

CITY OF ARMADALE

MINUTES

OF CITY AUDIT COMMITTEE HELD IN THE COMMITTEE ROOM,
ADMINISTRATION CENTRE, 7 ORCHARD AVENUE, ARMADALE ON
WEDNESDAY, 2 NOVEMBER 2016 AT 5.30PM.

PRESENT: Cr C Frost (Chair)
Cr R Butterfield
Cr H A Zelones OAM JP

APOLOGIES: Cr G Nixon (Leave of Absence)

OBSERVERS: Cr K Busby (from 5.40pm)
Cr L Sargeson (from 6.20pm)

IN ATTENDANCE: Mr A F Maxwell Executive Director Corporate Services
Mr K Yeoh Manager Finance Services
Mr A Macri Council Auditor
Mr M Gudka Council Auditor

PUBLIC: Nil

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.

“For details of Councillor Membership on this Committee, please refer to the City’s website – [www.armadale.wa.gov.au/your council/councillors](http://www.armadale.wa.gov.au/your_council/councillors).”

DECLARATION OF MEMBERS' INTEREST

Nil

DEPUTATION

Nil

CONFIRMATION OF MINUTES

RECOMMEND

Minutes of the City Audit Committee Meeting held on 21 March 2016 be confirmed.

Moved Cr H A Zelones

MOTION CARRIED

(3/0)

CONTENTS

CITY AUDIT COMMITTEE

2 NOVEMBER 2016

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1.1 - AUDITOR'S INTERIM AUDIT REPORT - 2015/16 FINANCIAL YEAR

WARD : ALL
FILE No. : M/616/16
DATE : 25 October 2016
REF : TM
RESPONSIBLE : Executive Director
MANAGER : Corporate Services

In Brief:

- This Report presents matters raised in the Auditor's Interim Audit Report for Council's attention together with responses from Management to those matters;
- The Report Recommendation is to note the Auditor's comments and support the responses to those comments by Management.

Tabled Items

Nil

Officer Interest Declaration

Nil

Strategic Implications

4. Leadership
 - 4.1 Visionary Civic Leadership and Sound Governance
 - 4.1.2 Make decisions that are sound, transparent and strategic.

Legislation Implications

Local Government Act 1995

- Section 7.1A – Audit Committee
- Section 7.1C – Decisions of audit committees
- Section 7.9 – Audit to be conducted
- Section 7.12A – Duties of local government with respect to audits

Council Policy/Local Law Implications

Nil

Budget/Financial Implications

Nil

Consultation

Council's Auditor

BACKGROUND

Each year as part of the City's audit program, an Interim Audit is undertaken by the City's Auditor to identify areas of potential review associated with the City's internal controls, systems and procedures. The comments received from the Auditor are then assessed by Management and action is taken as required. The findings of the Interim Audit together with responses from Management are presented in this Report for Committee's consideration and recommendation to Council.

DETAILS OF PROPOSAL

As part of Council's committee structure, the City Audit Committee has been established to review and address audit matters arising. The Interim Audit Report is summarised in this Report. It is to be noted that the Interim Audit is primarily concerned with a review of internal controls/practices/procedures and Management's compliance with those controls. The findings of the Interim Audit help inform the Auditor in his Independent Audit Report to Ratepayers. The Interim Audit reports on an exception basis those matters that the Auditor believes Council should be aware of and/or requiring action by Management.

The Auditor's Interim Audit Report is prefaced with the following comments:-

Our interim audit covered a review of the accounting and internal control procedures in operation, as well as testing of transactions, in the following areas:

- *Bank Reconciliations*
- *Investment of Surplus Funds*
- *Purchases*
- *Payments and Creditors*
- *Rate Receipts and Rate Debtors*
- *Receipts and Sundry Debtors*
- *Payroll*
- *General Accounting (Journals, etc)*
- *IT Controls*
- *Registers (Tenders Register, etc)*
- *Compliance*
- *Review of Council Minutes*

Our review also covered an examination of some compliance matters, which are required under the Local Government Act 1995 (as amended) and Financial Management Regulations 1996.

Please note that our examination of internal controls was carried out for audit purposes designed primarily for the purpose of expressing an opinion on the financial statements of the City of Armadale.

Because of the inherent limitations of any internal control structure, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

It should be appreciated that the matters noted came to our attention during the course of our normal audit examination and as a result do not necessarily include all those matters which a more extensive or special examination might identify.

Accordingly, our comments in this management letter are not intended to cover all aspects of the Council's internal controls and accounting systems and are limited to those matters that arose from our normal audit procedures.

COMMENT

Matters raised by the Auditor together with Management's responses to those matters are as follows:

Auditor's Comment - Investments of Surplus Funds

The City's "Management Practice – Investments" document, among other things, addresses diversification/credit risk by requiring a maximum of 15% of the total investment portfolio to be held with institutions under the A2 short term rating (Standard and Poors).

During our testing, we noted that the maximum of 15% threshold was exceeded during the financial year as reflected in the table below:

Month	% of Investment of Total Portfolio in A2 Short Term Rated Banks
July 2015	68.75%
August 2015	55.00%
September 2015	60.87%
October 2015	57.27%
November 2015	64.86%
December 2015	65.47%
January 2016	63.26%
February 2016	63.26%
March 2016	64.35%
April 2016	63.39%

In our opinion, the City has therefore not complied with its "Management Practice – Investments" document.

We will be pleased to receive management's response on the above matter.

Management Response

The reason for not complying with Management Practice (ie. restricting investments rated as A2 to 15% of the total investment portfolio), is largely the result of a misunderstanding by relevant Officers of the Management Practice and Policy changes made in November 2015, to exercise a deliberate preference in favour of "green investments".

The realignment of current A2 rated investments to the required 15% level is being addressed and will take several months to achieve given the restrictions that apply to terminating term deposits ahead of their maturity date.

It is to be noted by Council that the A2 rated investments that are currently held, are still very secure investments with reputable financial institutions like for example Bendigo Bank, Bank of Queensland and ME Bank (i.e. it's not as if the investments are in managed funds like collateralised debt obligations (CDO's) which saw some councils several years ago lose their investment funds).

Auditor's Comment – Corporate Credit Cards

As part of the audit, we reviewed arrangements in place for the use of credit cards in the City. The audit methodology included an examination of credit card procedures, monitoring and control arrangements. The examination was undertaken by reviewing documentation, discussions with the staff and undertaking audit testing.

The following matter was noted as requiring attention:

We observed that the City has four (4) corporate credit cards in issue.

Regulation 11(1)(a) of the Local Government (Financial Management) Regulations 1996 requires local governments to develop procedures for the authorisation and payment of accounts to ensure that there is effective security and appropriate authorisations in place for the use of credit cards. However, we noted that the City does not have a formal corporate credit card policy in place.

We recommend that the City develop a clear and comprehensive policy on the use of credit cards and have it endorsed by the Council.

Management Response

Management's response when this matter was raised for the first time last year is provided hereunder for reference purposes.

Since last year (2) more additional cards are now in use, the details of which are as follows:

- *one of these cards is issued in the name of the CEO, has a \$3,000 limit, has no cash withdrawal facility and is used solely for Facebook promotional/communication related expenses; and*
- *the other card is issued in the name of the Marketing & Communications Officer, has a \$5,000 limit, has no cash withdrawal facility and is used solely once a year as part of the "Dale" promotions (to facilitate the major prize in lieu of gift cards).*

The issuing of these further (2) cards are still considered as not warranting a Council Policy and Management Practice for the reasons:

- (a) the number of cards is still very few,*
- (b) all cards are issued and used in a manner consistent with the Department's Guideline No.11, and*
- (c) credit card payments still remain an exception based payment method only when the purchase order/invoice payment and/or cheque request procurement practices are not available.*

Last Year's Management Response

- (i) The reason for not having developed a Council Policy and Management Practice for the use of corporate credit cards is because it's not been considered warranted.*

The City has two (2) corporate credit cards which are issued to the CEO and EDCorps. The use of these two (2) credit cards has always been in accordance with the Department's Guideline No.11 (which was released subsequent to the issue of the cards). Each card has a credit limit of \$3,000; neither card has a cash withdrawal facility; the cards are only ever used for council business purposes and only when other payment methods are not available; monthly statements are reconciled by other officers to supporting receipts/invoices and the total payments made are reported monthly to Council in the List of Accounts Paid.

Should in the future additional cards be operationally required, then a Policy/Management Practice consistent with Guideline No. 11 would be warranted and implemented.

- (ii) *If there were more credit cards in use and the use of credit cards as a payment method was more widely practiced, then the Auditor's recommendation would be appropriate. The monthly statements for the two (2) current cards are reviewed and checked by officers other than the cardholders and all statement transactions are expensed to applicable account budgets.*

Auditor's Comment – Receipting

As part of our review of the City's receipting function at the Council Administration Office, we noted that:

- the "Receipt Listing After Closing" report produced from the system is reconciled to the daily takings (cash, EFTPOS, credit cards, etc.) at the end of the day by the customer service officer; and
- the report lists any cancelled receipts processed during the day by the customer service officer.

However, there was no evidence that this reconciliation report was reviewed by an independent senior officer. The absence of such review also indicates that all the cancelled receipts for the day may not be accounted for. Cancelled receipts can be used to cover up misappropriation or cash discrepancies.

We recommend that the "Receipt Listing After Closing" report be signed and dated by the preparer. We further recommend that the reports be reviewed and initialled by a senior officer independent of the receipting function to indicate that the receipt reconciliations are correct, all cancelled receipts have been appropriately authorised with reasons ascertained and to provide evidence that the review has been carried out.

Management Response

The Auditor's recommendations have been implemented.

Auditor's Comment – Payroll

Our audit examined the City's payroll system which consists of controls assessment around the following areas:

- Reviewing the policies and procedures at the City in relation to the Payroll system
- Staff additions and terminations
- Changes to employees pay, including variations to pay
- Authorisation and monitoring of leave taken by employees
- Processing of payroll
- Segregation of duties

The following matter was noted and brought to your attention:

We obtained an Employee "Annual Leave Balances Report" as at 4 April 2016. Audit found that the report contains 16 staff with outstanding annual leave entitlements in excess of 3 years i.e. 12 weeks to a maximum of 34 weeks.

Section 17.5.1 of the City of Armadale Enterprise Agreement 2013 stipulates that annual leave shall be given and taken in such period or periods and at such a time or at such times mutually convenient to the employer and the employee and, except as hereinafter provided, within six months of the date upon which the leave accrued due.

Section 17.5.2 of the City of Armadale Enterprise Agreement 2013 stipulates that in special circumstances, and with the consent of the employer, an employee may defer the taking of any accrued annual leave, or any part thereof not taken, for a period not exceeding three years after the date when the leave accrued is due.

Excess annual leave entitlements may have adverse effects on the City including:

- key staff not being rotated, a preventive control against fraud;
- health and safety concerns with staff members not taking their annual entitlements; and
- increase the City's costs given salary rises and increments over time.

As the maximum allowable period of three years under the City of Armadale Enterprise Agreement 2013 has been exceeded, we recommend that management implement processes for identifying and monitoring staff that have accrued excess annual leave balances and take appropriate action.

This matter was reported in our previous management letter dated 22 April 2015. The management response then provided was as follows:

"Management acknowledges the auditor's comments. Leave management plans have been put in place to reduce excessive leave balances."

Management Response

With regards to annual leave accruals greater than 12 weeks, the risks are acknowledged and there are mitigation measures (e.g. HR Procedure re: Annual and Long Service) and plans implemented or being implemented to reduce such leave accruals.

Leave accruals are continually monitored and managed in accordance with the City's procedures which recognise circumstances like for example impending retirements, current and future workloads.

Whilst the number of staff this year and last year is the same, since last year (7) staff have either reduced or cleared their leave and are therefore no longer on the current list.

Auditor's Comment – IT Controls

We discussed with the IT Manager about the general IT controls operating at the Council.

The following matter was noted during our audit:

The City has a documented disaster recovery plan in place to provide continuity of data processing operations in the event of a major disaster or business disruption. However, the plan has not been tested to date.

We recommend that the disaster recovery plan be tested periodically and updated as changes occur. This will provide assurance that it can recover the City's computing and network facilities following a disaster or disruption in data processing capability.

Management Response

The Auditor's recommendation is acknowledged.

The ICT Disaster Recovery Plan is currently being reviewed to include amongst other matters, pragmatic industry practice disaster recovery testing protocols.

The investment required to simulate a total systems failure recovery capability without adversely impacting day-to-day operations is significant, and hence the need for a pragmatic considered risk-based approach.

Selective testing has been successfully undertaken on various elements of the ICT systems like for example, file/data recovery, live2test checks when implementing version upgrades and the telephone system.

Considerable disaster recovery advancements have already been made and continue to be made so as to position the City well in the event of the main server room being rendered inoperable.

Auditor's Comment – Compliance

- (i) Regulation 17 of the Local Government (Functions and General) Regulations 1996 requires, among other things, that the tenders register should contain the name of the successful tenderer and the amount of the consideration for each invitation to tender or a summary of the amount of consideration sought in the tender accepted by the local government.

Our review of the tenders register indicated two instances where the above requirements were not contained in the register.

We recommend that the tenders register include the above particulars to fully comply with the regulation.

Management Response

Management continues to ensure that the City's tender register is updated in a timely manner. These 2 instances occurred as a result of timing issues, between when the tender was awarded and when the contract was executed. Management has amended the current register to highlight tenders that are pending contract executions so as to minimise future oversight.

Auditor's Comment – Asset Residual Values And Depreciation Expense

The AASB Board released an agenda decision in May 2015 clarifying its interpretation of the term "residual value" for the purposes of calculating depreciation for long-lived assets such as infrastructure assets under AASB 116 Property Plant and Equipment.

The AASB decision highlighted that components that are re-used in the construction of new assets have not met the end of their useful life i.e. residual value must not include or reflect the cost savings from the re-use of part of an asset. The AASB decision did not represent a new requirement but rather the clarification of an existing requirement, meaning those councils with non-compliant residual values had to reassess them immediately. This had the potential to impact on depreciation expense calculations.

Given the timing of the decision (May 2015), it is likely that most local governments will have made or will be making the necessary changes to ensure full compliance. We request that Council address this requirement by reviewing the residual values applied to the assets and appropriately reassess asset components and useful lives for the purposes of the calculation of depreciation expense for the 2016 financial year.

Management Response

Management is currently in the process of reviewing the implications of the clarity provided by the AASB and this will be addressed in the 2015/16 Annual Report. This evaluation will be undertaken by a third party registered valuer that has been appointed by the City.

CONCLUSION

The Auditor's Interim Audit Report is considered to reflect favourably on the City's internal controls/practices/procedures and Management's compliance with those controls.

ATTACHMENTS

There are no attachments for this report.

Officer Recommendation

That Council:

- 1. Notes the matters raised by the Auditor in his Interim Audit Report for the 2015/16 financial year, and supports the Management responses to those matters, as presented in this Report; and*
- 2. Prior to the next Interim Audit, invite the Auditor to meet with the City Audit Committee to discuss the proposed scope of that next interim audit.*

Committee Discussion

Committee noted the following advice from the Executive Director:

- regards the Investment of Surplus Funds matter, the current percentage of surplus funds in the A2 investment category is now 23% and will in the coming months further reduce to the required 15% level;*
- regards the Assets Residual Values & Depreciation Expense matter, the requirement to review residual values for the purposes of the depreciation expense calculation has been completed and is reflected in the 2015/16 annual financial report figures.*

With regards to the matter of Corporate Credit Card Use, Committee was of the view that a Council Policy and Management Practice approach formalising current controls and practices (which are consistent with the Department's Guideline on the matter) would be prudent governance practice. Accordingly, Committee added a new part 2 to the Recommendation.

RECOMMEND

CA4/11/16

That Council:

- 1. Notes the matters raised by the Auditor in his Interim Audit Report for the 2015/16 financial year, and the Management responses to those matters, as presented in this Report;**
- 2. Be provided with a Corporate Credit Card Use Council Policy and Management Practice for its consideration and approval prior to the next scheduled meeting of the City Audit Committee meeting in February/March 2017; and**
- 3. Prior to the next Interim Audit, invite the Auditor to meet with the City Audit Committee to discuss the proposed scope of that next interim audit.**

Moved Cr H A Zelones
MOTION CARRIED

(3/0)

****1.2 - 2015/16 FINANCIAL REPORT AND AUDITOR'S REPORT**

WARD : ALL
FILE No. : M/618/16
DATE : 25 October 2016
REF : TM
RESPONSIBLE : Executive Director
MANAGER : Corporate Services

In Brief:

- This Report presents the Annual Financial Report and Auditor's "Audit Completion Report 2015" for the financial year ended 30 June 2016 for Council's consideration and acceptance;
- The Report Recommends that the Financial Report, Auditor's Completion Report 2015 and Independent Auditor's Report as presented be endorsed

Tabled Items

Nil

Officer Interest Declaration

Nil

Strategic Implications

4. Leadership
 - 4.1 Visionary Civic Leadership and Sound Governance
 - 4.1.2 Make decisions that are sound, transparent and strategic.

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 19 September 2016.*

- 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 and financial report in October 2016.*
- Clause 10 (of the Regulations) – the auditor's report is to give the auditor's opinion on the financial position of the local government, the results of the operations of the local government, include any material matters that in the opinion of the auditor indicate significant adverse trends in the financial position or the financial management practices of the local government and include any matters indicating non-compliance;
- Clause 16 (of the Regulations) – a function of the audit committee is to review and make recommendation to Council on the annual financial report and auditor's report – *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 financial year ended 30 June 2016. And presented as a confidential attachment is the Auditor's Audit Completion Report for the year ended 30 June 2016.

COMMENT

As mentioned above, the annual financial report has been completed and the Auditor has issued his Audit Completion 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 2015/16 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 14 November 2016 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 will be in attendance to present the Auditor's Audit Completion Report 2016 and take queries from Committee.

CONCLUSION

It is recommended that the annual financial report, Auditor's Audit Completion Report and Independent Auditor's Report as presented as attachments be accepted.

ATTACHMENTS

1. 1 Financial Report for year ended 30 June 2016
2. 1 Independent Auditors Report
3. Audit Completion Report 2016 - Confidential Attachment - *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*

RECOMMEND

CA5/11/16

That Council in accordance with section 5.54 of the *Local Government Act 1995*, accepts* for inclusion in the City's 2015/16 Annual Report, the Annual Financial Report and Auditor's Independent Audit Report for the financial year ended 30 June 2016 as presented.

ABSOLUTE MAJORITY RESOLUTION REQUIRED

**Moved Cr R Butterfield
MOTION CARRIED**

(3/0)

COUNCILLORS' ITEMS

Nil

MEETING DECLARED CLOSED AT 6.35 pm

CITY AUDIT COMMITTEE		
SUMMARY OF ATTACHMENTS		
2 NOVEMBER 2016		
ATT NO.	SUBJECT	PAGE
1.2 2015/16 FINANCIAL REPORT AND AUDITOR'S REPORT		
1.2.1	Financial Report for year ended 30 June 2016	16
1.2.2	Independent Auditors Report	59

**City of Armadale
Financial Report
For the year ended 30 June 2016**

**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 2016 are in my opinion properly drawn up to present fairly the financial position of the City as at 30th June 2016 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 21st day of September 2016

A handwritten signature in blue ink, consisting of a large, stylized initial 'R' followed by a cursive name.

R S Tame
Chief Executive Officer

City of Armadale
Statement of Comprehensive Income - By Nature or Type
For the year ended 30 June 2016

	Note	2016 Actual	2016 Budget	2015 Actual (Restated)
		\$	\$	\$
Revenue				
Rates	24	58,617,989	56,469,390	52,567,715
Operating Grants, Subsidies and Contributions	29	4,498,543	11,647,837	6,930,160
Fees and Charges	28	19,323,029	19,143,955	17,802,604
Interest Earnings	2(a)(ii)	3,693,325	3,516,000	3,943,342
Other Revenue	2(a)(iii)	1,099,932	791,900	645,029
		87,232,818	91,569,082	81,888,850
Expenses				
Employee Costs		(36,355,525)	(29,898,923)	(33,185,247)
Materials and Contracts		(27,993,981)	(24,935,267)	(22,408,915)
Utility Charges		(3,475,516)	(3,902,495)	(3,135,038)
Depreciation on Non-Current Assets	2(a)(i)	(17,927,381)	(16,944,200)	(17,446,183)
Amortisation	2(a)(i)	(295,700)	-	-
Interest Expenses	2(a)(i)	(1,358,066)	(1,737,380)	(1,262,445)
Insurance Expenses		(1,180,063)	(1,471,026)	(1,168,742)
Other Expenditure		(1,899,904)	(17,846,750)	(1,890,518)
		(90,486,136)	(96,736,041)	(80,497,088)
		(3,253,318)	(5,166,959)	1,391,761
Non-Operating Grants, Subsidies and Contributions	29	5,693,587	24,467,950	4,949,002
Developer Contribution Plans - Cash	29	11,090,975	-	10,884,311
Developer Contribution Plans - Gifted Assets	7	49,872,349	-	-
Impairment - Assets	6	-	-	(1,016,201)
Profit on Disposal of Assets	21	44,951	-	2,384,567
(Loss) on Disposal of Assets	21	(327,548)	(278,729)	(399,218)
Increase / (Decrease) in Investments	9	-	-	257,208
Net Result		63,120,996	19,022,262	18,451,429
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on Revaluation of Non-Current Assets	15	(550,286)	-	594,537,498
Total Other Comprehensive Income		(550,286)	-	594,537,498
Total Comprehensive Income		62,570,710	19,022,262	612,988,927

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 2016

	Note	2016 Actual	2016 Budget	2015 Actual (Restated)
		\$	\$	\$
Revenue				
General Purpose Funding		64,068,721	61,481,420	60,329,488
Governance		1,895,001	1,574,900	710,626
Law, Order and Public Safety		1,030,889	677,000	948,481
Health		193,408	136,000	229,627
Education and Welfare		586,473	251,000	379,611
Community Amenities		13,976,805	21,203,636	12,563,387
Recreation and Culture		2,181,383	3,306,605	2,040,536
Transport		1,934,763	1,513,021	2,904,397
Economic Services		1,259,281	1,334,500	1,508,832
Other Property and Services		106,094	91,000	273,864
		87,232,818	91,569,082	81,888,850
Expenses				
General Purpose Funding		(1,340,793)	(885,450)	(1,117,307)
Governance		(2,312,116)	(15,745,277)	(3,162,982)
Law, Order and Public Safety		(2,904,589)	(2,016,508)	(2,654,038)
Health		(1,644,504)	(1,299,382)	(1,559,029)
Education and Welfare		(4,346,934)	(3,728,703)	(3,591,985)
Community Amenities		(19,250,794)	(23,438,946)	(15,907,463)
Recreation and Culture		(23,654,106)	(25,518,772)	(20,783,499)
Transport		(30,833,481)	(20,220,771)	(28,341,834)
Economic Services		(3,048,077)	(2,532,977)	(2,937,411)
Other Property and Services		207,325	388,125	820,906
		(89,128,070)	(94,998,661)	(79,234,642)
Finance Costs				
	2(a)(i)			
Governance		(599,972)	(806,800)	(409,701)
Community Amenities		(12,485)	(216,220)	(267,321)
Recreation and Culture		(598,065)	(647,230)	(575,850)
Transport		(147,544)	(67,130)	(9,574)
		(1,358,066)	(1,737,380)	(1,262,446)
Non Operating Grants, Subsidies and Contributions	29	5,693,587	24,467,950	4,949,002
Developer Contribution Plans - Cash	29	11,090,975	-	10,884,311
Developer Contribution Plans - Gifted Assets	7	49,872,349	-	-
Impairment - Assets	6	-	-	(1,016,201)
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Increase / (Decrease) in Investments	9	-	-	257,208
		63,120,996	19,022,262	18,451,429
Net Result				
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on Revaluation of Non-Current Assets	15	(550,286)	-	594,537,498
Total Other Comprehensive Income		(550,286)	-	594,537,498
Total Comprehensive Income		62,570,710	19,022,262	612,988,927

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 2016

	Note	2016 Actual \$	2015 Actual (Restated) \$
Current Assets			
Cash and Cash Equivalents	3	97,972,464	89,725,812
Trade and Other Receivables	4	7,074,641	3,427,830
Assets Held for Sale		1,572,000	-
Inventories	5	184,251	86,611
Total Current Assets		106,803,356	93,240,253
Non-Current Assets			
Trade and Other Receivables	4	922,401	877,742
Property, Plant and Equipment	6	210,114,414	212,656,195
Infrastructure	7	867,415,552	815,345,954
Landfill Cell	8	5,411,813	5,493,569
Investments	9	257,208	257,208
Rehabilitation Asset	10	2,781,272	3,288,503
Total Non-Current Assets		1,086,902,660	1,037,919,171
Total Assets	20	1,193,706,016	1,131,159,424
Current Liabilities			
Trade and Other Payables	11	8,258,333	5,899,065
Borrowings	12	1,887,962	1,636,495
Provisions	13	7,270,533	6,809,954
Total Current Liabilities		17,416,828	14,345,514
Non-Current Liabilities			
Trade and Other Payables	11	192,403	147,625
Borrowings	12	29,303,345	30,484,307
Provisions	13	3,566,621	3,776,948
Total Non-Current Liabilities		33,062,369	34,408,880
Total Liabilities		50,479,197	48,754,394
Net Assets		1,143,226,819	1,082,405,030
Equity			
Retained Surplus		326,556,249	269,394,403
Reserves - Cash Backed	14	80,858,321	74,072,827
Revaluation Surplus	15	735,812,249	738,937,800
Total Equity		1,143,226,819	1,082,405,030

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 2016

	Note	Retained Surplus \$	Reserves Cash or Investment Backed \$	Restated Revaluation Surplus \$	Total Equity \$
Balance as at 1 July 2014		263,417,321	61,598,480	144,400,302	469,416,103
Comprehensive Income Net Result		18,451,429	-	-	18,451,429
Changes on Revaluation of Assets	15, 38	-	-	594,537,498	594,537,498
Total Comprehensive Income		18,451,429	-	594,537,498	612,988,927
Transfer from / (to) Reserves	14	(12,474,347)	12,474,347	-	-
Balance as at 30 June 2015 - Restated		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	15	826,342	-	(826,342)	-
Changes on Revaluation of Assets - Adjustments	15	-	-	(1,748,923)	(1,748,923)
Changes on Revaluation of Assets During the Year	15	-	-	(550,286)	(550,286)
Total Comprehensive Income		63,947,338	-	(3,125,551)	60,821,788
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

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 2016

	Note	2016 Actual \$	2016 Budget \$	2015 Actual \$
Cash Flows from Operating Activities				
Receipts				
Rates		57,396,723	56,469,390	52,396,843
Operating Grants, Subsidies and Contributions		4,498,543	11,647,837	8,120,924
Fees and Charges		19,323,030	19,143,955	22,195,844
Interest Earnings		3,693,325	3,516,000	3,943,342
Goods and Services Tax		4,941,110	5,081,298	4,551,628
Other		(1,260,880)	791,900	645,029
Total Receipts		88,591,851	96,650,380	91,853,610
Payments				
Employee Costs		(36,038,199)	(29,898,923)	(32,947,594)
Materials and Contracts		(25,583,201)	(20,435,267)	(29,245,310)
Utilities		(3,475,516)	(3,902,495)	(3,135,038)
Insurance		(1,358,066)	(1,737,380)	(1,262,445)
Interest		(1,180,063)	(1,471,026)	(1,168,742)
Goods and Services Tax		(4,886,164)	(4,500,000)	-
Other		(1,903,505)	(17,846,750)	(1,890,518)
Total Payments		(74,424,714)	(79,791,841)	(69,649,647)
Net Cash Provided by / (used in) Operating Activities	16(b)	14,167,137	16,858,539	22,203,963
Cash Flows from Investing Activities				
Payments for Property, Plant and Equipment		(5,326,629)	(15,346,600)	(18,503,499)
Payments for Infrastructure		(17,365,416)	(37,220,811)	(16,973,225)
Grants and Subsidies - Non-Operating	29	5,693,587	24,467,950	4,949,001
Developer Contribution Plans - Cash	29	11,090,975	-	10,884,311
Proceeds from Sale of Assets	21	916,493	1,649,500	3,624,363
Net Cash Provided by / (used in) Investing Activities		(4,990,990)	(26,449,961)	(16,019,049)
Cash Flows from Financing Activities				
Repayment of Debentures		(1,636,495)	(1,649,820)	(5,806,548)
Proceeds from New Debentures	23	707,000	5,661,000	16,962,800
Net Cash Provided by / (used in) Financing Activities		(929,495)	4,011,180	11,156,252
Net Increase / (Decrease) in Cash Held		8,246,652	(5,580,243)	17,341,162
Cash and Cash Equivalents at Beginning of Year		89,725,812	88,179,217	72,384,646
Cash and Cash Equivalents at End of Year	16(a)	97,972,464	82,598,974	89,725,812

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

City of Armadale
Rate Setting Statement
For the year ended 30 June 2016

	Note	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net Current Assets at Start of Financial Year - Surplus / (Deficit)		12,001,886	10,778,300	11,613,584
Revenue from Operating Activities (excluding Rates)				
General Purpose Funding		7,411,976	5,012,030	9,023,889
Governance		1,895,926	1,574,900	974,213
Law, Order and Public Safety		1,055,925	677,000	948,481
Health		199,003	136,000	229,627
Education and Welfare		591,624	251,000	381,463
Community Amenities		13,976,805	20,940,836	14,923,648
Recreation and Culture		2,181,382	2,869,650	2,053,752
Transport		1,940,350	1,363,344	2,907,713
Economic Services		1,259,281	1,334,500	1,512,735
Other Property and Services		108,751	91,000	273,864
		30,621,023	34,250,260	33,229,385
Expenditure from Operating Activities				
General Purpose Funding		(1,340,793)	(885,450)	(1,112,947)
Governance		(2,932,089)	(15,745,277)	(3,599,369)
Law, Order and Public Safety		(2,904,588)	(2,016,508)	(2,660,514)
Health		(1,644,504)	(1,299,382)	(1,559,029)
Education and Welfare		(4,346,934)	(3,728,703)	(3,593,290)
Community Amenities		(19,340,008)	(23,438,946)	(16,330,900)
Recreation and Culture		(24,392,521)	(25,518,772)	(21,420,155)
Transport		(31,071,465)	(20,220,771)	(29,515,296)
Economic Services		(3,048,104)	(2,532,977)	(2,941,915)
Other Property and Services		207,325	388,200	820,906
		(90,813,681)	(94,998,586)	(81,912,509)
Operating Activities Excluded from Budget				
(Profit) on Disposal of Assets	21	(44,951)	-	(2,384,567)
Loss on Disposal of Assets	21	327,548	278,729	399,218
Impairment of Assets	6	-	-	1,016,201
Depreciation on Assets	2	17,927,381	16,944,200	17,446,183
Amortisation		295,700	-	-
Movement in Deferred Pensioner Rates/ESL (Non-Current)		9,787	-	(7,876)
Movement in Long Service Leave Receivable from Other Councils		(54,446)	-	-
Non-Current Creditors Movement		44,778	-	(21,571)
Movement in Employee Benefit Provisions (Non-Current)		476,147	-	183,420
Movement in Rehabilitation of Landfill Site Provision		67,392	-	-
Movement in Interest in Local Government House Trust		-	-	(135,676)
Movement in Interest in Rivers Regional Council		-	-	(121,532)
Fixed Assets Adjustment		38,898	-	(73,805)
		19,088,234	17,222,929	16,299,996
Amount Attributable to Operating Activities		(29,102,538)	(32,747,097)	(20,769,544)
Investing Activities				
Non-Operating Grants, Subsidies and Contributions	29	5,693,587	24,467,950	4,949,002
Developer Contribution Plans - Cash	29	11,090,975	-	10,884,311
Developer Contribution Plans - Gifted Assets	7	49,872,349	-	-
Proceeds from Disposal of Assets	21	916,493	1,649,499	3,624,364
Purchase of Property, Plant and Equipment		(5,326,629)	(15,346,600)	(18,429,694)
Purchase of Infrastructure		(17,365,416)	(37,220,811)	(16,973,223)
Infrastructure Assets Contributed by Developers (Gifted Assets)		(49,872,349)	-	-
Amount Attributable to Investing Activities		(4,990,990)	(26,449,962)	(15,945,240)
Financing Activities				
Repayment of Debentures	23	(1,636,496)	(1,649,820)	(5,806,547)
Proceeds from New Debentures	23	707,000	5,661,000	16,962,800
Funds to be Set Aside	14	(8,275,490)	(5,413,750)	(16,570,847)
Funds to be Used	14	1,489,995	4,915,339	4,096,500
Amount Attributable to Financing Activities		(7,714,991)	3,512,769	(1,318,094)
Movement in Specified Area Rates / Rates in Advance				
Rate Equivalent Payments & Adjustments	24	25,406	(828,300)	(25,406)
Specified Area Rates	24	710,723	43,200	(710,723)
Rates in Advance	24	(4,148,541)	-	(530,347)
		(3,412,412)	(785,100)	(1,266,476)
Surplus / (Deficiency) before General Rates		(45,220,931)	(56,469,390)	(39,299,354)
Total Amount Raised from General Rates	24	56,656,745	56,469,390	51,301,239
Net Current Assets at 30 June C/Fwd - Surplus / (Deficit)	37	11,435,814	-	12,001,886

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 2016

1 Significant Accounting Policies

The significant accounting policies 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 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 2016

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 2016

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 Sheetting	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	35 years
Landfill Cells	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 2016

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

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2016

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 2016

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 2016

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) Rates, Grants, Donations and Other Contributions

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

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

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

(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.

(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.

In the process of completing the 2016 Annual Financial Report, it was found in the Statement of Comprehensive Income for the previous financial year, that the City had inadvertently reported the Revenue received from the "North Forrestdale Developer Contributions" under "Operating Grants, Subsidies and Contributions". It should have been reported under the Non-Operating category. The City has reclassified its prior year comparative to correctly reflect the revenue amounts under the subheading "Developer Contributions – Cash", to the value of \$10,884,310.

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2016

1 Significant Accounting Policies (continued)

In addition, there was a change to the accounting treatment in the previous financial year for the expenditure on the "North Forrestdale Developer Contributions" between "Non-Operating Grants, Subsidies and Contributions" and "Material and Contracts", to the value of \$4,201,996.

These presentation errors have now been identified and adjustments have been made to the comparative amounts in the Annual Financial Report for the year ended 30 June 2016. None of these adjustments had an impact on the Net Result and the Financial Position of the City.

(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/Completed	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.
(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 2016

1 Significant Accounting Policies (continued)

(y) New Accounting Standards and Interpretations (continued)

Title and Topic	Issued	Applicable (1)	Impact
(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	Aug 2014	1 Jan 2016	<p>This Standard amends AASB 11: Joint Arrangements to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3:</p> <p>Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the City's financial statements.</p>
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of [AASB 116 & 138]	Aug 2014	1 Jan 2016	<p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the City currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p>
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	Dec 2014	1 Jan 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	Jan 2015	1 Jul 2015	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.</p>
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for- [AASB 10, 124 & 1049]	Mar 2015	1 Jul 2016	<p>The objective of this Standard is to extend the scope of AASB 124 Related Party Disclosures to include not-for-profit sector entities.</p> <p>The Standard is expected to have a significant disclosure impact on the financial report of the City as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.</p>

Notes:

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

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2016

1 Significant Accounting Policies (continued)

(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.

These new and revised Standards were:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality.
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities.

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2016

2 Revenues and Expenses	Note	2016 Actual \$	2016 Budget \$	2015 Actual \$
a) Result from Ordinary Activities				
The result from ordinary activities includes -				
i) Charging as an Expense				
Auditor's Remuneration				
- Annual Financial Statements		28,500	30,000	25,100
- Acquittals & Internal Review		6,315	30,000	3,800
Total Audit Remuneration		<u>34,815</u>	<u>60,000</u>	<u>28,900</u>
Bad and Doubtful Debts				
Write Off - Rates		59,037	75,000	76,347
Write Off - General		144,167	5,000	-
Write Off - Infringements		57,445	86,000	68,279
		<u>260,649</u>	<u>166,000</u>	<u>144,626</u>
Depreciation				
Buildings		1,233,907	1,239,200	1,215,137
Furniture and Equipment		335,630	60,900	128,942
Plant and Machinery		1,387,256	2,483,700	1,902,700
Roads		9,274,278	5,291,700	8,952,912
Drainage		2,951,332	1,087,100	2,938,936
Pathways		1,165,121	683,100	1,162,789
Parks and Reserves		1,579,857	6,098,500	1,144,767
		<u>17,927,381</u>	<u>16,944,200</u>	<u>17,446,183</u>
Amortisation				
Landfill Cell		295,700	-	-
		<u>295,700</u>	<u>-</u>	<u>-</u>
Interest Expense				
Debentures	23	1,358,066	1,737,380	1,262,445
		<u>1,358,066</u>	<u>1,737,380</u>	<u>1,262,445</u>
ii) Charging as a Revenue				
Interest Earnings				
Investments - Reserve Funds		2,051,299	1,872,600	2,215,172
Investments - Municipal Fund		1,240,019	1,308,400	1,346,697
Other Interest Revenue	27	402,008	335,000	381,473
		<u>3,693,325</u>	<u>3,516,000</u>	<u>3,943,342</u>
iii) Other Revenue				
Reimbursements and recoveries		1,099,032	791,900	645,029
		<u>1,099,032</u>	<u>791,900</u>	<u>645,029</u>

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2016

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

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 2016

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⁾ 01/07/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance 30/06/15 \$
Kids Sport	Education and Welfare	45,170	130,500	(175,670)	-
Youth	Education and Welfare	64,582	-	(49,962)	14,620
Indigenous	Education and Welfare	85,229	202,501	(287,730)	-
Federal Black Spot	Transport	40,000	933,883	(973,883)	-
State Black Spot	Transport	39,900	476,934	(516,834)	-
Roadwise	Transport	15,500	1,000	(16,500)	-
Pathways	Transport	-	71,408	(22,008)	49,400
Total		290,381	1,816,226	(2,042,587)	64,020

Grants / Contribution	Function / Activity	Opening Balance ⁽¹⁾ 01/07/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance 30/06/16 \$
Youth	Education and Welfare	14,620	-	(14,620)	-
Seniors/Disabled	Education and Welfare	-	15,000	-	15,000
Safety Projects	Community Amenities	-	73,036	(32,136)	40,900
State NRM	Community Amenities	-	15,000	(950)	14,050
Lions Park	Community Amenities	-	20,000	-	20,000
Pathways	Transport	49,400	-	(49,400)	-
Total		64,020	123,036	(97,106)	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 2016

	Note	2016 Actual \$	2015 Actual \$
3 Cash and Cash Equivalents			
Unrestricted		17,024,193	15,588,965
Restricted		80,948,271	74,136,847
		97,972,464	89,725,812
The following restrictions have been imposed by regulations or other externally imposed requirements -			
Reserves			
Asset Renewal - Buildings		381,946	353,376
Asset Renewal - Parks		340,046	333,376
Building Plant and Equipment		148,032	145,132
Champion Lakes SAR Asset Renewal		142,450	118,300
Computer Systems Technologies		351,732	344,832
Crossover Contributions		57,120	56,000
Emergency Waste		211,582	207,432
Employee Provisions		8,742,177	8,103,952
Freehold Sales Capital Works		139,466	136,736
Future Community Facilities		741,130	726,600
Future Project Funding		13,003,721	13,253,336
Future Recreation Facilities		273,690	219,300
History of the District		34,720	34,040
Land Acquisition		439,656	431,036
Mobile Bin Program		1,870,278	1,833,608
North Forrestdale DCP 3		39,191,257	34,604,502
North Forrestdale SAR Asset Renewal		3,180,430	2,551,920
Plant and Machinery		2,881,138	2,424,388
Portable Long Service Leave		293,182	249,492
Revolving Energy		58,140	57,000
Strategic Asset Investments		102,964	100,944
Waste Management		7,338,182	6,828,712
Workers Compensation		330,358	365,748
Works Contributions		604,924	593,064
		80,858,321	74,072,827
Restricted Funds			
Unspent Grants	2(c)	89,950	64,020
Unspent Loans	23(c)	-	-
		89,950	64,020
Total Reserves and Restricted Cash and Cash Equivalents			
		80,948,271	74,136,847
4 Trade and Other Receivables			
Current			
Accrued Revenue		2,845,762	484,950
Rates Debtors		1,260,136	1,156,825
ESL Debtors		55,751	51,402
Unclaimed Pensioner Rates Rebate		-	542
Sundry Debtors		3,035,370	1,856,489
Less : Provision for Doubtful Debts		(122,378)	(122,378)
		7,074,641	3,427,830
Non-Current			
Rates Debtors		537,111	548,401
ESL Debtors		41,518	40,015
Long Service Leave Receivable from Other Councils		343,772	289,326
		922,401	877,742
5 Inventories			
Current			
Fuel and Materials		184,251	86,611
		184,251	86,611

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2016

	2016 Actual \$	(Restated) 2015 Actual \$
6 Property, Plant and Equipment		
Land - Management Valuation 2014	102,364,000	104,166,000
	102,364,000	104,166,000
Buildings - Management Valuation 2014	111,354,493	107,682,544
Less Accumulated Depreciation	(17,084,586)	(15,975,374)
	94,269,907	91,707,170
Furniture and Equipment - Fair Valuation 2016	2,439,594	839,391
Less Accumulated Depreciation	(547,887)	(191,876)
	1,891,707	647,515
Plant and Machinery - Fair Valuation 2016	16,450,657	11,780,355
Less Accumulated Depreciation	(8,909,395)	(3,439,731)
	7,541,262	8,340,624
Work in Progress		
Buildings	1,639,940	5,959,447
Furniture and Equipment	-	-
Plant and Machinery	2,407,598	1,835,439
	4,047,538	7,794,886
Total Property, Plant and Equipment	210,114,414	212,656,195

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	111,766,000	91,707,170	647,515	8,340,624	7,794,886	220,256,195
Prior year correction	(7,600,000)	-	-	-	-	(7,600,000)
Restated Balance	104,166,000	91,707,170	647,515	8,340,624	7,794,886	212,656,195
Additions	-	975,271	-	2,152,012	2,199,346	5,326,629
Disposals	(230,000)	-	(99,861)	(753,319)	-	(1,083,180)
Adjustments - Transfers between Asset Classes	(1,572,000)	273,081	-	21,088	(152,214)	(1,430,045)
Revaluation Movements - Fair Value	-	-	281,600	(831,887)	(1,748,922)	(2,299,209)
Transfers from WIP	-	2,423,597	1,398,083	-	(4,045,558)	(223,878)
Impairment	-	-	-	-	-	-
Depreciation Expense	-	(1,109,212)	(335,630)	(1,387,256)	-	(2,832,098)
Carrying Amount	102,364,000	94,269,907	1,891,707	7,541,262	4,047,538	210,114,414

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
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For the year ended 30 June 2016

7 Infrastructure	2016 Actual \$	2015 Actual \$
Roads - Management Valuation 2015	641,933,531	615,191,533
Less Accumulated Depreciation	(177,525,003)	(168,213,422)
	464,408,528	446,978,111
Drainage - Management Valuation 2015	374,774,135	347,100,336
Less Accumulated Depreciation	(74,993,455)	(72,074,431)
	299,780,680	275,025,905
Pathways - Management Valuation 2015	61,234,370	54,130,949
Less Accumulated Depreciation	(14,468,736)	(13,408,808)
	46,765,634	40,722,141
Parks and Reserves - Management Valuation 2015	61,237,142	54,940,021
Less Accumulated Depreciation	(19,120,476)	(17,540,619)
	42,116,665	37,399,402
Waste Infrastructure - Independent Valuation 2015	2,857,919	2,857,919
Less Accumulated Depreciation	(307,514)	(279,080)
	2,550,405	2,578,839
Other Infrastructure - Management Valuation 2015	2,254,180	2,140,697
Less Accumulated Depreciation	(1,228,425)	(1,175,609)
	1,025,755	965,088
Work in Progress		
Roads	4,882,858	5,510,825
Drainage	329,641	1,910,656
Pathways	78,710	596,316
Parks and Reserves	5,476,675	3,658,671
	10,767,885	11,676,468
Total Infrastructure	867,415,552	815,345,954

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	446,978,111	275,025,905	40,722,141	37,399,402	2,578,839	965,088	11,676,468	815,345,954
Adjustments - Transfers between Asset Classes	(1,167,248)	(41,763)	(167,143)	1,243,759	-	(48,458)	-	(180,853)
Additions	7,206,251	630,411	1,067,779	1,626,842	-	127,706	6,706,427	17,365,416
Disposals	(115,910)	-	-	-	-	-	-	(115,910)
Gifted Assets	17,802,418	25,146,252	5,663,679	1,260,000	-	-	-	49,872,349
Transfers from WIP	2,979,184	1,971,206	644,299	2,166,519	-	77,680	(7,615,010)	223,878
Impairments	-	-	-	-	-	-	-	-
Depreciation Expense	(9,274,278)	(2,951,332)	(1,165,121)	(1,579,857)	(28,434)	(96,261)	-	(15,095,283)
Carrying Amount	464,408,528	299,780,680	46,765,634	42,116,665	2,550,405	1,025,755	10,767,885	867,415,552

City of Armadale
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	2016 Actual \$	2015 Actual \$
8 Landfill Cell		
Non-Current		
Landfill Cell - Management Valuation	8,101,360	8,101,360
LESS : Accumulated Depreciation	<u>(2,689,547)</u>	<u>(2,607,791)</u>
	5,411,813	5,493,569
9 Investments		
Non-Current		
Interest in Local Government House Trust *	135,676	135,676
Interest in Rivers Regional Council **	<u>121,532</u>	<u>121,532</u>
	257,208	257,208
<p>* During the financial year 2014/15 the City took into the accounts the equity investment in the Local Government House Trust arising from contributions towards the cost of purchasing Local Government House. The total contribution by Councils towards the cost of the WALGA building was \$582,000 of which the City of Armadale contributed \$7,510. There are 620 units in the Local Government House Trust, 8 of which are held by the City of Armadale.</p> <p>** During the financial year 2014/15 the City took into the accounts the equity in the Rivers Regional Council. As at 30 June 2014 the City's share of equity based on regional population was 19.87%. At the time of reporting the 2014/15 financial statements of the Rivers Regional Council were not available. The City has elected to account for the stake using the equity method of accounting.</p>		
10 Rehabilitation Asset		
Non-Current		
Landfill Site Rehabilitation	3,288,503	3,288,503
LESS : Revision to Estimates	<u>(293,287)</u>	<u>-</u>
LESS : Amortisation	<u>(213,944)</u>	<u>-</u>
	2,781,272	3,288,503
11 Trade and Other Payables		
Current		
Sundry Creditors	7,230,312	4,778,414
Accrued Expenses	770,558	600,773
Revenue Liability	31,119	228,940
ESL Liability	132,392	92,613
Payroll Entitlements	<u>93,953</u>	<u>198,326</u>
	8,258,333	5,899,065
Non-Current		
Sundry Creditors	<u>192,403</u>	<u>147,625</u>
	192,403	147,625
12 Borrowings		
Current		
Secured by Floating Charge Debentures	<u>1,887,962</u>	<u>1,636,495</u>
	1,887,962	1,636,495
Non-Current		
Secured by Floating Charge Debentures	<u>29,303,345</u>	<u>30,484,307</u>
	29,303,345	30,484,307
<p>Additional details on Borrowings are provided in Note 23.</p>		
13 Provisions		
Current		
Provision for Annual Leave	3,843,710	3,656,302
Provision for Long Service Leave	<u>3,426,823</u>	<u>3,153,652</u>
	7,270,533	6,809,954
Non-Current		
Provision for Long Service Leave	504,013	488,445
Provision for Rehabilitation of Landfill Site	<u>3,062,608</u>	<u>3,288,503</u>
	3,566,621	3,776,948
Total Provisions	10,837,154	10,586,902
Movement in Provision for Rehabilitation of Landfill Site		
Balance at the Beginning of the Year	3,288,503	-
Provision Made During the Year	-	3,288,503
Change in Estimates*	<u>(293,287)</u>	<u>-</u>
Unwinding Discount	<u>67,392</u>	<u>-</u>
Balance at the End of the Year	3,062,608	3,288,503

* 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.

	2016 Actual \$	2016 Budget \$	2015 Actual \$
Asset Renewal - Buildings			
<i>To be used to assist in funding capital works on buildings, thereby extending the useful economic life of such assets.</i>			
Opening Balance	353,376	353,376	326,876
Funds to be Set Aside - Municipal Funds	21,500	21,500	20,000
Funds to be Set Aside - Interest Earnings	7,070	6,200	6,500
Funds to be Used	-	-	-
	381,946	381,076	353,376
Asset Renewal - Parks			
<i>To be used to assist in funding capital works on parks, thereby extending the useful economic life of such assets.</i>			
Opening Balance	333,376	333,376	326,876
Funds to be Set Aside - Municipal Funds	-	-	-
Funds to be Set Aside - Interest Earnings	6,670	5,800	6,500
Funds to be Used	-	-	-
	340,046	339,176	333,376
Building Plant and Equipment			
<i>To be used to assist in the maintenance and replacement of Plant and Equipment associated with City's buildings.</i>			
Opening Balance	145,132	145,132	142,332
Funds to be Set Aside - Municipal Funds	-	-	-
Funds to be Set Aside - Interest Earnings	2,900	2,500	2,800
Funds to be Used	-	-	-
	148,032	147,632	145,132
Champion Lakes SAR Asset Renewal			
<i>To be used to assist in the renewal of assets associated with Champion Lakes Estates covered by Specified Area Rating.</i>			
Opening Balance	118,300	118,300	92,200
Funds to be Set Aside - Municipal Funds	21,780	19,600	24,300
Funds to be Set Aside - Interest Earnings	2,370	2,800	1,800
Funds to be Used	-	-	-
	142,450	140,700	118,300
Computer Systems Technologies			
<i>To be used to assist in funding the long-term renewal of City's core computer systems.</i>			
Opening Balance	344,832	344,832	338,032
Funds to be Set Aside - Municipal Funds	-	-	-
Funds to be Set Aside - Interest Earnings	6,900	6,000	6,800
Funds to be Used	-	-	-
	351,732	350,832	344,832
Crossover Contributions			
<i>To be used to assist in funding the construction of Crossovers as a condition of approved building licences.</i>			
Opening Balance	56,000	56,000	54,900
Funds to be Set Aside - Municipal Funds	-	-	-
Funds to be Set Aside - Interest Earnings	1,120	1,000	1,100
Funds to be Used	-	-	-
	57,120	57,000	56,000

City of Armadale
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14 Reserves - Cash Backed (continued)	2016 Actual \$	2016 Budget \$	2015 Actual \$
Emergency Waste			
<i>To be used to assist with the costs associated with storm damage clean-up, collections and disposal.</i>			
Opening Balance	207,432	207,432	203,332
Funds to be Set Aside - Municipal Funds	-	-	-
Funds to be Set Aside - Interest Earnings	4,150	3,600	4,100
Funds to be Used	-	-	-
	211,582	211,032	207,432
Employee Provisions			
<i>To be used to cash-back the employees' sick, annual and long-service leave entitlements liability.</i>			
Opening Balance	8,103,952	7,557,308	7,115,008
Funds to be Set Aside - Municipal Funds	476,145	300,000	846,644
Funds to be Set Aside - Interest Earnings	162,080	132,300	142,300
Funds to be Used	-	-	-
	8,742,177	7,989,608	8,103,952
Freehold Sales Capital Works			
<i>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.</i>			
Opening Balance	136,736	136,736	134,036
Funds to be Set Aside - Municipal Funds	-	211,500	-
Funds to be Set Aside - Interest Earnings	2,730	2,400	2,700
Funds to be Used	-	-	-
	139,466	350,636	136,736
Future Community Facilities			
<i>To be used to assist in the research, planning and construction of future Community Facilities.</i>			
Opening Balance	726,600	726,600	712,400
Funds to be Set Aside - Municipal Funds	-	-	-
Funds to be Set Aside - Interest Earnings	14,530	12,700	14,200
Funds to be Used	-	-	-
	741,130	739,300	726,600
Future Project Funding			
<i>To be used to fund future capital works projects considered in excess of the City's normal funding capacity.</i>			
Opening Balance	13,253,336	8,588,233	8,082,633
Funds to be Set Aside - Municipal Funds	-	-	6,799,403
Funds to be Set Aside - Interest Earnings	265,070	150,300	161,700
Funds to be Used	(514,685)	(480,838)	(1,790,400)
	13,003,721	8,257,695	13,253,336
Future Recreation Facilities			
<i>To be used to assist in the research, planning and construction of future recreation facilities.</i>			
Opening Balance	219,300	219,300	199,700
Funds to be Set Aside - Municipal Funds	50,000	75,000	15,600
Funds to be Set Aside - Interest Earnings	4,390	3,800	4,000
Funds to be Used	-	-	-
	273,690	298,100	219,300
History of the District			
<i>To be used to assist in the research, planning and construction of future recreation facilities.</i>			
Opening Balance	34,040	34,040	33,340
Funds to be Set Aside - Municipal Funds	-	-	-
Funds to be Set Aside - Interest Earnings	680	600	700
Funds to be Used	-	-	-
	34,720	34,640	34,040
Land Acquisition			
<i>To be used to assist in future acquisitions of land for investment or works requirement.</i>			
Opening Balance	431,036	431,036	422,536
Funds to be Set Aside - Municipal Funds	-	-	-
Funds to be Set Aside - Interest Earnings	8,620	7,500	8,500
Funds to be Used	-	-	-
	439,656	438,536	431,036

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14 Reserves - Cash Backed (continued)	2016 Actual \$	2016 Budget \$	2015 Actual \$
Mobile Bin Program			
<i>To be used to assist in the purchase and replacement of the City's Mobile Garbage Bins.</i>			
Opening Balance	1,833,608	1,833,608	1,797,608
Funds to be Set Aside - Municipal Funds	-	-	-
Funds to be Set Aside - Interest Earnings	36,670	32,100	36,000
Funds to be Used	-	-	-
	1,870,278	1,865,708	1,833,608
North Forrestdale DCP 3			
<i>To be used to fund common infrastructure works as identified in the Development Contribution Plan #3.</i>			
Opening Balance	34,604,502	34,613,102	29,278,802
Funds to be Set Aside - Municipal Funds	3,617,855	-	4,593,700
Funds to be Set Aside - Interest Earnings	968,900	692,300	732,000
Funds to be Used	-	-	-
	39,191,257	35,305,402	34,604,502
North Forrestdale SAR Asset Renewal			
<i>To be used to assist in the renewal of assets associated with North Forrestdale Estates covered by Specified Area Rating.</i>			
Opening Balance	2,551,920	2,551,920	2,053,620
Funds to be Set Aside - Municipal Funds	577,470	456,100	457,200
Funds to be Set Aside - Interest Earnings	51,040	61,600	41,100
Funds to be Used	-	-	-
	3,180,430	3,069,620	2,551,920
Plant and Machinery			
<i>To be used to assist in the purchase and replacement of the City's Plant and Machinery requirements.</i>			
Opening Balance	2,424,388	2,258,688	2,751,188
Funds to be Set Aside - Municipal Funds	1,340,870	1,661,100	1,924,300
Funds to be Set Aside - Interest Earnings	48,490	39,500	55,000
Funds to be Used	(932,610)	(2,887,401)	(2,306,100)
	2,881,138	1,071,887	2,424,388
Portable Long Service Leave			
<i>To be used to assist in financing the City's Portable Long Service Leave liability.</i>			
Opening Balance	249,492	249,492	229,892
Funds to be Set Aside - Municipal Funds	38,700	15,000	15,000,00
Funds to be Set Aside - Interest Earnings	4,990	4,400	4,600
Funds to be Used	-	-	-
	293,182	268,892	249,492
Revolving Energy			
<i>To be used to assist in establishing energy efficient management techniques and practices.</i>			
Opening Balance	57,000	54,000	-
Funds to be Set Aside - Municipal Funds	-	-	57,000
Funds to be Set Aside - Interest Earnings	1,140	900	-
Funds to be Used	-	(40,000)	-
	58,140	14,900	57,000
Strategic Asset Investments			
<i>To be used to fund the acquisition of strategic asset investments from the proceeds (70% of net sale proceeds) of selling Freehold land.</i>			
Opening Balance	100,944	100,944	98,944
Funds to be Set Aside - Municipal Funds	-	493,500	-
Funds to be Set Aside - Interest Earnings	2,020	1,800	2,000
Funds to be Used	-	-	-
	102,964	596,244	100,944
Waste Management			
<i>To be used to assist in the management and future provisioning of the City's Waste Management Sites.</i>			
Opening Balance	6,828,712	6,944,112	6,264,212
Funds to be Set Aside - Municipal Funds	372,900	852,050	439,200
Funds to be Set Aside - Interest Earnings	136,570	121,500	125,300
Funds to be Used	-	(1,464,400)	-
	7,338,182	6,453,262	6,828,712
Workers Compensation			
<i>To be used to assist in covering any workers' compensation liability claims in excess of the City's normal funding capacity.</i>			
Opening Balance	365,748	365,748	358,548
Funds to be Set Aside - Municipal Funds	-	-	-
Funds to be Set Aside - Interest Earnings	7,310	6,400	7,200
Funds to be Used	(42,700)	(42,700)	-
	330,358	329,448	365,748

City of Armadale
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14 Reserves - Cash Backed (continued)	2016 Actual \$	2016 Budget \$	2015 Actual \$
Works Contributions			
<i>To be used to fund works utilising contributions received from developers, generally pursuant to conditions of development approval.</i>			
Opening Balance	593,064	593,064	581,464
Funds to be Set Aside - Municipal Funds	-	-	-
Funds to be Set Aside - Interest Earnings	11,860	10,400	11,600
Funds to be Used	-	-	-
	604,924	603,464	593,064
Total Reserves			
Opening Balance	74,072,827	68,816,379	61,598,480
Funds to be Set Aside - Municipal Funds	6,517,220	4,105,350	15,192,347
Funds to be Set Aside - Interest Earnings	1,758,270	1,308,400	1,378,500
Funds to be Used	(1,489,996)	(4,915,339)	(4,096,500)
	80,858,321	69,314,790	74,072,827
15 Revaluation Surplus			
		2016 Actual \$	2015 Actual \$ Restated
Land			
Opening Balance as at 1 July 2015		97,065,721	97,065,721
Revaluation Increment / (Decrement)		-	7,600,000
Transfer of Revaluation on Asset Disposals		(214,322)	-
Closing Balance		96,851,399	104,665,721
Prior Year Correction		-	(7,600,000)
Restated Closing Balance		96,851,399	97,065,721
Buildings			
Opening Balance as at 1 July 2015		47,181,215	45,731,715
Revaluation Increment / (Decrement)		(1,628,056)	1,449,500
		45,553,159	47,181,215
Furniture and Equipment			
Opening Balance as at 1 July 2015		-	-
Revaluation Increment / (Decrement)		281,600	-
		281,600	-
Plant and Machinery			
Opening Balance as at 1 July 2015		1,602,866	1,602,866
Revaluation Increment / (Decrement)		(1,564,773)	-
		38,093	1,602,866
Roads			
Opening Balance as at 1 July 2015		290,266,960	-
Revaluation Increment / (Decrement)		-	290,266,960
		290,266,960	290,266,960
Drainage			
Opening Balance as at 1 July 2015		251,572,914	-
Revaluation Increment / (Decrement)		-	251,572,914
		251,572,914	251,572,914
Pathways			
Opening Balance as at 1 July 2015		34,438,292	-
Revaluation Increment / (Decrement)		-	34,438,292
		34,438,292	34,438,292
Parks and Gardens			
Opening Balance as at 1 July 2015		7,772,333	-
Revaluation Increment / (Decrement)		-	7,772,333
		7,772,333	7,772,333
Waste Infrastructure			
Opening Balance as at 1 July 2015		2,578,842	-
Revaluation Increment / (Decrement)		-	2,578,842
		2,578,842	2,578,842
Landfill Cell			
Opening Balance as at 1 July 2015		5,493,569	-
Revaluation Increment / (Decrement)		-	5,493,569
		5,493,569	5,493,569
Other Infrastructure			
Opening Balance as at 1 July 2015		965,088	-
Revaluation Increment / (Decrement)		-	965,088
		965,088	965,088
SUMMARY OF REVALUATION SURPLUS:			
Opening Balance as at 1 July 2015 - Restated		738,937,800	144,400,302
Transfer of Revaluation Surplus on Asset Disposals		(1,040,664)	-
Changes on Revaluation of Asset Adjustments		(1,534,601)	594,537,498
Changes on Revaluation of Assets During the Year		(550,286)	-
Total Revaluation Surplus		735,812,249	738,937,800

City of Armadale
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16 Notes to the Statement of Cash Flows	2016	2015
	Actual	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	97,972,464	89,725,812
b) Reconciliation of Net Cash Provided by Operating Activities to Net Result		
Net Result	63,120,996	18,451,429
Depreciation	17,927,381	17,446,183
Amortisation	295,700	-
Developer Contribution Plans - Gifted Assets	(49,872,349)	-
(Profit) / Loss on Sale of Asset	282,597	(1,985,349)
Impairment of Building Asset	-	1,016,201
(Increase) / Decrease in Investments	-	(257,208)
(Increase) / Decrease in Receivables	(3,691,470)	4,345,307
(Increase) / Decrease in Inventories	(97,640)	34,144
Increase / (Decrease) in Payables	2,510,336	(1,196,851)
Increase / (Decrease) in Provisions	476,147	183,420
Grants and Contributions for Asset Development	(5,693,587)	(4,949,002)
Developer Contribution Plans - Cash	(11,090,975)	(10,884,311)
Net Cash from Operating Activities	14,167,137	22,203,963
c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank Overdraft Limit	100,000	100,000
Credit Card Limit	16,000	6,000
Total Amount of Credit Unused	116,000	106,000
Loan Facilities		
Loan Facilities - Current	1,887,962	1,636,495
Loan Facilities - Non-Current	29,303,345	30,484,307
Total Facilities in Use at Balance Date	31,191,307	32,120,802
Unused Loan Facilities at Balance Date	-	-
17 Contingent Liabilities		
The City had no contingent liabilities for the year ended 30 June 2016.		
18 Capital and Leasing Commitments		
(a) Operating Lease Commitments	2016	2015
	Actual	Actual
	\$	\$
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	830,694	733,814
- later than one year but not later than five years	1,058,621	1,780,433
- later than five years	113,401	222,284
	2,002,716	2,736,531
(b) Capital Expenditure Commitments	2016	2015
	Actual	Actual
	\$	\$
Contracted for:		
- capital expenditure projects	6,631,399	2,472,933
- plant and machinery purchases	616,766	188,972
	7,248,165	2,661,905
Payable:		
- not later than one year	7,248,165	2,661,905
The capital expenditure projects outstanding at the end of the current reporting period is represented by the following expenditure groups:		
	2016	2015
	Actual	Actual
	\$	\$
Group		
Drainage	84,370	97,298
Land / Buildings	84,123	345,174
Parks	3,782,198	786,953
Pathways	154,201	89,576
Plant / Machinery	616,766	188,972
Roads	2,273,694	1,153,932
Other Infrastructure	252,813	-
	7,248,165	2,661,905

City of Armadale
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19 Trust Funds	Balance 1 July 2015 \$	Amounts Received \$	Amounts Paid \$	Balance 30 June 2016 \$
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	2,650,123	43,978	-	2,694,101
Cash in Lieu - POS - Agreements	95,838	423	(70,299)	25,962
Cash in Lieu - POS - Heron	145,800	2,419	-	148,219
Cash in Lieu - POS - Jarrah	165,680	1,070	(101,200)	65,550
Cash in Lieu - POS - Lake	695,599	263,360	(295,048)	663,911
Cash in Lieu - POS - Minnowarra	9,228	153	-	9,381
Cash in Lieu - POS - Neerigen	345,354	149,685	(1,975)	493,064
Cash in Lieu - POS - River	18,566	308	-	18,874
Cash in Lieu of Footpaths	346,094	57,142	(4,168)	399,068
Cash in Lieu of Parking	201,339	3,341	-	204,680
Contractors Deposits	6,912,863	3,591,313	(3,442,320)	7,061,856
Hall and Key Deposits	124,716	299,853	(334,417)	90,152
Sexty Reserve Agreement	72,881	1,208	-	74,089
Cash in Lieu - POS - Flematti Res 49251	231,448	3,841	-	235,289
Kerb Deposits	1,667,891	184,400	(165,080)	1,687,211
POS - Precinct A - Westfield	337,364	5,597	-	342,961
POS - Precinct B - Seville Grove	34,146	567	-	34,713
POS - Precinct C - West Armadale	209,816	3,482	-	213,298
POS - Precinct E - Mount Richon	243,968	4,049	-	248,017
POS - Precinct F - Clifton Hills	713,245	158,623	(191,817)	680,051
POS - Precinct G - Creyk	472,086	7,834	-	479,920
POS - Precinct H - Mount Nasura	626,965	10,404	-	637,369
POS - Precinct O - Palomino	65,704	1,091	-	66,795
POS - Regional Recreation Infrastructure	3,086,151	243,973	-	3,330,124
Rates in Suspense	51,506	2,084	(1,860)	51,730
SEMACC Lease Liability	10,525	-	-	10,525
Town Planning Bonds	594,988	-	-	594,988
Environmental Bond Urban SP South-Piara	229,991	48,359	-	278,350
DCP No3 Item 11A Keane Road Construction	34,853	-	-	34,853
	20,394,728	5,088,557	(4,608,184)	20,875,101

20 Total Assets Classified by Function and Activity	2016 Actual \$	2015 Actual \$
General Purpose Funding	101,695,722	91,564,777
Governance	88,759,413	97,444,669
Law, Order and Public Safety	482,534	530,642
Health	90,502	3,135
Community Amenities	63,403,577	778,952
Recreation and Culture	48,489,057	150,040,125
Transport	793,479,470	790,789,198
Economic Services	1,463,835	7,926
Other Property and Services	95,841,906	-
	1,193,706,016	1,131,159,424

City of Armadale
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	Net Book Value		Sale Price		Profit / (Loss)	
	Actual	Budget	Actual	Budget	Actual	Budget
			\$	\$	\$	\$
21 Disposal of Assets						
Land and Buildings						
Governance (POS Land Sales)	230,000	705,000	210,000	705,000	(20,000)	-
Total Land and Buildings	230,000	705,000	210,000	705,000	(20,000)	-
Furniture and Equipment						
Recreation and Culture	99,861	-	-	-	(99,861)	-
Total Furniture and Equipment	99,861	-	-	-	(99,861)	-
Plant and Machinery						
Governance	33,310	75,210	34,235	62,821	925	(12,389)
Law Order and Public Safety	85,629	51,917	110,665	33,411	25,036	(18,506)
Health	29,060	25,120	34,655	17,706	5,595	(7,414)
Education and Welfare	26,949	42,150	32,100	33,269	5,151	(8,881)
Community Amenities	282,093	427,582	205,365	254,486	(76,728)	(173,096)
Recreation and Culture	129,333	210,670	114,311	159,258	(15,022)	(51,412)
Transport	141,946	379,850	147,533	375,484	5,587	(4,366)
Economic Services	10,783	10,730	10,756	8,065	(27)	(2,665)
Other Property and Services	14,216	-	16,873	-	2,657	-
Total Plant and Machinery	753,319	1,223,229	706,493	944,500	(46,826)	(278,729)
Infrastructure Assets						
Recreation and Culture	25,467	-	-	-	(25,467)	-
Transport	90,443	-	-	-	(90,443)	-
Total Infrastructure Assets	115,910	-	-	-	(115,910)	-
Total Disposal of Assets	1,199,090	1,928,229	916,493	1,649,500	(282,597)	(278,729)
					Profit on Asset Disposals	44,951
					Loss on Asset Disposals	(327,548)
						(282,597)

	2016	2015	2014
22 Financial Ratios			
Current Ratio	2.55	2.54	1.43
Asset Sustainability Ratio	0.78	0.82	1.04
Debt Service Cover Ratio*	5.36	3.16	2.15
Operating Surplus Ratio*	-0.04	0.05	-0.01
Own Source Revenue Coverage Ratio	0.91	0.96	0.95

*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 -

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

RATIO INFORMATION

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

	2016	2015	2014
Asset Consumption	0.75	0.76	0.70
Asset Renewal Funding**	1.39	1.33	0.95

** 2015 ratio has been restated based on corrected plans.
The above ratios are calculated as follows -

Asset Consumption Ratio	=	$\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	=	$\frac{\text{NPV of planned capital renewals over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

City of Armadale
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23 Information on Borrowings

a) Repayment - Debentures (actual)	Loan Type	Principal 1 July 2015	New Loans	Principal Repayments Actual	Principal 30 June 2016 Actual	Interest Repayments Actual
Particulars		\$	\$	\$	\$	\$
Governance						
292 Loan Borrowings 2008	Debenture	357,166	-	34,285	322,881	25,416
295 Old Library Conversion 2009	Debenture	399,813	-	70,958	328,854	22,394
296 Loan Borrowings 2009	Debenture	384,790	-	32,279	352,511	25,507
298 Loan Borrowings 2010	Debenture	314,139	-	55,753	258,386	17,595
306 Loan Borrowings 2011	Debenture	448,567	-	64,697	383,870	24,462
316 Orchard House 2014	Debenture	3,392,316	-	112,893	3,279,423	160,657
318 Orchard House 2015	Debenture	10,700,000	-	247,922	10,452,078	376,633
Recreation and Culture						
284 Rushton Park 2006	Debenture	41,510	-	41,510	-	1,925
291 Aquatic Works 2008	Debenture	397,666	-	19,249	378,417	28,524
294 Armadale Library Relocation 2009	Debenture	628,278	-	111,506	516,771	35,190
299 Aquatic Centre Upgrade 2010	Debenture	737,620	-	55,215	682,405	44,715
300 Frye Park Redevelopment 2010	Debenture	262,735	-	46,630	216,105	14,716
302 Aquatic Cnte Upgrade 2012	Debenture	1,259,663	-	48,622	1,211,041	75,023
304 Frye Park Redevelopment 2011	Debenture	939,902	-	36,279	903,623	55,979
305 Piara Waters (North) 2011	Debenture	940,200	-	62,876	877,324	54,354
307 Equestrian Facilities 2012	Debenture	151,726	-	74,514	77,213	4,704
311 Aquatic Centre Upgrade 2012	Debenture	1,440,464	-	58,068	1,382,395	63,811
314 Oval Lighting Renewal	Debenture	900,000	-	76,717	823,283	30,527
322 Kelmscott Library Stage 1	Debenture	-	707,000	-	707,000	468
Transport						
290 ARA Projects 2008	Debenture	81,568	-	25,265	56,303	5,497
303 Civil Works	Debenture	228,935	-	33,019	195,916	12,485
317 Abbey Road Project 2014	Debenture	2,750,944	-	259,193	2,491,751	107,964
320 Abbey Road Project Refinance 2015	Debenture	4,552,800	-	-	4,552,800	142,047
321 Armadale Arena Roofing 2015	Debenture	810,000	-	69,045	740,955	27,474
		32,120,803	707,000	1,636,494	31,191,307	1,358,066

**All Loans are with the Western Australian Treasury Corporation

b) Repayment - Debentures (budget)	Loan Type	Principal 1 July 2015	New Loans	Principal Repayments Budget	Principal 30 June 2016 Budget	Interest Repayments Budget
Particulars		\$	\$	\$	\$	\$
Governance						
292 Loan Borrowings 2008	Debenture	357,166	-	34,300	322,866	28,380
295 Old Library Conversion 2009	Debenture	399,813	-	71,000	328,813	27,700
296 Loan Borrowings 2009	Debenture	384,790	-	32,300	352,490	28,370
298 Loan Borrowings 2010	Debenture	314,139	-	55,800	258,339	21,770
306 Loan Borrowings 2011	Debenture	448,567	-	64,700	383,867	29,490
316 Orchard House 2014	Debenture	3,392,316	-	112,890	3,279,426	174,190
318 Orchard House 2015	Debenture	10,700,000	-	278,160	10,421,840	532,660
Recreation and Culture						
284 Rushton Park 2006	Debenture	41,510	-	41,510	-	4,590
291 Aquatic Works 2008	Debenture	397,666	-	19,200	378,466	30,640
294 Armadale Library Relocation 2009	Debenture	628,278	-	111,500	516,778	43,540
299 Aquatic Centre Upgrade 2010	Debenture	737,620	-	55,200	682,420	48,830
300 Frye Park Redevelopment 2010	Debenture	262,735	-	46,600	216,135	15,100
302 Aquatic Cnte Upgrade 2012	Debenture	1,259,663	-	48,600	1,211,063	80,720
304 Frye Park Redevelopment 2011	Debenture	939,902	-	36,300	903,602	60,220
305 Piara Waters (North) 2011	Debenture	940,199	-	62,900	877,299	60,210
307 Equestrian Facilities 2012	Debenture	151,726	-	77,200	74,526	6,850
308 Armadale Hall Upgrade	Debenture	-	712,000	-	712,000	-
311 Aquatic Centre Upgrade 2012	Debenture	1,440,463	-	60,700	1,379,763	67,280
312 Harrisdale (East) Playing Fields	Debenture	-	500,000	-	500,000	-
322 Kelmscott Library Stage 1	Debenture	-	745,000	-	745,000	-
314 Oval Lighting Renewal	Debenture	900,000	-	76,700	823,300	31,100
315 Armadale Golf Course	Debenture	-	544,000	-	544,000	-
313 Greendale Centre	Debenture	-	500,000	-	500,000	-
323 Armadale District Hall Upgrade	Debenture	-	2,660,000	-	2,660,000	-
Transport						
290 ARA Projects 2008	Debenture	81,567	-	25,300	56,267	7,430
303 Civil Works	Debenture	228,935	-	33,000	195,935	14,990
317 Abbey Road Project 2014	Debenture	2,750,944	-	249,060	2,501,884	138,430
320 Abbey Road Project Refinance 2015	Debenture	4,552,800	-	-	4,552,800	225,190
321 Armadale Arena Roofing 2015	Debenture	810,000	-	56,900.00	753,100	59,700
		32,120,802	5,661,000	1,649,820	36,131,980	1,737,380

City of Armadale
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23 Information on Borrowings (continued)

c) New Debentures - 2015/16

Particulars

	Amount Borrowed Actual	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate	Amount Used Actual	Balance Unspent
	\$			\$	%	\$	\$
322 Kelmscott Library Stage 1	707,000	Debenture	10	468	2.69%	707,000	-
	707,000			468		707,000	-

	Amount Borrowed Budget	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate	Amount Used Actual	Balance Unspent
	\$			\$	%	\$	\$
308 Armadale Hall Upgrade	712,000	Debenture	10	-		712,000	-
312 Harrisdale (East) Playing	500,000	Debenture	5	-		500,000	-
322 Kelmscott Library Stage 1	745,000	Debenture	10	-		745,000	-
315 Armadale Golf Course	544,000	Debenture	10	-		544,000	-
313 Greendale Centre	500,000	Debenture	5	-		500,000	-
323 Armadale District Hall	2,660,000	Debenture	10	-		2,660,000	-
	5,661,000			-		5,661,000	-

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

23 Information on Borrowings (continued)

d) Unspent Debentures

The City had no unspent debentures at 30 June 2016.

e) Overdraft Facilities

The City did not utilise an overdraft during the 2015/16 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 2015 and 30 June 2016 was nil.

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2016

24 Rating Information

a) Rating Information (Budget)	Rate in \$	Property Numbers #	Rateable Value \$	Rate Revenue \$	Interim and Back Rates \$	Total Revenue \$
Rate Type						
Gross Rental Value Lands						
Group 1 - Vacant	15.700	952	21,361,791	3,353,801	-	3,353,801
Group 2 - Residential Improved	8.0240	23,743	451,667,207	36,241,777	-	36,241,777
Group 3 - Business Improved	8.7480	639	79,116,516	6,921,113	-	6,921,113
Unimproved Value Lands	0.4150	131	211,177,000	876,385	-	876,385
Sub-Total		25,465	763,322,514	47,393,076	-	47,393,076
Minimum Payments						
Gross Rental Value Lands						
Group 1 - Vacant	1,084	2,236	11,658,419	2,423,824	957,200	3,381,024
Group 2 - Residential Improved	1,084	4,076	49,932,972	4,418,384	-	4,418,384
Group 3 - Business Improved	1,262	365	3,916,404	460,630	-	460,630
Unimproved Value Lands	1,299	24	4,571,421	31,176	-	31,176
Sub-Total		6,701	70,079,216	7,334,014	957,200.00	8,291,214
General Rates Raised		32,166	833,401,730	54,727,090	957,200	55,684,290
Rate Equivalent Payments and Adjustments						(43,200)
Specified Area Rates						828,300
Total						56,469,390
b) Rating Information (Actual)						
Rate Type						
Gross Rental Value Lands						
Group 1 - Vacant	15.700	953	21,025,980	3,301,079	(548,957)	2,752,122
Group 2 - Residential Improved	8.0240	24,115	460,729,570	36,968,935	1,540,371	38,509,306
Group 3 - Business Improved	8.7480	820	78,237,971	6,810,998	303,298	7,114,296
Unimproved Value Lands	0.0042	132	218,027,000	904,812	333,524	1,238,336
Sub-Total		26,020	778,020,521	47,985,824	1,628,236	49,614,060
Minimum Payments						
Gross Rental Value Lands						
Group 1 - Vacant	1,084	1,957	10,143,630	2,121,388	-	2,121,388
Group 2 - Residential Improved	1,084	4,063	49,680,208	4,404,292	-	4,404,292
Group 3 - Business Improved	1,262	351	3,844,315	442,962	-	442,962
Unimproved Value Lands	1,299	57	9,608,421	74,043	-	74,043
Sub-Total		6,428	73,276,574	7,042,685	-	7,042,685
General Rates Raised		32,448	851,297,095	55,028,509	1,628,236	56,656,745
Rate Equivalent Payments and Adjustments						26,726
Specified Area Rates						854,521
Rates In Advance						1,079,997
Total						58,617,989

City of Armadale
Notes to, and forming part of, the Financial Report
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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	0.380	91	30,487,673	115,800	-	115,800
B - Kelmscott CBD	0.954	90	8,092,116	77,200	-	77,200
C - Kelmscott Industry	0.175	338	11,030,043	19,300	-	19,300
D - South Armadale Industry	0.369	130	5,987,109	22,100	-	22,100
E - Shopping Precincts	0.729	6	3,002,911	21,900	-	21,900
F - North Forrestdale	0.706	3,583	77,866,556	550,100	-	550,100
G - Champion Lakes	0.599	266	3,655,485	21,900	-	21,900
Total		4,504	140,121,893	828,300	-	828,300
b) Specified Area Rates (Actual)						
Rate Type						
Specified Area Rate - GRV						
A - Armadale CBD	0.380	91	30,474,073	115,800	(246)	115,554
B - Kelmscott CBD	0.954	90	8,092,116	77,200	4,692	81,892
C - Kelmscott Industry	0.175	336	11,008,030	19,300	(107)	19,193
D - South Armadale Industry	0.369	130	5,987,109	22,100	(8)	22,092
E - Shopping Precincts	0.729	7	3,002,911	21,900	(9)	21,891
F - North Forrestdale	0.706	3,562	78,453,788	553,900	13,332	567,232
G - Champion Lakes	0.599	271	4,012,605	24,000	2,667	26,667
Total		4,487	141,030,632	834,200	20,321	854,521

In the 2015 - 2016 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 2015 - 2016 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 2015 - 2016 financial year.

Incentives

Four rate payment incentives were offered in the 2015 - 2016 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 Westpac. The third incentive was two prizes of \$500 provided by Bendigo Bank. The fourth incentive was four prizes of \$1,000 to those ratepayers currently using, or opting to use, City's 'Smarter Way To Pay' yearly direct debit payment method. Conditions relating to timing of the payment of rates and entry conditions applied to these incentives.

Concessions

During the 2015/16 year the City of Armadale issued rates concessions to 192 rate payers. The total of rates concessions applied was \$33,531.

Write-Offs

The following write-offs were made during the 2015 - 2016 financial year -

	\$
Rates	59,037
General	144,167
Infringements	57,445
	<u>260,649</u>

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	-	166,800	165,000
Interest on instalment plans	5.5	-	223,109	161,000
Interest on Emergency Services Levy (ESL)	11	-	12,099	9,000
Charges on instalment plans (per payment)	-	8.00	193,672	142,500
Charges on special arrangements	-	48.00	6,254	4,000
			601,934	481,500

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

	2016 Actual \$	2015 Actual \$
General Purpose Funding	465,184	522,801
Governance	847,254	13,250
Law, Order and Public Safety	650,184	683,377
Health	192,238	229,592
Education and Welfare	109,865	5,927
Community Amenities	13,369,722	12,258,758
Recreation and Culture	1,574,545	1,495,809
Transport	795,785	846,680
Economic Services	1,225,949	1,472,546
Other Property and Services	92,301	273,864
	19,323,029	17,802,604

29 Grant, Subsidies and Contributions Revenue

By Nature or Type

Operating Grants, Subsidies and Contributions	4,498,543	6,930,160
Non-Operating Grants, Subsidies and Contributions	5,693,587	4,949,002
Developer Contribution Plans - Cash	11,090,975	10,884,311
	21,283,106	22,763,472

By Program

General Purpose Funding	1,292,223	3,289,470
Governance	10,089	54,146
Law, Order and Public Safety	368,707	344,546
Health	1,170	35
Education and Welfare	473,089	373,684
Community Amenities	7,559,093	7,540,205
Recreation and Culture	4,187,132	2,960,689
Transport	7,341,821	8,164,410
Economic Services	33,332	36,285
	21,283,106	22,763,472

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

	2016	2015
Number of Full-Time Equivalent Employees at Balance Date	358	345

City of Armadale
Notes to, and forming part of, the Financial Report
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32 Councillors' Fees and Allowances

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

	2016 Actual \$	2016 Budget \$	2015 Actual \$
Members Allowance	448,050	401,700	448,050
Mayoral Allowance	87,550	133,900	87,550
Deputy Mayoral Allowance	21,888	21,888	21,890
Travelling Allowance	7,072	10,500	10,618
Communication Reimbursement	11,532	15,876	12,324
Child Minding Reimbursement	-	5,000	-
Information Technology Allowance	49,000	49,000	49,000
Vehicle Operation - Mayor	8,186	12,000	14,991
	633,278	649,864	644,423

33 Major Land Transactions

No major land transactions occurred during the 2015/16 Financial Year.

34 Major Trading

No major trading undertakings occurred during the 2015/16 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-16			Total
		Level 1	Level 2	Level 3	
Non-Financial Assets					
Land	6	-	102,364,000	-	102,364,000
Buildings	6	-	-	94,269,906	94,269,906
Furniture and Fittings	6	-	-	1,974,873	1,974,873
Plant & Machinery	6	-	-	7,541,262	7,541,262
Roads	7	-	-	446,606,111	446,606,111
Drainage	7	-	-	274,634,428	274,634,428
Pathways	7	-	-	41,101,955	41,101,955
Parks and Reserves	7	-	-	40,856,665	40,856,665
Waste Infrastructure	7	-	-	2,550,405	2,550,405
Other Infrastructure	7	-	-	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	915,973,173	1,018,337,177

	Note	30-Jun-15			Total
		Level 1	Level 2	Level 3	
Non-Financial Assets					
Land	6	-	104,166,000	-	104,166,000
Buildings	6	-	-	91,707,170	91,707,170
Furniture and Fittings	6	-	-	647,515	647,515
Plant & Machinery	6	-	-	8,340,624	8,340,624
Roads	7	-	-	446,978,111	446,978,111
Drainage	7	-	-	275,025,905	275,025,905
Pathways	7	-	-	40,722,141	40,722,141
Parks and Reserves	7	-	-	37,399,402	37,399,402
Waste Infrastructure	7	-	-	2,578,839	2,578,839
Other Infrastructure		-	-	965,088	965,088
Landfill Cell	8	-	-	5,493,569	5,493,569
Total non-financial assets recognised at fair value on a recurring basis		-	104,166,000	909,858,364	1,014,024,368

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2016

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	102,364,000	Market approach	Price per square metre	
Buildings	3	94,269,906	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	1,974,873	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	7,541,262	Cost and Market approach	Make, size, year of manufacture and condition, Residual value on typical operating condition.	
Roads	3	446,606,111	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	274,634,428	Cost Approach	Price per metre / unit . No residual value. Useful life. Fair Value based on age.	
Pathways	3	41,101,955	Cost Approach	Price per square metre. No residual value. Useful life. Fair Value based on age.	
Parks and Reserves	3	40,856,665	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	2,550,405	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	1,025,755	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	5,411,813	Cost Approach	Price per hectare.	
TOTAL		1,018,337,177			

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2016

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 2 valuation inputs were used to value land held in freehold title (investment and noninvestment) 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.

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

These classes of assets were revalued during the year as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A and in accordance with the mandatory asset measurement framework detailed at Note 1(c). Valuation was conducted by management and these asset classes will be revalued again in 2019.

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 Cities 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 was 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 (Australian Infrastructure Management) with the Assistance of the Cities Senior Asset Engineer (Qualified Civil Engineer). Level 3 valuation inputs were used to value the pits, pipes and open drains. A cost approach was 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 (Australian Infrastructure Management) with the Assistance of the Cities Senior Asset Engineer (Qualified Civil Engineer). Level 3 valuation inputs were used to value paths. A cost approach was followed 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.

Parks and Reserves

Parks valuations were performed by an external Professional Civil Engineer (Australian Infrastructure Management). Level 3 valuation inputs were used to value parks. A cost approach was 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 (APV Valuers and Asset Management). 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 council 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.

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2016

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	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	97,972,464	89,725,812	97,972,464	89,725,812
Receivables	7,997,043	4,305,572	7,997,043	4,305,572
	105,969,507	94,031,384	105,969,507	94,031,384
Financial Liabilities				
Payables	8,450,736	6,046,690	8,450,736	6,046,690
Borrowings	31,191,307	32,120,803	20,582,592	20,077,803
	39,642,043	38,167,492	29,033,329	26,124,493

Fair value is determined as follows;

- Cash and cash equivalents, receivables, payables - estimated to the carrying value, which approximates net market value
- 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 2.84% (2014/15 - 3.43%).

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.

	30 June 2016	30 June 2015
	\$	\$
Impact of a 1% movement in interest rates on Cash and Investments		
Equity	979,725	897,258
Income statement	979,725	897,258

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
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2016

36 Financial Risk Management (continued)

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

	30 June 2016	30 June 2015
	\$	\$
Value of Rates and Annual Charges		
Current	1,315,887	1,208,227
Overdue - Older than 12 months	578,629	588,416
	1,894,517	1,796,643
Percentage of Rates and Annual Charges		
Current	69%	67%
Overdue - Older than 12 months	31%	33%
Value of Other Receivables		
Current	5,758,754	2,219,603
Overdue - Older than 30 days	393,486	330,484
	6,152,240	2,550,087
Percentage of Other Receivables		
Current	94%	87%
Overdue - Older than 30 days	6%	13%
	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
	\$	\$	\$	\$	\$
2016					
Payables	8,258,333	192,403	-	8,450,736	8,450,736
Borrowings	3,445,021	18,204,723	19,107,479	40,757,222	31,191,307
	11,703,354	18,397,125	19,107,479	49,207,958	39,642,043
2015					
Payables	5,899,065	147,625	-	6,046,690	6,046,690
Borrowings	3,363,914	17,799,190	18,783,052	39,946,156	32,120,803
	9,262,979	17,946,815	18,783,052	45,992,846	38,167,493

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 2016					
Borrowings					
Fixed Rate					
Debentures	4.22	3,445,021	18,204,723	19,107,479	40,757,222
Year ended 30 June 2015					
Borrowings					
Fixed Rate					
Debentures	4.25	3,363,914	17,799,190	18,783,052	39,946,156

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2016

37 Information on Surplus / (Deficit) Brought Forward

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2016 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit)	11,435,814	12,001,886	12,001,886
Comprises:			
Cash - Unrestricted	17,024,193	15,588,966	15,588,966
Cash Restricted	80,948,271	74,136,846	74,136,846
Receivables and Accruals	7,074,641	3,427,830	3,427,830
Land Held for Resale	1,572,000	-	-
Inventories	184,251	86,611	86,611
	106,803,356	93,240,253	93,240,253
Creditors & Accruals	(8,258,333)	(5,899,065)	(5,899,065)
Interest Bearing liabilities	(1,887,962)	(1,636,495)	(1,636,495)
Provisions	(7,270,533)	(6,809,954)	(6,809,954)
	(17,416,828)	(14,345,514)	(14,345,514)
Net Current Position (prior to adjustments)	89,386,528	78,894,739	78,894,739
Less:			
Reserves	(80,858,321)	(74,072,826)	(74,072,826)
Restricted Grants (that will not be used in the next year)	-	-	-
Restricted - Rate Equivalent Payments and Adjustments	-	(25,406)	(25,406)
Restricted - Specified Area Rates (to carry forward)	-	(710,723)	(710,723)
Restricted - Rates In Advance	(4,678,888)	(530,347)	(530,347)
Land Held for Resale	(1,572,000)	-	-
Unspent Loans	-	-	-
Self Supporting Loans	-	-	-
Add:			
Current Borrowings	1,887,962	1,636,495	1,636,495
Employee Provisions Reserve Cash Backed	7,270,533	6,809,954	6,809,954
	11,435,814	12,001,886	12,001,886

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2016

38 Prior Year Correction

Nature of Correction

During the reporting period, it was found that the City has inadvertently doubled up on a land valuation during the tip site valuation in the 2015 financial year, to the value of \$7.6m. This parcel of land was originally brought in at fair value in the 2014 financial year when the City's land and buildings were valued and again in 2015 financial year when the landfill infrastructure valuation was done.

The error has now been identified and the following adjustments have been made to the comparative amounts in the 30 June 2016 Financial Report:

	Previously Reported Balance as at 30-Jun-15 \$	Correction \$	Restated Balance as at 30-Jun-15 \$
Statement of Comprehensive Income - By Nature or Type and Program			
Changes on revaluation of non-current assets	602,137,497	(7,600,000)	594,537,497
Total Comprehensive Income	602,137,497	(7,600,000)	594,537,497
Statement of Financial Position			
Property, Plant and Equipment	220,256,195	(7,600,000)	212,656,195
Total Non-Current Assets	1,045,519,171	(7,600,000)	1,037,919,171
Total Assets	1,138,759,424	(7,600,000)	1,131,159,424
Net Assets	1,090,005,030	(7,600,000)	1,082,405,030
Revaluation Surplus	746,537,800	(7,600,000)	738,937,800
Total Equity	1,090,005,030	(7,600,000)	1,082,405,030
Statement of Changes in Equity			
Changes on Revaluation of Assets	602,137,496	(7,600,000)	594,537,496
Revaluation Surplus	746,537,800	(7,600,000)	738,937,800
Total Equity	1,090,005,031	(7,600,000)	1,082,405,031
Notes to, and forming part of, the Financial Report			
Note 6 - Property, Plant and Equipment			
Land - Management Valuation	111,766,000	(7,600,000)	104,166,000
Total Property, Plant and Equipment	220,256,194	(7,600,000)	212,656,194
Movement in Carrying Amounts			
Closing Amount	111,766,000	(7,600,000)	104,166,000
Note 15 - Revaluation Surplus			
Land			
Revaluation Increment/(Decrement)	7,600,000	(7,600,000)	-
Closing Balance	104,665,722	(7,600,000)	97,065,722
Summary of Revaluation Surplus			
Revaluation Increment/(Decrement)	602,137,497	(7,600,000)	594,537,497
Total Revaluation Surplus	746,537,800	(7,600,000)	738,937,800
Note 20 - Total Assets Classified by Function and Activity			
Transport	798,389,198	(7,600,000)	790,789,198
Total	1,138,759,424	(7,600,000)	1,131,159,424
Note 35 - Fair Value Measurement			
Land - Level 2	111,766,000	(7,600,000)	104,166,000

10. Appendix 1 - Proposed Audit Opinion

INDEPENDENT AUDITOR'S REPORT

TO: RATEPAYERS OF CITY OF ARMADALE

We have audited the financial report of the City of Armadale, which comprises the Statement of Financial Position as at 30 June 2016 and 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 ended on that date and a summary of significant accounting policies and other explanatory information and Statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.

INDEPENDENT AUDITOR'S REPORT

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

Auditor's Opinion

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

- (a) gives a true and fair view of the financial position of the City of Armadale as at 30 June 2016 and of its financial performance for the year ended on that date; and
- (b) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards (including Australian Accounting Interpretations).

Report on Other Legal and Regulatory Requirements

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

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

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of City of Armadale for the year ended 30 June 2016 included on the City of Armadale's website. Management is responsible for the integrity of the City of Armadale'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 DAY OF 2016.**