or in writing that they are willing to be nominated for the position.
- Councillors being members of the Committee, are to vote on the matter by secret ballot as if they were electors voting at an election.
- The votes cast will be counted in accordance with *Schedule 4.1 of the Local Government Act 1995*, ie. the "First Past the Post" method of counting votes will apply.

- If there is an equality of votes for **Committee Chair** –
  - The meeting is to be adjourned for not more than 7 days; and
  - If at the adjourned meeting, the count is again tied, then the decision is made by drawing lots.

- If there is an equality of votes for Committee Deputy Chair –
  - The count is discontinued and a special meeting of the Committee is to be held within 7 days to elect the Deputy; and
  - If at the special Committee meeting, the count is again tied, then the decision is made by drawing lots.

CONTENTS

CITY AUDIT COMMITTEE

1 NOVEMBER 2017

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1. FINANCIAL MANAGEMENT & PLANNING

1.1 **2016/17 FINANCIAL REPORT AND AUDITOR'S REPORT 2

SUMMARY OF ATTACHMENTS 5

**1.1 - 2016/17 FINANCIAL REPORT AND AUDITOR'S REPORT

WARD	:	ALL
FILE No.	:	M/674/17
DATE	:	25 October 2017
REF	:	TM
RESPONSIBLE MANAGER	:	Executive Director Corporate Services

In Brief:

- This Report presents the Audited Annual Financial Report for the year ended 30 June 2017, the Auditors Draft Independent Auditors Report and 2017 Audit Completion Report for Councils consideration and acceptance;
- The Report Recommends that the Reports as presented be accepted.

Tabled Items

Nil

Officer Interest Declaration

Nil

Strategic Implications

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

Legislation Implications

Local Government Act 1995 (as amended) and associated Regulations
Australian Accounting Standards
International Financial Reporting Standards

Council Policy/Local Law Implications

Nil

Budget/Financial Implications

Nil

Consultation

1. Council's Auditor
2. Chief Executive Officer

BACKGROUND

The relevant legislative requirements as per the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*, are explained as follows:

- 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 - *the City's annual financial report was forwarded to the Auditor on 14 September 2017.*

- 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. *The Auditor examined the accounts in mid-September and more recently has examined the financial report.*

- 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 – *Attachment 1.1.1 refers.*

- 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 – *this meeting of the City Audit Committee fulfils this function.*

DETAILS OF PROPOSAL

Presented as an attachment to this Report is the Annual Financial Report for the year ended 30 June 2017 and the independent Auditor's Report. And presented as a confidential attachment is the Auditor's Audit Completion Report 2017.

COMMENT

As mentioned above, the annual financial report has been completed and the Auditor has issued his Audit Completion Report and draft Independent Report.

Barring any changes to the financial report by the City Audit Committee, the Auditor's Independent Audit Report (which will be reported in the 2016/17 Annual Report) will be issued to Council following this committee meeting.

The other aspect for Committee and Council to note is that this Report and the Report (via the CEO's Report) to the 13 November 2017 Council Meeting on the Annual Report will collectively meet the requirements of section 5.53 of the *Local Government Act 1995* in terms of what the annual report shall contain.

Council's Auditors Mr Tony Macri (Partner) Mr Suren Herathmudalige (Audit Manager) will be in attendance to present the Auditor's Audit Completion Report 2017 and take queries from Committee.

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*, accepts* for inclusion in the City's 2016/17 Annual Report, the Annual Financial Report and Auditor's Independent Audit Report for the financial year ended 30 June 2017 as presented.**

2. **accepts the 2017 Audit Completion report as presented.**

ABSOLUTE MAJORITY RESOLUTION REQUIRED

ATTACHMENTS

1. ⇩ Draft Auditors Report 2017
2. ⇩ 2017 Annual Financial Report
3. Audit Completion Report 2017 - *This matter is considered to be confidential under Section 5.23(2) (e iii) of the Local Government Act, as it deals with the matter, if disclosed, would reveal information about the business, professional, commercial or financial affairs of a person*

MEETING DECLARED CLOSED AT _____

CITY AUDIT COMMITTEE

SUMMARY OF ATTACHMENTS

1 NOVEMBER 2017

ATT NO.	SUBJECT	PAGE
1.1	**2016/17 FINANCIAL REPORT AND AUDITOR'S REPORT**	
1.1.1	Draft Auditors Report 2017	6
1.1.2	2017 Annual Financial Report	9

8. Appendix 1 - Proposed Audit Opinion

INDEPENDENT AUDITOR'S REPORT

TO: RATEPAYERS OF CITY OF ARMADALE

Report on the Financial Report

Opinion

We have audited the financial report of **City of Armadale** (the Council), which comprises the Statement of Financial position as at 30 June 2017, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and a summary of significant accounting policies and other explanatory information and Statement by Chief Executive Officer.

In our opinion, the accompanying financial report of the **City of Armadale** is in accordance with the *Local Government Act 1995* (as amended), including:

(c) giving a true and fair view of the financial position of the **City of Armadale** as at 30 June 2017 and of its financial performance for the year then ended; and

(d) complying with the Australian Accounting Standards (including Australian Accounting Interpretations) and the *Local Government (Financial Management) Regulations 1996* (as amended).

Report on Other Legal and Regulatory Requirements

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

(a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Council.

(b) There are no other matters indicating non-compliance with Part 6 of the *Local Government Act 1995* (as amended), the *Local Government (Financial Management) Regulations 1996* (as amended) or applicable financial controls of any other written law noted during the course of our audit.

(c) In relation to the asset consumption ratio and asset renewal funding ratio (presented at **Note 22** of the annual financial report) we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:

(i) reasonably calculated; and
(ii) based on verifiable information.

(d) All necessary information and explanations were obtained by us.

(e) All audit procedures were satisfactorily completed in conducting our audit.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the auditor independence and ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The management is responsible for the other information. The other information comprises the information included in the Council's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management for the Financial Report

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT (Cont'd)

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the **City of Armadale** for the year ended 30 June 2017 included on the Council's website. Management is responsible for the integrity of the Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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

A MACRI
PARTNER

PERTH
DATED THIS 1ST DAY OF NOVEMBER 2017.

City of Armadale
Financial Report
For the year ended 30 June 2017

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 being the annual financial report and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the City as at 30th June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue
Signed on the 1st day of November 2017

R S Tame
Chief Executive Officer

City of Armadale
Statement of Comprehensive Income - By Nature or Type
For the year ended 30 June 2017

	Note	2017 Actual $	2017 Budget $	2016 Actual $
Revenue				
Rates	24	61,927,025	60,401,130	58,617,989
Operating Grants, Subsidies and Contributions	29	7,510,793	15,105,350	4,498,543
Fees and Charges	28	21,019,389	20,614,655	19,323,029
Interest Earnings	2(a)(ii)	3,683,723	3,622,100	3,693,325
Other Revenue	2(a)(ii)	689,335	631,000	1,099,932
		94,830,265	**100,374,235**	**87,232,818**
Expenses				
Employee Costs		(38,205,434)	(31,888,650)	(36,355,525)
Materials and Contracts		(28,621,994)	(44,090,670)	(27,993,981)
Utility Charges		(3,219,533)	(3,272,000)	(3,475,516)
Depreciation on Non-Current Assets	2(a)(i)	(19,457,723)	(18,884,904)	(17,927,381)
Amortisation	2(a)(i)	(298,041)	-	(295,700)
Interest Expenses	2(a)(i)	(1,325,686)	(1,225,000)	(1,358,066)
Insurance Expenses		(1,343,514)	(1,350,000)	(1,180,063)
Other Expenditure		(2,129,347)	(2,535,000)	(1,899,904)
		(94,601,272)	**(103,246,224)**	**(90,486,136)**
		228,993	**(2,871,989)**	**(3,253,318)**
Non-Operating Grants, Subsidies and Contributions	29	4,093,733	27,675,035	5,693,587
Developer Contribution Plans - Cash	29	4,619,352	-	11,090,975
Developer Contribution Plans - Gifted Assets	7	38,555,486	-	49,872,349
Profit / (Loss)				
Profit on Disposal of Assets	21	1,192,478	167,380	44,951
(Loss) on Disposal of Assets	21	(404,958)	(54,950)	(327,548)
Increase / (Decrease) in Investments	9	(87,855)	-	-
Net Result		**48,197,229**	**24,915,476**	**63,120,996**
Other Comprehensive Income				
Items that will not be reclassified subsequently to profit or loss				
Changes on Revaluation of Non-Current Assets	15	(8,842,901)	-	(550,286)
Total Other Comprehensive Income		**(8,842,901)**	-	**(550,286)**
Total Comprehensive Income		**39,354,328**	**24,915,476**	**62,570,710**

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

City of Armadale
Statement of Comprehensive Income - By Program
For the year ended 30 June 2017

	Note	2017 Actual $	2017 Budget $	2016 Actual $
Revenue				
General Purpose Funding		68,861,772	66,582,030	64,068,721
Governance		2,023,533	1,931,500	1,895,001
Law, Order and Public Safety		957,977	730,800	1,030,889
Health		182,851	136,000	193,408
Education and Welfare		459,208	318,000	586,473
Community Amenities		15,402,069	23,845,100	13,976,805
Recreation and Culture		3,121,674	3,353,155	2,181,383
Transport		2,537,432	2,066,650	1,934,763
Economic Services		1,165,604	1,320,000	1,259,281
Other Property and Services		118,145	91,000	106,094
		94,830,265	**100,374,235**	**87,232,818**
Expenses				
General Purpose Funding		(1,737,007)	(1,253,930)	(1,340,793)
Governance		(2,694,013)	(15,463,933)	(2,312,116)
Law, Order and Public Safety		(3,023,607)	(2,339,936)	(2,904,589)
Health		(1,774,453)	(1,391,356)	(1,644,504)
Education and Welfare		(4,388,349)	(3,931,716)	(4,346,934)
Community Amenities		(19,874,146)	(27,373,099)	(19,250,794)
Recreation and Culture		(24,565,815)	(19,780,127)	(23,654,106)
Transport		(31,920,025)	(27,777,243)	(30,486,481)
Economic Services		(3,189,571)	(2,605,684)	(3,048,077)
Other Property and Services		(108,599)	(104,200)	(139,675)
		(93,275,586)	**(102,021,224)**	**(89,128,069)**
Finance Costs	2(a)(i)			
Governance		(573,916)	(461,600)	(599,972)
Community Amenities		(10,914)	(152,600)	(12,485)
Recreation and Culture		(594,638)	(582,100)	(598,065)
Transport		(146,218)	(28,700)	(147,544)
		(1,325,686)	**(1,225,000)**	**(1,358,066)**
Non Operating Grants, Subsidies and Contributions	29	4,093,733	27,675,035	5,693,588
Developer Contribution Plans - Cash	29	4,619,352	-	11,090,975
Developer Contribution Plans - Gifted Assets	7	38,555,486	-	49,872,349
Profit on Disposal of Assets	21	1,192,478	167,380	44,951
(Loss) on Disposal of Assets	21	(404,958)	(54,950)	(327,548)
Increase / (Decrease) in Investments	9	(87,855)	-	-
Net Result		**48,197,229**	**24,915,476**	**63,120,996**
Other Comprehensive Income				
Items that will not be reclassified subsequently to profit or loss				
Changes on Revaluation of Non-Current Assets	15	(8,842,901)	-	(550,286)
Total Other Comprehensive Income		**(8,842,901)**	**-**	**(550,286)**
Total Comprehensive Income		**39,354,328**	**24,915,476**	**62,570,710**

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

City of Armadale
Statement of Financial Position
For the year ended 30 June 2017

	Note	2017 Actual $	2016 Actual $
Current Assets			
Cash and Cash Equivalents	3	103,054,305	97,972,464
Trade and Other Receivables	4	5,924,494	7,074,641
Assets Held for Sale	5(a)	619,091	1,572,000
Inventories	5(b)	157,191	184,251
Total Current Assets		**109,755,081**	**106,803,356**
Non-Current Assets			
Trade and Other Receivables	4	599,591	578,629
Property, Plant and Equipment	6	204,723,476	210,114,414
Infrastructure	7	909,183,863	867,415,552
Landfill Cell	8	5,330,714	5,411,813
Investments	9	169,353	257,208
Rehabilitation Asset	10	2,389,362	2,781,272
Total Non-Current Assets		**1,122,396,359**	**1,086,558,888**
Total Assets	20	**1,232,151,440**	**1,193,362,244**
Current Liabilities			
Trade and Other Payables	11	15,069,729	8,258,333
Borrowings	12	2,004,608	1,887,962
Provisions	13	7,958,536	7,119,164
Total Current Liabilities		**25,032,873**	**17,265,459**
Non-Current Liabilities			
Borrowings	12	28,051,737	29,303,345
Provisions	13	3,589,768	3,566,621
Total Non-Current Liabilities		**31,641,505**	**32,869,966**
Total Liabilities		**56,674,377**	**50,135,425**
Net Assets		**1,175,477,063**	**1,143,226,819**
Equity			
Retained Surplus		378,082,671	326,556,249
Reserves - Cash Backed	14	80,234,083	80,858,321
Revaluation Surplus	15	717,160,309	735,812,249
Total Equity		**1,175,477,063**	**1,143,226,819**

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 2017

	Note	Retained Surplus $	Reserves Cash or Investment Backed $	Revaluation Surplus $	Total Equity $
Balance as at 1 July 2015		**269,394,403**	**74,072,827**	**738,937,800**	**1,082,405,030**
Comprehensive Income Net Result		63,120,996	-	-	63,120,996
Transfer of Revaluation Surplus on Asset Disposals		826,342	-	(826,342)	-
Changes on Revaluation of Assets - Adjustments		-	-	(1,748,923)	(1,748,923)
Changes on Revaluation of Assets During the Year	15, 38	-	-	(550,286)	(550,286)
Total Comprehensive Income		63,947,338	-	(3,125,551)	60,821,787
Transfer from / (to) Reserves	14	(6,785,494)	6,785,494	-	-
Balance as at 30 June 2016		**326,556,249**	**80,858,321**	**735,812,249**	**1,143,226,819**
Adjustments Due to Adoption of New Standards					
Rates in Advance		(4,678,888)	-	-	(4,678,888)
Grants & Contributions	2(c)	(89,950)	-	-	(89,950)
Volunteer Services Revenue	2(a)(ii)	94,612	-	-	94,612
Volunteer Services Expenditure	2(a)(i)	(94,612)	-	-	(94,612)
Adjusted Balance as at 1 July 2016		**321,787,411**	**80,858,321**	**735,812,249**	**1,138,457,981**
Comprehensive Income Net Result		48,197,229	-	-	48,197,229
Transfer of Revaluation Surplus on Asset Disposals / Impairment	15	7,473,789	-	(7,473,789)	-
Changes on Revaluation of Assets - Impairment		-	-	(2,335,250)	(2,335,250)
Changes on Revaluation of Assets During the Year	15	-	-	(8,842,901)	(8,842,901)
Total Comprehensive Income		55,671,018	-	(18,651,940)	37,019,078
Transfer from / (to) Reserves	14	624,238	(624,238)	-	-
Balance as at 30 June 2017		**378,082,671**	**80,234,083**	**717,160,309**	**1,175,477,063**

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 2017

	Note	2017 Actual $	2017 Budget $	2016 Actual $
Cash Flows from Operating Activities				
Receipts				
Rates		58,097,535	60,401,130	57,396,723
Operating Grants, Subsidies and Contributions		7,420,843	15,105,350	4,498,543
Fees and Charges		21,019,390	20,614,655	19,323,030
Interest Earnings		3,683,723	3,622,100	3,693,325
Goods and Services Tax		6,105,473	4,067,000	4,941,110
Other		904,241	631,000	(1,260,880)
Total Receipts		**97,231,205**	**104,441,235**	**88,591,851**
Payments				
Employee Costs		(37,199,235)	(31,888,650)	(36,038,199)
Materials and Contracts		(21,842,409)	(39,383,030)	(25,583,201)
Utilities		(3,219,418)	(3,272,000)	(3,475,516)
Insurance		(1,325,686)	(1,225,000)	(1,358,066)
Interest		(1,343,514)	(1,350,000)	(1,180,063)
Goods and Services Tax		(6,040,589)	(4,000,000)	(4,886,164)
Other		(1,965,016)	(2,535,000)	(1,903,505)
Total Payments		**(72,935,867)**	**(83,653,680)**	**(74,424,714)**
Net Cash Provided by / (used in) Operating Activities	16(b)	**24,295,338**	**20,787,555**	**14,167,137**
Cash Flows from Investing Activities				
Payments for Property, Plant and Equipment		(6,314,728)	(24,530,890)	(5,326,629)
Payments for Infrastructure		(22,791,011)	(39,079,845)	(17,365,416)
Grants and Subsidies - Non-Operating	29	4,093,733	27,675,035	5,693,587
Developer Contribution Plans - Cash	29	4,619,352	-	11,090,975
Proceeds from Sale of Assets	21	2,314,119	2,031,230	916,493
Net Cash Provided by / (used in) Investing Activities		**(18,078,535)**	**(33,904,470)**	**(4,990,990)**
Cash Flows from Financing Activities				
Repayment of Debentures	23	(1,887,961)	(1,890,500)	(1,636,495)
Proceeds from New Debentures	23	753,000	8,817,500	707,000
Net Cash Provided by / (used in) Financing Activities		**(1,134,961)**	**6,927,000**	**(929,495)**
Net Increase / (Decrease) in Cash Held		5,081,842	(6,189,915)	8,246,652
Cash and Cash Equivalents at Beginning of Year		97,972,464	98,190,793	89,725,812
Cash and Cash Equivalents at End of Year	16(a)	**103,054,306**	**92,000,878**	**97,972,464**

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

City of Armadale
Rate Setting Statement
For the year ended 30 June 2017

	Note	2017 Actual $	2017 Budget $	2016 Actual $
Net Current Assets at Start of Financial Year - Surplus / (Deficit)	37	11,435,814	11,695,910	12,001,886
Revenue from Operating Activities (excluding Rates)				
General Purpose Funding		7,974,654	4,801,890	7,411,976
Governance		2,088,967	1,931,500	1,895,926
Law, Order and Public Safety		983,732	730,800	1,055,925
Health		184,846	136,000	199,003
Education and Welfare		469,487	318,000	591,624
Community Amenities		16,356,891	23,845,100	13,976,805
Recreation and Culture		2,905,755	3,353,155	2,181,382
Transport		2,376,201	2,066,650	1,940,350
Economic Services		1,171,743	1,320,000	1,259,281
Other Property and Services		118,145	91,000	108,751
		34,630,421	**38,594,095**	**30,621,023**
Expenditure from Operating Activities				
General Purpose Funding		(1,737,007)	(1,253,930)	(1,340,793)
Governance		(3,267,930)	(15,463,933)	(2,932,089)
Law, Order and Public Safety		(3,024,662)	(2,339,936)	(2,904,588)
Health		(1,774,453)	(1,391,356)	(1,644,504)
Education and Welfare		(4,388,349)	(3,931,716)	(4,346,934)
Community Amenities		(19,922,354)	(27,373,099)	(19,340,008)
Recreation and Culture		(25,457,336)	(19,780,127)	(24,392,521)
Transport		(32,135,970)	(27,777,243)	(30,724,465)
Economic Services		(3,189,571)	(2,605,684)	(3,048,104)
Other Property and Services		(196,454)	(104,200)	(139,675)
		(95,094,086)	**(102,021,224)**	**(90,813,681)**
Operating Activities Excluded from Budget				
(Profit) on Disposal of Assets	21	(1,192,478)	(167,380)	(44,951)
Loss on Disposal of Assets	21	404,958	54,950	327,548
Movement in Rates Received in Advance		785,173	-	(3,412,412)
Movement in Grants & Contributions Received in Advance	2(c)	89,950		
Depreciation on Assets	2(a)	19,457,723	18,884,904	17,927,381
Amortisation	2(a)	298,041	-	295,700
Movement in Deferred Pensioner Rates/ESL (Non-Current)		(20,962)	-	9,787
Movement in Employee Benefit Provisions (Non-Current)		107,959	-	466,479
Movement in Rehabilitation of Landfill Site Provision	10	90,156	-	67,392
Movement in Interest in Local Government House Trust	9(a)	11,868	-	-
Movement in Interest in Rivers Regional Council	9(b)	75,987	-	-
Fixed Assets Adjustment		(51,410)	-	38,898
		20,056,965	**18,772,474**	**15,675,822**
Amount Attributable to Operating Activities		**(28,970,886)**	**(32,958,745)**	**(32,514,950)**
Investing Activities				
Non-Operating Grants, Subsidies and Contributions	29	4,093,733	27,675,035	5,693,587
Developer Contribution Plans - Cash	29	4,619,352	-	11,090,975
Developer Contribution Plans - Gifted Assets	7	38,555,486	-	49,872,349
Proceeds from Disposal of Assets	21	2,314,119	2,031,230	916,493
Purchase of Property, Plant and Equipment		(6,314,728)	(24,530,890)	(5,326,629)
Purchase of Infrastructure		(22,791,012)	(39,079,845)	(17,365,416)
Infrastructure Assets Contributed by Developers (Gifted Assets)	7	(38,555,486)	-	(49,872,349)
Amount Attributable to Investing Activities		**(18,078,536)**	**(33,904,470)**	**(4,990,990)**
Financing Activities				
Repayment of Debentures	23	(1,887,962)	(1,890,500)	(1,636,496)
Proceeds from New Debentures	23	753,000	8,817,500	707,000
Funds to be Set Aside	14	(9,365,444)	(5,542,789)	(8,275,490)
Funds to be Used	14	9,989,684	5,574,974	1,489,995
Amount Attributable to Financing Activities		**(510,722)**	**6,959,185**	**(7,714,991)**
Surplus / (Deficiency) before General Rates		(47,560,144)	(59,904,030)	(45,220,932)
Total Amount Raised from General Rates	24	61,392,323	59,904,030	56,656,745
Net Current Assets at 30 June C/Fwd - Surplus / (Deficit)	37	**13,832,180**	**-**	**11,435,814**

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

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2017

1 Significant Accounting Policies

The significant accounting polices that have been adopted in the preparation of this financial report are -

(a) Basis of Preparation

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

Except for cash flow and rate setting information, the report has 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.

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

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

The local government reporting entity
All Funds through which the 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 19 to these financial statements.

(b) Goods and Services Tax

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

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

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

(c) Cash and Cash Equivalents

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

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

(d) Trade and Other Receivables

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

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

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

(e) Inventories

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

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

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2017

1 Significant Accounting Policies (continued)

(f) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets
Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the City commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the City revalue its asset class in accordance with this mandatory timetable.

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

Land under control
In accordance with Local Government (Financial Management) Regulation 16(a), the City was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.
Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Initial recognition and measurement between mandatory revaluation dates
All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.
In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the 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 acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.
Revaluation
Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2017

1 Significant Accounting Policies (continued)

(f) Fixed Assets (continued)

Depreciation
The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated using a depreciation method which best represents the City's consumption over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:
a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

Buildings / Components	15 to 100 years
Furniture and Equipment	5 to 15 years
Plant and Machinery	1 to 30 years
Sealed Roads and Streets	
Formation	Not Depreciated
Pavement	65 to 100 years
Kerb	50 years
Seal	15 to 25 years
Gravel Roads	
Formation	Not Depreciated
Pavement	10 years
Gravel Sheeting	1 to 3 years
Drainage	120 years
Pathways	15 to 75 years
Parks and Reserves	1 to 150 years
Bridges and Boardwalks	20 to 90 years
Waste Infrastructure / Landfill Cell	100 years
Rehabilitation Asset	15 years

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

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

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

Capitalisation threshold
Expenditure on items of buildings, furniture and equipment and plant and equipment under $5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

(g) Fair Value of Assets and Liabilities
When performing a revaluation, the City uses a mix of both independent and management valuations using the following as a guide:

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.

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2017

1 Significant Accounting Policies (continued)

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

Fair Value Hierarchy

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

Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3
Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques
The City 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 an asset at its current service capacity.

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets be revalued in accordance with the regulatory framework.

(h) Financial Instruments

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

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

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

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

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

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2017

1 Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.
Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the City has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.
Held-to-maturity investments are included in non-current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.
They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.
Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

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

Impairment

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

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

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

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

Derecognition

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

(i) Impairment of Assets

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

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

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.
For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2017

1 Significant Accounting Policies (continued)

(j) 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.

(k) Employee Benefits

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. The City's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other Long-Term Employee Benefits
Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations 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.

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

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

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

(n) 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 2014/15 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 15 year life of the current site from 2014/15.

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

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

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

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

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

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2017

1 Significant Accounting Policies (continued)

(p) Investments in Associates

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

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

Profits and losses resulting from transactions between the City and the associate are eliminated to the extent of the City's interest in the associate.
When the City's share of losses in an associate equals or exceeds its interest in the associate, the City discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the City will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(q) Interests in Joint Arrangements

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

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

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

(r) Revenue

Rates

Rates are recognise as revenue when the City obtains control over the asset comprising the contributions. Rate revenue received in advance by way of the "Smarter Way to Pay" where payments are made to the City for Rates to be levied in the next financial reporting period, the City recognises that it has acquired cash (a financial asset) for no consideration. As the taxable event for the rates has not yet occurred, during the refundable period, the rates received in advance give rise to financial liability and have reported under current liabilities at the balance date.

Grants, Donations, Other Contributions and Contracts with Customers

Grants, donations and other contributions are recognised as revenues when the City obtains control over the assets comprising the contributions with the exception of:

Where grants and contributions (contracts with customers) recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c) . Contracts with customers not completed (contract liability) at the reporting date are disclosed as financial liabilities. Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period and revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods are also disclosed in Note 2(c).

Volunteer Services

The City receives and recognises an inflow of resources in the form of volunteer services as an asset (or an expense, when the definition of an asset is not met) if: (a) the fair value of those services can be measured reliably; and (b) the services would have been purchased if they had not been donated.

Contributed/Gifted Assets

When an asset is acquired, contributed or gifted at no cost, or for a nominal cost, income is determined as the difference between the consideration of an asset and the asset's fair value at the date it is acquired.

(s) 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.

(t) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the realised in the next 12 months except for land held for sale where it is held as non-current based on the City's intentions to release for sale.

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2017

1 Significant Accounting Policies (continued)

(u) Rounding Off Figures
All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar.

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

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

The City has elected to early adopt AASB 1058 - Income of Not-for-Profit Entities with effect from 1 July 2016. As a result, AASB 15 - Revenue from Contracts with Customers has also been adopted at the same time. During the transition period the City has applied AASB 1058 and AASB 15 retrospectively with the cumulative effect of initially applying these standards as an adjustment to the opening balance of retained earnings at the date of initial application. Under this transition method, the City has elected to apply these Standards retrospectively only to contracts and transactions that are not completed contracts at the date of initial application. Therefore the City will not restate comparative information.

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

(x) Land held for sale
Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.
Gains and losses are recognised in 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 on to the buyer at this point.
Land held for sale is classified as current except where it is held as noncurrent based on City's intentions to release for sale.

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

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the City.
Management's assessment of the new and amended pronouncements that are relevant to the City, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued/ Compiled	Applicable (1)	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	Dec 2014	1 Jan 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the City, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	Dec 2014	1 Jan 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the City has with those third parties it has dealings with. It may or may not be significant. The City has adopted this standard with effect from 1 July 2016 along with AASB 1058 - Income of Not-for-Profit Entities.
(iii) AASB 16 Leases	Feb 2016	1 Jan 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the City, the impact is not expected to be significant.

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2017

1 Significant Accounting Policies (continued)

(y) New Accounting Standards and Interpretations (continued)

	Title and Topic	Issued	Applicable (1)	Impact
(iv)	AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	Dec 2016	1 Jan 2019	These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are: - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services.

The City has elected to early adopt AASB 1058, hence this standard is applicable with effect from 1 July 2016 With respect to leases entered into at below market rates, principally to enable the entity to further its objectives, and were classified as operating leases in accordance with AASB 117 - Leases, the City will continue to apply accounting policy under AASB 117 to those operating leases. On transition to AASB 16 Leases, the City will apply the transition requirements of that Standard to leases classified as operating leases in accordance with AASB 117.

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

(z) Adoption of New and Revised Accounting Standards

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

Whilst many reflected consequential changes associate with the amendment of existing standards, new standards with material application are as follows

(i) AASB 1058 - Income of Not-for-Profit Entities	Objectives of this Standards are: This Standard establishes principles for not-for-profit entities that apply to: - transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives; and - the receipt of volunteer services. There is no material transition impact from assets acquired significantly less than fair value as they have been recognised in accordance with AASB 116 - Property, Plant and Equipment, at fair value. The City has commenced recognising volunteer services and have provided required disclosures in this financial report. There is no cumulative transition impact to the financial report as recognised services have no impact on assets and liabilities of the City. Volunteer services have been recognised as expenditure and revenue to the City, at fair value.
(ii) AASB 15 - Revenue from Contracts with Customers	All the grants will be tested with attributed performance obligations. Upon satisfactory completion of performance obligations revenue will be recognised. Until such time grants will be reported as financial liability and reported under current liabilities. During the transition period cumulative prior year effect will be adjusted in the opening retained earnings of the 2016/17 financial year. Disclosures: - Revenue recognised from contracts will be disclosed separately. - Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period. - Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Contract balances will be disclosed with the movement.
(iii) AASB 2015-6 Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	The objective of this Standard was to extend the scope of AASB 124 Related Party Disclosures to include not-for-profit sector entities. The Standard has had a significant disclosure impact on the financial report of the City as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2017

2 Revenues and Expenses		Note	2017 Actual $	2017 Budget $	2016 Actual $
a) Result from Ordinary Activities					
The result from ordinary activities includes -					
i) Charging as an Expense					
Auditor's Remuneration	- Annual & Interim		31,800	30,000	28,500
	- Acquittals		8,100	10,000	6,315
	Total Audit Remuneration		**39,900**	**40,000**	**34,815**
Bad and Doubtful Debts					
Write Off - Rates			55,701	75,000	59,037
Write Off - General			94,057	5,000	144,167
Write Off - Infringements			69,611	45,000	57,445
			219,369	**125,000**	**260,649**
Depreciation					
Buildings			1,224,379	1,381,021	1,123,716
Furniture and Equipment			229,602	67,875	335,630
Plant and Machinery			1,533,681	2,768,171	1,387,256
Roads			10,258,097	5,897,784	9,274,278
Drainage			3,246,613	1,211,611	2,951,332
Pathways			1,329,067	761,339	1,165,121
Parks and Reserves			1,506,868	6,797,103	1,579,857
Waste / Other Infrastructure			129,415	-	110,191
			19,457,723	**18,884,904**	**17,927,381**
Amortisation					
Landfill Cell			298,041	-	295,700
			298,041	**-**	**295,700**
Interest Expense					
Debentures		23	1,325,686	1,225,000	1,358,066
			1,325,686	**1,225,000**	**1,358,066**

Volunteer Services	2017 Actual $	2016 Actual $
Volunteer Services *	**95,212**	**94,612**

* - The City would have purchased these services if they had not been donated by volunteers. Volunteer service expenses have been valued and recognised at commercial rates. In the statement of comprehensive income this expense has been classified under employee cost by nature and type and under community amenities by program.

ii) Crediting as a Revenue				
Interest Earnings				
Investments - Reserve Funds		2,072,089	1,624,000	2,051,299
Investments - Municipal Fund		1,181,421	1,601,100	1,240,018
Other Interest Revenue	27	430,213	397,000	402,008
		3,683,723	**3,622,100**	**3,693,325**
Other Revenue				
Reimbursements and Recoveries		175,106	631,000	1,968
Other	30	514,229	-	1,097,964
		689,335	**631,000**	**1,099,932**

Volunteer services	2017 Actual $	2016 Actual $
Volunteer Services **	95,212	94,612
Volunteer Resource Centre Grants ***	31,411	30,702
	126,623	**125,314**

** - The City would have purchased these services if they had not been donated by volunteers. Volunteer services income has been valued and recognised at commercial rates. In the statement of comprehensive income this income has been classified under operating grants, subsidies and contributions by nature and type and under community amenities by program.

*** - The City refers individuals who want to volunteer with organisations seeking volunteers and organisations seeking volunteers with people seeking opportunities. The City receives this operating grant to manage the process and has recognised as income in the year of receipt. In the statement of comprehensive income this income has been classified under operating grants, subsidies and contributions by nature and type and under education and welfare by program.

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2017

2 Revenues and Expenses (continued)

b) Statement of Objective

In order to discharge its responsibility to the community, the City has developed a set of operational and financial objectives. The objectives have been established both on an overall basis, reflected by the City's Mission and Values Statements, and for each of its broad activities / programs.

Our Mission
To provide the leadership, facilities and infrastructure that will serve the needs of our local and wider communities.

Our Values
- Honesty - Professionalism - Respect - Accountability

City operations, as disclosed in this Report, encompass the following service oriented activities / programs -

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

Activities:
This program includes the administration and operation of facilities and services to the elected members of City. It also includes civic receptions, citizenship ceremonies, research, development and preparation of policy documents, strategic planning, annual budgets, annual financial reports, audit fees and the Annual Report.

General Purpose Funding
Objective:
To collect revenue to allow for the provision of services.

Activities:
This program includes rates, statutory grants from the Western Australian Local Government Grants Commission and interest on investments from Municipal and Reserve Funds.

Law, Order and Public Safety
Objective:
To provide services to help ensure a safer and environmentally conscious community.

Activities:
This program includes the administration and operation of volunteer fire services and the State Emergency Services, together with animal control and community safety.

Health
Objective:
To provide an operational framework for environmental and community health.

Activities:
This program includes services such as immunisation, health inspections, pest control, noise control and health clinics.

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

Activities:
This program includes pre-schools, senior citizen centres, disability services and other community development activities such as seniors, youth and indigenous services.

Community Amenities
Objective:
To provide services required by the community.

Activities:
This program includes town planning and regional development services, protection of the environment, refuse collection and disposal, provision of public toilets, bus shelters and street furniture.

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

Activities:
This is the provision of public buildings, libraries, aquatic centres, community events, cultural activities, museums, indoor and outdoor sporting complexes, parks and gardens, and playgrounds.

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2017

2 Revenues and Expenses

b) Statement of Objective (continued)

Transport

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

Activities:
This program includes the maintenance and construction of roads, drains, pathways, crossovers and traffic calming devices, plus street lighting and cleaning, road signs and parking areas.

Economic Services

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

Activities:
This program covers building control, private swimming pool inspections, tourism and economic development.

Other Property and Services

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

Activities:
This program includes public works overheads and the purchase and maintenance of engineering plant and equipment.

c) Conditions over Contributions

Grants / Contribution	Function / Activity	Opening Balance (1) 01/07/15 $	Received (2) 2015/16 $	Expended (3) 2015/16 $	Nature of Condition Activity/Time	Satisfied Yes/No	Closing Balance 30/06/16
Youth	Education and Welfare	14,620	-	(14,620)	Activity	Yes	-
Seniors/Disabled	Education and Welfare	-	15,000	-	Activity	No	15,000
Safety Projects	Community Amenities	-	73,036	(32,136)	Activity	Yes	40,900
State NRM	Community Amenities	-	15,000	(950)	Activity	Yes	14,050
Lions Park	Community Amenities	-	20,000	-	Activity	No	20,000
Pathways	Transport	49,400	-	(49,400)	Activity	Yes	-
Total		**64,020**	**123,036**	**(97,106)**			**89,950**

Grants / Contribution	Function / Activity	Opening Balance (1) 01/07/16 $	Received (2) 2016/17 $	Expended (3) 2016/17 $	Nature of Condition	Satisfied Yes/No	Closing Balance 30/06/17 $
Seniors/Disabled	Education and Welfare	15,000	-	(15,000)	Activity	Yes	-
Safety Projects	Community Amenities	40,900	-	(40,900)	Activity	Yes	-
State NRM	Community Amenities	14,050	-	(14,050)	Activity	Yes	-
Lions Park	Community Amenities	20,000	-	(20,000)	Activity	Yes	-
Total		**89,950**	**-**	**(89,950)**			**-**

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

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

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

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2017

	Note	2017 Actual $	2016 Actual $
3 Cash and Cash Equivalents			
Unrestricted		22,820,222	17,024,193
Restricted		80,234,083	80,948,271
		103,054,305	**97,972,464**
The following restrictions have been imposed by regulations or other externally imposed requirements -			
Reserves			
Asset Renewal - Buildings		389,586	381,946
Asset Renewal - Parks		346,846	340,046
Building Plant and Equipment		150,992	148,032
Champion Lakes SAR Asset Renewal		154,900	142,450
Computer Systems Technologies		261,672	351,732
Crossover Contributions		58,260	57,120
Emergency Waste		215,812	211,582
Employee Provisions		9,217,017	8,742,177
Freehold Sales Capital Works		332,163	139,466
Future Community Facilities		755,950	741,130
Future Project Funding		15,771,514	13,003,721
Future Recreation Facilities		388,400	273,690
History of the District		35,410	34,720
Land Acquisition		448,446	439,656
Mobile Bin Program		1,907,688	1,870,278
North Forrestdale DCP 3		32,968,458	39,191,257
North Forrestdale SAR Asset Renewal		3,286,630	3,180,430
Plant and Machinery		2,061,656	2,881,138
Portable Long Service Leave		314,042	293,182
Revolving Energy		93,457	58,140
Strategic Asset Investments		548,140	102,964
Waste Management		9,573,052	7,338,182
Workers Compensation		336,968	330,358
Works Contributions		617,024	604,924
		80,234,083	**80,858,321**
Restricted Funds			
Unspent Grants	2(c)	-	89,950
		-	**89,950**
Total Reserves and Restricted Cash and Cash Equivalents		**80,234,083**	**80,948,271**
4 Trade and Other Receivables			
Current			
Accrued Revenue		2,630,856	2,845,762
Rates Debtors		1,424,608	1,260,136
ESL Debtors		66,135	55,751
Sundry Debtors		1,925,273	3,035,370
Less : Provision for Doubtful Debts		(122,378)	(122,378)
		5,924,494	**7,074,641**
Non-Current			
Rates Debtors		553,602	537,111
ESL Debtors		45,989	41,518
		599,591	**578,629**
5(a) Assets Held for Sale			
Current			
Land - At the Beginning of the year		1,572,000	1,572,000
Land - Disposed		(415,000)	-
Land - Impaired		(35,909)	-
Land - Transfer Between Asset Classes		(502,000)	-
Land - At the End of the year		**619,091**	**1,572,000**
5(b) Inventories			
Current			
Fuel and Materials		157,191	184,251
		157,191	**184,251**

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2017

6 Property, Plant and Equipment	**2017 Actual $**	**2016 Actual $**
Land - Fair Valuation 2017 - Level 2	102,100,001	102,364,000
Land - Fair Valuation 2017 - Level 3	1,769,100	-
	103,869,101	**102,364,000**
Buildings - Fair Valuation 2017	111,380,592	111,354,493
Additions After Valuation - Cost	-	-
Less Accumulated Depreciation	(25,284,806)	(17,084,586)
	86,095,786	**94,269,907**
Furniture and Equipment - Fair Valuation 2016	2,439,594	2,439,594
Additions After Valuation - Cost	59,586	-
Less Accumulated Depreciation	(777,489)	(547,887)
	1,721,691	**1,891,707**
Plant and Machinery - Fair Valuation 2016	14,327,223	16,450,657
Additions After Valuation - Cost	4,420,334	-
Less Accumulated Depreciation	(9,009,595)	(8,909,395)
	9,737,962	**7,541,262**
Work in Progress		
Buildings	1,621,646	1,639,940
Furniture and Equipment	97,090	-
Plant and Machinery	1,580,200	2,407,598
	3,298,936	**4,047,538**
Total Property, Plant and Equipment	**204,723,476**	**210,114,414**

6(a) Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment during the reporting period is as below -

Particulars	**Land $**	**Buildings $**	**Furniture and Equipment $**	**Plant and Machinery $**	**Work in Progress $**	**Total $**
Beginning Balance	102,364,000	94,269,907	1,891,707	7,541,262	4,047,538	**210,114,414**
Additions	51,408	1,165,173	16,135	3,450,635	1,682,785	**6,366,136**
Disposals / Adjustments	(51,408)	(273,081)	-	(689,953)	-	**(1,014,442)**
Adjustments - Transfers between Asset Classes	502,000	-	-	-	-	**502,000**
Revaluation Movements - Fair Value	1,003,101	(9,846,002)	-	-	-	**(8,842,901)**
Transfers from WIP	-	4,301,689	43,451	969,699	(2,431,387)	**2,883,452**
Impairment	-	(2,297,521)	-	-	-	**(2,297,521)**
Depreciation Expense	-	(1,224,379)	(229,602)	(1,533,681)	-	**(2,987,662)**
Carrying Amount	**103,869,101**	**86,095,786**	**1,721,691**	**9,737,962**	**3,298,936**	**204,723,476**

The fair value of property, plant and equipment is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2017

7 Infrastructure	**2017 Actual $**	**2016 Actual $**
Roads - Management Valuation 2015	670,258,000	641,933,531
Additions After Valuation - Cost	-	-
Less Accumulated Depreciation	(187,757,303)	(177,525,003)
	482,500,697	**464,408,528**
Drainage - Management Valuation 2015	394,134,468	374,774,135
Additions After Valuation - Cost	2,381,702	-
Less Accumulated Depreciation	(78,240,070)	(74,993,455)
	318,276,100	**299,780,680**
Pathways - Management Valuation 2015	63,499,043	61,234,370
Additions After Valuation - Cost	756,376	-
Less Accumulated Depreciation	(15,797,603)	(14,468,736)
	48,457,816	**46,765,634**
Parks and Reserves - Management Valuation 2015	61,280,988	61,237,142
Additions After Valuation - Cost	6,612,899	-
Less Accumulated Depreciation	(20,600,873)	(19,120,476)
	47,293,014	**42,116,666**
Waste Infrastructure - Independent Valuation 2015	2,857,919	2,857,919
Additions After Valuation - Cost	-	-
Less Accumulated Depreciation	(336,008)	(307,514)
	2,521,911	**2,550,405**
Other Infrastructure - Management Valuation 2015	2,254,180	2,254,180
Additions After Valuation - Cost	53,380	-
Less Accumulated Depreciation	(1,329,347)	(1,228,425)
	978,213	**1,025,755**
Work in Progress		
Roads	5,450,807	4,882,858
Drainage	121,319	329,641
Pathways	451,428	78,710
Parks and Reserves	3,132,558	5,476,675
	9,156,112	**10,767,884**
Total Infrastructure	**909,183,863**	**867,415,552**

7(a) Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure during the reporting period is as below -

Particulars	**Roads $**	**Drainage $**	**Pathways $**	**Parks and Reserves $**	**Waste Infrastructure $**	**Other Infrastructure $**	**Work in Progress $**	**Total $**
Beginning Balance	464,408,528	299,780,680	46,765,634	42,116,666	2,550,405	1,025,755	10,767,884	**867,415,552**
Additions	6,671,797	2,052,061	677,666	4,837,770	-	44,293	8,507,425	**22,791,012**
Disposals	(59,051)	-	(6,150)	(159,473)	-	-	-	**(224,674)**
Gifted Assets	16,694,342	19,360,331	2,271,023	229,790	-	-	-	**38,555,486**
Transfers from WIP	5,043,178	329,641	78,710	1,775,129	-	9,087	(10,119,197)	**(2,883,452)**
Depreciation Expense	(10,258,097)	(3,246,613)	(1,329,067)	(1,506,868)	(28,494)	(100,922)	-	**(16,470,061)**
Carrying Amount	**482,500,697**	**318,276,100**	**48,457,816**	**47,293,014**	**2,521,911**	**978,213**	**9,156,112**	**909,183,863**

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2017

	2017 Actual $	2016 Actual $
8 Landfill Cell		
Non-Current		
Landfill Cell - Management Valuation	8,101,360	8,101,360
LESS : Accumulated Depreciation	(2,770,646)	(2,689,547)
	5,330,714	**5,411,813**
9 Investments		
Non-Current		
Interest in Local Government House Trust [Note 9(a)]	123,808	135,676
Interest in Rivers Regional Council [Note 9(b)]	45,545	121,532
	169,353	**257,208**
9 (a) Interest in Local Government House Trust		
Financial assets at fair value through profit or loss		
At the Beginning of the Year	135,676	135,676
Increment / (Decrement) During the Year	(11,868)	-
At the End of the Year	**123,808**	**135,676**
The accounting share applicable to the City as at 30 June 2017 is calculated based on 8 units @$15,476.06.		
The City's interest in the Assets and Liabilities of Local Government House Trust is as follows:		
Current Assets	6,332	3,807
Non Current Assets	343,708	359,375
	350,040	**363,182**
Current Liabilities	226,232	221,054
Non Current Liabilities	-	6,452
	226,232	**227,506**
9 (b) Interest in Rivers Regional Council		
Financial assets at fair value through profit or loss		
At the Beginning of the Year	121,532	-
Increment / (Decrement) During the Year	(75,987)	121,532
At the End of the Year	**45,545**	**121,532**
The accounting share applicable to the City as at 30 June 2017 is calculated at 21.20% as disclosed in the financial statements of Rivers Regional Council as at 30 June 2016.		
The City's interest in the Assets and Liabilities of Rivers Regional Council is as follows:		
Current Assets	113,975	167,319
Non Current Assets	11,459	10,205
	125,434	**177,524**
Current Liabilities	79,522	55,975
Non Current Liabilities	367	17
	79,889	**55,992**
10 Rehabilitation Asset		
Non-Current		
Landfill Site Rehabilitation	2,781,272	3,288,503
LESS : Revision to Estimates	(174,968)	(293,287)
LESS : Amortisation	(216,942)	(213,944)
	2,389,362	**2,781,272**

City of Armadale
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		2017 Actual $	2016 Actual $
11 Trade and Other Payables			
Current			
Sundry Creditors		6,813,196	7,230,311
Accrued Expenses		1,633,408	770,558
Revenue Received in Advance		6,315,585	31,119
ESL Liability		154,715	132,392
Payroll Entitlements		152,824	93,953
		15,069,729	**8,258,333**
12 Borrowings			
Current			
Secured by Floating Charge			
Debentures		2,004,608	1,887,962
		2,004,608	**1,887,962**
Non-Current			
Secured by Floating Charge			
Debentures		28,051,737	29,303,345
Additional details on Borrowings are provided in Note 23.		**28,051,737**	**29,303,345**
13 Provisions			
Current			
Provision for Annual Leave		4,517,715	3,843,710
Provision for Long Service Leave		3,440,821	3,275,454
		7,958,536	**7,119,164**
Non-Current			
Provision for Long Service Leave		611,972	504,013
Provision for Rehabilitation of Landfill Site	13(a)	2,977,796	3,062,608
		3,589,768	**3,566,621**
Total Provisions		**11,548,304**	**10,685,785**
(a) Movement in Provision for Rehabilitation of Landfill Site			
Balance at the Beginning of the Year		3,062,608	3,288,503
Change in Estimates*		(174,968)	(293,287)
Unwinding Discount		90,156	67,392
Balance at the End of the Year		**2,977,796**	**3,062,608**

* The change in estimates is attributable to changes in the inflation and discount rates due to changes in economic conditions.

City of Armadale
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14 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 City resolutions in relation to each Reserve, the purpose for which the funds are set aside, and their respective balances, are shown below.

	2017 Actual $	2017 Budget $	2016 Actual $
Asset Renewal - Buildings			
To be used to assist in funding capital works on buildings, thereby extending the useful economic life of such assets.			
Opening Balance	381,946	353,376	353,376
Funds to be Set Aside - Municipal Funds	-	-	21,500
Funds to be Set Aside - Interest Earnings	7,640	7,600	7,070
Funds to be Used	-	-	-
	389,586	**360,976**	**381,946**
Asset Renewal - Parks			
To be used to assist in funding capital works on parks, thereby extending the useful economic life of such assets.			
Opening Balance	340,046	326,876	333,376
Funds to be Set Aside - Municipal Funds	-	226,500	-
Funds to be Set Aside - Interest Earnings	6,800	6,800	6,670
Funds to be Used	-	-	-
	346,846	**560,176**	**340,046**
Building Plant and Equipment			
To be used to assist in the maintenance and replacement of Plant and Equipment associated with City's buildings.			
Opening Balance	148,032	145,132	145,132
Funds to be Set Aside - Municipal Funds	-	-	-
Funds to be Set Aside - Interest Earnings	2,960	3,000	2,900
Funds to be Used	-	-	-
	150,992	**148,132**	**148,032**
Champion Lakes SAR Asset Renewal			
To be used to assist in the renewal of assets associated with Champion Lakes Estates covered by Specified Area Rating.			
Opening Balance	142,450	142,600	118,300
Funds to be Set Aside - Municipal Funds	9,600	9,600	21,780
Funds to be Set Aside - Interest Earnings	2,850	2,800	2,370
Funds to be Used	-	-	-
	154,900	**155,000**	**142,450**
Computer Systems Technologies			
To be used to assist in funding the long-term renewal of City's core computer systems.			
Opening Balance	351,732	344,832	344,832
Funds to be Set Aside - Municipal Funds	-	-	-
Funds to be Set Aside - Interest Earnings	7,030	7,000	6,900
Funds to be Used	(97,090)	(340,000)	-
	261,672	**11,832**	**351,732**
Crossover Contributions			
To be used to assist in funding the construction of Crossovers as a condition of approved building licences.			
Opening Balance	57,120	56,000	56,000
Funds to be Set Aside - Municipal Funds	-	-	-
Funds to be Set Aside - Interest Earnings	1,140	1,100	1,120
Funds to be Used	-	-	-
	58,260	**57,100**	**57,120**

City of Armadale
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14 Reserves - Cash Backed (continued)	2017 Actual $	2017 Budget $	2016 Actual $
Emergency Waste			
To be used to assist with the costs associated with storm damage clean-up, collections and disposal.			
Opening Balance	211,582	207,432	207,432
Funds to be Set Aside - Municipal Funds	-	-	-
Funds to be Set Aside - Interest Earnings	4,230	4,300	4,150
Funds to be Used	-	-	-
	215,812	**211,732**	**211,582**
Employee Provisions			
To be used to cash-back the employees' sick, annual and long-service leave entitlements liability.			
Opening Balance	8,742,177	8,403,952	8,103,952
Funds to be Set Aside - Municipal Funds	300,000	300,000	476,145
Funds to be Set Aside - Interest Earnings	174,840	170,700	162,080
Funds to be Used	-	-	-
	9,217,017	**8,874,652**	**8,742,177**
Freehold Sales Capital Works			
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.			
Opening Balance	139,466	136,736	136,736
Funds to be Set Aside - Municipal Funds	189,907	211,500	-
Funds to be Set Aside - Interest Earnings	2,790	7,000	2,730
Funds to be Used	-	-	-
	332,163	**355,236**	**139,466**
Future Community Facilities			
To be used to assist in the research, planning and construction of future Community Facilities.			
Opening Balance	741,130	726,600	726,600
Funds to be Set Aside - Municipal Funds	-	-	-
Funds to be Set Aside - Interest Earnings	14,820	14,800	14,530
Funds to be Used	-	-	-
	755,950	**741,400**	**741,130**
Future Project Funding			
To be used to fund future capital works projects considered in excess of the City's normal funding capacity.			
Opening Balance	13,003,721	15,387,636	13,253,336
Funds to be Set Aside - Municipal Funds	2,507,723	171,189	-
Funds to be Set Aside - Interest Earnings	260,070	230,100	265,070
Funds to be Used	-	-	(514,685)
	15,771,514	**15,788,925**	**13,003,721**
Future Recreation Facilities			
To be used to assist in the research, planning and construction of future recreation facilities.			
Opening Balance	273,690	199,700	219,300
Funds to be Set Aside - Municipal Funds	120,000	120,000	50,000
Funds to be Set Aside - Interest Earnings	5,470	5,500	4,390
Funds to be Used	(10,760)	-	-
	388,400	**325,200**	**273,690**
History of the District			
To be used to assist in the research, planning and construction of future recreation facilities.			
Opening Balance	34,720	34,040	34,040
Funds to be Set Aside - Municipal Funds	-	-	-
Funds to be Set Aside - Interest Earnings	690	700	680
Funds to be Used	-	-	-
	35,410	**34,740**	**34,720**
Land Acquisition			
To be used to assist in future acquisitions of land for investment or works requirement.			
Opening Balance	439,656	431,036	431,036
Funds to be Set Aside - Municipal Funds	-	-	-
Funds to be Set Aside - Interest Earnings	8,790	8,800	8,620
Funds to be Used	-	-	-
	448,446	**439,836**	**439,656**

City of Armadale
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14 Reserves - Cash Backed (continued)	2017 Actual $	2017 Budget $	2016 Actual $
Mobile Bin Program			
To be used to assist in the purchase and replacement of the City's Mobile Garbage Bins.			
Opening Balance	1,870,278	1,833,608	1,833,608
Funds to be Set Aside - Municipal Funds	-	-	-
Funds to be Set Aside - Interest Earnings	37,410	37,300	36,670
Funds to be Used	-	-	-
	1,907,688	**1,870,908**	**1,870,278**
North Forrestdale DCP 3			
To be used to fund common infrastructure works as identified in the Development Contribution Plan #3.			
Opening Balance	39,191,257	33,881,102	34,604,502
Funds to be Set Aside - Municipal Funds	5,373	-	3,617,855
Funds to be Set Aside - Interest Earnings	995,460	825,900	968,900
Funds to be Used	(7,223,632)	(120,000)	-
	32,968,458	**34,587,002**	**39,191,257**
North Forrestdale SAR Asset Renewal			
To be used to assist in the renewal of assets associated with North Forrestdale Estates covered by Specified Area Rating.			
Opening Balance	3,180,430	2,544,020	2,551,920
Funds to be Set Aside - Municipal Funds	162,590	130,200	577,470
Funds to be Set Aside - Interest Earnings	63,610	61,400	51,040
Funds to be Used	(120,000)	(120,000)	-
	3,286,630	**2,615,620**	**3,180,430**
Plant and Machinery			
To be used to assist in the purchase and replacement of the City's Plant and Machinery requirements.			
Opening Balance	2,881,138	4,509,788	2,424,388
Funds to be Set Aside - Municipal Funds	1,661,100	1,661,100	1,340,870
Funds to be Set Aside - Interest Earnings	57,620	39,100	48,490
Funds to be Used	(2,538,202)	(3,816,074)	(932,610)
	2,061,656	**2,393,914**	**2,881,138**
Portable Long Service Leave			
To be used to assist in financing the City's Portable Long Service Leave liability.			
Opening Balance	293,182	229,892	249,492
Funds to be Set Aside - Municipal Funds	15,000	15,000	38,700
Funds to be Set Aside - Interest Earnings	5,860	5,400	4,990
Funds to be Used	-	-	-
	314,042	**250,292**	**293,182**
Revolving Energy			
To be used to assist in establishing energy efficient management techniques and practices.			
Opening Balance	58,140	108,000	57,000
Funds to be Set Aside - Municipal Funds	34,157	-	-
Funds to be Set Aside - Interest Earnings	1,160	700	1,140
Funds to be Used	-	-	-
	93,457	**108,700**	**58,140**
Strategic Asset Investments			
To be used to fund the acquisition of strategic asset investments from the proceeds (70% of net sale proceeds) of selling Freehold land.			
Opening Balance	102,964	100,944	100,944
Funds to be Set Aside - Municipal Funds	443,116	493,500	-
Funds to be Set Aside - Interest Earnings	2,060	11,900	2,020
Funds to be Used	-	-	-
	548,140	**606,344**	**102,964**
Waste Management			
To be used to assist in the management and future provisioning of the City's Waste Management Sites.			
Opening Balance	7,338,182	6,818,812	6,828,712
Funds to be Set Aside - Municipal Funds	2,088,110	723,100	372,900
Funds to be Set Aside - Interest Earnings	146,760	130,500	136,570
Funds to be Used	-	(1,298,900)	-
	9,573,052	**6,373,512**	**7,338,182**
Workers Compensation			
To be used to assist in covering any workers' compensation liability claims in excess of the City's normal funding capacity.			
Opening Balance	330,358	365,748	365,748
Funds to be Set Aside - Municipal Funds	-	-	-
Funds to be Set Aside - Interest Earnings	6,610	6,600	7,310
Funds to be Used	-	-	(42,700)
	336,968	**372,348**	**330,358**

City of Armadale
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For the year ended 30 June 2017

14 Reserves - Cash Backed (continued)	2017 Actual $	2017 Budget $	2016 Actual $
Works Contributions			
To be used to fund works utilising contributions received from developers, generally pursuant to conditions of development approval.			
Opening Balance	604,924	581,464	593,064
Funds to be Set Aside - Municipal Funds	-	-	-
Funds to be Set Aside - Interest Earnings	12,100	12,100	11,860
Funds to be Used	-	-	-
	617,024	**593,564**	**604,924**
Total Reserves			
Opening Balance	**80,858,321**	**77,869,326**	**74,072,827**
Funds to be Set Aside - Municipal Funds	7,536,676	4,061,689	6,517,220
Funds to be Set Aside - Interest Earnings	1,828,770	1,601,100	1,758,270
Funds to be Used	(9,989,684)	(5,694,974)	(1,489,996)
	80,234,083	**77,837,141**	**80,858,321**

15 Revaluation Surplus	2017 Actual	2016 Actual
Land		
Opening Balance as at 1 July 2016	96,851,399	97,065,721
Revaluation Increment / (Decrement)	1,003,101	-
Transfer of Revaluation on Asset Impairment	(35,910)	-
Transfer of Revaluation on Asset Disposals	(386,712)	(214,322)
	97,431,878	**96,851,399**
Buildings		
Opening Balance as at 1 July 2016	45,553,159	47,181,215
Revaluation Increment / (Decrement)	(9,846,002)	-
Impairment of Buildings	(2,297,522)	-
Transfer of Revaluation on Asset Disposals/Impairment	(7,030,550)	-
Transfer between classes	(1,818)	(1,628,056)
	26,377,267	**45,553,159**
Furniture and Equipment		
Opening Balance as at 1 July 2016	281,600	-
Revaluation Increment / (Decrement)	-	281,600
	281,600	**281,600**
Plant and Machinery		
Opening Balance as at 1 July 2016	38,093	1,602,866
Revaluation Increment / (Decrement)	-	(1,564,773)
Adjustments	141,955	-
Transfer of Revaluation on Asset Disposals	(56,527)	-
	123,521	**38,093**
Roads		
Opening Balance as at 1 July 2016	290,266,960	290,266,960
Adjustments	4,515	-
	290,271,475	**290,266,960**
Drainage		
Opening/Closing Balance	251,572,914	251,572,914
	251,572,914	**251,572,914**
Pathways		
Opening Balance as at 1 July 2016	34,438,292	34,438,292
Adjustments	(146,768)	-
	34,291,524	**34,438,292**
Parks and Gardens		
Opening/Closing Balance	7,772,333	7,772,333
	7,772,333	**7,772,333**
Waste Infrastructure		
Opening Balance as at 1 July 2016	2,578,842	2,578,842
Revaluation Increment / (Decrement)	-	-
	2,578,842	**2,578,842**
Landfill Cell		
Opening Balance as at 1 July 2016	5,493,569	5,493,569
`	297	-
	5,493,866	**5,493,569**
Other Infrastructure		
Opening/Closing Balance	965,088	965,088
	965,088	**965,088**
SUMMARY OF REVALUATION SURPLUS:		
Opening Balance as at 1 July 2016	735,812,249	738,937,800
Transfer of Revaluation Surplus on Asset Disposals / Impairment	(7,473,789)	(1,040,664)
Revaluation Decrement on Asset Impairment	(2,333,432)	-
Changes on Revaluation of Asset Adjustments	(1,818)	(1,534,601)
Changes on Revaluation of Assets During the Year	(8,842,901)	(550,286)
Total Revaluation Surplus	**717,160,309**	**735,812,249**

City of Armadale
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For the year ended 30 June 2017

16 Notes to the Statement of Cash Flows

	2017 Actual $	2016 Actual $
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	103,054,305	97,972,464
b) Reconciliation of Net Cash Provided by Operating Activities to Net Result		
Net Result	48,197,229	63,120,996
Depreciation	19,457,723	17,927,381
Amortisation	298,041	295,700
Developer Contribution Plans - Gifted Assets	(38,555,486)	(49,872,349)
(Profit) / Loss on Sale of Asset	(787,520)	282,597
Non Cash Effect of Rates in Advance	(4,678,888)	-
Non Cash Effect of Grants & Contributions in Advance	(89,950)	-
(Increase) / Decrease in Investments	87,855	-
(Increase) / Decrease in Receivables	1,472,958	(3,691,470)
(Increase) / Decrease in Inventories	27,060	(97,640)
Increase / (Decrease) in Payables	6,783,325	2,510,336
Increase / (Decrease) in Provisions	796,077	476,147
Grants and Contributions for Asset Development	(4,093,733)	(5,693,587)
Developer Contribution Plans - Cash	(4,619,352)	(11,090,975)
Net Cash from Operating Activities	**24,295,338**	**14,167,137**
c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank Overdraft Limit	100,000	100,000
Credit Card Limit	16,000	16,000
Total Amount of Credit Unused	**116,000**	**116,000**
Loan Facilities		
Loan Facilities - Current	2,004,608	1,887,962
Loan Facilities - Non-Current	28,051,738	29,303,345
Total Facilities in Use at Balance Date	**30,056,346**	**31,191,307**
Unused Loan Facilities at Balance Date	**-**	**-**

17 Contingent Liabilities

The City had no contingent liabilities at 30 June 2017.

18 Capital and Leasing Commitments

		2017 Actual $	2016 Actual $
(a)	**Operating Lease Commitments**		
	Non-cancellable operating leases contracted for but not capitalised in the accounts.		
	Payable:		
	- not later than one year	1,176,285	830,694
	- later than one year but not later than five years	2,271,996	1,058,621
	- later than five years	322,040	113,401
		3,770,321	**2,002,716**
(b)	**Capital Expenditure Commitments**		
	Contracted for:		
	- capital expenditure projects	4,852,503	6,631,399
	- plant and machinery purchases	520,467	616,766
		5,372,970	**7,248,165**
	Payable:		
	- not later than one year	**5,372,970**	**7,248,165**

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

Group		
Drainage	14,380	84,370
Land / Buildings	1,897,503	84,123
Parks	305,433	3,782,198
Pathways	73,187	154,201
Plant / Machinery	520,467	616,766
Roads	1,585,533	2,273,694
Other Infrastructure	976,467	252,813
	5,372,970	**7,248,165**

City of Armadale
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19 Trust Funds	**Balance 1 July 2016 $**	**Amounts Received $**	**Amounts Paid $**	**Balance 30 June 2017 $**
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	2,694,101	79,266	-	**2,773,367**
Cash in Lieu - POS - Agreements	25,962	763	-	**26,725**
Cash in Lieu - POS - Heron	148,219	4,361	-	**152,580**
Cash in Lieu - POS - Jarrah	65,550	1,928	-	**67,478**
Cash in Lieu - POS - Lake	663,911	78,982	-	**742,893**
Cash in Lieu - POS - Minnawarra	9,381	276	-	**9,657**
Cash in Lieu - POS - Neerigen	493,064	79,927	(2,555)	**570,436**
Cash in Lieu - POS - River	18,874	556	-	**19,430**
Cash in Lieu - POS - CY O'Connor Village	-	60,093	(771)	**59,322**
Cash in Lieu of Footpaths	399,068	68,295	(13,499)	**453,864**
Cash in Lieu of Parking	204,680	6,022	-	**210,702**
Contractors Deposits	7,061,856	2,244,247	(1,619,931)	**7,686,172**
Hall and Key Deposits	90,152	267,123	(261,903)	**95,372**
Sexty Reserve Agreement	74,089	992	(75,081)	**-**
Cash in Lieu - POS - Flematti Res 49251	235,289	6,922	-	**242,211**
Kerb Deposits	1,687,211	422,400	(462,000)	**1,647,611**
POS - Precinct A - Westfield	342,961	10,089	-	**353,050**
POS - Precinct B - Seville Grove	34,713	1,022	-	**35,735**
POS - Precinct C - West Armadale	213,298	6,276	-	**219,574**
POS - Precinct E - Mount Richon	248,017	7,297	-	**255,314**
POS - Precinct F - Clifton Hills	680,051	20,008	-	**700,059**
POS - Precinct G - Creyk	479,920	506,362	(494,041)	**492,241**
POS - Precinct H - Mount Nasura	637,369	188,497	-	**825,866**
POS - Precinct N - Forrestdale	-	222,573	-	**222,573**
POS - Precinct O - Palomino	66,795	1,965	-	**68,760**
POS - Regional Recreation Infrastructure	3,330,124	503,831	(197,462)	**3,636,493**
Rates in Suspense	51,730	4,072	-	**55,802**
SEMACC Lease Liability	10,525	-	-	**10,525**
Town Planning Bonds	594,988	-	-	**594,988**
John Dunn Reserve Upgrades	-	161,414	-	**161,414**
Environmental Bond Urban SP South-Piara	278,350	67,708	-	**346,058**
DCP No3 Item 11A Keane Road Construction	34,853	-	-	**34,853**
	20,875,101	**5,023,267**	**(3,127,243)**	**22,771,125**

20 Total Assets Classified by Function and Activity	**2017 Actual $**	**2016 Actual $**
General Purpose Funding	106,347,817	101,695,722
Governance	85,620,654	88,415,641
Law, Order and Public Safety	486,077	482,534
Health	119,695	90,502
Community Amenities	71,272,913	63,403,577
Recreation and Culture	55,136,600	48,489,057
Transport	824,732,039	793,479,470
Economic Services	1,720,769	1,463,835
Other Property and Services	86,714,876	95,841,906
	1,232,151,440	**1,193,362,244**

City of Armadale
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21 Disposal of Assets	Net Book Value Actual	Net Book Value Budget	Sale Price Actual $	Sale Price Budget $	Profit / (Loss) Actual $	Profit / (Loss) Budget $
Land and Buildings						
Governance (POS Land Sales)	466,408	705,000	1,434,454	705,000	968,046	-
Recreation and Culture	273,081	-	-	-	(273,081)	-
Total Land and Buildings	**739,489**	**705,000**	**1,434,454**	**705,000**	**694,965**	**-**
Plant and Machinery						
Governance	45,298	947,072	64,427	901,980	19,129	(45,100)
Law Order and Public Safety	48,928	74,858	73,627	67,993	24,699	(6,860)
Health	10,242	12,973	12,236	11,346	1,994	(1,630)
Education and Welfare	35,639	35,976	53,118	34,617	17,479	(1,360)
Community Amenities	96,323	219,144	61,602	255,328	(34,721)	36,180
Recreation and Culture	120,088	150,065	166,040	189,910	45,952	39,850
Transport	195,161	406,353	258,659	496,394	63,497	90,060
Economic Services	41,524	72,371	47,664	73,662	6,140	1,290
Other Property and Services	96,750	-	142,292	-	45,542	-
Total Plant and Machinery	**689,953**	**1,918,812**	**879,665**	**2,031,230**	**189,711**	**112,430**
Infrastructure Assets						
Recreation and Culture	31,955	-	-	-	(31,955)	-
Transport	65,201	-	-	-	(65,201)	-
Total Infrastructure Assets	**97,156**	**-**	**-**	**-**	**(97,156)**	**-**
Total Disposal of Assets	**1,526,598**	**2,623,812**	**2,314,119**	**2,736,230**	**787,520**	**112,430**
			Profit on Asset Disposals		1,192,478	167,380
			Loss on Asset Disposals		(404,958)	(54,950)
					787,520	**112,430**

22 Financial Ratios	2017	2016	2015
Current Ratio	1.73	2.55	2.54
Asset Sustainability Ratio	0.52	0.78	0.82
Debt Service Cover Ratio*	6.88	5.36	3.16
Operating Surplus Ratio*	0.01	-0.04	0.05
Own Source Revenue Coverage Ratio	0.93	0.91	0.96

*These ratios have been adjusted in the previous financial years to take into account revised accounting treatments adopted in 2016 for Developer Contributions.

The above ratios are calculated as follows -

$$\text{Current Ratio} = \frac{\text{current assets minus restricted current assets}}{\text{current liabilities minus liabilities from restricted assets}}$$

$$\text{Asset Sustainability Ratio} = \frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$$

$$\text{Debt Service Cover Ratio} = \frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$$

$$\text{Operating Surplus Ratio} = \frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$$

$$\text{Own Source Revenue Coverage Ratio} = \frac{\text{own source operating revenue}}{\text{operating expense}}$$

RATIO INFORMATION

The following information relates to those ratios which only require an attestation they have been checked and supported by verifiable information.

	2017	2016	2015
Asset Consumption	0.75	0.75	0.76
Asset Renewal Funding**	1.55	1.39	1.33

** 2015 ratio has been restated based on corrected plans.

The above ratios are calculated as follows -

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

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

City of Armadale
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23 Information on Borrowings

a) Repayment - Debentures (ACTUAL)	Loan Type	Principal 1 July 2016	New Loans	Principal Repayments	Principal 30 June 2017	Interest Repayments
Particulars		$	$	$	$	$
Governance						
292 Loan Borrowings 2008	Debenture	322,881	-	36,830	286,051	22,884
295 Old Library Conversion 2009	Debenture	328,854	-	75,199	253,655	18,984
296 Loan Borrowings 2009	Debenture	352,511	-	34,502	318,009	23,740
298 Loan Borrowings 2010	Debenture	258,386	-	59,085	199,301	14,715
306 Loan Borrowings 2011	Debenture	383,870	-	68,423	315,447	21,385
316 Orchard House 2014	Debenture	3,279,423	-	118,354	3,161,069	155,416
318 Orchard House 2015	Debenture	10,452,078	-	408,812	10,043,266	365,763
Recreation and Culture						
291 Aquatic Works 2008	Debenture	378,417	-	20,671	357,746	27,162
294 Armadale Library Relocation 2009	Debenture	516,771	-	118,171	398,600	28,782
299 Aquatic Centre Upgrade 2010	Debenture	682,405	-	58,686	623,719	42,507
300 Frye Park Redevelopment 2010	Debenture	216,105	-	49,417	166,688	12,306
302 Aquatic Cnte Upgrade 2012	Debenture	1,211,041	-	51,593	1,159,448	74,290
304 Frye Park Redevelopment 2011	Debenture	903,623	-	38,496	865,127	55,392
305 Piara Waters (North) 2011	Debenture	877,324	-	66,634	810,690	52,142
307 Equestrian Facilities 2012	Debenture	77,213	-	77,213	-	2,085
311 Aquatic Centre Upgrade 2012	Debenture	1,382,395	-	60,699	1,321,696	63,039
314 Oval Lighting Renewal	Debenture	823,283	-	79,402	743,881	30,576
315 Armadale Golf Course	Debenture	-	353,000	-	353,000	4,541
322 Kelmscott Library Refurbishment	Debenture	707,000	-	62,506	644,494	19,027
329 Infrastructure - Parks	Debenture	-	400,000	-	400,000	-
Transport						
290 ARA Projects 2008	Debenture	56,303	-	27,143	29,160	3,695
303 Civil Works	Debenture	195,916	-	34,921	160,995	10,914
317 Abbey Road Project 2014	Debenture	2,491,751	-	269,745	2,222,006	106,445
320 Abbey Road Project Refinance 2015	Debenture	4,552,800	-	-	4,552,800	142,470
321 Armadale Arena Roofing 2015	Debenture	740,955	-	71,462	669,493	27,426
		31,191,307	**753,000**	**1,887,962**	**30,056,345**	**1,325,686**

**All Loans are with the Western Australian Treasury Corporation

b) Repayment - Debentures (BUDGET)	Loan Type	Principal 1 July 2016	New Loans	Principal Repayments	Principal 30 June 2017	Interest Repayments
Particulars		$	$	$	$	$
Governance						
292 Loan Borrowings 2008	Debenture	322,881	-	36,800	286,081	22,900
295 Old Library Conversion 2009	Debenture	328,855	-	75,200	253,655	18,300
296 Loan Borrowings 2009	Debenture	352,511	-	34,500	318,011	23,300
298 Loan Borrowings 2010	Debenture	258,386	-	59,100	199,286	14,400
306 Loan Borrowings 2011	Debenture	383,870	-	68,400	315,470	20,800
316 Landmark City Building	Debenture	3,279,423	-	118,400	3,161,023	155,400
318 Landmark City Building 2015	Debenture	10,452,078	-	408,800	10,043,278	264,200
326 Core System Review	Debenture	-	1,000,000	-	1,000,000	-
Recreation and Culture						
291 Aquatic Works 2008	Debenture	378,418	-	20,700	357,718.00	26,700
299 Aquatic Centre Upgrade 2010	Debenture	682,405	-	58,700	623,705	41,300
300 Frye Park Redevelopment 2010	Debenture	216,105	-	49,400	166,705	12,000
302 Aquatic Centre Upgrade 2011	Debenture	1,211,041	-	51,600	1,159,441	72,100
304 Frye Park Redevelopment 2011	Debenture	903,623	-	38,500	865,123	53,800
305 Piara Waters (North) Sports 2011	Debenture	877,323	-	66,600	810,723	50,700
307 Equestrian Club Facilities 2012	Debenture	77,212	-	77,200	12	2,100
308 Armadale Hall Upgrade 2015	Debenture	-	691,800.00	-	691,800	-
311 Aquatic Centre Upgrade 2012	Debenture	1,382,395	-	60,700	1,321,695	61,300
312 Harrisdale (East) Playing Field	Debenture	-	500,000	-	500,000	-
314 Oval Lighting Renewal	Debenture	823,283	-	79,400	743,883	27,900
315 Armadale Golf Course	Debenture	-	353,000	-	353,000	-
322 Kelmscott Library	Debenture	707,000	-	65,100	641,900	50,100
323 Armadale District Hall Upgrade	Debenture	-	2,660,000	-	2,660,000	-
324 Indoor Aquatic Centre	Debenture	-	1,000,000	-	1,000,000	-
325 Piara Waters South	Debenture	-	589,700	-	589,700	-
327 Gwynne Park & John Dunn Oval Lightin	Debenture	-	733,000	-	733,000	-
329 Infrastructure - Parks	Debenture	-	400,000	-	400,000	-
330 Greendale Centre	Debenture	-	440,000	-	440,000	-
Transport						
290 ARA Projects 2008	Debenture	56,302	-	27,100	29,202	3,600
303 Civil Works - Roads 2011	Debenture	195,916	-	34,900	161,016	10,600
317 Abbey Road Project 2014	Debenture	2,491,750	-	269,700	2,222,050	97,700
320 Abbey Road Project Refinance 2015	Debenture	4,552,800	-	-	4,552,800	142,000
321 Armadale Arena Roofing 2015	Debenture	740,955	-	71,500.00	669,455	25,100
328 Warton Road Landscaping	Debenture	-	450,000	-	450,000	-
		31,191,306	**8,817,500**	**1,890,500**	**38,118,304**	**1,225,000**

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23 Information on Borrowings (continued)

c) New Debentures - 2016/17

Particulars

Actual	Amount Borrowed Actual	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate	Amount Used Actual	Balance Unspent
	$			$	%	$	$
315 Armadale Golf Course	353,000	Debenture	10	57	2.94%	353,000	-
329 Infrastructure Loan 2018	400,000	Debenture	5	53	2.42%	400,000	-
	753,000			**110**		**753,000**	**-**

Budget	Amount Borrowed Budget	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate	Amount Used Actual	Balance Unspent
	$			$	%	$	$
308 Armadale Hall Upgrade 201	691,800	Debenture	10	-		691,800	-
312 Harrisdale (East) Playing Fi	500,000	Debenture	5	-		500,000	-
315 Armadale Golf Course	353,000	Debenture	10	-		353,000	-
323 Armadale District Hall Upgr	2,660,000	Debenture	10	-		2,660,000	-
324 Indoor Aquatic Centre	1,000,000	Debenture	10	-		1,000,000	-
325 Piara Waters South	589,700	Debenture	15	-		589,700	-
326 Core System Review	1,000,000	Debenture	12	-		1,000,000	-
327 Lighting Renewal	733,000	Debenture	10	-		733,000	-
328 Warton Road Landscaping	450,000	Debenture	5	-		450,000	-
329 Infrastructure - Parks	400,000	Debenture	5	-		400,000	-
330 Greendale Centre	440,000	Debenture	10	-		440,000	-
	8,817,500			**-**		**8,817,500**	**-**

** All new loans are planned or have been taken out with the Western Australian Treasury Corporation

d) Unspent Debentures

The City had no unspent debentures at 30 June 2017.

e) Overdraft Facilities

The City did not utilise an overdraft during the 2016/17 financial year, although a $100,000 facility has been established with the City's bankers to assist with short-term liquidity requirements. A further provision to this facility is the permitted temporary increase to $1,500,000 during the months of July through September if required. The City did not need to utilise these facilities and the balance of any bank overdraft facilities at 1 July 2016 and 30 June 2017 was nil.

City of Armadale
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24 Rating Information

a) Rating Information (Budget)	Rate in $/Cents	Property Numbers #	Rateable Value $	Rate Revenue $	Interim and Back Rates $	Total Revenue $
Rate Type						
Gross Rental Value Lands						
Group 1 - Vacant	16.1700	1,072	21,739,295	3,515,250	-	**3,515,250**
Group 2 - Residential Improved	8.2650	25,243	484,396,928	40,035,410	-	**40,035,410**
Group 3 - Business Improved	9.0100	653	81,795,681	7,369,790	-	**7,369,790**
Unimproved Value Lands	0.4275	127	174,787,000	747,210	-	**747,210**
Sub-Total		**27,095**	**762,718,904**	**51,667,660**	**-**	**51,667,660**
Minimum Payments						
Gross Rental Value Lands						
Group 1 - Vacant	1,117	2,013	9,860,244	2,248,520	983,200	**3,231,720**
Group 2 - Residential Improved	1,117	4,083	49,932,296	4,560,730	-	**4,560,730**
Group 3 - Business Improved	1,300	354	3,887,646	460,200	-	**460,200**
Unimproved Value Lands	1,338	13	3,153,492	17,390	-	**17,390**
Sub-Total		**6,463**	**66,833,678**	**7,286,840**	983,200.00	**8,270,040**
General Rates Raised		**33,558**	**829,552,582**	**58,954,500**	**983,200**	**59,937,700**
Rate Concessions						**(33,670)**
Total General Rates Raised						**59,904,030**
Specified Area Rates						**497,100**
Total Rates Raised						**60,401,130**

b) Rating Information (Actual)						
Rate Type						
Gross Rental Value Lands						
Group 1 - Vacant	16.1700	865	18,929,515	3,060,903	(153,218)	**2,907,685**
Group 2 - Residential Improved	8.2650	25,597	490,736,012	40,559,346	2,165,455	**42,724,801**
Group 3 - Business Improved	9.0100	658	82,205,246	7,406,675	340,878	**7,747,553**
Unimproved Value Lands	0.4275	147	192,297	822,070	(93,690)	**728,380**
Sub-Total		**27,267**	**592,063,070**	**51,848,994**	**2,259,425**	**54,108,419**
Minimum Payments						
Gross Rental Value Lands						
Group 1 - Vacant	1,117	2,300	11,458,989	2,569,100	(401,012)	**2,168,088**
Group 2 - Residential Improved	1,117	4,062	49,675,704	4,537,254	21,290	**4,558,544**
Group 3 - Business Improved	1,300	407	4,516,623	529,100	24,465	**553,565**
Unimproved Value Lands	1,338	49	9,932,092	65,562	(27,622)	**37,940**
Sub-Total		**6,818**	**75,583,408**	**7,701,016**	**(382,879)**	**7,318,137**
General Rates Raised		**34,085**	**667,646,478**	**59,550,010**	**1,876,546**	**61,426,556**
Rate Concession						**(34,233)**
Total General Rates Raised						**61,392,323**
Rate Equivalent Payments and Adjustments						29,498
Specified Area Rates						505,204
Total Rates Raised						**61,927,025**

City of Armadale
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24 Rating Information (continued)	Rate in $	Property Numbers #	Rateable Value $	Rate Revenue $	Interim and Back Rates $	Total Revenue $
a) Specified Area Rates (Budget)						
Rate Type						
Specified Area Rate - GRV						
A - Armadale CBD	0.385	90	30,389,610	117,000	-	**117,000**
B - Kelmscott CBD	0.905	90	8,618,785	78,000	-	**78,000**
C - Kelmscott Industry	0.178	336	10,955,056	19,500	-	**19,500**
D - South Armadale Industry	0.372	129	5,994,624	22,300	-	**22,300**
E - Shopping Precincts	0.736	6	3,002,717	22,100	-	**22,100**
F - North Forrestdale	0.280	2,351	80,607,143	225,700	-	**225,700**
G - Champion Lakes	0.276	229	4,528,986	12,500	-	**12,500**
Total		**3,231**	**144,096,921**	**497,100**	**-**	**497,100**
b) Specified Area Rates (Actual)						
Rate Type						
Specified Area Rate - GRV						
A - Armadale CBD	0.385	86	30,358,945	116,882	248	**117,130**
B - Kelmscott CBD	0.905	146	8,685,516	78,604	(301)	**78,303**
C - Kelmscott Industry	0.178	334	10,965,638	19,519	24	**19,543**
D - South Armadale Industry	0.372	135	5,987,109	22,272	(71)	**22,201**
E - Shopping Precincts	0.736	7	3,002,911	22,101	2,540	**24,640**
F - North Forrestdale	0.280	3,612	81,127,130	227,156	2,772	**229,928**
G - Champion Lakes	0.276	277	4,572,365	12,620	839	**13,459**
Total		**4,597**	**144,699,614**	**499,154**	**6,051**	**505,204**

In the 2016 - 2017 financial year, the City imposed 7 separate Specified Area Rates, the purpose of which was to enhance the amenity of selected areas by way of increased and improved service levels.

Five of the seven (Areas A - E) 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 seven (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.

25 Service Charges

No service charges were imposed for the 2016 - 2017 financial year. As such, no transfer to, or from, Reserve Accounts has occurred.

26 Discounts, Incentives, Concessions and Write-Offs

Discounts

No discounts were offered in the 2016 - 2017 financial year.

Incentives

Four rate payment incentives were offered in the 2016 - 2017 financial year. The first incentive was three prizes each of $2,000 provided by the City of Armadale. The second incentive was one prize of $1,500 provided by City of Armadale. The third incentive was two prizes of $500 provided by Bendigo Bank.

Concessions

During the 2016/17 year the City of Armadale issued rates concessions to 192 rate payers. The total of rates concessions applied was $34,233.

Write-Offs

The following write-offs were made during the 2016 - 2017 financial year -

	$
Rates	55,701
General	94,057
Infringements	69,611
	219,369

City of Armadale
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27 Interest Charges and Instalments

Particulars	Interest Rate %	Admin Charge $	Actual Revenue $	Budgeted Revenue $
Interest on late paid rates	11	-	181,141	165,000
Interest on instalment plans	5.5	-	236,602	223,000
Interest on Emergency Services Levy (ESL)	11	-	12,470	9,000
Charges on instalment plans (per payment)	-	8.00	195,580	142,500
Charges on special arrangements	-	48.00	9,798	54,000
			635,591	**593,500**

Administration charges and interest applied to the two and four equal instalment options offered by the City with the charges and interest applied for all but the first instalment.

28 Fees and Charges

	2017 Actual $	2016 Actual $
General Purpose Funding	456,350	465,184
Governance	1,602,878	847,254
Law, Order and Public Safety	618,864	650,184
Health	181,795	192,238
Education and Welfare	37,459	109,865
Community Amenities	14,751,942	13,369,722
Recreation and Culture	1,614,673	1,574,545
Transport	526,935	795,785
Economic Services	1,135,916	1,225,949
Other Property and Services	92,578	92,301
	21,019,389	**19,323,029**

29 Grant, Subsidies and Contributions Revenue

By Nature or Type		
Operating Grants, Subsidies and Contributions	7,510,793	4,498,543
Non-Operating Grants, Subsidies and Contributions	4,093,733	5,693,587
Developer Contribution Plans - Cash	4,619,352	11,090,975
	16,223,878	**21,283,105**
By Program		
General Purpose Funding	3,299,879	1,292,223
Governance	6,838	10,089
Law, Order and Public Safety	339,113	368,707
Health	1,055	1,170
Education and Welfare	421,749	473,089
Community Amenities	5,087,036	7,559,092
Recreation and Culture	2,421,385	4,187,132
Transport	4,591,567	7,341,821
Economic Services	29,688	33,332
Other Property and Services	25,568	16,450
	16,223,878	**21,283,105**

30 Events after the Reporting Period

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

31 Employee Numbers

	2017 Actual	2016 Actual
Number of Full-Time Equivalent Employees at Balance Date	**378**	**358**

City of Armadale
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32 Councillors' Fees and Allowances

The following fees, expenses and allowances were paid to Council Members and / or the Mayor;	2017 Actual $	2017 Budget $	2016 Actual $
Members Allowance	451,513	454,778	448,050
Mayoral Allowance	88,864	88,864	87,550
Deputy Mayoral Allowance	22,216	22,216	21,888
Travelling Allowance	6,402	10,500	7,072
Communication Reimbursement	14,572	16,030	11,532
Child Minding Reimbursement	-	5,000	-
Information Technology Allowance	49,000	49,000	49,000
Vehicle Operation - Mayor	9,938	12,000	8,186
	642,504	**658,388**	**633,278**

33 Major Land Transactions

No major land transactions occurred during the 2016/17 Financial Year.

34 Major Trading

No major trading undertakings occurred during the 2016/17 Financial Year.

35 Fair Value Measurement

The City measures the following assets at fair value on a recurring basis after initial recognition:
- Land
- Buildings
- Plant and Machinery
- Furniture and Fittings
- Roads
- Drainage
- Pathways
- Parks and Reserves
- Waste Infrastructure
- Landfill Cell

The following table provides the fair value of the City's assets measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

Recurring Fair Value Measurements

	Note	30-Jun-17 Level 1	Level 2	Level 3	Total
Non-Financial Assets					
Land	6	-	102,100,001	1,769,100	103,869,101
Buildings	6	-	-	86,095,786	86,095,786
Furniture and Fittings	6	-	-	1,721,691	1,721,691
Plant & Machinery	6	-	-	9,737,962	9,737,962
Roads	7	-	-	482,500,698	482,500,698
Drainage	7	-	-	318,276,101	318,276,101
Pathways	7	-	-	48,457,816	48,457,816
Parks and Reserves	7	-	-	47,293,014	47,293,014
Waste Infrastructure	7	-	-	2,521,911	2,521,911
Other Infrastructure	7			978,213	978,213
Landfill Cell	8	-	-	5,330,715	5,330,715
Total non-financial assets recognised at fair value on a recurring basis		**-**	**102,100,001**	**1,004,683,007**	**1,106,783,008**

	Note	30-Jun-16 Level 1	Level 2	Level 3	Total
Non-Financial Assets					
Land	6	-	102,364,000	-	102,364,000
Buildings	6	-	-	94,269,907	94,269,907
Furniture and Fittings	6	-	-	1,891,707	1,891,707
Plant & Machinery	6	-	-	7,541,262	7,541,262
Roads	7	-	-	464,408,528	464,408,528
Drainage	7	-	-	299,780,680	299,780,680
Pathways	7	-	-	46,765,634	46,765,634
Parks and Reserves	7	-	-	42,116,666	42,116,666
Waste Infrastructure	7	-	-	2,550,405	2,550,405
Other Infrastructure				1,025,755	1,025,755
Landfill Cell	8	-	-	5,411,813	5,411,813
Total non-financial assets recognised at fair value on a recurring basis		**-**	**102,364,000**	**965,762,357**	**1,068,126,361**

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35 Fair Value Measurement (continued)

(a) Transfers Policy

The policy of the City is to recognise transfers into and transfer out of the fair value hierarchy levels as at the end of the reporting period. There were no transfers between Level 1 and Level 2 for recurring fair value measurements during the year. There were also no transfers in and out of Level 3 measurements.

(b) Highest and Best Use

There were no assets valued where it was assumed that the highest and best use was other than their current use.

(c) Valuation techniques and Inputs used to derive fair values

The following table summarises valuation inputs and techniques used to determine the Fair value for each asset class.

Non-Financial Assets

Asset	Level of Valuation	Fair Value at 30 June 2016	Valuation Technique(s)	Inputs Used	
Land	2	102,100,001	Market approach	Price per square metre	
Land	3	1,769,100	Cost approach	Price per square metre	
Buildings	3	86,095,786	Cost Approach	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.	
Furniture and Fittings	3	1,721,691	Cost and Market approach	Make, size, year of manufacture and condition. physical location, difficulty of removal, adaptability or specialisation, marketability, physical condition, overall appearance and total psychological appeal.	
Plant and Machinery	3	9,737,962	Cost and Market approach	Make, size, year of manufacture and condition, Residual value on typical operating condition.	
Roads	3	482,500,698	Cost Approach	Seal	Price per square metre. No residual value. Useful life. Fair value based on combination of age and condition.
				Sub-Grade / Pavement	Price per square metre. No residual value. Useful life. Fair value based on age.
				Kerbing	Price per metre. No residual value, Useful life. Fair Value based on age.
Drainage	3	318,276,101	Cost Approach	Price per metre / unit . No residual value. Useful life. Fair Value based on age.	
Pathways	3	48,457,816	Cost Approach	Price per square metre. No residual value. Useful life. Fair Value based on age.	
Parks and Reserves	3	47,293,014	Cost Approach	Price per metre, square metre, unit. No residual value. Fair Value based on a combination of condition and age. Calculations based on age, useful life and remaining useful life.	
Waste Infrastructure	3	2,521,911	Cost Approach	Price per metre, square metre, unit. No residual value. Fair Value based on a combination of condition and age. Calculations based on age, useful life and remaining useful life.	
Other Infrastructure	3	978,213	Cost Approach	Price per metre, square metre, unit. No residual value. Fair Value based on a combination of condition and age. Calculations based on age, useful life and remaining useful life.	
Landfill Cell	3	5,330,715	Cost Approach	Price per hectare.	
TOTAL		**1,106,783,008**			

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35 Fair Value Measurement (continued)

Recurring fair value measurements

Land

Where there is directly comparable market evidence, Level 2 valuation inputs were used to value land held in freehold title (investment and non-investment) as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Level 3 valuation inputs were used to value land vested in and under the control of Council as well as land used for special purposes which is restricted in use under current zoning rules. Improvements to land valued using cost approach using construction cost and current condition, residual values and remaining useful life assessment. The most significant inputs into this valuation approach are price per square metre.

Buildings

Level 3 valuation inputs

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

Plant, Equipment, Furniture and Fittings

Most plant and equipment assets are generally valued using the cost approach using depreciated replacement cost and relevant industry market price reference guides, and have been classified as being valued at Level 3 of the fair value hierarchy. The most significant inputs into this valuation approach are the make, size, year of manufacture and condition.

Roads

All roads, kerbs and car park valuations were performed by an external Professional Civil Engineer with the Assistance of the City's Senior Asset Engineer (Qualified Civil Engineer). Level 3 valuation inputs were used to value the road surface, sub surface , pavement and kerbing. A cost approach were used which were based on actual construction unit rates currently utilised by the City Operations Team. Unit rates are based on price per square metre. Unit rates are inclusive of material, labour, machinery, traffic management and supervision cost.

Drainage

Drainage valuations were performed by an external Professional Civil Engineer with the Assistance of the City's Senior Asset Engineer (Qualified Civil Engineer). Level 3 valuation inputs were used to value the pits, pipes and open drains. A cost approach were followed which were based on Industry Standard rates as prescribed by the Rawlinsons Construction Handbook. Unit rates are based on either price per linear metre or per component.

Pathways

Pathway valuations were performed by an external Professional Civil Engineer with the Assistance of the City's Senior Asset Engineer (Qualified Civil Engineer). Level 3 valuation inputs were used to value paths. A cost approach were followed which were based on actual construction unit rates currently utilised by the City's Operations Team. Unit rates are based on price per square metre. Unit rates are inclusive of material, labour, machinery, traffic management and supervision cost.

Parks and Reserves

Parks valuations were performed by an external Professional Civil Engineer. Level 3 valuation inputs were used to value parks. A cost approach were followed which were based on Industry Standard rates as prescribed by the Rawlinsons Construction Handbook as well as actual cost. Unit rates are based on either price per linear metre, square metre or component.

Waste Infrastructure

Waste infrastructure valuations were performed by an independent valuer. Level 3 valuation inputs were used. The valuer determined an asset consumption rating scale for each asset type based on the inter-relationship between the asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit.

Landfill Cell

The Landfill Cell comprises both the cells and capping and is classified as a land improvement which is recorded separate to the land. The underlying land is valued independently of the land improvements. The valuation has been determined using the cost approach. This included disaggregating the overall land improvements into a range of different components based on each component providing a different purpose and as a result exhibiting a different useful life. Day to day operating costs (such as minor maintenance and monitoring) has been excluded from the valuation. To provide consistency, any associated day to day revenues have also been excluded from the valuation.

Observable inputs to the valuation included the dimensions and design of the asset, the average unit rate for similar construction based on recent projects undertaken by the entity and the amount of remaining life of the site. This has been based on council's statutory requirement to continue monitoring the site post complete consumption of the landfill. All calculations assume a zero residual value and a constant pattern of consumption. The approach applied for each component was;

- Cost to prepare site - based on current costs and depreciate to nil over remaining life of site. These costs were negligible and therefore have not been included as a separate component.
- Cost to prepare each cell - based on current cost and depreciated to nil as cell is filled.

Where the City has an obligation for future rehabilitation or remediation such costs estimates are discounted to current costs, reported as a liability and also recognised as part of the value of the landfill.

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35 Fair Value Measurement (continued)

(d) Disclosed Fair Value Measurements

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

Description	Note	Fair Value Hierarchy	Valuation Technique(s)	Inputs Used
Liabilities				
Borrowings	23	2	Income approach	Current treasury borrowing rates for similar instruments

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the notes to the financial statements.

36 Financial Risk Management

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

The City does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk. Financial risk management is carried out under approved policies. The City held the following financial instruments at balance date;

	Carrying Value		Fair Value	
	2017	2016	2017	2016
	$	$	$	$
Financial Assets				
Cash and cash equivalents	103,054,305	97,972,464	103,054,305	97,972,464
Receivables	6,524,085	7,653,270	6,524,085	7,653,269
	109,578,390	**105,625,734**	**109,578,390**	**105,625,733**
Financial Liabilities				
Payables	15,069,729	8,258,333	15,069,729	8,258,333
Borrowings	30,056,345	31,191,307	27,398,711	20,582,592
	45,126,074	**39,449,641**	**42,468,440**	**28,840,925**

Fair value is determined as follows;
a. Cash and cash equivalents, receivables, payables - estimated to the carrying value, which approximates net market value
b. Borrowings - estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles

a. Cash and cash equivalents, financial assets at fair value through profit and loss, available-for-sale financial assets, and held-to-maturity investments

The City's objective is to maximise the return on cash and investments, whilst maintaining an adequate level of liquidity and preserving capital. The City does, at times, seek the assistance of independent advisers. The City has an investment policy and the policy is subject to review. An Investment Report is provided monthly and sets out the make-up and performance of the portfolio.

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

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns. The City's weighted average interest rate on cash and cash deposits was 2.63% (2015/16 - 2.84%).

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

The City manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

Impact of a 1% movement in interest rates on Cash and Investments	30 June 2017 $	30 June 2016 $
Equity	1,030,543	979,725
Income statement	1,030,543	979,725

b. Receivables
The City's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk - the risk that the debts may not be repaid. 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 also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The City makes suitable provision for doubtful receivables, as required, and carries out credit checks on most non-rate debtors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

City of Armadale
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36 Financial Risk Management (continued)

The profile of the City's credit risk at balance date was;	30 June 2017 $	30 June 2016 $
Value of Rates and Annual Charges		
Current	1,839,640	1,577,068
Overdue	252,117	317,448
	2,091,757	**1,894,516**
Percentage of Rates and Annual Charges		
Current	88%	83%
Overdue	12%	17%
Value of Other Receivables		
Current	4,084,854	5,758,754
Overdue	347,474	261,181
	4,432,328	**6,019,935**
Percentage of Other Receivables		
Current	92%	96%
Overdue	8%	4%
	100%	100%

c. Payables and borrowings

Payables and borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. 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. The contractual undiscounted cash flows of the City's payables and borrowings are set out in the Liquidity Sensitivity table below;

	Due Within 1 Year $	Due Between 1 and 5 Years $	Due After 5 Years $	Total Contractual Cash Flows $	Carrying Values $
2017					
Payables	15,069,729	-	-	**15,069,729**	15,069,729
Borrowings	3,571,441	18,751,403	19,271,479	**41,594,322**	30,056,345
	18,641,170	**18,751,403**	**19,271,479**	**56,664,051**	**45,126,074**
2016					
Payables	8,258,333	192,403	-	**8,450,736**	8,450,736
Borrowings	3,445,021	18,204,723	19,107,479	**40,757,223**	31,191,307
	11,703,354	**18,397,126**	**19,107,479**	**49,207,959**	**39,642,043**

Borrowings are also subject to interest rate risk - the risk that interest rates could adversely affect funding costs. The City manages this risk by borrowing long-term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The following table sets out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk;

	Weighted Average Rate %	Less Than 1 Year $	Between 1 and 5 Years $	More Than 5 Years $	Total $
Year ended 30 June 2017					
Borrowings					
Fixed Rate					
Debentures	4.19	3,571,441	18,751,403	19,271,479	**41,594,322**
Year ended 30 June 2016					
Borrowings					
Fixed Rate					
Debentures	4.22	3,445,021	18,204,723	19,107,479	**40,757,223**

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37 Information on Surplus / (Deficit) Brought Forward

	2017 (30 June 2017 Carried Forward) $	2017 (1 July 2016 Brought Forward) $	2016 (30 June 2016 Carried Forward) $
Surplus/(Deficit)	**13,832,180**	**11,435,814**	**11,435,814**
Comprises:			
Cash - Unrestricted	22,820,222	17,024,193	17,024,193
Cash Restricted	80,234,085	80,948,271	80,948,271
Receivables and Accruals	5,924,494	7,074,641	7,074,641
Land Held for Resale	619,091	1,572,000	1,572,000
Inventories	157,191	184,251	184,251
	109,755,083	**106,803,356**	**106,803,356**
Creditors & Accruals	(15,069,729)	(12,937,221)	(12,937,221)
Interest Bearing liabilities	(2,004,608)	(1,887,962)	(1,887,962)
Provisions	(7,958,536)	(7,270,533)	(7,270,533)
	(25,032,873)	**(22,095,716)**	**(22,095,716)**
Net Current Position (prior to adjustments)	**84,722,210**	**84,707,640**	**84,707,640**
Less:			
Reserves	(80,234,083)	(80,858,321)	(80,858,321)
Land Held for Resale	(619,091)	(1,572,000)	(1,572,000)
Add:			
Current Borrowings	2,004,608	1,887,962	1,887,962
Employee Provisions Reserve Cash Backed	7,958,536	7,270,533	7,270,533
	13,832,180	**11,435,814**	**11,435,814**

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38 Related Party Transactions

38 (a) Key Management Personnel (KMP) Compensation

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

	2017
	$
Short term employee benefits	1,157,287
Post employment benefits	165,786
Other long term benefits	25,859
Termination benefits	-
	1,348,932

Short-term employee benefits
These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which could be found at Note 32.

Post-employment benefits
These amounts are the current-year's estimated cost of providing for the City's superannuation contributions made during the year.

Other long-term benefits
These amounts represent long service benefits accruing during the year.

Termination benefits
These amounts represent termination benefits paid to KMP.

38 (b) 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. 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.

Transactions with related parties

No related party transactions occurred with the above related parties during the 2016/17 financial year. There were also no committed agreements with the said related parties as at the balance date.