CITY OF ARMADALE

MINUTES

OF **CITY AUDIT COMMITTEE** HELD IN THE **FUNCTION ROOM**, ADMINISTRATION CENTRE, 7 ORCHARD AVENUE, ARMADALE ON **TUESDAY, 8 DECEMBER 2020 AT 7.52PM.**

PRESENT:	Cr C Frost (Chairperson) Cr G Smith (Deputy Chair) Cr R Butterfield, Mayor Cr J H Munn CMC Mr S Linden (Independent Member)	
APOLOGIES:	Cr G Nixon (Leave of Absence) Cr D M Shaw (Leave of Absence)	
OBSERVERS:	Cr E Flynn Cr H Jones Cr S Peter Cr C Wielinga	
IN ATTENDANCE:	Ms J Abbiss	Chief Executive Officer
	Mr J Lyon	Executive Director Corporate Services
	Mr K Yeoh	Manager Finance Services
	Mrs J Sutherland	Executive Assistant Corporate Services
	Mrs S Gunalan	Office of Auditor General
	Mr K Aslam	Office of Auditor General *(Via Teams)*
	Mr A Macri	Macri Partners
	Mr S Herathmudalige	Macri Partners

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 CS53/10/20 refers.

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

DISCLAIMER

The Disclaimer for protecting Councillors and staff from liability of information and advice given at Committee meetings was not read.

DECLARATION OF MEMBERS' INTERESTS

QUESTION TIME

DEPUTATION

CONFIRMATION OF MINUTES

RECOMMEND

Minutes of the City Audit Committee Meeting held on 12 November 2020 be confirmed.

Moved Cr J H Munn
MOTION CARRIED (5/0)

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CITY AUDIT COMMITTEE

8 DECEMBER 2020

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1.1 - 2019/20 FINANCIAL REPORT AND AUDITOR'S REPORT

WARD	:	ALL
FILE No.	:	M/818/20
DATE	:	26 November 2020
REF	:	JL/KY
RESPONSIBLE MANAGER	:	Executive Director Corporate Services

In Brief:

- This Report presents the Annual Financial Report and Auditor's Completion Report for the financial year ended 30 June 2020;
- The Report Recommends that the Financial Report and Auditor's Audit Completion Report as presented be endorsed.

Tabled Items

Nil

Decision Type

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

Officer Interest Declaration

Nil

Strategic Implications

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

Legal Implications

Local Government Act 1995
Local Government (Financial Management) Regulations
Local Government (Audit) Regulations
Australian Accounting Standards
International Financial Reporting Standards

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

- Section 6.4 – a local government is to prepare an annual financial report in the manner and form prescribed and by 30 September submit to its Auditor the accounts balanced up to the last day of the preceding year and the annual financial report.

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

Council Policy/Local Law Implications

Nil

Budget/Financial Implications

Nil

Consultation

1. Council's Auditor
2. Chief Executive Officer

BACKGROUND

The City has prepared its Annual Financial Report for the year ending 30 June 2020, in accordance with the Australian Accounting Standards and the specific requirements of the *Local Government Act 1995* and associated Regulations.

The financial statements were delivered to the City's external Auditors, Macri Partners on the 24 September 2020 and audit field work conducted from 29 September to 1 October 2020. The Audit was conducted consistent with the Audit Plan adopted by Council on 23 March 2020.

DETAILS OF PROPOSAL

The Annual Financial Report for the financial year ended 30 June 2020 is attached to this report.

On 6 November, the Department of Local Government, Sporting and Cultural Industries confirmed changes made to the *Local Government (Financial Management) Regulations 1996* (FM Regulations). The changes are aimed at reducing the costs and reporting burden on local government by simplifying and removing requirements for revaluation of certain asset classes, and to address recent changes in accounting standards for leases, particularly Right of Use (ROU) assets. The changes are retrospective, meaning that they will apply to the 2019/2020 Financial Statements. Whilst the impact is minimal, the FM Regulation change has resulted in a delay to the sign off of the Audited Financial Statements by the Office of the Auditor General (OAG).

In addition, the City early adopted Australian Accounting Standards AASB 15 – Revenue from Contracts with Customers. The changes to this Accounting Standard was mandatory this year. During Audit, it was noted that the *Developer Contribution Contract Liabilities* were not taken up in the 2018/19 financial year, which by virtue of early adoption should have

been taken up. Therefore, this year's financial statements had required an amendment to the comparative information shown for the FY19 year.

A final review of the Financial Statements will occur on the 4 December and it is expected that the Deputy OAG will sign off on the City's Annual Financial Report ahead of this meeting.

The Independent Auditors Report, together with the Annual Financial Report will be included in the Annual Report to meet the requirements of section 5.53 of the *Local Government Act 1995*. The Annual Report will be submitted to the 14 December 2020 Council Meeting.

The OAG Representative Ms Subha Gunalan (Director – Financial Audit), OAG appointed Auditor (Macri Partners), Mr Anthony Macri (Partner) and Mr Suren Herathmudalige (Audit Manager), will be in attendance to present the 2020 Auditor's Audit Completion Report and take queries from Committee.

COMMENT

As reported in October, the City concluded the 2019/20 financial year with a surplus of $1.1m, after allowing for carried forward funds, advanced Federal Assistance Grants and prepayments of $8.6m. This is in contrast to the amended budget, which forecasted a budget deficit of ($272,000) or 0.23%.

The City's net assets increased by $20.5m (1.7%) to $1.22b, due to the revised Accounting Standards (AASB 15 – Revenue from Contract with Customers) whereby the unspent portion of DCP Contributions are now required to be recognised as a liability in the City's Balance Sheet and Regulations (*Local Government Financial Management Regulations 17A*) whereby concessionary leases for land that the City does not own but has under its control or management, such as vested crown land, golf courses and parks, to not be recognised as an asset in the City's Balance Sheet.

Funds set aside in the City's cash Reserves for asset renewal, new capital projects and works increased by $10m to $62m, whilst the City drew down on $3.9m to fund works associated with new developments (DCP funded projects).

Overall, the financial health of the City is still good but has decreased slightly from the 2017/18 financial year. The City achieved a score of 67 in the Department of Local Government 'Financial Health Indicator' (FHI) ranking for the preceding year, compared to a score of 70 in the 2017/18 financial year. This is as a result of a decrease in the City's Asset Sustainability Ratio as the City's assets are relatively new and in good condition, thereby expenditure on renewal being lower than it would be later in an asset's life.

Notwithstanding the FHI score, the City will continue to review its financial strategies to carefully manage the City's revenue streams, service provisions, capital investments and borrowings. These financial perspectives will form part of the annual review of the Corporate Business Plan and Long Term Financial Plan.

The financial ratios are presented at note 33 of the Annual Financial Report, and are discussed further below.

FINANCIAL RATIOS	Minimum Benchmark	2020	2019	2018	2017
Operating Surplus Ratio	=> 0.01	-0.05	-0.04	0.00	0.01
Current Ratio	> 1	1.16	1.27	1.53	1.73
Debt Service Cover Ratio	=> 2	1.99	5.88	7.10	6.88
Own Source Revenue Ratio	=> 0.40	0.88	0.90	0.93	0.93
Asset Sustainability Ratio	=> 0.90	0.46	0.56	0.44	0.52
Asset Consumption Ratio	=> 0.50	0.75	0.76	0.76	0.75
Asset Renewal Funding Ratio	=> 0.75	1.45	1.46	1.48	1.55

1. **Current Ratio**
   This is a declining but not necessarily an adverse trend in the ratio. It is reflective of the City's financial strategies relating to increasing cash reserves (restricted cash) and a planned increase in borrowings.

2. **Debt Servicing Ratio**
   The City paid out Loan 320 for $4.55m for the Abbey Road Project. This has artificially effected the debt service ratio for FY20. Excluding this loan repayment, the ratio would have been 3.74, which is above the threshold.

3. **Operating Surplus Ratio**
   The Operating Surplus ratio is the operating surplus/(deficit) expressed as a percentage of operating income. A positive ratio indicates the percentage of operating income available to fund new capital projects, payments of loan principal and increases in cash reserves held. A negative ratio indicates the percentage increase in operating income or decrease in operating expenses required to achieve a break-even operating result. A Local Government should aim to generate an operating surplus in most periods, to operate sustainably.

   To understand the City's operating position, the operating surplus reported through the Annual Financial Report is required to be adjusted for unusual items to bring it back to an underlying performance. Typically this involves negating the abnormal fluctuations caused by the timing of the general purpose grants and other grants.

   In the financial year ending 2020, the operating surplus was affected by:

   i. Economic Conditions – low interest earnings on investments, lower revenues from services associated with development (building, planning, subdivisions and interim rates) and rates exemptions granted.

   ii. The "Catalyst" Business Systems Transformation project – This project provisioned $5m implementation costs over three years for a benefit that will accrue over 10 to 15 years. The Accounting Standards and guidelines do not permit the City to amortise this cost and spread it throughout the period it will derive the economic benefit, and $1.4m has been expended in FY20;

iii. COVID-19 – This has not affected the City's operating surplus/(deficit) position this year, but will effect next year's position as Council has applied a $1.9m rates concession funded from the COVID-19 Response and Recovery reserve.

4. Own Source Revenue Coverage

The City has retained its ability to cover its costs through its own revenue efforts.

5. Asset Sustainability

The Asset Sustainability ratio is a measurement of asset renewal expenditure over depreciation. This year the City's ratio is 0.46, which is below the 0.9 recommended benchmark. Consequently the Auditors may include a commentary on this in their Audit Report.

As the City's assets are still in very good condition, as highlighted in the Asset Consumption Ratio. Expenditure on renewal is lower than it would be later in an asset's life. For this reason, the capital expenditure on renewal is low. However, the ratio does not take into account the net amounts that have been transferred to asset renewal reserves during the year and provisioned for the future. If the ratio is adjusted for this factor, the indicator would increase to 0.51.

A further factor influencing the ratio is the timing and extent of contributed assets received by the City. Typically, this arises from new developments and has the effect of increasing asset depreciation, which is a component of the ratio.

Over the last few years, the City has received over $165m in contributed/gifted assets and over that same period asset depreciation has increased by approximately 7% or $6m, to now total $22.9m.

6. Asset Consumption

The Asset Consumption ratio remains unchanged due to the City's commitment to its asset renewal program and the contributed (new) assets received by the City. It indicates that the City's assets are in overall good condition.

7. Asset Renewal

This ratio indicates the extent to which existing non-financial assets are being renewed and replaced, compared with the asset renewal and replacement expenditure stipulated in the City's Asset Management Plan (AMP). It is calculated by measuring capital expenditure on renewal or replacement of assets for a period, divided by the optimal level of such expenditure proposed in the City's AMP, over a 10 year period as detailed in the Long Term Financial Plan.

This ratio relies on the planned renewal program, a function of the Infrastructure Renewal Funding Strategy (IRFS). This strategy is currently under review and it is expected that future results will be closer to 1.0 (as planned).

Council has previously decided to maintain current levels of funding and trends for asset renewal, and monitor on an annual basis. This level of funding will again be reviewed during the course of the year, in conjunction with the Corporate Business Plan and Long Term Financial Plan review.

Further information on financial ratios can be found in the Department of Local Government's Operational Guideline number 18.
https://www.dlgsc.wa.gov.au/docs/default-source/local-government/operational-guidelines

CONCLUSION

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

ATTACHMENTS

1. 2020 Annual Financial Report - City of Armadale
2. Draft OAG Auditors Opinion Report
3. Confidential Audit Completion Report 2020 - *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*

Committee Discussion

The OAG representative, Subha Gunalan, in issuing the City with an unqualified Audit Report of the OAG stated that the report was something the City should be pleased with. Committee reviewed and discussed the amended pages of the Annual Financial Report. The attachment in the Minutes has been updated to reflect the minor amendments. The Committee acknowledged and thanked the Manager Finance Services and his team for all their hard work and efforts in completing the annual audit process under such difficult circumstances this year.

CA15/12/20

RECOMMEND

That Council:

1. **in accordance with section 5.54 of the *Local Government Act 1995*, accepts* for inclusion in the City's 2019/20 Annual Report, the Annual Financial Report as amended and Auditor's Independent Audit Report for the financial year ended 30 June 2020 as presented; and**

2. **accepts the 2020 Audit Completion report as presented.**

ABSOLUTE MAJORITY RESOLUTION REQUIRED

(5/0)

Moved Cr J H Munn
MOTION CARRIED

2.1 - OFFICE OF THE AUDITOR GENERAL COMPUTER CONTROLS AUDIT 2020

WARD	:	ALL
FILE No.	:	M/822/20
DATE	:	2 December 2020
REF	:	FW
RESPONSIBLE MANAGER	:	Executive Director Corporate Services

In Brief:

- The Office of the Auditor General has completed a General Computer Control Audit at the City as part of the financial audit. The audit included a review of general computer controls and a capability assessment to determine how well developed and capable the City's established Information Technology controls are.
- Recommend that Council note and endorse the results of the Audit of General Computer Controls and the Capability Maturity Model Assessment of IT controls.

Tabled Items

Nil

Decision Type

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

Officer Interest Declaration

Nil

Strategic Implications

4.1 Visionary civic leadership and sound governance
4.2 An innovative and progressive organisation

Legal Implications

Local Government Amendment (Auditing) Act 2017 – an Act to amend the Local Government Act to provide for the auditing of Local Governments by the Auditor General.

Council Policy/Local Law Implications

Nil

Budget/Financial Implications

Incorporated into the cost of the annual financial audit which is provided for in the 2020/21 annual budget.

Consultation

1. Office of the Auditor General Principal Information Systems Auditor
2. Staff members from Information and Communication Technology, Human Resources and Business Improvement

BACKGROUND

The Office of the Auditor General (OAG) performs General Computer Control (GCC) Audits at Local Governments as a fundamental part of the financial audits. This provides assurance that financial information generated by information systems is accurate, reliable and completely recorded. The audit includes a review of general computer controls and a capability assessment which determines how well developed and capable the City's established Information Technology (IT) controls are. A capability maturity model (CMM) then provides a benchmark for performance and a means of comparing results from year to year and across other Local Government and State Entities.

DETAILS OF PROPOSAL

The key objectives of the audit were to provide a preliminary conclusion over the General IT Controls covering the following:

- Information Security
- Change Control
- Information Resource Strategy and Planning
- IT Operations
- Risk management / Internal Audit
- Business Continuity
- Assess the adequacy of these controls
- Conduct testing (operating effectiveness) on selected IT controls as per our test plans
- Follow up of IS Audit issues raised in previous audits; and
- Complete the Capability Maturity Assessment.

This audit has focused on:

- Policies and procedures – The entity should ensure that they have appropriate policies and procedures in place for key areas such as IT risk management, information security, business continuity and change control.
- Management of IT risks - The entity need to ensure that IT risks are identified, assessed and treated within appropriate timeframes and that these practices become a core part of business activities.
- Information security - The entity should ensure good security practices are implemented, up-to-date and regularly tested and enforced for key computer systems. Entities must conduct ongoing reviews for user access to systems to ensure they are appropriate at all times.
- Business continuity - The entity should have a business continuity plan, a disaster recovery plan and an incident response plan. These plans should be tested on a periodic basis.

- Change control - change control processes should be well developed and consistently followed for changes to computer systems. All changes should be subject to thorough planning and impact assessment to minimise the likelihood of problems. Change control documentation should be current, and approved changes formally tracked.
- Physical security – The entity should develop and implement physical and environmental control mechanisms to prevent unauthorised access or accidental damage to computing infrastructure and systems.

The planned approach was as follows:

- Determine whether appropriate controls are in place.
- Prepare and execute test plans to obtain assurance of the operation of controls,
- Review appropriate documentation,
- Evaluate the effectiveness of the controls.
- Internal vulnerability scans of Finance, HR systems and key operational systems identified.

The audit involved interviews with staff members from Information and Communication Technology, Human Resources and Business Improvement

ANALYSIS

The findings identified during the Audit and capability results are included in the confidential attachments as follows:

- OAG GCC Audit 2020 - Management Letter
- OAG GCC Audit 2020 - Capability Maturity Model Assessment.

In response to the findings and recommendations, City staff have provided a management response, agreed actions and assigned responsible officers and timeframes in accordance with the significance of the rating for each finding. In addition to the responses provided to the OAG, City staff have also provided additional information for the City Audit Committee to provide further context around each finding, this is presented in the attached management letter as a 'preamble'.

CONCLUSION

The Office of the Auditor General has completed a General Computer Control Audit at the City as part of the financial audit. The audit included a review of general computer controls and a capability assessment to determine how well developed and capable the City's established Information Technology controls are.

ATTACHMENTS

1. OAG GCC Audit 2020 - Management Letter with Audit Committee Comments - *This matter is considered to be confidential under Section 5.23(2) (f ii) of the Local Government Act, as it deals with the matter, if disclosed, could be reasonably expected to endanger the security of the City of Armadale's property*
2. OAG - GCC Audit 2020 - Capability Maturity Model Assessment - *This matter is considered to be confidential under Section 5.23(2) (f ii) of the Local Government Act, as it deals with the matter, if disclosed, could be reasonably expected to endanger the security of the City of Armadale's property*

Committee Discussion

The Committee sought clarification on how the recommendations of the IT controls audit would be actioned and progressed and whether that would include Audit Committee oversight. The Committee were advised that the recommendations will form part of the Audit Committee action items list and report which is presented to the Audit Committee on (at least) an annual basis.

The CEO advised the Committee that a number of the high priority actions could be advanced expeditiously with allocation of Business Recovery funds to resource the actions. This would be a the subject of a further report to the Corporate Service Committee.

RECOMMEND **CA16/12/20**

That Council note and endorse the results of the Audit of General Computer Controls and the Capability Maturity Model Assessment of IT controls.

Moved Cr C Frost
MOTION CARRIED **(5/0)**

COUNCILLORS' ITEMS

Nil

The Chair thanked the Office of the Auditor General officers and Marci Partners for their efforts in preparing and finalising the Annual Financial Report.

The Chair also took the opportunity to wish everyone a Merry Christmas, a Happy New Year and a fantastic 2021.

MEETING DECLARED CLOSED AT 8.43PM

CITY AUDIT COMMITTEE

SUMMARY OF ATTACHMENTS

8 DECEMBER 2020

ATT NO.	SUBJECT	PAGE
1.1	**2019/20 FINANCIAL REPORT AND AUDITOR'S REPORT**	
1.1.1	2020 Annual Financial Report - City of Armadale	13
1.1.2	Draft OAG Auditors Opinion Report	59

City of Armadale
Financial Report
For the year ended 30 June 2020

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

Statement by the Chief Executive Officer

The attached financial report of the City of Armadale for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the City of Armadale at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 9 day of December 2020

Chief Executive Officer
Joanne Abbiss

City of Armadale
Statement of Comprehensive Income - by Nature or Type
For the year ended 30 June 2020

	Note	2020 Actual $	2020 Budget $	2019 Actual (Restated) $
Revenue				
Rates	22	69,802,832	70,907,490	68,009,872
Operating Grants, Subsidies and Contributions	2(i)	7,665,168	4,631,900	6,217,591
Fees and Charges	2(i)	25,617,521	25,770,900	21,958,373
Interest Earnings	2(i)	2,356,288	3,470,200	3,867,908
Other Revenue	2(i)	174,344	10,000	414,774
		105,616,152	**104,790,490**	**100,468,519**
Expenses				
Employee Costs		(46,025,230)	(42,597,300)	(43,170,701)
Materials and Contracts		(31,188,273)	(45,479,530)	(30,796,946)
Utility Charges		(3,932,027)	(3,477,900)	(3,597,716)
Depreciation on Non-Current Assets	12(b)	(24,545,899)	(24,293,300)	(22,302,841)
Amortisation	12(b)	(273,628)	-	(399,965)
Interest Expenses	2(ii)	(1,493,634)	(1,465,900)	(1,160,606)
Insurance Expenses		(1,546,193)	(1,480,000)	(1,472,254)
Other Expenditure		(1,628,967)	(1,100,000)	(1,631,801)
		(110,633,851)	**(119,893,930)**	**(104,532,831)**
		(5,017,699)	**(15,103,440)**	**(4,064,313)**
Grants / Contributions for Asset Development				
Non-Operating Grants, Subsidies and Contributions	2(i)	9,619,608	20,938,100	11,459,073
Developer Contribution Plans - Cash	2(i)	5,317,757	2,420,000	8,012,034
Developer Contribution Plans - Gifted Assets		14,632,424	-	19,973,430
Developer Contribution Plans - Contributions Payments	2(ii)	(2,006,272)	(3,770,500)	(5,448,931)
Profit on Disposal of Assets	12(a)	10,759	373,000	163,161
(Loss) on Disposal of Assets	12(a)	(287,878)	(59,600)	(148,144)
		27,286,398	**19,901,000**	**34,010,623**
Fair value adjustments to financial assets at fair value through profit or loss	7(b)	23,044	-	47,564
Net Result for the period		**22,291,744**	**4,797,560**	**29,993,875**
Other Comprehensive Income				
Items that will not be reclassified subsequently to profit or loss				
Changes on Revaluation of Non-Current Assets	13	730,831	-	(401,445)
Total Other Comprehensive Income for the period		**730,831**	-	**(401,445)**
Total Comprehensive Income for the period		**23,022,575**	**4,797,560**	**29,592,430**

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 2020

	Note	2020 Actual	2020 Budget	2019 Actual (Restated)
		$	$	$
Revenue				
General Purpose Funding		75,230,303	76,544,690	74,182,011
Governance		1,816,663	1,598,400	1,597,426
Law, Order and Public Safety		614,091	768,400	860,279
Health		159,696	171,600	217,581
Education and Welfare		234,611	140,700	306,056
Community Amenities		19,079,992	18,254,810	16,772,155
Recreation and Culture		5,426,423	5,012,390	2,923,779
Transport		2,007,400	1,087,300	2,595,118
Economic Services		972,576	1,137,200	936,398
Other Property and Services		74,396	75,000	77,718
		105,616,152	**104,790,490**	**100,468,519**
Expenses				
General Purpose Funding		(1,801,492)	(1,693,800)	(1,488,896)
Governance		(4,408,184)	(6,920,530)	(3,533,639)
Law, Order and Public Safety		(3,138,387)	(3,066,400)	(3,178,794)
Health		(1,935,610)	(2,086,300)	(1,974,669)
Education and Welfare		(4,237,786)	(5,050,500)	(4,423,280)
Community Amenities		(22,163,524)	(28,815,000)	(22,784,037)
Recreation and Culture		(32,127,959)	(31,047,900)	(27,992,204)
Transport		(35,429,209)	(35,781,000)	(34,306,893)
Economic Services		(3,582,956)	(3,757,200)	(3,639,353)
Other Property and Services		(315,108)	(209,400)	(50,460)
		(109,140,216)	**(118,428,030)**	**(103,372,225)**
Finance Costs	2(ii),34(a)			
Governance		(515,317)	(544,100)	(474,346)
Education and Welfare		(12,629)	(8,900)	(11,134)
Community Amenities		(4,797)	(4,200)	(6,433)
Recreation and Culture		(815,685)	(699,600)	(518,256)
Transport		(145,207)	(209,100)	(150,437)
		(1,493,634)	**(1,465,900)**	**(1,160,606)**
Non Operating Grants, Subsidies and Contributions	2(i)	9,619,608	20,938,100	11,459,073
Developer Contribution Plans - Cash	2(i)	5,317,757	2,420,000	8,012,034
Developer Contribution Plans - Gifted Assets		14,632,424	-	19,973,430
Developer Contribution Plans - Contributions Payments	2(ii)	(2,006,272)	(3,770,500)	(5,448,931)
Profit on Disposal of Assets	12(a)	10,759	373,000	163,161
(Loss) on Disposal of Assets	12(a)	(287,878)	(59,600)	(148,144)
Increase / (Decrease) in Investments	7(b)	23,044	-	47,564
Net Result for the period		**22,291,744**	**4,797,560**	**29,993,875**
Other Comprehensive Income				
Items that will not be reclassified subsequently to profit or loss				
Changes on Revaluation of Non-Current Assets	13	730,831	-	(401,445)
Total Other Comprehensive Income for the period		**730,831**	**-**	**(401,445)**
Total Comprehensive Income for the period		**23,022,575**	**4,797,560**	**29,592,430**

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

City of Armadale
Statement of Financial Position
As at 30 June 2020

	Note	2020 Actual $	2019 Actual $ (Restated)	1 July 2018 Actual $ (Restated)
Current Assets				
Cash and Cash Equivalents	3	45,138,753	70,652,945	49,132,081
Trade and Other Receivables	5(a)	6,787,575	10,309,755	9,958,684
Other Assets	5(b)	1,196,160	1,543,548	88,312
Financial Assets	7(a)	75,837,200	51,000,000	61,000,000
Inventories	6	599,621	751,566	749,981
Total Current Assets		**129,559,309**	**134,257,814**	**120,929,058**
Non-Current Assets				
Trade and Other Receivables	5(a)	777,190	689,410	690,715
Property, Plant and Equipment	9	247,479,794	248,444,864	219,584,765
Infrastructure	10	935,220,695	924,802,281	913,654,581
Landfill Cell	8(b)	774,016	834,807	998,755
Financial Assets	7(b)	292,052	269,008	221,444
Rehabilitation Asset	8(a)	2,463,113	2,558,420	2,799,752
Right of Use Assets	34(a)	4,661,695	-	-
Total Non-Current Assets		**1,191,668,555**	**1,177,598,790**	**1,137,950,012**
Total Assets	18	**1,321,227,864**	**1,311,856,604**	**1,258,879,070**
Current Liabilities				
Trade and Other Payables	14	25,645,919	32,168,274	20,633,528
Capital Grants Liabilities	14(a)	8,538,300	5,953,000	7,581,100
Borrowings	16	3,532,271	18,766,624	2,217,288
Employee Related Provisions	15	8,415,322	8,069,854	8,186,338
Lease Liabilities	34(a)	1,607,546	-	-
Total Current Liabilities		**47,739,358**	**64,957,752**	**38,618,254**
Non-Current Liabilities				
Capital Grants Liabilities	14(a)	12,651,689	19,173,253	22,444,198
Borrowings	16	36,109,194	26,869,038	26,922,860
Employee Related Provisions	15	832,776	736,705	558,082
Lease Liabilities	34(a)	3,054,149	-	-
Other Provisions	15	4,033,319	3,835,120	3,643,370
Total Non-Current Liabilities		**56,681,127**	**50,614,116**	**53,568,510**
Total Liabilities		**104,420,485**	**115,571,868**	**92,186,764**
Net Assets		**1,216,807,380**	**1,196,284,736**	**1,166,692,306**
Equity				
Retained Surplus		430,967,128	413,038,987	384,586,373
Reserves - Cash Backed	4	92,724,424	87,629,990	86,088,729
Revaluation Surplus	13	693,115,828	695,615,759	696,017,204
Total Equity		**1,216,807,380**	**1,196,284,736**	**1,166,692,306**

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 2020

	Note	Retained Surplus $	Reserves Cash or Investment Backed $	Revaluation Surplus $	Total Equity $
Opening Balance at 1 July 2018		**414,611,671**	**86,088,729**	**696,017,204**	**1,196,717,604**
Correction of error	37	(30,025,298)	-	-	(30,025,298)
Restated Total Equity at 1 July 2018		**384,586,373**	**86,088,729**	**696,017,204**	**1,166,692,306**
Comprehensive Income Net Result for the period		29,993,875	-	-	29,993,875
Transfer of Revaluation Surplus on Asset Disposals / Impairment	13	-	-	(658,972)	(658,972)
Changes on Revaluation of Assets During the Year	13	-	-	257,527	257,527
Total Comprehensive Income		29,993,875	-	(401,445)	29,592,430
Transfer from / (to) Reserves	4	(1,541,261)	1,541,261	-	-
Balance as at 30 June 2019		**413,038,987**	**87,629,990**	**695,615,759**	**1,196,284,736**
Changes in Accounting Policy	13	-	-	(1,769,100)	(1,769,100)
Restated Total Equity at 1 July 2019		**413,038,987**	**87,629,990**	**693,846,659**	**1,194,515,636**
Comprehensive Income Net Result for the period		22,291,744	-	-	22,291,744
Transfer of Revaluation Surplus on Asset Disposals / Impairment	13	730,831	-	(730,831)	-
Total Comprehensive Income		23,022,575	-	(730,831)	22,291,744
Transfer from / (to) Reserves	4	(5,094,434)	5,094,434	-	-
Balance as at 30 June 2020		**430,967,128**	**92,724,424**	**693,115,828**	**1,216,807,380**

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 2020

	Note	2020 Actual $	2020 Budget $	2019 Actual $ Restated
Cash Flows from Operating Activities				
Receipts				
Rates		70,637,306	70,907,490	64,921,232
Operating Grants, Subsidies and Contributions		3,820,940	4,910,900	3,463,533
Fees and Charges		26,617,521	32,068,000	21,958,373
Interest Received		2,356,288	3,470,200	3,867,908
Goods and Services Tax Received		5,027,836	2,500,000	6,093,381
Other Revenue		174,343	10,000	414,774
Total Receipts		**108,634,234**	**113,866,590**	**100,719,201**
Payments				
Employee Costs		(44,915,943)	(42,207,500)	(43,086,254)
Materials and Contracts		(34,235,836)	(32,219,714)	(19,284,510)
Utility Charges		(3,932,027)	(3,477,900)	(3,597,716)
Insurance Paid		(1,546,193)	(1,465,900)	(1,160,606)
Interest Expenses		(1,473,756)	(1,480,000)	(1,472,254)
Goods and Services Tax Paid		(4,292,919)	(4,750,000)	(6,792,413)
Other Expenditure		(1,628,967)	(1,100,000)	(1,762,577)
Total Payments		**(92,025,641)**	**(86,701,014)**	**(77,156,329)**
Net Cash Provided by / (used in) Operating Activities	17(b)	**16,608,593**	**27,165,576**	**23,562,872**
Cash Flows from Investing Activities				
Investment in Financial Assets		(24,837,200)	-	10,000,000
Payments for Property, Plant and Equipment		(5,790,848)	(21,646,600)	(33,115,480)
Payments for Construction of Infrastructure		(14,769,614)	(33,445,000)	(10,591,358)
Developer Contribution Plans - Contributions Payments	2(ii)	(2,006,272)	(3,770,500)	(5,448,931)
Non-Operating Grants and Subsidies		6,590,284	20,938,100	11,459,073
Developer Contribution Plans - Cash		5,317,757	2,420,000	8,012,034
Proceeds from Sale of Assets	12(a)	1,021,216	2,126,600	1,147,142
Net Cash Provided by / (used in) Investing Activities		**(34,474,677)**	**(33,377,400)**	**(18,537,520)**
Cash Flows from Financing Activities				
Repayment of Borrowings	16	(18,782,647)	(18,671,900)	(2,217,287)
Repayment for Principal Portion of Lease Liabilities	34(a)	(1,653,912)	-	-
Proceeds from New Borrowings	16	12,788,450	18,965,600	18,712,800
		(7,648,109)	**293,700**	**16,495,513**
Net Increase / (Decrease) in Cash Held		(25,514,193)	(5,918,124)	21,520,865
Cash and Cash Equivalents at Beginning of Year		70,652,946	112,549,340	49,132,081
Cash and Cash Equivalents at End of Year	17(a)	**45,138,753**	**106,631,216**	**70,652,946**

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

City of Armadale
Rate Setting Statement
For the year ended 30 June 2020

	Note	2020 Actual $	2020 Budget $	2019 Actual $ Restated
Net Current Assets at Start of Financial Year - Surplus / (Deficit)	27	14,024,753	17,360,900	13,750,024
Revenue from Operating Activities (excluding Rates)				
General Purpose Funding		5,457,675	5,637,200	6,730,725
Governance		1,839,749	1,598,400	1,636,573
Law, Order and Public Safety		621,731	768,400	860,279
Health		162,773	171,600	217,581
Education and Welfare		234,611	140,700	306,056
Community Amenities		19,079,992	18,254,810	16,772,155
Recreation and Culture		5,897,281	5,707,980	2,965,324
Transport		2,007,400	1,244,400	2,625,904
Economic Services		972,576	1,137,200	944,613
Other Property and Services		74,396	75,000	121,186
		36,348,184	**34,735,690**	**33,180,396**
Expenditure from Operating Activities				
General Purpose Funding		(1,801,492)	(1,693,800)	(1,488,896)
Governance		(4,923,501)	(7,580,100)	(4,007,985)
Law, Order and Public Safety		(3,138,387)	(3,066,400)	(3,178,794)
Health		(1,935,610)	(2,086,300)	(1,981,250)
Education and Welfare		(4,250,465)	(5,059,400)	(4,435,216)
Community Amenities		(22,202,494)	(28,819,200)	(22,931,231)
Recreation and Culture		(32,948,423)	(31,691,610)	(28,510,460)
Transport		(35,670,070)	(36,590,120)	(34,457,330)
Economic Services		(3,582,956)	(3,757,200)	(3,639,353)
Other Property and Services		(468,329)	(209,400)	(50,460)
		(110,921,728)	**(120,553,530)**	**(104,680,975)**
Non cash amounts excluded from operating activities	27	**20,312,410**	**23,979,900**	**17,907,290**
Amount Attributable to Operating Activities		**(40,236,380)**	**(44,477,040)**	**(39,843,265)**
Investing Activities				
Non-Operating Grants, Subsidies and Contributions	2(i)	9,619,608	20,938,100	11,459,073
Developer Contribution Plans - Cash	2(i)	5,317,757	2,420,000	8,012,034
Developer Contribution Plans - Gifted Assets	9 & 10	14,632,424	-	19,973,430
Proceeds from Disposal of Assets	12(a)	1,021,216	2,126,600	1,147,142
Purchase of Property, Plant and Equipment	9	(5,790,849)	(21,646,600)	(33,115,480)
Purchase and Construction of Infrastructure	10	(14,769,613)	(33,445,000)	(10,591,358)
Developer Contribution Plans - Contributions Payments		(2,006,272)	(3,770,500)	(5,448,931)
Infrastructure Assets Contributed by Developers (Gifted Assets)	9 & 10	(14,632,424)	-	(19,973,430)
Amount Attributable to Investing Activities		**(6,608,153)**	**(33,377,400)**	**(28,537,520)**
Financing Activities				
Repayment of Borrowings	19	(18,782,647)	(18,671,900)	(2,217,287)
Repayment for Principal Portion of Lease Liabilities	34(b)	(1,653,912)	-	-
Proceeds from New Borrowings	16	12,788,450	18,965,600	18,712,800
Transfers to Reserves	4	(20,546,285)	(10,988,300)	(13,849,593)
Transfers from Reserves	4	15,451,851	18,121,240	12,308,332
Amount Attributable to Financing Activities		**(12,742,543)**	**7,426,640**	**14,954,252**
Surplus / (Deficiency) before Imposition of General Rates		(59,587,076)	(70,427,800)	(53,426,533)
Total Amount Raised from General Rates	22	69,301,770	70,427,800	67,451,286
Surplus / (Deficiency) after Imposition of General Rates		**9,714,694**	-	**14,024,753**

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

City of Armadale
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for the Year Ended 30 June 2020

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City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

1. 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) and Interpretations of the Australian Accounting Standards Board, and the Local Government Act 1995 and accompanying regulations.

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The Local Government (Financial Management) Regulations
1996 take precedence over Australian Accounting Standards. Prior to 1 July 2019, Financial Management Regulation 16 arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the City. This was not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

From 1 July 2019, the City has applied AASB 16 Leases which requires leases to be included by lessees in the statement of financial position. Also, the Local Government (Financial Management) Regulations 1996 have been amended to specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the City to measure any vested improvements at zero cost.

The City has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the 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 effect the application of policies and reported amounts of assets and liabilities, income and expenses.

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

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the 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 29 to these financial statements.

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/ Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates - general rates	General rates	Over time	Payment dates adopted by council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Rates - specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment of the licence, registration or approval
Fees and charges - pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Fees and charges - other inspections	Regulatory food, health and safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Fees and charges - waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
Fees and charges - property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction	On entry or at conclusion of hire
Fees and charges - memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction	Output method over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Fees and charges - sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction	Output method based on goods
Fees and charges - fines	Fines issued for breaches of local laws	Single point in time	Payment in full within defined time	None	Adopted by council through local law	When taxable event occurs	Not applicable	When fine notice is issued
Other revenue - commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Other revenue - reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

2. REVENUE AND EXPENSES

	Note	2020 Actual $	2020 Budget $	2019 Actual $
i) Revenue				Restated
Other Revenue				
Reimbursements and Recoveries		8,407	10,000	9,277
Other		165,937	-	405,497
		174,344	**10,000**	**414,774**
Fees and Charges*				
General Purpose Funding		396,722	511,500	408,412
Governance		1,780,914	1,526,500	1,579,371
Law, Order and Public Safety		393,113	498,800	434,327
Health		159,414	171,100	217,316
Education and Welfare		435	5,300	418
Community Amenities		16,310,865	16,423,900	15,684,510
Recreation and Culture		5,207,051	4,872,000	2,133,577
Transport		387,462	575,200	550,410
Economic Services		912,883	1,118,600	881,846
Other Property and Services		68,663	68,000	68,186
* - There were no changes during the year to the amount of the fees or charges detailed in the original budget.		**25,617,521**	**25,770,900**	**21,958,373**
Grant Revenue				
Grants, subsidies and contributions are included as operating and non-operating revenues in the Statement of Comprehensive Income:				
By Nature or Type				
Operating Grants, Subsidies and Contributions		7,665,168	4,631,900	6,217,591
Non-Operating Grants, Subsidies and Contributions		9,619,608	20,938,100	11,459,073
Developer Contribution Plans - Cash		5,317,757	2,420,000	8,012,034
		22,602,533	**27,990,000**	**25,688,698**
By Program				
General Purpose Funding		2,674,461	1,655,500	2,529,964
Governance		554,730	6,000	8,778
Law, Order and Public Safety		220,979	269,600	425,953
Health		282	500	265
Education and Welfare		234,177	135,400	305,637
Community Amenities		2,769,127	9,257,800	3,030,553
Recreation and Culture		7,831,140	10,570,500	13,031,498
Transport		8,252,212	6,069,100	6,291,966
Economic Services		59,693	18,600	54,552
Other Property and Services		5,733	7,000	9,532
		22,602,533	**27,990,000**	**25,688,698**
Interest Earnings				
Investments - Reserve Funds		1,022,967	1,561,200	2,273,178
Investments - Municipal Fund		831,975	1,352,000	1,014,161
Other Interest Revenue	22(e)	501,346	557,000	580,569
		2,356,288	**3,470,200**	**3,867,908**

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.
Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

Fees and Charges

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).
Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

ii) Expenses				
Auditor's Remuneration				
Audit of the Annual Financial Report		43,500	60,000	28,300
Acquittals		1,500	5,500	1,500
		45,000	**65,500**	**29,800**
Bad and Doubtful Debts				
Write Off - Rates		5,443	75,000	11,668
Write Off - General		56,703	5,000	53,622
Write Off - Infringements		15,236	39,300	13,989
		77,382	**119,300**	**79,279**
Interest Expense				
Borrowing	16	1,313,465	1,350,400	1,160,606
Interest expense on lease liabilities		180,169	115,500	-
		1,493,634	**1,465,900**	**1,160,606**
Developer Contribution Plans - Contributions Payments				
Roads		2,006,272	3,770,500	4,773,887
Land Under Roads		-	-	454,460
Infrastructure		-	-	220,584
		2,006,272	**3,770,500**	**5,448,931**

The above contributions payments are related to the capital works carried out by the Main Roads and Western Power. These payments are considered to be non-operating expenses and the related assets are not owned by the City. As a result these assets have not been capitalised in the City's books of accounts.

City of Armadale
Notes to, and forming part of, the Financial Report
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3. CASH AND CASH EQUIVALENTS

	Note	2020 Actual $	2020 Budget $	2019 Actual $
Cash at Bank		7,356,343	23,673,366	25,560,935
Cash on Hand		12,410	10,000	12,010
Term Deposits		37,770,000	37,947,850	45,080,000
		45,138,753	**61,631,216**	**70,652,945**
Comprises				
Unrestricted Cash and Cash Equivalents		4,574,795	23,683,366	27,549,115
Restricted Cash and Cash Equivalents		38,387,224	37,947,850	36,629,990
Unspent Grants/Contributions	32(b)	1,115,865	-	4,729,687
Unspent Loans	16(c)	1,060,869	-	1,744,153
		45,138,753	**61,631,216**	**70,652,945**
The following restrictions have been imposed by regulations or other externally imposed requirements -				
Reserves				
Anstey Keane - DCP		672,980	854,000	-
Asset Renewal		6,172,680	6,322,390	4,739,300
Champion Lakes SAR Asset Renewal		166,180	172,900	162,960
City Centre Activation		335,439	-	-
Civic Precinct		1,935,300	2,453,300	1,000,000
Computer Systems Technologies		275,272	273,400	275,272
Community Art		47,300	-	-
COVID-19 Response and Recovery		3,584,900	-	-
Crossover Contributions		61,290	62,000	61,290
Emergency Waste		227,032	229,600	227,032
Employee Provisions		8,855,447	10,875,400	10,055,447
Freehold Sales Capital Works		405,523	1,017,100	349,423
Future Community Facilities		897,910	908,100	897,910
Future Project Funding		15,866,814	17,449,360	19,398,094
Future Recreation Facilities		816,980	825,500	674,480
History of the District		37,250	37,700	37,250
Infrastructure Project Contributions		3,029,324	-	-
Land Acquisition		471,756	477,000	471,756
Mobile Bin Program		2,006,848	2,029,600	2,006,848
North Forrestdale DCP 3		20,517,009	18,939,500	25,126,253
North Forrestdale SAR Asset Renewal		3,667,870	3,639,500	3,596,780
Perth Hills Tourism Alliance		71,503	-	-
Plant and Machinery		3,586,601	1,475,900	2,551,223
Portable Long Service Leave		345,772	380,000	345,772
Revolving Energy		235,314	238,400	235,314
Strategic Asset Investments		707,530	2,600,000	576,630
Waste Management		16,221,030	10,101,200	13,327,384
Workers Compensation		354,478	358,500	354,478
Wungong River Project		502,000	571,000	510,000
Works Contributions		649,094	656,500	649,094
Total Reserves and Restricted Cash and Cash Equivalents and Investments	4	**92,724,424**	**82,947,850**	**87,629,990**
Comprises				
Cash and Cash Equivalents		38,387,224	37,947,850	36,629,990
Financial Assets	7	54,337,200	45,000,000	51,000,000
		92,724,424	**82,947,850**	**87,629,990**

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

City of Armadale
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4. 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.

		2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
		$	$	$	$	$	$	$	$	$	$	$	$
1	Reserves Cash Backed - Anstey Keane - DCP	-	841,985	(169,005)	672,980	-	854,000	-	854,000	-	-	-	-
2	Reserves Cash Backed - Asset Renewal	4,739,300	1,545,480	(112,100)	6,172,680	4,909,590	1,524,900	(112,100)	6,322,390	-	1,053,810	(609,500)	4,739,300
3	Reserves Cash Backed - Asset Renewal - Buildings	-	-	-	-	-	-	-	-	3,587,352	-	-	-
4	Reserves Cash Backed - Asset Renewal - Parks	-	-	-	-	-	-	-	-	552,916	-	-	-
5	Reserves Cash Backed - Building Plant and Equipment	-	-	-	-	-	-	-	-	154,722	-	-	-
6	Reserves Cash Backed - Champion Lakes SAR Asset Renewal	162,960	3,220	-	166,180	162,700	10,200	-	172,900	158,730	4,230	-	162,960
7	Reserves Cash Backed - City Centre Activation	-	335,439	-	335,439	-	-	-	-	-	-	-	-
8	Reserves Cash Backed - Civic Precinct	1,000,000	935,300	-	1,935,300	1,000,000	1,453,300	-	2,453,300	-	1,000,000	-	1,000,000
9	Reserves Cash Backed - Community Art	-	47,300	-	47,300	-	-	-	-	-	-	-	-
10	Reserves Cash Backed - Computer Systems Technologies	275,272	-	-	275,272	268,600	4,800	-	273,400	268,132	7,140	-	275,272
11	Reserves Cash Backed - Crossover Contributions	61,290	-	-	61,290	60,900	1,100	-	62,000	59,700	1,590	-	61,290
12	Reserves Cash Backed - Covid-19 Response and Recovery	-	3,584,900	-	3,584,900	-	-	-	-	-	-	-	-
13	Reserves Cash Backed - Emergency Waste	227,032	-	-	227,032	225,500	4,100	-	229,600	221,142	5,890	-	227,032
14	Reserves Cash Backed - Employee Provisions	10,055,447	-	(1,200,000)	8,855,447	10,339,300	536,100	-	10,875,400	9,794,677	260,770	-	10,055,447
15	Reserves Cash Backed - Freehold Sales Capital Works	349,423	56,100	-	405,523	757,500	259,600	-	1,017,100	340,363	9,060	-	349,423
16	Reserves Cash Backed - Future Community Facilities	897,910	-	-	897,910	892,000	16,100	-	908,100	874,620	23,290	-	897,910
17	Reserves Cash Backed - Future Project Funding	19,398,094	1,021,520	(4,552,800)	15,866,814	21,076,600	347,600	(3,974,840)	17,449,360	17,622,074	1,836,160	(60,140)	19,398,094
18	Reserves Cash Backed - Future Recreation Facilities	674,480	142,500	-	816,980	670,900	154,600	-	825,500	525,490	148,990	-	674,480
19	Reserves Cash Backed - History of the District	37,250	-	-	37,250	37,000	700	-	37,700	36,280	970	-	37,250
20	Reserves Cash Backed - Infrastructure Project Contribution	-	3,029,324	-	3,029,324	-	-	-	-	-	-	-	-
21	Reserves Cash Backed - Land Acquisition	471,756	-	-	471,756	468,600	8,400	-	477,000	459,526	12,230	-	471,756
22	Reserves Cash Backed - Mobile Bin Program	2,006,848	-	-	2,006,848	1,993,700	35,900	-	2,029,600	1,954,808	52,040	-	2,006,848
23	Reserves Cash Backed - North Forrestdale DCP 3	25,126,253	2,962,116	(7,571,361)	20,517,008	26,321,600	473,100	(7,855,200)	18,939,500	30,025,298	4,018,561	(8,917,606)	25,126,253
24	Reserves Cash Backed - North Forrestdale SAR Asset Renewal	3,596,780	71,090	-	3,667,870	3,571,500	68,000	-	3,639,500	3,503,510	93,270	-	3,596,780
25	Reserves Cash Backed - Perth Hills Tourism Alliance	-	71,503	-	71,503	-	-	-	-	-	-	-	-
26	Reserves Cash Backed - Plant and Machinery	2,551,223	2,000,000	(964,622)	3,586,601	2,575,100	2,046,400	(3,145,600)	1,475,900	2,844,029	2,075,720	(2,368,526)	2,551,223
27	Reserves Cash Backed - Portable Long Service Leave	345,772	-	-	345,772	358,500	21,500	-	380,000	336,802	8,970	-	345,772
28	Reserves Cash Backed - Revolving Energy	235,314	-	-	235,314	234,200	4,200	-	238,400	112,324	122,990	-	235,314
29	Reserves Cash Backed - Strategic Asset Investments	576,630	130,900	-	707,530	1,998,500	601,500	-	2,600,000	561,680	14,950	-	576,630
30	Reserves Cash Backed - Waste Management	13,327,384	3,767,608	(873,963)	16,221,029	10,651,400	2,132,300	(2,682,500)	10,101,200	11,117,002	2,562,942	(352,560)	13,327,384
31	Reserves Cash Backed - Workers Compensation	354,478	-	-	354,478	352,200	6,300	-	358,500	345,288	9,190	-	354,478
32	Reserves Cash Backed - Wungong River Project	510,000	-	(8,000)	502,000	510,000	412,000	(351,000)	571,000	-	510,000	-	510,000
33	Reserves Cash Backed - Works Contributions	649,094	-	-	649,094	644,900	11,600	-	656,500	632,264	16,830	-	649,094
		87,629,990	**20,546,285**	**(15,451,851)**	**92,724,422**	**90,080,790**	**10,988,300**	**(18,121,240)**	**82,947,850**	**86,088,729**	**13,849,593**	**(12,308,332)**	**87,629,990**

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

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

City of Armadale
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4. RESERVES - CASH BACKED (Continued)

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

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5(a). TRADE AND OTHER RECEIVABLES

	2020 Actual $	2019 Actual $
Current		
Accrued Revenue	1,244,909	2,398,891
Rates Receivable	3,339,846	2,874,710
ESL Receivables	230,208	193,243
Sundry Receivables	2,358,756	5,182,458
Less : Allowance for Impairment of Receivables	(386,145)	(339,548)
	6,787,575	**10,309,755**
Non-Current		
Rates Deferred	702,921	626,290
ESL Deferred	74,269	63,122
	777,190	**689,410**

SIGNIFICANT ACCOUNTING POLICIES

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

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Impairment and risk exposure
Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 28.

The City has calculated the loss allowance to take into account the credit risk associated with the event being postponed or cancelled due to the COVID 19 pandemic.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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.

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

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

5(b). OTHER ASSETS

	2020 Actual $	2019 Actual $
Current		
Prepayments	1,196,160	1,543,548
	1,196,160	**1,543,548**

SIGNIFICANT ACCOUNTING POLICIES

Other Current Assets

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

6. INVENTORIES

a) Land Under Development and Developed Land		
Current		
Land - At the Beginning of the year	619,091	619,091
Land - Disposed	(159,090)	-
Land - At the End of the year	**460,001**	**619,091**
b) Inventories		
Current		
Fuel and Materials	139,620	132,475
	139,620	**132,475**
	599,621	**751,566**

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land Held for Resale

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land Held for Resale (Continued)

Borrowing 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 onto the buyer at this point.

Land held for resale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

City of Armadale
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7. FINANCIAL ASSETS

	Note	2020 Actual $	2019 Actual $
7(a) Current			
Financial assets at amortised cost			
Term deposits - Restricted Funds	3	54,337,200	51,000,000
Term deposits - Unrestricted Funds		21,500,000	-
		75,837,200	**51,000,000**
7(b) Non-Current			
Financial assets at fair value through profit or loss			
At the Beginning of the Year		269,008	221,444
Increment / (Decrement) During the Year		23,044	47,564
At the End of the Year		**292,052**	**269,008**
Financial assets at fair value through profit and loss			
Interest in Local Government House Trust [Note 7(b)(i)]		142,442	140,137
Interest in Rivers Regional Council [Note 7(b)(ii)]		149,610	128,871
		292,052	**269,008**
7(b)(i) Interest in Local Government House Trust			
Financial assets at fair value through profit or loss			
At the Beginning of the Year		140,137	123,808
Increment / (Decrement) During the Year		2,305	16,329
At the End of the Year		**142,442**	**140,137**
The accounting share applicable to the City as at 30 June 2020 is calculated based on 8 units @$17,805.25.			
The City's interest in the Assets and Liabilities of Local Government House Trust is as follows:			
(The 2017/18 figures have been restated by the Local Government House Trust)			
Current Assets		30,248	26,382
Non Current Assets		319,365	329,267
		349,613	**355,649**
Current Liabilities		207,171	215,512
Non Current Liabilities		-	-
		207,171	**215,512**
Net Assets		**142,442**	**140,137**
7(b)(ii) Interest in Rivers Regional Council			
Financial assets at fair value through profit or loss			
At the Beginning of the Year		128,871	97,636
Increment / (Decrement) During the Year		20,739	31,235
At the End of the Year		**149,610**	**128,871**
The accounting share applicable to the City as at 30 June 2020 is calculated at 22.33% as disclosed in the financial statements of Rivers Regional Council as at 30 June 2019.			
The City's interest in the Assets and Liabilities of Rivers Regional Council is as follows:			
Current Assets		170,108	159,255
Non Current Assets		-	-
		170,108	**159,255**
Current Liabilities		19,958	29,934
Non Current Liabilities		539	450
		20,497	**30,384**
Net Assets		**149,610**	**128,871**

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The City classifies financial assets at amortised cost if both of the following criteria are met:
- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit and loss

The City classifies the following financial assets at fair value through profit and loss:
- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the City has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 28.

City of Armadale
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8(a). REHABILITATION ASSET

	2020 Actual $	2019 Actual $
Non-Current		
Landfill Site Rehabilitation	2,558,420	2,799,752
Add/(Less) : Revision to Estimates	178,321	158,633
Less : Amortisation	(273,628)	(399,965)
	2,463,113	**2,558,420**

8(b). LANDFILL CELL ASSET

Non-Current		
Landfill Cell - Independent Valuation 2018	834,807	998,755
Additions After Valuation - Cost	31,976	-
Less : Depreciation	(92,766)	(163,948)
	774,016	**834,807**

9. PROPERTY, PLANT and EQUIPMENT

	Land- Freehold Land	Land Vested in & Under the Control of Council $	Total Land $	Building $	Furniture and Equipment $	Plant and Machinery $	Work in Progress $	Total Property Plant and Equipment $
Balance at 1 July 2018	102,100,001	1,769,100	103,869,101	91,806,280	1,558,157	9,087,206	13,264,023	219,584,767
Additions	-	-	-	24,783,290	-	4,478,864	4,797,490	34,059,644
(Disposals)	-	-	-	-	-	(513,913)	-	(513,913)
Revaluation increments / (decrements) transferred to revaluation surplus	-	-	-	-	(119,834)	-	-	(119,834)
Impairment (losses) / reversals	-	-	-	(658,972)	-	-	-	(658,972)
Depreciation (expense)	-	-	-	(1,901,508)	(178,419)	(1,585,858)	-	(3,665,785)
Transfers	-	-	-	11,897,659	-	(652,639)	(11,486,062)	(241,042.40)
Carrying Amount at 30 June 2019	**102,100,001**	**1,769,100**	**103,869,101**	**125,926,749**	**1,259,904**	**10,813,659**	**6,575,451**	**248,444,864**
Comprises:								
Gross carrying amount at 30 June 2019	102,100,001	1,769,100	103,869,101	154,777,258	2,417,243	16,937,150	6,575,451	284,576,203
Accumulated depreciation at 30 June 2019	-	-	-	(28,850,509)	(1,157,339)	(6,123,491)	-	(36,131,339)
Carrying Amount at 30 June 2019	**102,100,001**	**1,769,100**	**103,869,101**	**125,926,749**	**1,259,904**	**10,813,659**	**6,575,451**	**248,444,864**
Changes in Accounting Policies	-	(1,769,100)	(1,769,100)	-	-	-	-	(1,769,100)
Adjusted Carrying Amount at 1 July 2019	**102,100,001**	-	**102,100,001**	**125,926,749**	**1,259,904**	**10,813,659**	**6,575,451**	**246,675,764**
Additions	349,370	-	349,370	2,423,974	90,080	1,568,224	1,359,200	5,790,848
Gifted Assets	-	-	-	-	761,261	-	-	761,261
Disposals	(530,500)		(530,500)	-	-	(608,745)	-	(1,139,245)
Depreciation (expense)	-	-	-	(2,318,162)	(153,708)	(1,651,842)	-	(4,123,712)
Transfers from WIP	-	-	-	4,418,075	571,871	65,418	(5,055,364)	-
Transfers from/(to) Infrastructure	-	-	-	12,451	-	-	(497,573)	(485,122)
Carrying Amount at 30 June 2020	**101,918,871**	-	**101,918,871**	**130,463,087**	**2,529,408**	**10,186,714**	**2,381,714**	**247,479,794**
Comprises:								
Gross carrying amount at 30 June 2020	101,918,871	-	101,918,871	161,627,972	3,832,680	11,908,082	2,381,714	281,669,319
Accumulated depreciation at 30 June 2020	-	-	-	(31,164,885)	(1,303,272)	(1,721,368)	-	(34,189,525)
Carrying amount at 30 June 2020	**101,918,871**	-	**101,918,871**	**130,463,087**	**2,529,408**	**10,186,714**	**2,381,714**	**247,479,794**

The City has accounted for the removal of the vested land values associated with vested land previously recognised, by removing the land value and the associated revaluation reserve as at 1 July 2019 in accordance with the Local Government (Financial Management) Regulations 1996. Refer Note 1.

City of Armadale
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10. INFRASTRUCTURE

	Roads	Drainage	Pathways	Parks and Reserves	Waste Infrastructure	Other Infrastructure	Work in Progress	Total Infrastructure
	$	$	$	$	$	$	$	$
Balance at 1 July 2018	505,562,479	308,535,291	53,273,722	36,974,905	2,202,767	938,090	6,167,337	913,654,591
Additions	11,185,047	5,427,884	3,714,023	906,855	-	-	8,386,806	29,620,615
Depreciation (expense)	(11,084,418)	(3,525,610)	(1,569,286)	(2,032,339)	(169,345)	(91,927)	-	(18,472,925)
Transfers	(3,929,025)	72,685	176,581	5,801,144	-	22,015	(2,143,400)	-
Carrying Amount at 30 June 2019	**501,734,083**	**310,510,250**	**55,595,040**	**41,650,565**	**2,033,422**	**868,178**	**12,410,743**	**924,802,281**
Comprises:								
Gross carrying amount at 30 June 2019	668,101,464	396,791,630	79,939,010	67,496,292	2,737,017	2,028,492	12,410,743	1,229,504,648
Accumulated depreciation at 30 June 2019	(166,367,381)	(86,281,380)	(24,343,970)	(25,845,727)	(703,595)	(1,160,314)	-	(304,702,367)
Carrying Amount at 30 June 2019	**501,734,083**	**310,510,250**	**55,595,040**	**41,650,565**	**2,033,422**	**868,178**	**12,410,743**	**924,802,281**
Additions	1,095,536	465,903	273,968	686,748	131,807	20,562	12,063,112	14,737,636
Gifted Assets	5,864,124	4,286,231	1,118,197	2,602,611	-	-	-	13,871,163
Depreciation (expense)	(11,041,997)	(3,604,561)	(1,655,398)	(2,118,753)	(170,868)	(83,930)	-	(18,675,507)
Transfer from WIP	1,688,155	3,642	1,308,337	3,263,369	373,125	95,175	(6,731,803)	-
Transfer from/(to) Property, Plant & Equipment	-	-	-	1,638	-	-	483,484	485,122
Carrying Amount at 30 June 2020	**499,339,901**	**311,661,465**	**56,640,144**	**46,086,178**	**2,367,486**	**899,985**	**18,225,536**	**935,220,695**
Comprises:								
Gross carrying amount at 30 June 2020	676,749,279	401,547,406	82,639,512	74,050,658	3,241,949	2,144,229	18,225,536	1,258,598,569
Accumulated depreciation at 30 June 2020	(177,409,378)	(89,885,941)	(25,999,368)	(27,964,480)	(874,463)	(1,244,244)	-	(323,377,874)
Carrying amount at 30 June 2020	**499,339,901**	**311,661,465**	**56,640,144**	**46,086,178**	**2,367,486**	**899,985**	**18,225,536**	**935,220,695**

City of Armadale
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11. FAIR VALUE MEASUREMENTS

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
- Other 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

		30-Jun-20			
	Note	Level 1	Level 2	Level 3	Total
Non-Financial Assets					
Land	9	-	101,918,871	-	101,918,871
Buildings	9	-	-	130,463,087	130,463,087
Furniture and Fittings	9	-	-	2,529,408	2,529,408
Plant & Machinery	9	-	-	10,186,714	10,186,714
Roads	10	-	-	499,339,901	499,339,901
Drainage	10	-	-	311,661,465	311,661,465
Pathways	10	-	-	56,640,144	56,640,144
Parks and Reserves	10	-	-	46,086,178	46,086,178
Waste Infrastructure	10	-	-	2,367,486	2,367,486
Other Infrastructure	10	-	-	899,985	899,985
Landfill Cell	8(b)	-	-	774,016	774,016
Total non-financial assets recognised at fair value on a recurring basis		-	**101,918,871**	**1,060,948,384**	**1,162,867,255**

		30-Jun-19			
	Note	Level 1	Level 2	Level 3	Total
Non-Financial Assets					
Land	9	-	102,100,001	1,769,100	103,869,101
Buildings	9	-	-	125,926,749	125,926,749
Furniture and Fittings	9	-	-	1,259,904	1,259,904
Plant & Machinery	9	-	-	10,813,659	10,813,659
Roads	10	-	-	501,734,083	501,734,083
Drainage	10	-	-	310,510,250	310,510,250
Pathways	10	-	-	55,595,040	55,595,040
Parks and Reserves	10	-	-	41,650,565	41,650,565
Waste Infrastructure	10	-	-	2,033,422	2,033,422
Other Infrastructure	10	-	-	868,178	868,178
Landfill Cell	8(b)			834,807	834,807
Total non-financial assets recognised at fair value on a recurring basis		-	**102,100,001**	**1,052,995,757**	**1,155,095,758**

City of Armadale
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11. FAIR VALUE MEASUREMENTS (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 Input	Value at 30 June 2020	Valuation Technique(s)	Inputs Used	
Land	2	101,918,871	Market Approach	Price per square metre	
Buildings	3	130,463,087	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	2,529,408	Cost 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	10,186,714	Cost Approach	Make, size, year of manufacture and condition, Residual value on typical operating condition.	
Roads	3	499,339,901	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	311,661,465	Cost Approach	Price per metre / unit . No residual value. Useful life. Fair Value based on age.	
Pathways	3	56,640,144	Cost Approach	Price per square metre. No residual value. Useful life. Fair Value based on age.	
Parks and Reserves	3	46,086,178	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	2,367,486	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	899,985	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	774,016	Cost Approach	Price per hectare.	
TOTAL		**1,162,867,255**			

* Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and machinery and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

City of Armadale
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11. FAIR VALUE MEASUREMENTS (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.

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

Plant and equipment assets are valued using the cost approach using depreciated replacement cost.

Roads

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

Parks and Reserves

Parks valuations were performed by an external Independent Valuer. Level 3 valuation inputs were used to value parks. A cost approach was followed which was 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 external Independent Valuer. Level 3 valuation inputs were used. The valuer determined an asset consumption rating scale for each asset type based on the inter-relationship between the asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit.

Other Infrastructure

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

Landfill Cell

Landfill valuations were performed by an external Independent Valuer. 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 over the used life of the cell.

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

City of Armadale
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12. **SIGNIFICANT ACCOUNTING POLICIES**

Fixed assets

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Items of plant and Equipment are subsequently measured using the cost model.

Individual assets that are land, buildings, infrastructure and investment properties acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

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

At the end of each 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 land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

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 class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY Land under control prior to 1 July 2019

In accordance with the then Local Government (Financial Management) Regulation 16(a)(ii), the City was previously required to include as an asset (by 30 June 2013), vested 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.

Land under roads prior to 1 July 2019

In Western Australia, most 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 then Local Government (Financial Management) Regulation 16(a)(i) which arbitrarily prohibited local governments from recognising such land as an asset. This regulation has now been deleted.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then *Local Government (Financial Management)* Regulation 16(a)(i) prohibited 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 was not included as an asset of the City.

Land under roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, are treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

The City has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with Local Government (Financial Management) Regulation 17A(2)(iv) is a departure from AASB 16 which would have required the City to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 34 that details the significant accounting policies applying to leases (including right of use assets).

City of Armadale
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12. FIXED ASSETS (Continued)

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	$	$	$	$	$	$	$	$	$	$	$	$
By Program												
Governance	30,090	30,132	42	-	60,900	69,300	8,400	-	-	-	-	-
Law Order and Public Safety	16,278	23,918	7,640	-	51,300	37,300	-	(14,000)	74,788	113,935	39,147	-
Health	24,532	27,609	3,077	-	23,500	24,800	1,300	-	54,699	48,118	-	(6,581)
Education and Welfare	20,175	20,124	-	(51)	29,200	34,500	5,300	-	27,902	27,100	-	(802)
Community Amenities	92,263	58,090	-	(34,173)	381,100	335,800	-	(45,300)	445,157	304,396	-	(140,761)
Recreation and Culture	64,770	59,991	-	(4,779)	205,800	293,000	87,200	-	163,385	204,930	41,545	-
Transport	360,636	264,982	-	(95,654)	547,600	574,600	27,000	-	171,978	202,764	30,786	-
Economic Services	-	-	-	-	187,800	187,500	-	(300)	35,585	43,800	8,215	-
Other Property and Services	689,591	536,370	-	(153,221)	325,800	569,600	243,800	-	158,632	202,100	43,468	-
Total Disposal of Assets	1,298,335	1,021,216	10,759	(287,878)	1,813,000	2,126,400	373,000	(59,600)	1,132,126	1,147,143	163,161	(148,144)
By Class												
Property, Plant & Equipment												
Land and Buildings	689,591	536,370	-	(153,221)	619,100	835,000	215,900	-	-	-	-	-
Plant and Machinery	608,744	484,846	10,759	(134,657)	1,193,900	1,291,400	157,100	(59,600)	1,132,126	1,147,143	163,161	(148,144)
Total Disposal of Assets	1,298,335	1,021,216	10,759	(287,878)	1,813,000	2,126,400	373,000	(59,600)	1,132,126	1,147,143	163,161	(148,144)

City of Armadale
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12. FIXED ASSETS (Continued)

	2020 Actual $	2020 Budget $	2019 Actual $
12(b). Depreciation and Amortisation			
Depreciation			
Buildings	2,318,162	2,520,500	1,901,697
Furniture and Equipment	153,708	489,500	178,419
Plant and Machinery	1,651,842	2,000,000	1,585,858
Roads	11,041,997	11,617,300	11,084,418
Drainage	3,604,561	3,616,100	3,525,610
Pathways	1,655,398	1,641,500	1,569,286
Parks and Reserves	2,118,753	2,052,800	2,032,339
Waste / Other Infrastructure	254,798	188,400	261,265
Landfill Cell	92,766	167,200	163,948
	22,891,985	**24,293,300**	**22,302,841**
Depreciation			
Right of Use Asset - Plant and Equipment	974,192	-	-
Right of Use Asset - Motor Vehicle	31,287	-	-
Right of Use Asset - Building	648,435	-	-
	1,653,914	-	-
Total Depreciation	**24,545,899**	**24,293,300**	**22,302,841**
Amortisation			
Rehabilitation Asset	273,628	-	399,965
	273,628	-	**399,965**

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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.

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

(b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use. The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year. Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

The Rehabilitation asset was recognised at fair value from the 2014/15 financial year with the recognition of rehabilitation liability.

SIGNIFICANT ACCOUNTING POLICIES (Continued)
Amortisation (continued)

The asset will be amortised over the useful life of the asset. Rehabilitation liability has been recognised over three phases. As per the assessment as at 30 June 2020 the asset will be amortised over the weighted average amortisation period of 8 years.
The useful life of the asset will be reassessed annually and the amortisation period will be adjusted accordingly.

Depreciation rates

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

Buildings	30 - 180 years
Electronic Equipment	2 - 3 years
Furniture and Equipment	5 - 15 years
Plant and Machinery	
- Motor Vehicles	1 - 10 years
- Major Plant	5 - 20 years
- Minor Plant and Equipment	1 - 30 years
Roads	
- Sealed	15 -25 years
- Pavements	65 -100 years
- Gravel	10 years
- Kerb	50 years
- Formation	Not Depreciated
- Road Bridges	30 - 80 Years
Drainage	
- Storm Water	25 - 120 years
- Subsoil	25 - 120 years
- Water Harvesting Devices	50 years
Pathways	20 - 50 years
Parks and reserves	
-Playground Equipment	10 - 40 years
- Bores & Pumps	10-50 years
- Artworks, Memorials and Signs	10 - 80 years
- POS Structures	10 - 50 Years
- Active Ares and Hardscape	15 - 50 years
- POS Furniture & Infrastructure	10 - 30 years
- Boardwalks & Bridges	10 - 30 years
- Retaining Walls & Walls	35 - 50 years
- Fences/Gates	20 - 50 years
- Electrical	25 - 30 years
- POS Lighting	10 - 50
Years Waste/Other Infrastructure	15 - 70 years
Landfill Cell	15 - 50 years
Community Art	No Depreciation

Right of use - plant and equipment & buildings - Based on the remaining lease term.

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13. REVALUATION SURPLUS

	2020 Actual $	2019 Actual $
Land - Freehold Land		
Opening Balance as at 1 July	95,662,778	95,662,778
Revaluation Increment / (Decrement)	-	-
Transfer of Revaluation on Asset Impairment		-
Transfer of Revaluation on Asset Disposals	(594,444)	-
	95,068,334	**95,662,778**
Land - Vested in and under the control of Council		
Opening Balance as at 1 July	1,769,100	1,769,100
Change in Accounting Policy	(1,769,100)	-
Revaluation Increment / (Decrement)	-	-
Transfer of Revaluation on Asset Impairment	-	-
Transfer of Revaluation on Asset Disposals	-	-
	-	**1,769,100**
Buildings		
Opening Balance as at 1 July	25,718,295	26,377,267
Revaluation Increment / (Decrement)	-	-
Impairment of Buildings	-	(658,972)
Transfer of Revaluation on Asset Disposals/Impairment	-	-
Transfer between classes	-	-
	-	**25,718,295**
Furniture and Equipment		
Opening Balance as at 1 July	161,766	281,600
Revaluation Increment / (Decrement)	-	(119,834)
	161,766	**161,766**
Plant and Machinery		
Opening Balance as at 1 July	377,361	-
Revaluation Increment / (Decrement)	-	377,361
Adjustments	-	-
Transfer of Revaluation on Asset Disposals	(136,385)	-
	240,976	**377,361**
Roads		
Opening Balance as at 1 July	302,074,383	302,074,383
Revaluation Increment / (Decrement)	-	-
Adjustments	-	-
	302,074,383	**302,074,383**
Drainage		
Opening/Closing Balance as at 1 July	229,082,462	229,082,462
Revaluation Increment / (Decrement)	-	-
	229,082,462	**229,082,462**
Pathways		
Opening Balance as at 1 July	38,570,503	38,570,503
Revaluation Increment / (Decrement)	-	-
Adjustments	-	-
	38,570,503	**38,570,503**
Waste Infrastructure		
Opening Balance as at 1 July	237,486	237,486
Revaluation Increment / (Decrement)	-	-
	237,486	**237,486**
Landfill Cell		
Opening Balance as at 1 July	1,169,445	1,169,445
Revaluation Increment / (Decrement)	-	-
	1,169,445	**1,169,445**
Other Infrastructure		
Opening/Closing Balance as at 1 July	792,180	792,180
Revaluation Increment / (Decrement)	-	-
	792,180	**792,180**
SUMMARY OF REVALUATION SURPLUS:		
Opening Balance as at 1 July	695,615,759	696,017,204
Change in Accounting Policy	(1,769,100)	-
Transfer of Revaluation Surplus on Asset Disposals / Impairment	(730,831)	-
Revaluation Decrement on Asset Impairment	-	(658,972)
Changes on Revaluation of Assets During the Year	-	257,527
Total Revaluation Surplus	**693,115,828**	**695,615,759**

City of Armadale
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14. TRADE AND OTHER PAYABLES

	Note	2020 Actual $	2019 Actual $	2018 Actual $
Current				
Sundry Creditors		9,326,673	12,962,184	7,568,632
Accrued Salaries and Wages		1,756,872	1,202,514	782,665
Accrued Expenses		259,619	142,909	97,702
Revenue Received in Advance		680,438	5,119,096	5,218,660
Rates in Advance		6,961,065	6,672,092	6,678,075
ESL Liability		81,507	88,292	60,993
Payroll Entitlements		245,789	249,110	226,801
Deposits and Bonds		6,333,956	5,732,077	-
		25,645,919	**32,168,274**	**20,633,528**

14(a). Capital Grants Liabilities

	2020 Actual $	2019 Actual $ Restated	2018 Actual $ Restated
Current			
Revenue in Advance- Development Contribution	8,538,300	5,953,000	7,581,100
	8,538,300	**5,953,000**	**7,581,100**
Non Current			
Revenue in Advance- Development Contribution	12,651,689	19,173,253	22,444,198
	12,651,689	**19,173,253**	**22,444,198**

SIGNIFICANT ACCOUNTING POLICIES

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.

Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises revenue for the prepaid rates that have not been refunded.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Developer Contribution Plan Liability

The City receives contributions from landowners as required under a developer contribution arrangement. In accordance with State Planning Policy 3.6 "Infrastructure Contributions", the contributions are recognised in the City's cash-backed Reserves (refer Note 4). Developer Contribution Plan Liabilities represent the unspent contributions from the Developer Contribution Plan relating to construction and/or acquisition of assets that will be controlled by the City.

The Developer Contributions Plan Liabilities are recognised as revenue when the performance obligations in the arrangement are satisfied.

15. EMPLOYEE RELATED PROVISIONS

	2020 Actual $	2019 Actual $
Current Employee Benefits Related Provisions		
Employees Annual Leave	4,226,440	3,924,187
Employees On-Costs Annual Leave	486,038	451,282
Employees Long Service Leave	3,293,392	3,313,349
Employees On-Costs Long Service Leave	409,452	381,035
	8,415,322	**8,069,854**
Non-Current Employee Benefits Related Provisions		
Employees Long Service Leave	746,884	660,722
Employees On-Costs Long Service Leave	85,892	75,983
	832,776	**736,705**
Total Employee Benefits Provisions	**9,248,098**	**8,806,559**
Non-Current Other Provisions		
Provision for Rehabilitation of Landfill Site	**4,033,319**	**3,835,120**
Total Non-Current Provisions	**4,866,095**	**4,571,825**
Total Provisions	**13,281,417**	**12,641,679**

City of Armadale
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15. PROVISIONS (Continued)

	2020 Actual $	2019 Actual $
Provision for Annual Leave		
Opening Balance at 1 July 2019	**3,924,186**	**4,188,956**
Additional Provisions / (Amount Used)	299,121	(282,470)
Increase / (decrease) in the discounted amount arising because of time and the effect of any change in the discounted rate	3,133	17,701
Balance at 30 June 2020	**4,226,440**	**3,924,187**
Provision for Long Service Leave		
Opening Balance at 1 July 2019	**3,974,071**	**3,653,572**
Additional Provisions / (Amount Used)	103,007	82,674
Increase / (decrease) in the discounted amount arising because of time and the effect of any change in the discounted rate	(36,802)	237,825
Balance at 30 June 2020	**4,040,276**	**3,974,071**

Employee On-Cost Provision

The settlement of annual leave and long service leave liabilities give rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Employee Costs' in the Statement of Comprehensive Income. The related liability is included in 'Employees On-Costs' provision.

Carrying amount at start of period	908,300	901,891
Additional (Reversal of) provisions recognised	73,082	6,409
	981,382	**908,300**
Provision for Rehabilitation of Landfill Site		
Balance at the Beginning of the Year	3,835,120	3,643,370
Provision Made During the Year	-	-
Change in Estimates*	178,321	158,633
Unwinding Discount	19,878	33,117
Balance at the End of the Year	**4,033,319**	**3,835,120**

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

Annual Leave Liabilities

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

Within 12 months of the end of the reporting period	3,759,998	3,329,468
More than 12 months after the end of the reporting period	466,442	594,719
	4,226,440	**3,924,187**

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

Long Service Leave Liabilities

Unconditional long service leave provisions are classified as current liabilities as the City of Armadale does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the City of Armadale has an unconditional right to defer settlement of the liability until the employee has completed the requisite years of service.

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period	3,293,392	3,313,349
More than 12 months after the end of the reporting period	746,884	660,722
	4,040,276	**3,974,071**

The provision for long service leave is calculated at the present value as the City of Armadale does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

City of Armadale
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15. EMPLOYEE RELATED PROVISIONS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Short-term employee benefits

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

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

Other long-term employee benefits

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

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.

Provisions

Provisions are recognised when the City has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Provision for Site Rehabilitation

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

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

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

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

16. INFORMATION ON BORROWINGS

(a) Borrowings

	2020	2019
	$	$
Current	3,532,271	18,766,624
Non-current	36,109,194	26,869,038
	39,641,465	45,635,662

(b) Repayments - Borrowings

	Loan Number	Institution	Interest Rate	Actual Principal 1 July 2019	30 June 2020 Actua New Loans	30 June 2020 Actual Principal repayments	30 June 2020 Actual Interest repayments	30 June 2020 Actual Principal outstanding		Budget Principal 1 July 2019	30 June 2020 Budget New Loans	30 June 2020 Budget Principal repayments	30 June 2020 Budget Interest repayments	30 June 2020 Budget Principal outstanding	Actua Principal 1 July 2018	30 June 2019 Actual New Loans	30 June 2019 Actual Principal repayments	30 June 2019 Actual Interest repayments	30 June 2019 Actual Principal outstanding
Particulars				$	$	$	$	$		$	$	$	$	$	$	$	$	$	$
Governance																			
292 Loan Borrowings 2008	292	WATC	7.29%	225,609	-	67,286	5,820	158,323	0	204,000	-	45,700	14,100	158,300	266,615	-	41,006	17,199	225,609
295 Old Library Conversion 2009	295	WATC	5.89%	89,505	-	89,505	3,815	-	0	89,500	-	89,500	4,000	-	173,962	-	84,457	8,671	89,505
296 Loan Borrowings 2009	296	WATC	6.77%	261,753	-	62,165	6,795	199,588	0	241,700	-	42,100	15,700	199,600	299,878	-	38,125	18,369	261,753
298 Loan Borrowings 2010	298	WATC	5.89%	70,325	-	70,325	2,997	-	0	70,300	-	70,300	3,100	-	136,684	-	66,359	6,971	70,325
306 Loan Borrowings 2011	306	WATC	5.68%	166,548	-	80,943	8,188	85,605	0	166,500	-	80,900	8,300	85,600	243,082	-	76,534	12,605	166,548
316 Orchard House 2015	316	WATC	3.53%	9,181,449	-	454,062	319,739	8,727,387	0	9,181,400	-	454,100	320,000	8,727,300	9,619,896	-	438,447	335,367	9,181,449
323 Core System Review	323	WATC	3.60%	3,300,000	-	322,458	61,460	3,177,542	0	3,300,000	3,700,000	322,500	61,600	6,677,500	-	3,500,000	-	1,032	3,300,000
317 Abbey Road Project 2014	317	WATC	4.03%	1,649,128	-	304,045	63,059	1,345,083	0	1,649,100	-	304,000	63,400	1,345,100	1,941,280	-	292,152	74,965	1,649,128
Education and welfare		WATC																	
332 Champion Centre Upgrade	332	WATC	1.52%	-	350,000	-	44	350,000	0	-	350,000	-	-	350,000	-	-	-	-	-
337 AFAC Carpark	337	WATC	3.87%	-	500,000	-	159	500,000	0	-	500,000	-	-	500,000	-	-	-	-	-
342 Core System Review	342	WATC	2.40%	-	1,400,000	-	276	1,400,000	0	-	-	-	-	-	-	-	-	-	0
330 Greendale Centre	330	WATC	5.32%	356,588	-	85,645	8,901	270,943	0	356,600	-	85,600	8,900	271,000	440,000	-	83,412	11,135	356,588
324A Indoor Aquatic Centre	324A	WATC	3.76%	0			3,290	0	0					0					0
Community amenities		WATC																	
303 Civil Works - Roads 2011	303	WATC	5.68%	85,001	-	41,311	4,179	43,690	0	85,000	-	41,300	4,200	43,700	124,062	-	39,061	6,433	85,001
Recreation and culture																			
291 Aquatic Works 2008	291	WATC	7.26%	323,839	-	37,735	10,413	286,104	0	311,700	-	25,600	21,800	286,100	346,844	-	23,005	23,931	323,839
294 Armadale Library Relocation 2010	294	WATC	5.89%	140,650	-	140,650	5,994	-	0	140,700	-	140,700	6,200	-	273,368	-	132,718	13,940	140,650
299 Aquatic Centre Upgrade 2010	299	WATC	6.19%	495,050	-	70,463	29,439	424,587	0	495,100	-	70,500	29,600	424,600	561,345	-	66,295	33,613	495,050
300 Frye Park Redevelopment 2010	300	WATC	5.89%	38,818	-	38,817	2,307	1	0	38,800	-	38,800	2,600	-	114,318	-	35,500	5,829	38,818
302 Aquatic Centre Upgrade 2011	302	WATC	6.02%	1,046,611	-	61,641	61,981	984,970	0	1,046,600	-	61,600	62,100	985,000	1,104,702	-	58,091	65,536	1,046,611
304 Frye Park Redevelopment 2011	304	WATC	6.02%	780,933	-	45,993	46,247	734,940	0	780,900	-	46,000	46,300	734,900	824,278	-	43,345	48,901	780,933
305 Piara Waters (North) Sports 2011	305	WATC	5.89%	665,237	-	79,309	37,891	585,928	0	665,200	-	79,300	38,000	585,900	740,074	-	74,837	42,372	665,237
311 Aquatic Centre Upgrade 2012	311	WATC	4.48%	1,191,925	-	69,327	52,537	1,122,598	0	1,191,900	-	69,300	52,600	1,122,600	1,258,248	-	66,323	55,545	1,191,925
314 Oval Lighting Renewal	314	WATC	3.47%	576,642	-	88,035	19,202	488,607	0	576,600	-	88,000	19,300	488,600	661,700	-	85,058	22,181	576,642
315 Armadale Golf Course	315	WATC	2.94%	306,389	-	48,697	3,790	257,692	0	290,400	-	32,800	8,500	257,800	322,153	-	15,764	9,235	306,389
322 Kelmscott Library - Stage 1	322	WATC	2.69%	514,359	-	67,723	13,339	446,636	0	514,400	-	67,700	13,400	446,700	580,296	-	65,937	15,126	514,359
324 Indoor Aquatic Centre	324	WATC	3.76%	11,016,000	10,538,450	11,016,000	157,532	10,538,450	0	11,016,000	10,778,100	11,016,000	160,200	10,778,100	-	11,016,000	-	2,655	11,016,000
326 Armadale Hall Upgrade 2018	326	WATC	3.60%	3,876,800	-	357,164	68,077	3,519,636	0	3,876,800	-	357,200	68,200	3,519,600	-	3,876,800	-	1,144	3,876,800
327 Lighting Renewal 2018	327	WATC	5.32%	229,675	-	55,164	5,733	174,511	0	229,700	-	55,200	5,700	174,500	283,400	-	53,725	7,172	229,675
331 Infrastructure - Parks 2018	331	WATC	5.32%	243,129	-	56,396	6,069	184,733	0	243,100	-	57,000	6,100	186,100	300,000	-	56,872	7,592	243,128
334 Armadale Library Creative Space	334	WATC	2.90%	270,000	-	52,452	3,713	217,548	0	270,000	-	52,500	3,700	217,500	-	270,000	-	65	270,000
336 Lighting Renewal - 2	336	WATC	2.90%	50,000	-	9,713	688	40,287	0	50,000	-	9,700	700	40,300	-	50,000	-	12	50,000
338 Wungong Regional Recreation Facility	338	WATC	0.00%	-	-	-	-	-	0	-	316,500	-	-	316,500	-	-	-	-	-
339 Hamsdale Library Services	339	WATC	0.00%	-	-	-	-	-	0	-	2,470,000	-	-	2,470,000	-	-	-	-	-
343 Bedfordale Fire Service	343	WATC	0.00%	-	-	-	-	-	0	-	-	-	-	-	-	-	-	-	-
344 Challenge Park	344	WATC	0.00%	-	-	-	-	-	0	-	-	-	-	-	-	-	-	-	-
345 Roleystone Theatre	345	WATC	0.00%	-	-	-	-	-	0	-	-	-	-	-	-	-	-	-	-
347 Cleyll Park 2021	347	WATC	0.00%	-	-	-	-	-	0	-	651,000	-	-	651,000	-	-	-	-	-
348 Morgan Park	348	WATC	0.00%	-	-	-	-	-	0	-	200,000	-	-	200,000	-	-	-	-	-
349 Hamsdale Library Services - 2	349	WATC	0.00%	-	-	-	-	-	0	-	-	-	-	-	-	-	-	-	-
316 Orchard House 2014	316	WATC	4.78%	2,906,909	-	136,374	137,144	2,770,535	0	2,906,900	-	136,400	137,300	2,770,500	3,036,990	-	130,081	143,445	2,906,909
321 Armadale Arena Roofing 2015	321	WATC	3.47%	518,980	-	79,234	17,280	439,746	0	519,000	-	79,200	17,300	439,800	595,530	-	76,552	19,963	518,978
Transport																			
290 ARA Projects 2008	290	WATC	7.29%	-	-	-	-	-	0	-	-	-	-	-	14,841	-	14,841	-	-
320 Abbey Road Project Refinance 2015	320	WATC	3.12%	4,552,800	-	4,552,800	139,719	-	0	4,552,800	-	4,552,800	142,000	-	4,552,800	-	-	142,048	4,552,800
329 Infrastructure - Parks 2017	329	WATC	2.42%	285,010	-	119,215	5,488	165,795	0	245,700	-	79,800	5,500	165,900	323,802	-	38,792	7,357	285,010
Total				45,635,662	12,788,450	18,782,647	1,313,465	39,641,465		45,526,400	18,365,600	18,671,300	1,356,400	45,820,100	23,140,148	18,712,800	2,217,286	1,160,693	45,635,662

**All Loans are with the Western Australian Treasury Corporation

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16. INFORMATION ON BORROWINGS (Continued)

(b) New Borrowings - 2019/20

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed 2020 Actual	Amount Borrowed 2020 Budget	Amount (Used) 2020 Actual	Amount (Used) 2020 Budget	Total Interest & Charges	Actual Balance Unspent
				%	$	$	$	$	$	$
324 Indoor Aquatic Centre	WATC	Debenture	19	3.00	10,538,450	10,778,100	10,538,450	10,778,100	-	-
332 Champion Centre	WATC	Debenture	5	3.00	350,000	350,000	350,000	350,000	-	-
337 AFAC Carpark	WATC	Debenture	20	3.00	500,000	500,000	500,000	500,000	-	-
338 Wungong District Playing Field	WATC	Debenture	5	3.00	-	316,500	-	316,500	-	-
339 Harrisdale Library Services	WATC	Debenture	15	3.00	-	2,470,000	-	2,470,000	-	-
340 Creyk Park Pavilion	WATC	Debenture	5	3.00	-	651,000	-	651,000	-	-
341 John Dunne Challenge Park	WATC	Debenture	5	3.00	-	200,000	-	200,000	-	-
342 Core System Review	WATC	Debenture	10	3.00	1,400,000	3,700,000	1,400,000	3,700,000	-	-
* WA Treasury Corporation					**12,788,450**	**18,965,600**	**12,788,450**	**18,965,600**	-	-

(c) Unspent Borrowings

Particulars		Date Borrowed	Unspent Balance 1 July 2019	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2020
			$	$	$	$
323 Core System Review	WATC	25/06/2019	1,744,153	-	683,284	1,060,869
* WA Treasury Corporation			1,744,153	-	683,284	1,060,869

	2020	2019
(d) Undrawn Borrowing Facilities	$	$
Credit Standby Arrangements		
Bank overdraft limit	100,000	100,000
Bank overdraft at balance date	-	-
Credit card limit	21,000	8,000
Credit card balance at balance date	(4,000)	(4,700)
Total amount of credit unused	**117,000**	**103,300**
Loan facilities		
Loan facilities - current	3,532,271	18,766,624
Loan facilities - non-current	36,109,194	26,869,038
Lease liabilities - current	1,607,546	-
Lease liabilities - non-current	3,054,149	-
Total facilities in use at balance date	**44,303,160**	**45,635,662**

The City did not utilise an overdraft during the 2019/20 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 2019 and 30 June 2020 was nil.

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Risk

Information regarding exposure to risk can be found at Note 28.

City of Armadale
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17. NOTES TO THE STATEMENT OF CASH FLOWS

	2020 Actual $	2019 Actual $ Restated
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	**45,138,753**	**70,652,945**
b) Reconciliation of Net Cash Provided by Operating Activities to Net Result		
Net Result	22,291,744	29,993,875
Non-cash Items:		
Depreciation	24,545,899	22,302,841
Amortisation	273,628	399,965
Accretion Charge	19,878	-
Expected Credit Loss on Sundry Receivables Adjusted in Equity	-	(162,315)
Profit on Sale of Assets	(10,759)	(15,017)
Loss on Sale of Assets	287,878	-
Increment in Investments	(23,044)	(47,564)
Developer Contribution Plans - Gifted Assets	(14,632,424)	(19,973,430)
Changes in Assets and Liabilities:		
(Increase) / Decrease in Receivables	3,781,788	(1,642,691)
(Increase) / Decrease in Inventories	(7,145)	(1,586)
Increase / (Decrease) in Payables	(10,458,619)	11,534,759
Increase / (Decrease) in Provisions	441,539	95,256
Grants and Contributions for Asset Development	(6,590,284)	(11,459,073)
Developer Contribution Plans - Cash	(5,317,757)	(12,911,079)
Developer Contribution Plans - Contributions Payments	2,006,272	5,448,931
Net Cash from Operating Activities	**16,608,593**	**23,562,872**

City of Armadale
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18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020 Actual $	2019 Actual $
General Purpose Funding	127,060,910	127,792,096
Governance	76,813,087	81,054,307
Law, Order and Public Safety	419,671	428,903
Health	118,476	128,498
Education and Welfare	2,573,602	-
Community Amenities	76,723,142	70,503,537
Recreation and Culture	61,083,703	61,260,706
Transport	842,080,696	841,582,495
Economic Services	3,431,489	2,560,223
Other Property and Services	130,923,089	126,545,840
	1,321,227,864	**1,311,856,603**

19. CONTINGENT LIABILITIES

The City had no contingent liabilities at 30 June 2020.

20. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	2,549,984	3,703,776
- plant and machinery purchases	1,004,151	740,235
	3,554,135	**4,444,011**
Payable:		
- not later than one year	**3,554,135**	**4,444,011**

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

Group		
Drainage	9,345	14,273
Land / Buildings	1,468,488	1,854,684
Parks	972,347	419,228
Pathways	32,809	518,902
Plant / Machinery	1,004,151	740,234
Roads	66,995	896,690
Other Infrastructure	-	-
	3,554,135	**4,444,011**

City of Armadale
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21. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual $	2020 Budget $	2019 Actual $
Members Allowance	460,406	459,330	454,778
Mayoral Allowance	93,300	89,750	88,864
Deputy Mayoral Allowance	22,440	22,440	22,216
Travelling Allowance	10,123	7,500	6,993
Communication Reimbursement	11,242	16,310	14,193
Child Minding Reimbursement	-	1,000	75
Information Technology Allowance	49,029	49,000	49,000
Vehicle Operation - Mayor	4,478	12,000	11,781
	651,019	**657,330**	**647,900**

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual $	2019 Actual $
Short term employee benefits	1,446,268	1,436,368
Post employment benefits	154,687	165,407
Other long term benefits	26,311	26,121
Termination benefits	-	-
	1,627,266	**1,627,896**

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

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

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

Termination benefits
These amounts represent termination benefits paid to KMP.

Transaction with Related Parties

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

No related party transactions occurred with the below related parties during the 2019/20 financial year. There were also no committed agreements with the said related parties as at the balance date.

Related Parties

The City's main related parties are as follows:

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

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

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

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22. RATING INFORMATION

(a) Rates

RATE TYPE Differential general rate / general rate	Rate in Cents	Number of Properties	2019/20 Actual Rateable Value	2019/20 Actual Rate Revenue	2019/20 Actual Interim and Back Rates	2019/20 Actual Total Revenue	Rate in Cents	Number of Properties	2019/20 Budget Rateable Value	2019/20 Budget Rate Revenue	2019/20 Budget Interim Rate	2019/20 Budget Back Rate	2019/20 Budget Total Revenue	2018/19 Actual Total Revenue
	$	#	$	$	$ $	$	$	#	$	$	$	$	$	$
Gross rental valuations														
Gross Rental Value Lands														
Group 1 - Vacant	14.6490	753	19,189,690	2,811,098	(159,500)	2,651,598	14.6490	837	19,189,690	2,811,000	-	-	2,811,000	2,811,270
Group 2 - Residential Improved	8.6170	31,146	584,798,891	50,392,128	813,101	51,205,229	8.6170	30,445	584,708,671	50,381,000	-	-	50,381,000	49,247,195
Group 3 - Business Improve	9.1200	759	100,477,900	9,163,585	198,401	9,361,986	9.1200	737	100,453,886	9,161,000	-	-	9,161,000	9,043,346
Unimproved valuations														
Unimproved Value Lands	0.4508	127	156,607,000	705,984	(34,713)	671,271	0.4508	131	157,297,000	709,000	-	-	709,000	718,736
Sub-Total		**32,785**	**861,064,481**	**63,072,795**	**817,289**	**63,890,084**		**32,150**	**861,649,247**	**63,062,000**	-	-	**63,062,000**	**61,820,547**
Minimum payment	**Minimum $**						**Minimum $**							
Gross rental valuations														
Gross Rental Value Lands														
Group 1 - Vacant	1,179	1,496	9,317,193	1,967,751	(106,619)	1,861,132	1,179	1,669	9,317,193	1,968,000	589,500	-	2,557,500	1,956,261
Group 2 - Residential Improved	1,179	2,738	34,157,755	3,242,250	(41,030)	3,201,220	1,179	2,758	34,247,975	3,252,000	1,067,500	-	4,319,500	3,194,727
Group 3 - Business Improve	1,371	298	4,083,953	500,415	(184,249)	316,166	1,371	367	4,107,967	503,000	-	-	503,000	493,649
Unimproved valuations														
Unimproved Value Lands	1,412	15	3,379,492	21,180	22,068	43,248	1,412	15	3,379,492	21,000	-	-	21,000	20,850
Sub-Total		**4,547**	**50,938,393**	**5,731,596**	**(309,830)**	**5,421,766**		**4,809**	**51,052,627**	**5,744,000**	**1,657,000**	-	**7,401,000**	**5,665,487**
		37,332	**912,002,874**	**68,804,391**	**507,459**	**69,311,850**		**36,959**	**912,701,874**	**68,806,000**	**1,657,000**	-	**70,463,000**	**67,486,034**
Discounts (Note 22(b))						(10,080)							(35,200)	(34,748)
Total amount raised from general rate						**69,301,770**							**70,427,800**	**67,451,286**
Rate Equivalent Payments and Adjustments						30,204								30,642
Concessions (Note 22(b))						-							-	-
Specified Area Rate (Note 22(b))						470,858							479,690	527,944
Totals						**69,802,832**							**70,907,490**	**68,009,872**

SIGNIFICANT ACCOUNTING POLICIES
Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises revenue for the prepaid rates that have not been refunded.

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22. RATING INFORMATION (Continued)

(b) Specified Area Rate GRV

Specified Area Rate GRV	Basis of Valuation	Rate in Cents	Number of Properties	2019/20 Actual Rateable Value	2019/20 Actual Rate Revenue	2019/20 Actual Interim/Back Rate Revenue	2019/20 Total Specified Area Rate Revenue	Rate in Cents	Number of Properties	2019/20 Budget Rateable Value	2019/20 Budget Rate Revenue	2019/20 Budget Interim/Back Rate Revenue	2019/20 Total Budget Revenue	2018/19 Total Actual Revenue
		$	#	$	$	$	$	$	#	$	$	$	$	$
A - Armadale CBD		0.377	86	31,606,372	119,156	345	119,501	0.377	86	31,606,372	119,100	-	119,100	118,904
B - Kelmscott CBD		0.880	145	9,023,343	79,405	(14,007)	65,398	0.880	145	9,023,343	79,400	-	79,400	79,405
C - Kelmscott Industry		0.166	341	11,962,346	19,857	23	19,880	0.166	341	11,962,346	19,900	-	19,900	20,197
D - South Armadale Industry		0.353	137	6,431,478	22,703	1,176	23,879	0.353	137	6,431,478	22,700	-	22,700	22,763
F - North Forrestdale		0.212	4,818	107,463,870	227,823	2,597	230,420	0.212	4,787	107,015,050	226,980	-	226,980	272,650
G - Champion Lakes		0.212	303	5,489,210	11,637	142	11,779	0.212	302	5,483,540	11,610	-	11,610	14,024
			5,830	171,976,619	480,582	(9,724)	470,858		5,798	171,522,129	479,690	-	479,690	527,943

In the 2019 - 2020 financial year, the City imposed 6 separate Specified Area Rates, the purpose of which was to enhance the amenity of selected areas by way of increased and improved service levels.

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

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

c) Service Charges

No service charges were imposed for the 2019 - 2020 financial year. As such, no transfer to or from Reserve Accounts has occurred.

d) Discounts, Incentives, Concessions and Write-Offs

Discounts

No discounts were offered in the 2019 - 2020 financial year.

Incentives

Four rate payment incentives were offered in the 2019 - 2020 financial year. The first incentive was one prize 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 the City's 'Smarter Way To Pay' option.

Concessions

During the 2019/20 year the City of Armadale issued rates concessions to 210 rate payers. The total of rates concessions applied was $10,080.

Write-Offs

The following write-offs were made during the 2019 - 2020 financial year -

	2020 Actual $	2019 Actual $
Rates	5,453	11,668
General	56,061	31,634
Infringements	15,226	13,989
	76,740	57,291

City of Armadale
Notes to, and forming part of, the Financial Report
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22. RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment Options	Interest Rate %	Admin Charge $	Instalment Plan Admin Charge $ 2020 Actual $	Instalment Plan Interest Rate % 2020 Budget $	Unpaid Rates Interest Rate % 2019 Actual $
Interest on late paid rates	11	-	246,268	295,000	314,583
Interest on instalment plans	5.5	-	233,597	243,000	240,136
Interest on Emergency Services Levy (ESL)	11	-	21,481	19,000	25,850
			501,346	557,000	580,569
Charges on special arrangements	-	8.00	178,760	192,500	188,192
Charges on instalment plans (per payment)	-	51.00	1,122	24,000	13,260
			179,882	216,500	201,452
Total			681,228	773,500	782,021

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.

23. MAJOR LAND TRANSACTIONS

No major land transactions occurred during the 2019/20 financial year.

24. MAJOR TRADING UNDERTAKINGS

No major trading undertakings occurred during the 2019/20 financial year.

25. EVENTS AFTER THE REPORTING PERIOD

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

26. EMPLOYEE NUMBERS

	2020 Actual #	2019 Actual #
Number of Full-Time Equivalent Employees at Balance Date	427	418

27. NET CURRENT ASSETS

	Note	2020 (30 June 2020 Carried Forward) $	2020 Budget (30 June 2020 Carried Forward) $	2019 (1 July 2019 Brought Forward) $
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with Financial Management Regulation 32.				
Adjustments to operating activities				
Less: Profit on Disposal of Assets	12(a)	(10,759)	(373,000)	(163,161)
Less: Fair Value Adjustment to Investments	7(b)	(23,044)	-	(47,564)
Less: Fixed Assets Adjustments		124,657	-	(32,875)
Less: Contract Liability - DCP - prior year adjustment		-	-	(1,642,160)
Movement in Deferred Pensioner Rates/ESL (Non-Current)	5(a)	(87,780)	-	1,305
Movement in Unwinding Discount of Landfill Site Provision	15	19,878	-	33,117
Movement in Employee Benefit Provisions (Non-Current)	15	96,071	-	178,623
Movement in Leasing Liability (Non-Current)	34(a)	1,607,546	-	-
Movement in Contract Liability (Non-Current)	14	(6,521,564)	-	(3,270,945)
Add: Loss on Disposal of Assets	12(a)	287,878	59,600	148,144
Add: Depreciation on assets	12(b)	24,545,899	24,293,300	22,302,841
Add: Amortisation	12(b)	273,628	-	399,965
Non cash amounts excluded from operating activities		**20,312,410**	**23,979,900**	**17,907,290**
(b) Surplus/(Deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Restricted Cash - Reserves	3	(38,387,224)	(82,947,850)	(36,629,990)
Less: Restricted Investments - Term Deposits	3	(54,337,200)	-	(51,000,000)
Less: Land Held for Sale	6	(460,001)	(619,100)	(619,091)
Less: Unspent Loan Funds	16(c)	(1,060,869)	-	-
Add: Movement in Expected Credit Loss on Sundry Receivables	5(a)	46,597	-	184,295
Add: Contract Liability	14	8,538,300	-	5,953,000
Add: Lease Current Liability	34(a)	1,607,546	-	-
Add: Borrowings	16	3,532,271	4,926,754	18,766,624
Add: Current provisions	15	8,415,324	8,200,000	8,069,854
Total Adjustments to Net Current Assets		**(72,105,257)**	**(70,440,196)**	**(55,275,308)**
Net current assets used in the Rate Setting Statement				
Total Current Assets		129,559,309	111,200,316	134,257,814
Less: Total Current Liabilities		(47,739,358)	(64,957,752)	(64,957,752)
Less: Total Adjustments to Net Current Assets		(72,105,257)	(70,440,196)	(55,275,308)
Net current assets used in the Rate Setting Statement		**9,714,694**	**(24,197,632)**	**14,024,753**

City of Armadale
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28. 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	
	2020 $	2019 $	2020 $	2019 $
Financial Assets				
Cash and cash equivalents	45,138,753	70,652,945	45,138,753	70,652,945
Financial Assets	75,837,200	51,000,000	75,837,200	51,000,000
Receivables	7,564,765	10,999,165	7,564,765	10,999,165
	128,540,718	**132,652,110**	**128,540,718**	**132,652,110**
Financial Liabilities				
Payables	25,645,919	32,168,275	25,645,919	32,168,275
Borrowings	39,641,465	45,635,662	37,080,320	44,070,401
Lease Liabilities	4,661,695	-	4,661,695	-
	69,949,079	**77,803,937**	**67,387,933**	**76,238,676**

Fair value is determined as follows;

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

a. Cash and cash equivalents, financial assets at amortised cost.

The City's objective is to maximise the return on cash and financial assets, 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 financial assets is price risk - the risk that the capital value of financial assets 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 financial assets 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 1.88% (2018/19 - 2.68%).

Another risk associated with cash and financial assets 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 financial assets with high credit ratings or capital guarantees.

Impact of a 1% movement in interest rates on Cash and financial assets	30 June 2020 $	30 June 2019 $
Equity	1,209,760	1,216,529
Income statement	1,209,760	1,216,529

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 level of outstanding receivables is reported to Council monthly and monitored for acceptable collection performance. The City makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rates debtors.

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. There are no material receivables that have been subject to a re-negotiation of repayment terms.

No expected credit loss was forecast on 1 July 2019 or 30 June 2020 for rates receivables as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed off to recover unpaid rates.

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28. FINANCIAL RISK MANAGEMENT - (Continued)

b. Receivables (Continued)

The loss allowance as at 30 June 2020 and 1 July 2019 (on adoption of AASB 9) was determined as follows for sundry receivables.

Sundry Receivables	Current $	More than 30 days past due $	More than 60 days past due $	More than 90 days past due $	More than 120 days past due $	Total $
30 June 2020						
Expected credit loss	0%	0.0%	0.1%	1.5%	26.0%	
Gross carrying amount *	-	1,004	236,509	362,787	1,462,414	2,062,715
Loss allowance	-	-	329	5,314	380,502	386,145
1 July 2019						
Expected credit loss	0%	5.0%	6.7%	6.0%	19.6%	
Gross carrying amount *	210,521	65,323	2,503,817	354,210	754,474	3,888,345
Loss allowance	-	3,267	167,428	21,250	147,603	339,548

* The amount of receivables exclude statutory GST recoverable from the ATO as at balance date.

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 $
2020					
Payables	25,645,919	-	-	25,645,919	25,645,919
Borrowings	8,330,930	17,187,138	16,057,620	41,575,688	39,641,465
Lease Liabilities	1,604,904	1,106,866	1,949,925	4,661,695	4,661,695
	35,581,753	**18,294,004**	**18,007,545**	**71,883,302**	**69,949,079**
2019					
Payables	32,168,275	-	-	32,168,275	32,168,275
Borrowings	19,943,463	15,767,913	14,825,914	50,537,290	45,635,662
	52,111,738	**15,767,913**	**14,825,914**	**82,705,565**	**77,803,938**

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 2020					
Borrowings					
Fixed Rate					
Debentures	3.01%	3,428,575	16,979,850	19,233,039	**39,641,465**
Year ended 30 June 2019					
Borrowings					
Fixed Rate					
Debentures	3.27%	18,668,280	13,435,448	13,531,935	**45,635,662**

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28. FINANCIAL RISK MANAGEMENT (Continued)

d. Liquidity Risk and Interest Rate Exposure

The following table details the City of Armadale's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The interest rate exposure section analyses only the carrying amounts of each item.

Interest Rate Exposure and Maturity Analysis of Financial Assets and Financial Liabilities.

		Interest Rate Exposure				Maturity Dates		
	Weighted Average Effective Interest Rate %	Carrying Amount $	Fixed Interest Rate $	Variable Interest Rate $	Non-Interest Bearing $	Up to 1 month $	1 - 3 months $	More than 3 months $
2019/2020 - Financial Assets								
Cash and Cash Equivalents	1.88%	4,574,795	2,783,960	1,709,969	80,865	3,000,000	1,574,794	-
Restricted Cash and Cash Equivalents	0.79%	40,563,958	28,780,000	11,773,970	9,988	4,690,000	24,090,000	11,783,958
Restricted Investments	0.79%	54,337,200	54,337,200	-	-	-	-	54,337,200
Receivables	-	7,564,765	-	-	7,564,765	5,153,738	680,688	1,730,339
		107,040,717	**85,901,159**	**13,483,938**	**7,655,618**	**12,843,737**	**26,345,481**	**67,851,496**
2019/2020 - Financial Liabilities								
Payables		**25,645,919**	-	-	**25,645,919**	**25,645,919**	-	-
2018/2019 - Financial Assets								
Cash and Cash Equivalents	2.48%	27,549,115	15,700,000	11,837,105	12,010	20,549,115	7,000,000	-
Restricted Cash and Cash Equivalents	2.68%	43,103,830	35,080,000	8,015,104	8,726	20,023,830	23,080,000	-
Restricted Investments	2.68%	51,000,000	51,000,000	-	-	-	-	51,000,000
Receivables	-	10,999,165	-	-	10,999,165	7,176,477	65,325	3,757,363
		132,652,110	**101,780,000**	**19,852,209**	**11,019,901**	**47,749,422**	**30,145,325**	**54,757,363**
2018/2019 - Financial Liabilities								
Payables		**32,168,274**	-	-	**32,168,274**	**32,168,274**	-	-

29. TRUST FUNDS

Funds held at balance date over which the City has no control, and that are not included in the financial statements, are as follows;

	Balance 1 July 2019 $	Amounts Received $	Amounts Paid/Transfers* $	Balance 30 June 2020 $
Cash in Lieu - POS - A14 Plan	2,132,190	59,890	(490,086)	1,701,994
Cash in Lieu - POS - Agreements	28,061	788	-	28,849
Cash in Lieu - POS - Ward - Minnawarra	8,836	248	-	9,084
Cash in Lieu - POS - Ward - River	1,927	55	-	1,982
Cash in Lieu of Footpaths	511,752	29,897	(541,649)	-
Cash in Lieu of Parking	314,977	6,214	(93,738)	227,453
Cash in Lieu - POS - Flematti Res 49251	257,057	7,220	(31,089)	233,188
POS - Precinct A - Westfield	78,318	2,199	-	80,517
POS - Precinct B - Seville Grove	37,521	1,054	-	38,575
POS - Precinct C - West Armadale	230,554	6,476	-	237,030
POS - Precinct F - Clifton Hills	735,068	20,647	(12,233)	743,482
POS - Precinct H - Mount Nasura	1,069,163	132,282	-	1,201,445
POS - Precinct N - Forrestdale	233,703	216,352	(231,172)	218,883
POS - Precinct O - Palomino	72,199	2,028	-	74,227
POS - Regional Recreation Infrastructure	330,136	123,416	-	453,552
POS Cash in Lieu - Suburb - Piara Waters	521,013	208,370	(57,000)	672,383
POS Cash in Lieu - Suburb - Camillo	113,391	3,191	-	116,582
POS Cash in Lieu - Suburb - Kelmscott	91,309	2,565	-	93,874
POS Cash in Lieu - Suburb - Mount Nasura	3,785	106	-	3,891
POS Cash in Lieu - Suburb - Mount Richon	178,717	5,020	-	183,737
POS Cash in Lieu - Suburb - Armadale	277,477	7,793	-	285,270
POS Cash in Lieu - Suburb - Roleystone	70,852	40,737	(11,400)	100,189
POS Cash in Lieu - Suburb - Bedfordale	218,786	6,145	-	224,931
POS Cash in Lieu - Wungong Structure Plan	-	88,107	-	88,107
	7,516,792	**970,799**	**(1,468,367)**	**7,019,225**

30. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

The Australian Accounting standards Boards has issued a number of new and amended Accounting Standards and Interpretations that have a mandatory application dates for future reporting periods.

On 1 July 2020 the following new accounting standards are to be adopted:
- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-7 Amendments to Australian Accounting Standards - Materiality.

AASB 1059 Service Concession Arrangements: Grantors. Management has not yet assessed the financial impact to the City.

AASB 2018-7 Amendments to Australian Accounting Standards - Materiality. Management has not yet assessed the financial impact to the City.

City of Armadale
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31. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

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

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

b) Current and non-current classification
The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the City's operational cycle. In the case of liabilities where the City does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the City's intentions to release for sale.

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

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

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

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

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

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

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

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

h) 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:

h) Fair value hierarchy (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

City of Armadale
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32(a). ACTIVITIES/PROGRAMS

City operations as disclosed in these financial statements encompass the following service orientated activities/programs.

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
Governance To provide a decision making process for the efficient allocation of scarce resources.	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 To collect revenue to allow for the provision of services.	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 To provide services to help ensure a safer and environmentally conscious community.	This program includes the administration and operation of volunteer fire services and the State Emergency Services, together with animal control and community safety.
Health To provide an operational framework for environmental and community health.	This program includes services such as immunisation, health inspections, pest control, noise control and health clinics.
Education and Welfare To provide services to disadvantaged persons, the elderly, children and youth.	This program includes pre-schools, senior citizen centres, disability services and other community development activities such as seniors, youth and indigenous services.
Community Amenities To provide services required by the community.	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 To establish and effectively manage infrastructure and resource which will help the social well being of the community.	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.
Transport To provide safe, effective and efficient transport services to the community.	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 To help promote the City and its economic wellbeing.	This program covers building control, private swimming pool inspections, tourism and economic development.
Other Property and Services To monitor and control City's overheads operating accounts.	This program includes public works overheads and the purchase and maintenance of engineering plant and equipment.

City of Armadale
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32(b). CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grants / Contributions	Opening Balance [1] 01/07/18 $	Received [2] 2018/19 $	Expended [3] 2018/19 $	Closing Balance [1] 30/06/19 $	Received [2] 2019/20 $	Expended [3] 2019/20 $	Closing Balance 30/06/20 $
Community Amenities							
Fire Prevention	103,000	36,884	(103,000)	36,884	106,300	(143,184)	-
Fire Prevention - Bushfire	47,035	12,571	(47,035)	12,571	46,785	(59,356)	-
Community Crime Prevention	25,000	-	(25,000)	-	-	-	-
Cricket Pavilion	-	500,000	-	500,000	-	(949)	499,051
Cricket Pavilion - Club Contribution	-	126,200	-	126,200	127,246	-	253,446
Recreation and Culture							
Wetlands Rehabilitation	86,685	-	-	86,685	-	-	86,685
Water Quality Monitoring - SPG	88,877	74,600	(88,877)	74,600	-	(20,010)	54,590
Parks	120,000	182,400	(120,000)	182,400	-	(176,354)	6,046
Transport							
Newhaven Infrastructure - Stockland	3,495,780	-	(381,480)	3,114,300	-	(3,114,300)	-
Metropolitan Regional Road Grant - MRRG	697,371	421,059	(697,371)	421,059	-	(380,000)	41,059
Pathways - Bike Plan	-	329,291	(154,303)	174,988	-	-	174,988
Total	**4,663,748**	**1,683,005**	**(1,617,066)**	**4,729,687**	**280,331**	**(3,894,153)**	**1,115,865**

(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.

33. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current Ratio	1.16	1.27	1.53
Asset Sustainability Ratio	0.46	0.56	0.44
Debt Service Cover Ratio	1.99	5.85	7.10
Operating Surplus Ratio	(0.05)	(0.04)	0.00
Own Source Revenue Coverage Ratio	0.88	0.90	0.93
Asset Consumption	0.75	0.76	0.76
Asset Renewal Funding	1.45	1.46	1.48

The above ratios are calculated as follows -

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

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

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

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

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

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

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

City of Armadale
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34. LEASE ASSETS

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

	Right of use assets Building	Right of use assets Plant & Equipment	Right of use assets Motor Vehicle	Right of use assets Total
	$	$	$	$
Carrying amount at 30 June 2019	-	-	-	-
Recognised on initial application of AASB 16	3,463,882	2,805,336	46,389	6,315,607
Restated total equity at the beginning of the financial year	3,463,882	2,805,336	46,389	6,315,607
Additions	-	-	-	-
Gains/(losses) from sale and leaseback transactions	-	-	-	-
				-
Revaluation increments / (decrements) transferred to revaluation surplus	-	-	-	-
				-
Revaluation (loss) / reversals transferred to profit or loss	-	-	-	-
				-
Depreciation (expense)	(648,435)	(974,190)	(31,287)	(1,653,912)
Carrying amount at 30 June 2020	**2,815,447**	**1,831,146**	**15,102**	**4,661,695**
Cash outflow from leases				
Interest expense on lease liabilities	(112,593)	(1,140)	(66,437)	(180,170)
Lease principal repayment	(648,435)	(974,190)	(31,287)	(1,653,912)
Total cash outflow from leases	**(761,028)**	**(975,330)**	**(97,724)**	**(1,834,082)**
Other expenses and income relating to leases				
Short-term lease payments recognised as expense	-	-	-	-
Low-value asset lease payments recognised as expense	-	(3,410)	-	(3,410)
Expenses for variable lease payment not recognised as a liability	-	-	-	-
Income from sub leasing right of use assets	-	-	-	-
	-	**(3,410)**	**-**	**(3,410)**

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

At the commencement date, a right of use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the City uses its incremental borrowing rate.
All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term dthe of the lease. The City has secured the right of use asset against the related lease liability. In the event of default the right to the lease assets will revert to the lessor.

Right-of-use assets - valuation

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

Refer to Note 9 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

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34(a). AASB 16: Leases

(a) Lease Liabilities

	2020	2019
	$	$
Current	1,607,546	-
Non-current	3,054,149	-
Total	4,661,695	-

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual Lease Principal 1 July 2019	30 June 2020 Actual New Leases	30 June 2020 Actual Lease Principal Repayments	30 June 2020 Actual Lease Principal Outstanding	30 June 2020 Actual Lease Interest Repayments	Budget Lease Principal 1 July 2019	30 June 2020 Budget New Leases	30 June 2020 Budget Lease Principal Repayments	30 June 2020 Budget Lease Principal Outstanding	30 June 2020 Budget Lease Interest Repayments	Actual Lease Principal 1 July 2018	30 June 2019 Actual New Loans	30 June 2019 Actual Lease Principal Repayments	30 June 2019 Actual Lease Principal Outstanding	30 June 2019 Actual Lease Interest Repayments
			%		$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Governance																			
Office Equipment	E5N0159206	MAIA Financial	3.1%	3	4,886	-	(4,886)	-	(71)	4,886	-	(4,886)	-	(71)	-	-	-	-	-
Office Equipment	E5N0162408	MAIA Financial	3.1%	3	287,416	-	(143,708)	143,708	(6,804)	287,416	-	(143,708)	143,708	(6,304)	-	-	-	-	-
Office Equipment	E5N0160080	MAIA Financial	2.9%	8	8,656	-	(3,847)	4,809	(181)	8,656	-	(3,847)	4,809	(181)	-	-	-	-	-
Office Equipment	E5N0162386	MAIA Financial	2.5%	9	14,452	-	(5,781)	8,671	(356)	14,452	-	(5,781)	8,671	(356)	-	-	-	-	-
Office Equipment	E5N0162423	MAIA Financial	2.6%	12	6,191	-	(2,064)	4,127	(141)	6,191	-	(2,064)	4,127	(141)	-	-	-	-	-
Office Equipment	E5N0160822	MAIA Financial	3.0%	13	16,075	-	(4,946)	11,129	(429)	16,075	-	(4,946)	11,129	(429)	-	-	-	-	-
Office Equipment	E5N0162265	MAIA Financial	2.6%	14	17,823	-	(9,749)	8,074	(264)	11,304	-	(3,230)	8,074	(264)	-	-	-	-	-
Corporate Services																			
IT Equipment	E5N0138384	MAIA Financial	3.1%	6	58,916	-	(40,164)	18,752	(1,946)	58,916	-	(39,277)	19,639	(1,946)	-	-	-	-	-
IT Equipment	E5N0157674	MAIA Financial	3.1%	5	7,011	-	(5,609)	1,402	(153)	7,011	-	(5,609)	1,402	(153)	-	-	-	-	-
IT Equipment	E5N0157825	MAIA Financial	3.1%	6	10,337	-	(6,891)	3,446	(240)	10,337	-	(6,891)	3,446	(240)	-	-	-	-	-
IT Equipment	E5N0162298	MAIA Financial	2.7%	19	129,391	-	(26,783)	102,608	(3,233)	129,391	-	(27,240)	102,151	(2,733)	-	-	-	-	-
IT Equipment	E5N0160822	MAIA Financial	3.1%	6	46,336	-	(30,891)	15,445	(1,077)	46,336	-	(30,891)	15,445	(1,077)	-	-	-	-	-
IT Equipment	E5N0160841	MAIA Financial	3.1%	5	38,955	-	(31,164)	7,791	(849)	38,955	-	(31,164)	7,791	(849)	-	-	-	-	-
IT Equipment	E5N0159126	MAIA Financial	2.9%	7	44,209	-	(25,262)	18,947	(1,012)	44,209	-	(25,262)	18,947	(1,012)	-	-	-	-	-
IT Equipment	E5N0161099	MAIA Financial	2.9%	8	222,657	-	(111,723)	110,934	(5,271)	222,657	-	(111,328)	111,329	(4,771)	-	-	-	-	-
IT Equipment	E5N0162109	MAIA Financial	2.9%	9	21,971	-	(9,765)	12,206	(534)	21,971	-	(9,765)	12,206	(534)	-	-	-	-	-
IT Equipment	E5N0162256	MAIA Financial	2.9%	10	236,017	-	(94,407)	141,610	(5,346)	236,017	-	(94,407)	141,610	(5,346)	-	-	-	-	-
IT Equipment	E5N0162172	MAIA Financial	3.0%	10	16,477	-	(6,591)	9,886	(422)	16,477	-	(6,591)	9,886	(422)	-	-	-	-	-
IT Equipment	E5N0162003	MAIA Financial	3.0%	13	372,600	-	(104,073)	268,516	(8,452)	372,600	-	(104,073)	268,527	(8,022)	-	-	-	-	-
IT Equipment	E5N0161177	MAIA Financial	3.1%	16	69,284	-	(17,321)	51,963	(1,957)	69,284	-	(17,321)	51,963	(1,957)	-	-	-	-	-
IT Equipment	E5N0162826	MAIA Financial	1.6%	12	217,780	-	(24,198)	193,582	(1,138)	217,780	-	(18,148)	199,632	(871)	-	-	-	-	-
IT Equipment	E5N0156842	MAIA Financial	3.1%	6	19,518	-	(13,012)	6,506	(456)	19,518	-	(13,012)	6,506	(456)	-	-	-	-	-
IT Equipment	E5N0156135	MAIA Financial	3.1%	4	12,073	-	(12,073)	-	(235)	12,073	-	(12,073)	-	(235)	-	-	-	-	-
IT Equipment	E5N0157869	MAIA Financial	3.1%	4	1,879	-	(1,879)	-	(37)	1,879	-	(1,879)	-	(37)	-	-	-	-	-
IT Equipment	E5N0158456	MAIA Financial	3.1%	4	3,493	-	(3,493)	-	(68)	3,493	-	(3,493)	-	(68)	-	-	-	-	-
IT Equipment	E5N0159125	MAIA Financial	3.1%	4	28,834	-	(28,834)	-	(561)	28,834	-	(28,834)	-	(561)	-	-	-	-	-
IT Equipment	E5N0159226	MAIA Financial	3.1%	4	22,739	-	(22,739)	-	(442)	22,739	-	(22,739)	-	(442)	-	-	-	-	-
IT Equipment	E5N0162636	MAIA Financial	3.1%	22	25,615	-	(4,657)	20,958	(744)						-	-	-	-	-
Recreation and culture																			
Fitness Equipment	E5N0162801	MAIA Financial	3.1%	16	44,189	-	(5,524)	38,665	(665)	44,189	-	(11,047)	33,142	(1,248)	-	-	-	-	-
Fitness Equipment	E5N0162813	MAIA Financial	3.6%	24	35,396	-	(4,616)	30,780	(978)	35,396	-	(9,233)	46,163	(1,881)	-	-	-	-	-
Fitness Equipment	E5N0162400	MAIA Financial	3.5%	23	285,168	-	(49,994)	235,574	(9,387)	285,168	-	(49,994)	235,574	(8,387)	-	-	-	-	-
Fitness Equipment	E5N0162398	MAIA Financial	3.0%	15	403,572	-	(104,206)	299,364	(10,953)	403,572	-	(107,619)	295,953	(8,953)	-	-	-	-	-
Fitness Equipment	E5N0162399	MAIA Financial	3.0%	11	15,901	-	(5,782)	10,119	(414)	15,901	-	(5,782)	10,119	(414)	-	-	-	-	-
Fitness Equipment	E5N0162397	MAIA Financial	3.0%	19	40,262	-	(8,258)	32,004	(1,119)	40,262	-	(8,476)	31,786	(1,119)	-	-	-	-	-
Transport																			
Plants Equipment	6397336	Gibbons Holden	3.4%	21	19,472	-	(4,813)	14,672	(618)	6,475	-	(1,233)	5,242	(206)	-	-	-	-	-
Plants Equipment	904377	SG Fleet	3.1%	4	26,474	-	(26,474)	-	(522)	-	-	-	-	-	-	-	-	-	-
Other property and services																			
Building Armadale	Shop 64 & 65	Westzone Enterprises	3.4%	21	2,160,172	-	(441,491)	1,718,681	(68,604)	2,160,172	-	(411,460)	1,748,712	(38,604)	-	-	-	-	-
Building Kelmscott	KELLIB	Carcione Nominees	3.6%	25	1,280,426	-	(203,807)	1,076,619	(43,602)	1,280,426	-	(204,868)	1,075,558	(15,380)	-	-	-	-	-
Building Seville Grove	E5N0162636	MAIA Financial	3.4%	20	23,284	-	(3,137)	20,147	(386)	23,284	-	(1,164)	22,120	(198)	-	-	-	-	-
Total					6,515,697	-	(1,853,812)	4,661,695	(169,163)	6,244,662	-	(1,588,635)	4,655,567	(116,076)	-	-	-	-	-

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

35. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

The City early adopted the new Australian Accounting Standards AASB 15 - Revenue from Contracts with Customers and AASB 1058 - Income of Not-for-Profit Entities, in the 2016 financial year.

AASB 16 - Leases

The City adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the City has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the City will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the City recognised lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117 (excluding short term and low value leases). These lease liabilities were measured at the present value of the the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.03%.

	2020 Actual $
Operating Lease Commitments at 30 June 2019 applying AASB 117	6,506,970
Discount applied using Incremental Borrowing Rate	(191,363)
Lease Liability recognised as at 1 July 2019 discounted using the City's Incremental Borrowing Rate of 3.03%	6,315,607
Lease Liability - Current	1,653,912
Lease Liability - Non Current	4,661,695
Right of Use Asset Recognised at 1 July 2019	6,315,607

On adoption of AASB 16, the City recognised a right-of-use asset in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is deemed to be equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments. Property, plant and equipment and lease liabilities increased by $362,504 on 1 July 2019 resulting in no impact on retained surplus.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the City is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under $5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

In applying AASB 16 for the first time, the City will use the following practical expedient permitted by the standard. - The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

36. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The City of Armadale acknowledges its role in the whole of government response to the COVID-19 pandemic. To minimise the economic and social impacts on our community, the City of Armadale froze rate revenue for the 2020/2021 budget from savings made in the 2019/2020 budget. As a result of Council action, 20,879 residents will have a decrease, and 16,311 residents that would otherwise have had an increase will be granted a concession to keep their rates the same as last year. $1.9m in rates concessions was budgeted for the 2020/2021 financial year.

City of Armadale
Notes to, and forming part of, the Financial Report
For the year ended 30 June 2020

37. PRIOR PERIOD ADJUSTMENTS

In the past cash received from Developer Contributions was not recognised as a liability in the Statement of Financial Position, resulting in understated liability. This was rectified in the current reporting period. This has also resulted in a restatement of prior period comparatives to reflect this change, in accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors.

The following tables summarises the impacts on the Financial Statements:

Statement of Financial Position (Restatement)

	Previously Reported 30 June 2019 $	Adjustment Increase (Decrease) $	Restated 30 June 2019 $	Previously Reported 1 July 2018 $	Adjustment Increase (Decrease) $	Restated 1 July 2018 $
Total Current Assets	134,257,814	-	134,257,814	120,929,058	-	120,929,058
Total Non Current Assets	1,177,598,790	-	1,177,598,790	1,137,950,012	-	1,137,950,012
Total Assets	**1,311,856,604**	**-**	**1,311,856,604**	**1,258,879,070**	**-**	**1,258,879,070**
Current Liabilities						
Trade and Other Payables	32,168,274	-	32,168,274	20,633,528	-	20,633,528
Capital Grants Liabilities	-	5,953,000	5,953,000	-	7,581,100	7,581,100
Borrowings	18,766,624	-	18,766,624	2,217,288	-	2,217,288
Employee Related Provisions	8,069,854	-	8,069,854	8,186,338	-	8,186,338
Lease Liabilities	-	-	-	-	-	-
Total Current Liabilities	59,004,752	5,953,000	64,957,752	31,037,154	7,581,100	38,618,254
Non-Current Liabilities						
Capital Grants Liabilities	-	19,173,253	19,173,253	-	22,444,198	22,444,198
Borrowings	26,869,038	-	26,869,038	26,922,860	-	26,922,860
Employee Related Provisions	736,705	-	736,705	558,082	-	558,082
Lease Liabilities	-	-	-	-	-	-
Other Provisions	3,835,120	-	3,835,120	3,643,370	-	3,643,370
Total Non Current Liabilities	31,440,863	19,173,253	50,614,116	31,124,312	22,444,198	53,568,510
Total Liabilities	**90,445,615**	**25,126,253**	**115,571,868**	**62,161,466**	**30,025,298**	**92,186,764**
Net Assets	**1,221,410,989**	**(25,126,253)**	**1,196,284,736**	**1,196,717,604**	**(30,025,298)**	**1,166,692,306**
Equity						
Retained Surplus	438,165,240	(25,126,253)	413,038,987	414,611,671	(30,025,298)	384,586,373
Reserves - Cash Backed	87,629,990	-	87,629,990	86,088,729	-	86,088,729
Revaluation Surplus	695,615,759	-	695,615,759	696,017,204	-	696,017,204
Total Equity	**1,221,410,989**	**(25,126,253)**	**1,196,284,736**	**1,196,717,604**	**(30,025,298)**	**1,166,692,306**

	2019 Previously Reported $	Adjustment Increase (Decrease) $	2019 Actual (Restated) $
Statement of Comprehensive Income - by Nature or Type (2019 Restatement)			
Revenue			
Operating Grants, Subsidies and Contributions	6,111,389	106,202	**6,217,591**
Grants / Contributions for Asset Development			
Developer Contribution Plans - Cash	3,219,191	4,792,843	**8,012,034**
Net Result for the period	**25,094,830**	**4,899,045**	**29,993,875**
Statement of Comprehensive Income - by Program (2019 Restatement)			
Revenue			
Recreation and Culture	16,665,953	106,202	**16,772,155**
Developer Contribution Plans - Cash	3,219,191	4,792,843	**8,012,034**
Net Result for the period	**25,094,830**	**4,899,045**	**29,993,875**
Statement of Cash Flows (2019 Restatement)			
Receipts			
Operating Grants, Subsidies and Contributions	8,256,376	-4,792,843	**3,463,533**
Net Cash Provided by / (used in) Operating Activities	28,355,715	-4,792,843	**23,562,872**
Cash Flows from Investing Activities			
Developer Contribution Plans - Cash	3,219,191	4,792,843	**8,012,034**
Net Cash Provided by / (used in) Investing Activities	**(23,330,363)**	**4,792,843**	**(18,537,520)**

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the City of Armadale

Report on the Audit of the Financial Report

Opinion
I have audited the annual financial report of the City of Armadale which comprises the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the City of Armadale:
(i) is based on proper accounts and records; and
(ii) fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion
I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the City in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting
I draw attention to Notes 1 and 12 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the City's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

(i) Regulation 17A of the Regulations requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 *Leases* which would have required the entity to measure the vested improvements also at zero cost.
(ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 of the Regulations did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

Responsibilities of the Chief Executive Officer and Council for the Financial Report
The Chief Executive Officer (CEO) of the City is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of the annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual financial report, the CEO is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the City.

The Council is responsible for overseeing the City's financial reporting process.

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

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

(i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the City:
   a. The Asset Sustainability Ratio has been below the Department of Local Government, Sport and Cultural Industries standard for the last two years.
   b. Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries standard for the last three years. The financial ratios are reported at Note 33 of the financial report.

(ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
   a. Our sampling identified that the City has procured goods and services from 5 suppliers without fully executed tender contracts.
   b. For approximately 17% of the purchase orders we sampled were dated after the dates of the corresponding supplier invoices.
   c. For approximately 11% of expenditure transactions we sampled were not included in the City's adopted budget and not supported by an authorised budget variation request as required by City's policies and procedures.
   d. Formal reconciliation of payroll to the general ledger is not performed.

(iii) All required information and explanations were obtained by me.

(iv) All audit procedures were satisfactorily completed.

(v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter
The annual financial report of the City for the year ended 30 June 2019 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial

ratios for 2018 and 2019 in Note 33 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report
This auditor's report relates to the annual financial report of the City of Armadale for the year ended 30 June 2020 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual 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 annual audited financial report to confirm the information contained in this website version of the annual financial report.

DRAFT