



CITY OF  Armadale

ANNUAL REPORT 2007-08



08

Armadale 



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Snapshots

Located just 30 minutes south-east of the Perth CBD, the City of Armadale is one of the state's fastest growing regional centres and is the heart of a bustling urban community offering all the conveniences of modern-day living, with a relaxed lifestyle. Over the past five years the City has undergone considerable change for the better, an outcome that has been assisted by the creation of the Armadale Redevelopment Authority which, at Council's instigation, was formally established in 2002.

In the past year the City has seen the completion of the Armadale Shopping City development and the current expansion of Armadale Central, which is forecast to generate more than 500 new jobs. The City has planned for the consequent increase in visitation to the area, with the completion of road works in Commerce Avenue, Third Road and Jull Street that improve access to the City centre. In addition, new street lighting and furniture has been installed, new footpaths constructed and selected areas have been landscaped to enhance the appearance of the City.

Such investments and many others are contributing to an ever-growing population. The population of 55,000 is expected to double within 20 years. The City of Armadale continues to strategically plan for this growth and cater to residents with the provision of recreational facilities, community infrastructure and an extensive community events program.

History

Significant dates in Armadale's history include:

- Constituted as the Kelmscott Road Board
14 December, 1894
- Renamed Armadale-Kelmscott Road Board
23 March, 1910
- Renamed Shire of Armadale-Kelmscott
1 July, 1961
- Proclaimed Town of Armadale
1 January, 1979
- Proclaimed City of Armadale
16 November, 1985



Current Facts and Figures

The City of Armadale has:

- A population of 54,902
- 34,896 electors
- 20,653 residential dwellings
- An area of 560.4 square kilometres
- Three libraries
- 22 primary schools
- Eight secondary schools
- 583.77 kilometres of road
- 250 Council employees



Localities and suburbs including: Armadale, Ashendon, Bedforddale, Brookdale, Camillo, Champion Lakes, Forrestdale, Harrisdale, Haynes, Hilbert, Karragullen, Kelmscott, Lesley, Mt Nasura, Mount Richon, Piara Waters, Roleystone, Seville Grove and Wungong.

Tourist Attractions

Araluen Botanic Park, Araluen Country Club, Armadale Visitor Centre, art galleries, bed and breakfast accommodation, Bert Tyler Vintage Machinery Museum, Bibbulmun Track, Canning Dam, Champion Lakes, Churchman's Brook Dam, Elizabethan Village (comprising Anne Hathaway's Cottage, Shakespeare's birthplace and Cobwebs Restaurant), Forrestdale Walk Trail, Minnawarra Park Historic Precinct (including History House Museum), Munda Biddi Mountain Bike Trail, Pioneer Village, tea rooms, wineries, Wungong Dam.

Local Events

Araluen Tulip Festival – August/September; Karragullen Field Day – September; Spring Bushwalks – September to November; Kelmscott Show – October; Highland Gathering/Armadale Cycle Classic – November; Carols by Candlelight - December; Australia Day Celebrations – 26 January; Minnawarra Art Exhibition – March/April; Minnawarra Festival – April; Concerts in the Park – February-April.

Mayor's Report



Once again it is my great privilege and honour on behalf of both my elected and staff colleagues to provide the introduction to an Annual Report that catalogues what has been achieved during the financial year 2007–08. The year was a pivotal one in our municipality's history to date.

At the end of one financial year and the beginning of another, it is time for reflection and celebration, but also a time for looking forward. And what an exciting year 2007-08 was. We again experienced unprecedented growth right throughout the City of Armadale with a host of major infrastructure projects and the establishment of whole new suburbs with an ever-growing population. Meanwhile in the older suburbs, land values for the older, larger blocks have soared as many have been redeveloped into townhouses and units. The latter form of development has brought with it challenges to our collective thinking about living space, and to our service delivery arms as the density of urban form is new to most sections of our City.

We've been busy working with all the parties involved with the newly extended and refurbished Armadale Shopping City, and those delivering the first stage of the Armadale Central Shopping Centre – projects which have breathed new life into our City centre. And growth is continuing throughout the community with record levels of building approvals issued again last financial year. The City prides itself on ensuring this development occurs in a well planned and sustainable manner. Such growth places pressure on infrastructure so we've invested \$1,068,749 on maintaining existing road assets and gained funding to improve

the safety of Clifton Street, Poad Street and Lowanna Way to the value of \$106,605. We also spent \$624,933 on the construction of new footpaths/bicycle paths and the replacement of existing footpaths, at 18 locations around the City.

Next year we can look forward to still more exciting projects to benefit residents. A highlight will be the \$1.25 million relocation of the Armadale Library Service to new premises within the Armadale Central Shopping Centre in early 2009. We'll also be tackling community safety with the installation of Closed Circuit Television surveillance cameras to the Armadale CBD in 2008-09, specifically the Jull Street Mall.

We'll also cater to the demand of the growing population with planning for new facilities in Harrisdale, Piara Waters, Haynes and Hilbert well advanced, and we'll continue to support the Armadale Redevelopment Authority with its projects.

To help fund these initiatives, the City will not only be advocating our needs to the new governments at both state and federal levels, but we will also continue our important leadership role with both the state-based Outer Metropolitan Group of Councils chaired by our CEO Ray Tame, and with the National Growth Areas Alliance of 30 Councils of which I am currently the National Spokesperson. Their very existence is to provide the base for lobbying state and federal governments to get a fairer share of taxation in order to reduce the growing burden on local government rates.

We have enjoyed wonderful support from all our elected members of Parliament, and with their continued support at both state and federal levels, the City will continue to grow and it will develop into a truly vibrant regional centre capable of providing the education and work opportunities needed to complement our superb natural setting.

CR Linton Reynolds AM JP
City of Armadale Mayor



CEO's Report



Once again a year of progress, projects, programs, actions and reactions has come and gone as the history of our community unfolds. After a decade as CEO, presentation of this 2007-08 report on the activities of the City's four directorates reminds me again of the responsibilities we bear in shaping the future of our district.

The City is not an island and must face all the resourcing pressures suffered by a Western Australian business with an annual budget exceeding \$50 million. In 2007-08 we have seen a business environment dominated by full employment, with every employer competing to retain their staff at all levels. When an employee leaves to take up a new opportunity, the recruitment process to attract new personnel has to be aggressive and sophisticated. Armadale has held its own in this environment, retaining staff ahead of industry standards and implementing some innovative strategies to train and up-skill within the organisation. Of course with significant growth in building and development throughout the City, and new programs required by our growing community, the City's staff grew to 250 full time employees (FTEs), with some 312 personnel 'on the books' at the end of 2007-08. New FTEs had to be attracted from the labour market and the City's new Collective Workplace Agreement, finalised in June 2007, presents Armadale as an employer of choice. We want people prepared to work hard on your behalf, feel rewarded for their effort and then stick around as their knowledge and skills increase.

Competition in WA doesn't just apply to the labour market, contracts for supply of goods and services to the City have increased by as much as 25 per cent to 30 per cent in some areas, and timing of supply is very much in the hands of the supplier.

As a consequence, sometimes that key project could not be delivered on time and has been 'carried forward' into a new year. Others have been re-allocated or redesigned as cost estimates are blown out by increasing tender rates.

You will also have heard of local authorities who suffered financial setbacks as a result of international borrowing. This Council's investments have provided a healthy return overall and were not affected by the dramatic events in the US mortgage market.

Against that backdrop, I'm proud of the achievements listed in this report, and our total compliance with all statutory obligations required under legislation such as (inter alia) the

Local Government Act 1995, State Records Act 2000, Disability Services Act 1993, Freedom of Information Act 1992 and National Competition Policy.

The Mayor has already alluded to the growth now commencing throughout our City. As reported last year, we need growing and prosperous suburbs to support the investment in our City centre and district by private enterprise and government. Strategies developed by the City and our colleagues at the Armadale Redevelopment Authority are now bearing fruit and the City's Plan for the Future 2008-23 is predicated on continuing growth to a population exceeding 120,000 by 2031.

I commend the following report to you, and applaud the Council's commitment to a strategic and long-term approach on all decision-making. Finally, my thanks to all throughout the organisation who continue to work sometimes under difficult circumstances, to provide a better environment and future for the various communities of our district.

Ray Tame
Chief Executive Officer



Your Council



The City of Armadale is divided into the seven wards of Heron, Jarrah, Lake, Minnowarra, Neerigen, Palomino and River (see ward map). Two councillors are elected to represent each of these wards for a period of four years. Armadale City Council is made up of 14 councillors, including the Mayor.

Armadale City Council is the elected body responsible for the administration of the City. It undertakes this responsibility by:

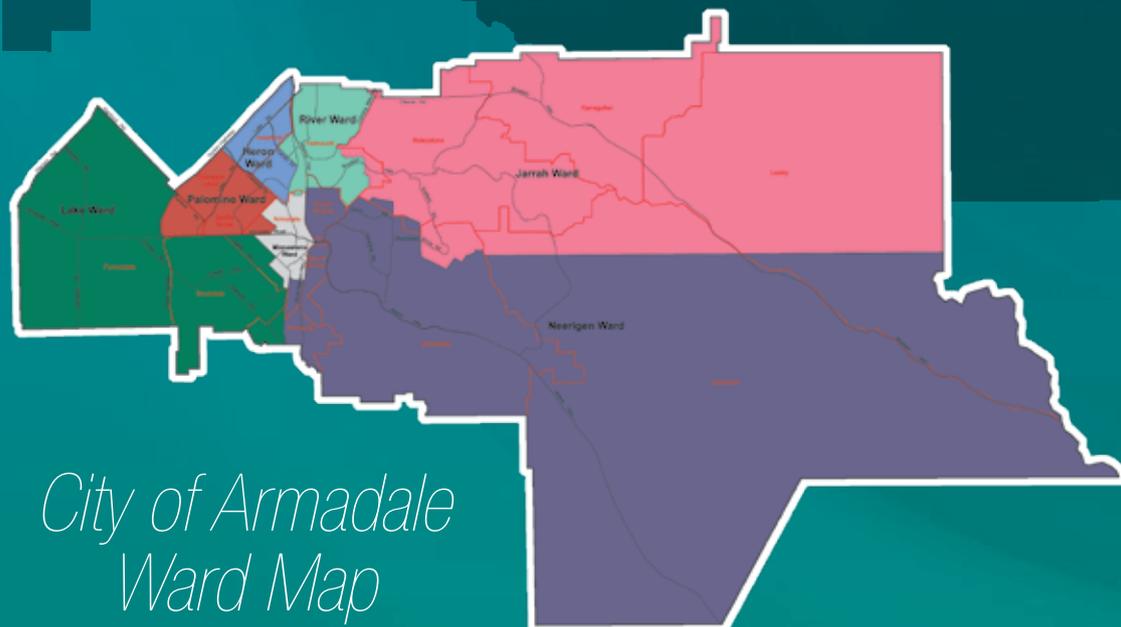
- directing and controlling City affairs;
- taking responsibility for the performance of the City's functions;
- overseeing the allocation of the City's finances and resources; and
- determining the City's policies.

Elections are held every two years on the third Saturday in October. Councillors are elected for four-year terms with half retiring every two years.

The Armadale City Council meets regularly to make decisions on behalf of residents. There are four primary committees of Council, each concentrating on one of the following areas:

- **City Strategy** – considers corporate matters, reviews the City's strategic and financial position and matters that cross the boundaries of other committees.
- **Community Services** – deals with all recreation, aquatic, library and cultural matters as well as community development and ranger services.
- **Development Services** – considers development proposals, subdivisions, land-use matters, swimming pools, building applications, building safety, immunisation, food handling and disease control.
- **Technical Services** – responsible for roads, footpaths, parks, reserves, the construction and maintenance of Council buildings and the collection and disposal of waste, including recycling.

All committee and Council meetings are open to the public. Council meetings are held twice monthly and four committees meet monthly. Meeting dates, times, agendas and minutes are listed on the City's website at www.armadale.wa.gov.au.



Organisational Structure



Chief Executive's Office
Ray Tame, CEO



Corporate Services Directorate
Tony Maxwell, Executive Director



Community Services Directorate
Carl Askew, Executive Director



Development Services Directorate
Ian MacRae, Executive Director



Technical Services Directorate
Andrew Bruce, Executive Director



Corporate Services

The Chief Executive's Office and Corporate Services Directorate is responsible for the overall management and strategic direction of the City of Armadale. Some of the key goals achieved during the 2007-08 financial year include:

Finance Management Award

In July 2007, the City won the Minister's Certificate of Excellence Award in Local Government Financial Management, which recognises councils that display the highest level of financial reporting and decision-making during the 2005-06 financial year. The City of Armadale won the award in the metropolitan council category. The awards independently assess the annual budget, annual report, monthly financial report, the budget review report and the independent audit report.

Redesign of the City's Website

A major overhaul of the City's website was achieved early in the financial year. The website now has a clean and crisp look, it provides easy and intuitive navigation for users and it boasts a number of new function and data sets including online payment of Council rates, mapping data and more recent demographic data.

Training and Development

The City has continued to implement its extensive training and development program for staff at all levels. This year a Certificate IV in Business (Local Government) course was offered to staff at all levels of the organisation. A study on the impact of aging in the workforce and promoting an age-friendly workplace was completed resulting in some innovative staff retention practices. Other training programs offered to staff covered areas such as customer service, communication, computer skills, disability awareness, finance and governance, teamwork and performance management.

Equal Employment Opportunity

The City continues to provide a work environment that fosters good working relationships where employees, contractors and volunteers are treated fairly and equally and where unlawful discrimination does not take place.

Recruitment and Retention

WA's growing skills shortage has required the City to explore alternative recruitment strategies to attract and retain key staff. The City has also offered many local students the opportunity to gain work experience to enhance their skills and career opportunities.

Industrial Relations and Agreements

In WA's intensely competitive employment market it is important that the City is seen as an 'employer of choice'. Following on from the negotiation of the Collective Agreement 2007 for the City's administrative and supervisory staff, the City has conducted a review

of staff and managers' salaries. Recommendations from these reviews are to be implemented early in the new financial year.

Occupational Safety and Health

The City continues to develop its Occupational Safety and Health Management Plan, which is aligned with its Strategic Plan. The plan includes annual health assessments offered to all staff and regular skin cancer screening and flu vaccinations. The City has also implemented a new uniform policy that saw a change to the uniform of operational field staff.

Projects Associated with the Armadale Redevelopment Authority

Throughout the year the City has continued to work with the Armadale Redevelopment Authority (ARA) on projects integral to the economic development of the district. The City centre continues to grow as a major regional attractor with the opening of the final stages of the Armadale City Shopping Centre and the re-opening of Woolworths in the first stage of the Armadale Central Shopping Centre. The Champion Lakes international rowing course has been further developed and used for regattas and by the general public.

Work continues with the State Government and the ARA on the Wungong Urban Water Residential Project. The City has played an important part in assisting in the development of appropriate policies and structure plans for this new developing area to the west of the City.

Advocacy for New Funding

The City of Armadale has played a key role in supporting the advocacy potential of the Outer Metropolitan Growth Councils Policy Forum. This grouping of outer area local governments is supported by the Western Australian Local Government Association (WALGA) and, for the past two years, has been chaired by the City's CEO. The policy forum has taken some important initiatives during the year resulting in state government policy developments relating to developer contributions in developing areas and presenting a united position on the future sustainability of local government.

During the year the National Growth Areas Alliance (NGAA) was formed, representing 30 of Australia's fastest-growing cities. The City has joined NGAA and Mayor, Linton Reynolds, is the alliance's national spokesperson. Member councils have identified serious shortfalls in funding for social and community infrastructure, such as recreational spaces, community centres, libraries and swimming pools. These are the very things that turn a suburb into a community. NGAA councils need to spend \$11.7 billion on community infrastructure over the next 15 years and face a funding shortfall of \$3.1 billion.



Facilities Bookings

A new electronic Facilities Booking System was successfully implemented, replacing the previous out-dated, manual process. The City's website now enables the public to enquire about facilities for hire like buildings, parks and reserves by selecting a suitable venue for their purpose and completing an online booking enquiry request.

This service is linked via email directly to the booking staff. Additional software planned for implementation next year will allow the public to enquire on the availability of facilities and make bookings online.

Revaluation of Properties for Rating Purposes

Late in the financial year, the Valuer General's Office provided the City with new valuation rolls that have effect from 1 July 2008. The cost of the revaluation to the City (which is mandated) after allowing for cost sharing arrangements with FESA and the Water Corporation, was \$154,444.

Smarter Way to Pay

The City offers all ratepayers a 'Smarter Way to Pay' option, which is a direct debit facility unique to Armadale and designed to help ratepayers better manage payment of their rates. Payments can be made weekly, fortnightly or monthly, from April to March, and there are no administration fees or penalty interest. Ratepayers simply complete an application form providing their bank details, select their payment option and the rest happens automatically.

Online Payment of Rates

As part of the upgrade of the City's website, a new online rates payment facility was introduced. This simple and cost effective method ensures that payments made are applied to the ratepayer's assessment the next day.



2007 Council Elections

Council elections were held on 20 October 2007 for seven vacancies, one in each of the City's seven wards. As in past years, the election was conducted on a postal voting basis and, as such, was run by the West Australian Electoral Commission at a cost to the City of approximately \$73,000. At the close of candidate nominations, all wards with the exception of the Jarrah Ward (which had just one nomination) had more nominations than vacancies available and accordingly elections were held in each of these other wards – Heron, Lake, Minnowarra, Neerigen, Palomino and River.

The candidates elected for a four-year term were (in the same order as the above respective wards), Cr Pat Hart (elected unopposed), Cr Linton Reynolds, Cr Jeff Munn, Cr Keith Lethbridge, Cr Bob Tizard, Cr Wayne Mauger and Cr Henry Zelones. Voter participation was at 31.28 per cent which was slightly under both the state average of 34.16 per cent and that of the City's recent past elections.

Records Archive Store Extensions

The much needed extensions to the City's purpose-built Records Archive Storage Facility located at the Council Depot were completed during the year, at a cost of \$33,658. The facility extensions are both climate controlled and secure, thereby providing a safe and secure environment for the storage of the City's corporate records.

Email Communication Upgrades

The City's email communications servers have been upgraded, moving from an aging Microsoft Exchange 5.5 product to a more cost effective and future proof Microsoft Exchange 2007 Server.

Virtualised Server Infrastructure

The City successfully implemented the software product VMware, a virtualisation product that ultimately reduces the number of expensive physical servers required.

With seven of the City's servers due for replacement in the 2007-08 and 2008-09 financial years, VMware has effectively reduced new server replacement numbers to only three, thereby providing ongoing annual cost savings to the City.

Development Services

Development Services covers the areas of planning and development, building, public health and the environment. Some of the significant achievements of the directorate over the past financial year are highlighted below:

Town Planning

Amendments to Town Planning Scheme (TPS) No. 4

The City's town planning scheme was gazetted on 4 November 2005. Since then 44 amendments have been initiated requiring processing by the Planning Department. Seven additional amendments were initiated during the year with six being finalised.

Development Applications

During 2007-08 a record number of applications were processed for grouped dwelling development, reflecting the increased development opportunities arising from the finalisation of TPS No.4 and the general demand for housing in the South East Corridor.

Management of Planning Appeals and Prosecutions

The compliance team has been successful in resolving a number of issues that would have ordinarily ended in litigation. It has placed emphasis on negotiating agreeable outcomes with non-compliant landowners. An ongoing program of proactive inspections and actions commenced, focusing initially on Brookdale, Araluen and parts of west Armadale residential areas and the Armadale industrial area.

Continuing Support to ARA

During the year the Armadale Redevelopment Authority (ARA) progressed further planning of its development areas in Armadale and Kelmscott. The City continued to work closely with the ARA through a number of technical committees and reference groups to assist in the facilitation of development within the City. In particular, officers provided assistance in the planning of the Wungong Urban Water Project in respect to the preparation of planning policies, structure plans and Place Code provisions.

Policy Reviews

A number of Local Planning Policies have been reviewed or formulated including:

- Residential Density Development Policy
- Establishment or variation of Development Envelope Locations Policy
- Heritage Management Incentives Policy
- Tree Preservation Policy
- Signs Policy and Local Law
- Outbuildings Policy



Municipal Heritage Inventory Review

Consultants progressed on a review of the Municipal Heritage Inventory during the year with the assessment and review of public comment, after which Council considered and adopted the final inventory and a Heritage Management Incentives Policy.



Suburb Naming

Considerable administrative effort was expended on the renaming of Westfield during the year resulting in the recommendation that the locality be named Camillo Waters. In addition the process for re-naming parts of Forrestdale to Harrisdale and Piara Waters and parts of Brookdale to Hilbert and Haynes was completed.

Progress in North Forrestdale Development

A significant level of development occurred in North Forrestdale with over 1,300 lots now created. Communities are being established in the estates of Vertu, Newhaven, Arion and Heron Park. Development Contribution Scheme No. 3, which requires landowners to make equitable contributions towards necessary infrastructure, has been important in guiding development. In July 2007, Council adopted the associated Infrastructure Cost Schedule identifying over \$47 million of works, including land acquisition. Income and expenditure in relation to Development Contribution Plan No. 3 for 2007-08 totals several million dollars, with expenditures focused on land acquisition, building part of Nicholson Road to dual carriageway standard, and work to enable development or implementation of Development Contribution Plan No. 3 to commence.

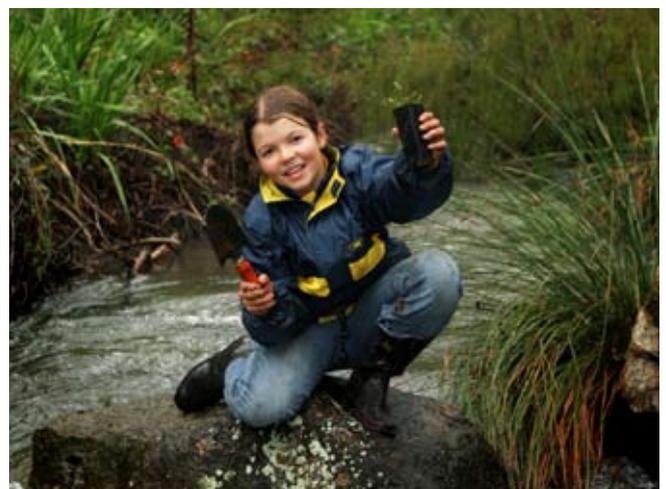


Public Open Space Strategy

The City embarked on a seven-stage Public Open Space (POS) strategy aimed at progressively analysing and rationalising open space in localities throughout the City following the completion of its POS strategy in 2000. Considerable progress has continued through 2007-08 to progress the stages. Stages one to seven have completed the planning processes. The strategy has progressed to the stage where the sale of several former reserves has commenced and parks to receive upgrades funded from the POS Strategy land sales have been identified.

Keane Road Link

Considerable effort has been taken to demonstrate the advantages of providing a road link between the new suburbs of Piara Waters and Harrisdale (North Forrestdale), the existing community at Forrestdale and the City's central facilities through the Keane Road gazetted road reserve. Following the provision of a full report to the Environmental Protection Authority, the authority advised that it would be formally assessed as a Public Environmental Review (PER). The City has recently called for tenders for the PER.



Building

Building Approvals

Building approvals issued by the City during 2007-08 again achieved record numbers. The continued supply of high quality residential and industrial lots will ensure a high level of building approvals remain a feature of the City of Armadale for many years to come.

The Building Department has facilitated the two major retail developments currently under construction in the City centre.

The year saw the formal opening of the extended and refurbished Armadale Shopping City and the opening of the first stage of the Armadale Central Shopping Centre.

The two figures below illustrate the rapid growth in single dwelling and grouped dwelling approvals and the value of development within the City of Armadale over the past decade.

Figure 1 - Dwelling Approvals 2000-01 - 2007-08

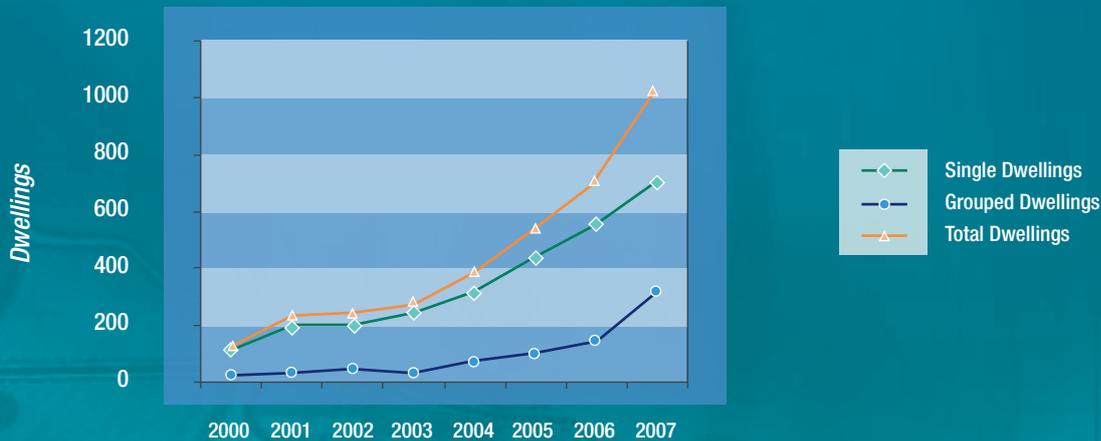


Figure 2 - Value of Building 2000-01 - 2007-08



Health

Public Health Plan

The City's Environmental Health Plan 2003-08 expired on 30 June 2008 and considerable consultation took place to prepare a plan to replace it. The proposed Public Health Plan 2008-13 also involved research to identify emerging public health trends and issues that could influence the future direction of the City of Armadale with regard to public health.

Nuisances and Pollution

One negative consequence of the City's unprecedented building and development activity was the inconvenience suffered by some members of the community due to noise, wind-blown dust and litter from construction sites. As a result, dust, noise and litter complaints have increased over recent years, resulting in the issue of numerous infringement notices. To improve the management of this issue in the future, a review of compliance processes occurred that resulted in a number of measures aimed at preventing problems before they occur.

Water Safety and Quality

Aquatic facilities regulations came into effect during the year to regulate standards for public swimming pools, spa pools, water slides and water playgrounds. There are 12 aquatic facility water bodies in the City that are required to be sampled monthly under the legislation, to ensure the water is safe. The Health Service also collected monthly drinking water samples from 17 public facilities including schools, food businesses, spring water sources and Council facilities not connected to scheme water.

Food Safety and Quality

The development of two large shopping centres in the commercial heart of Armadale contributed to 26 new food businesses being opened in the City over the past 12 months. Regular risk inspections of over 240 food businesses were carried out to ensure food provided to the public was safe to eat. Regular food samples were also collected from local manufacturers for analysis of food quality and labelling.



Immunisation

The immunisation program continued to run successfully. During the year, the City's role in school immunisation program was reviewed in consultation with Armadale Community Health. This resulted in the City discontinuing its involvement in the program due to the scope increasing beyond the capacity of the Health Service.

The City continued to conduct weekly immunisation clinics to provide a free service for infants and two seniors' clinics were held for adults eligible for vaccinations under the Immunisation Schedule. A Memorandum of Understanding was prepared and signed to formalise the City's relationship with Armadale Community Health.

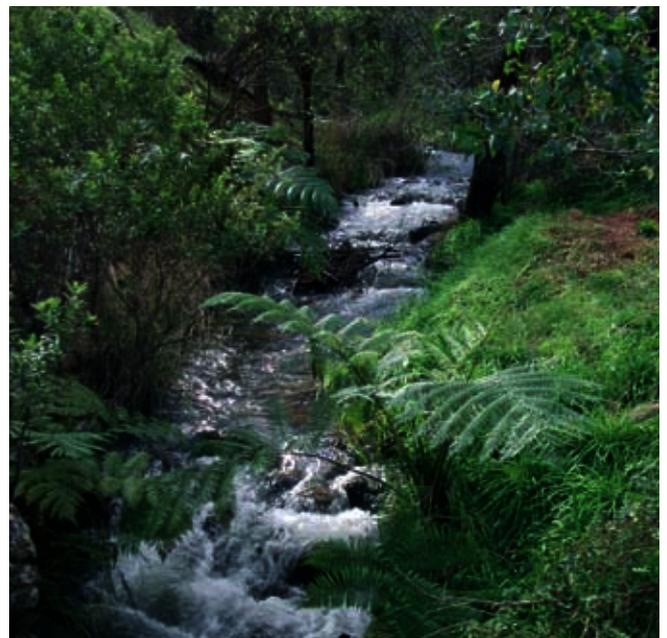
Environment

Implementing the City's Volunteer Strategy

The City's Volunteer Recruitment Strategy continues to encourage volunteer activity. Through the City's Bushcare and Environmental Advisory Committee, environmental volunteers reported more than 7,000 volunteer hours in the 2007 calendar year, almost 2,000 hours more than the previous year. The City hosted a celebration to recognise environmental volunteer efforts in late 2007.

Streamcare Project

The Waterways restoration project 'Streamcare' started in 2002 and has been conducted through the autumn and winter of each year since. As reported to Council through the Information Bulletin, the program has once again been successful in encouraging landholders to revegetate watercourses on their properties.





Management of Bushland Reserves

Significant effort was invested in the implementation of City of Armadale bushland management plans. Some key works and achievements in the implementation of these plans included:

- \$50,000 in grant funding to upgrade the boardwalk at Forrestdale Lake.
- \$14,000 in grant funding to implement dieback management at Armadale Settlers Common Reserve and Lloyd Hughes Reserve.
- \$20,000 towards priority bushland weed control and dieback treatment.
- \$8,000 in grant funding to the Leake Street Wetland and Lloyd Hughes Reserve.

Significant progress was made in the review of the Bungendore Park Management Plan and the development of a management plan for a part of Neerigen Brook.

Catchment Management

The City and the Armadale Gosnells Landcare Group worked together to maximise grant funding to the City as some grants available to the City were not available to the group, and vice versa. The group recently secured grant funding to update their 10 year old Upper Canning Southern Wungong Catchment Management Plan, which sets priorities for catchment and waterways management for the region. Working with 11 active volunteer Friends Groups, the group is currently restoring 18

reserves in Armadale and Gosnells. The group is also undertaking a major three-year restoration project on the Wungong River.

Cities for Climate Protection and Switch Your Thinking Program

The Cities of Armadale and Gosnells, the Shire of Serpentine-Jarrahdale and the Armadale Redevelopment Authority constitute the South East Regional Energy Group which runs the switch your thinking! (syt!) program. The syt! program was named a finalist in the prestigious 2007 Banksia Environmental Awards in the Local Government category after successfully abating more than 250,000 tonnes of equivalent carbon dioxide over the past eight years.

The syt! program continues to be well supported, attracting some \$300,000 in 2007-08 to run a number of innovative community-based projects such as the Green Light Schools Fundraiser, Switched on Business and Industry project and syt! Rebate Scheme.

A comprehensive review of the syt! program was completed in January 2008.



Community Services

The Community Services Directorate is responsible for delivering and managing the following Council services:

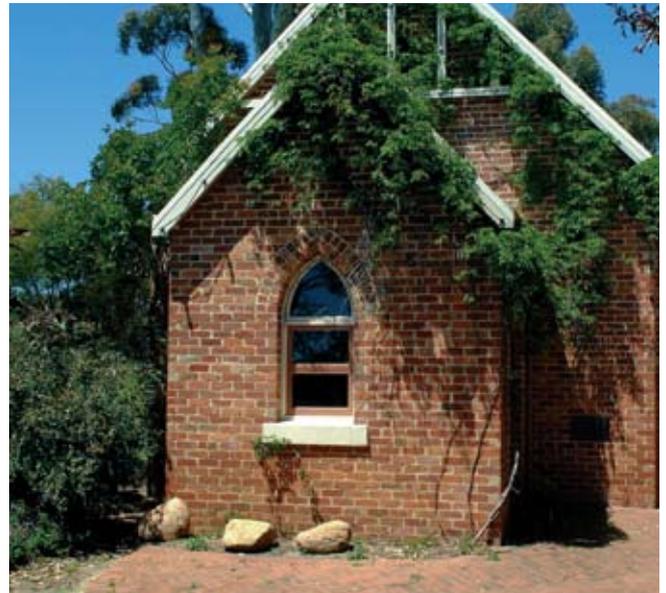
- Community Development
- Ranger Services
- Fire and Emergency Services
- Recreation and Leisure Services
- Cultural and Community Events
- Library Services
- Heritage and Visitor Centre Services
- Community Services Administration

Libraries

The libraries continued to be places to come for leisure, pleasure and inspiration as well as learning. The early childhood literacy programs including Better Beginnings, parenting workshops, Baby Rhyme Time, Ripper Readers, storytelling sessions, and school holiday activities continued to be well patronised. Reading and writing groups, internet training sessions and community talks were again offered to adult community members. A new online tutoring service was made available during the year to assist school students with their learning. Additional online databases were subscribed to, providing 24/7 online access to information for library members.

Ongoing 'core' business will result in the following achievements by year end:

- 22,500 enrolled library members
- 432,000 items being borrowed from the libraries
- 232,000 visits to the libraries
- 20,500 reference enquiries being answered by staff
- 94,000 visits to the virtual catalogue
- 69,600 enquiries on the library catalogue



Heritage

The City launched the Family History Research Centre at Birtwistle Local Studies Library, with resources including an online database. It also appointed a historical research and publication service to research and write a new book on the history of the district. Implementation of the recently completed Museum Interpretation Plan will take the museum beyond the boundaries of its walls with professional signage and walk trails. Two major exhibitions, the Ben Strange political cartoons and the changing face of growing up in the Armadale district, were highlights for the museum.

Just over 3,700 people visited the History House Museum and Birtwistle Local Studies Library collectively during the year. Volunteer hours to the heritage area exceeded 3,000 in the year and volunteers were recognised at several functions. The Bert Tyler Vintage Machinery Museum attracted some 4,700 visitors, a significant increase on the previous year.

Visitor Servicing

Major physical changes took place at the Armadale Visitor Centre including new air-conditioning, self-opening front doors and a new counter to improve operational efficiency and to meet accessibility requirements for Level 1 Accreditation. The introduction of Ticketmaster sales and go-live of the new BookEasy website and online booking system were major achievements for the year. Visitor numbers for the year almost doubled, with just over 13,000 visits. An additional 4,500 people visited for Ticketmaster sales. Volunteer hours reached almost 2,000 for the period. Some 34 local tourism-related businesses signed membership packages with the visitor centre, up from 25 the previous year.

Community Development

The Community Development Team receives about 40 enquiries and requests for assistance per week for advocacy and advice regarding community activities, development of projects, funding requirements and venue negotiations. A working relationship with the Armadale Redevelopment Authority continues to develop, with projects such as the Aboriginal Interpretive Centre, Champion Lakes and the recent Producers' Market. The team actively assists organisations with writing grant applications and is responsible for implementing the City's Requests for Assistance Policy, which includes donations, the Community Grants Program and a number of annual contributions. A total of \$87,204 was distributed in 2007-08. The Community Development Team supports several advisory committees (Youth, Seniors, Disabilities, Aboriginal and Torres Strait Islander). It is also coordinating an independent Advisory Committee Review, which will revise the way the City consults and engages with the community in decision-making. In addition to its day-to-day community support activities, over the past 12 months the Community Development Team has been involved in the conceptual planning for a Youth Activities Area in the CBD, development of a Mobility Map, development of a graffiti policy, finalisation of the Community Consultation policy, Children's Week celebrations, crime prevention/safety forums, seniors' information forums and artworks to replace the Forrestdale entry statement.

This department also manages the Armadale Volunteer Resource Service (AVRS) using a combination of state government (Volunteering Secretariat) and Council funds. Since its establishment in 2003, the AVRS has received 947 enquiries from people wanting to find out more about volunteering and the opportunities available. It currently has 120 not-for-profit organisations registered, providing approximately 350 varied volunteering opportunities.

The Indigenous Development Team has recently moved to the Champion Centre as part of the establishment of the Indigenous Development Centre. The centre has already organised several programs and events including, NAIDOC (200 people attended), Indigenous Driver Training Program, elders' meetings and an Indigenous Children's Drama Program.

Some of the future activities for the Community Development Department will include the review of the City's Safety Plan, an analysis of locally provided out-of-school-hours care, the development of a Community Facility Infrastructure Framework, a review of the City's Financial Assistance Policy and sourcing of funding for capital works and operations at the Indigenous Development Centre.

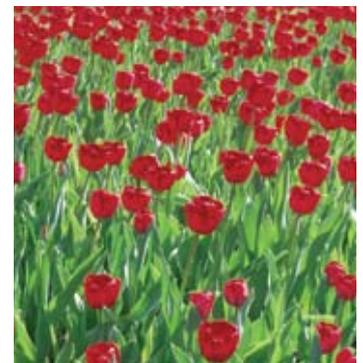


Recreation

Recreation Services is involved in a diverse range of projects and programs related to Council's strategic goal of creating a more active and healthy community. Key achievements for the past year included:

- The City's Cultural Events Program attracted approximately 70,000 local residents and visitors.
- The Spring Bushwalks program.
- The Recreation Department attracted considerable grants and sponsorship for a range of projects and events.
- Development of a concept plan was prepared for the redevelopment and upgrade of facilities at Frye Park and consequent securing of \$400,000 for the first stage of the project. Works are scheduled to begin in 2009-10.
- Lighting upgrade projects at Gwynne Park, Cross Park, Alfred Skeet Reserve and Bob Blackburn Reserve were completed during the year.

The major priority for the Recreation Service in 2008-09 will be to review the City's Recreation Strategic Plan. Other strategic priorities will be to continue upgrading existing active and passive reserves throughout the City and planning for new recreation facilities and services in the new development areas of Harrisdale, Piara Waters, Haynes and Hilbert.



Recreation Facilities

The Recreation Facilities Department was created in 2008, as a result of the City working toward resuming management of the Armadale Arena from PCYC. Recreation Facilities services include the Armadale Arena and Armadale Aquatic Centre.

The major priorities for the Recreation Facilities Team in 2008-09 will be to successfully increase participation, membership numbers and customer involvement and reduce the operational deficit at the facilities.

Rangers

The primary focus of Ranger Services is managing the response to the community following requests for service. This has increased over the past five years commensurate with the population growth and the general requirement for Ranger Services to enforce a number of Acts of Parliament and other Local Laws relating to Local Government operations and jurisdiction. Core areas of activity include dogs, parking, off-road vehicles, livestock, litter and fire services. Approximately 70 per cent of rangers' time is spent on these activities, with the remainder devoted to matters such as school education programs, school parking, pound duties, courier deliveries and court actions.

Looking Forward

The next few years look equally exciting and busy for the City's Community Services Department. Successful services will continue, including the Armadale Volunteer Resource Service, while there will also be additional future challenges. As is evident from the City's Strategic Plan and Plan for the Future 2008-23, there will be key strategic projects that will dominate some of our core activities including:

- Relocation of the Armadale Library to a new facility in the Armadale CBD
- Planning for new community and recreation facilities in Harrisdale, Piara Waters, Haynes and Hilbert
- Supporting the development of Champion Lakes as a regional recreation facility
- Planning for a new library facility in Kelmscott
- Installation of Closed Circuit TV cameras in the Jull Street Mall
- Frye Park Redevelopment – Stages one and two
- Youth Activity Area including skate facility
- Aquatic Centre upgrade
- Baker's House refurbishment and future use
- Armadale District Hall refurbishment and redevelopment
- Alfred Skeet upgrade
- Morgan Park upgrade

Technical Services

The Technical Services Directorate is responsible for the construction and maintenance of roads, footpath, drainage, buildings, parks and reserves, waste and recycling collections, composting and landfill, management of Council assets and support services.

The difficulty of attracting suitably qualified staff, in conjunction with the significant number of staff retiring, is causing capacity constraints for the foreseeable future. This issue affects all facets of the directorate's activities including machine operators, truck drivers, building tradesmen, technical staff of all disciplines and administration staff.

Some of the significant achievements of the directorate during the 2007-08 financial year are highlighted below.

Civil works

New Road Works

Significant new road projects for 2007-08 included the continuation of both stages of Ranford Road between Tonkin Highway and Warton Road, with effectively three quarters of the works completed during the year. Work on the remaining length will begin after Christmas 2009.

Other significant projects included the completion of roundabouts at the following intersections:

- Railway Avenue / Merryfield Avenue – Kelmscott
- Church Avenue / Green Avenue – Armadale
- Railway Avenue / Gillam Drive – Kelmscott

Works on two other roundabouts started along Forrest Road (intersection with Abbey Road) and Wungong Road (intersection with Seventh Road), with completion expected by the end of October 2008.



The City spent \$1,068,749 on maintaining existing road assets, which included re-surfacing 31 roads, including Carawatha Avenue, Morundah Close and Westfield Road. Blackspot funding was used to improve the safety of Clifton Street, Poad Street and Lowanna Way to the value of \$106,605. \$624,933 was spent on the construction of new footpaths/bicycle paths and the replacement of existing footpaths, at 18 locations around the City. \$44,571 was spent on installing bus shelters while further funds were spent on a new car park, upgrades at existing car parks street furniture and small community safety projects.

Drainage projects for this year were carried out at four locations at a cost of \$387,933. This included the installation of an outfall drain along Lake Road, which provides a drainage outlet for the subdivisions that have been completed along Lake Road and Westfield Road within the past two years.

Maintenance

Some \$1,966,034 was spent on maintaining and improving the City's infrastructure, which included works such as the installation of new signs, maintenance of bus shelters, cleaning of drainage pipes, pits and open drains, road shoulder and verge grading and patching damaged road sections.

Parks and Gardens

The City maintains 234 parks, natural areas, street gardens, community facilities and public access ways. During the 2007-08 financial year, \$3.8 million was spent on parks and reserves maintenance, with a further \$1 million on development projects. Some of these projects include:

Streetscaping

Streetscape projects completed included landscaping along Nicholson Road, Albany Highway and roundabouts on Railway Avenue. Ongoing streetscape improvements are continuing along Corfield Street and Commerce Avenue.

Playgrounds

Several of the City's 74 playgrounds received upgrades, with new play equipment installed in Bryan Gel Reserve, Memorial Park, Westfield Heron Reserve, William Skeet Reserve and Gwynne Park. The installation of new playground equipment has allowed existing play equipment items to be relocated to improve the play amenity at other sites throughout the City.

Irrigation

In 2006 the City's Parks Department developed a water operating strategy in consultation with the Department of Water to achieve a sustainable irrigation supply for the City of Armadale. The



department continues to use water wisely in line with the state water regulations. Water flow meters were installed at 10 park sites during 2007-08 to monitor water usage. Additional water flow meters will be installed in coming years.

Recreation

In 2007-08, improvements to the City's sporting facilities included lighting upgrades at Alfred Skeet Reserve, Gwynne Park, Bob Blackburn Reserve and Cross Park. In addition the grass green at Armadale Bowling Club was converted to a synthetic surface. Turf renovations to keep the grass in good condition were carried out at Gwynne Park and John Dunn and Alfred Skeet Reserves. In addition various cricket nets and wickets received ongoing upgrades throughout the City.

Environment

The City continues to support environmental initiatives undertaken by community groups, including those represented on the Bushcare Environmental Advisory Committee and Armadale Gosnells Landcare Group. Nature reserve management plans have been developed and a range of environmental works are implemented on an annual basis such as weed control, interpretive signs, walk trails, fencing and revegetation programs.

Street Trees

Annual community tree planting is continuing to ensure the City of Armadale remains a 'green and leafy' district. A database

of the City's street trees has been established to ensure the effective management of trees under power lines to meet stringent Western Power regulations.

About 7,000 trees are pruned annually away from overhead power lines. Mulch generated from tree pruning operations is used in landscape projects across the City of Armadale and surplus mulch is sold to the public.

In 2007-08 the City's Parks Department continued the removal of ficus trees from residential verges. It is also continuing to develop a Citywide Street Tree Planting Program to improve the aesthetic and environmental value of the City's streets.

The City's Parks Department manages more than 2,500 customer requests annually that cover street trees, park maintenance, verges, nature reserves, river care and environmental matters.

Property Management

The City maintains 186 buildings, including public halls, community facilities, clubrooms, and leased premises. In recent years, several previously leased buildings were returned to the City, namely John Dunn Hall and Sportsman's Club, Reg Williams Pavilion, Pries Park Pavilion, the old PCYC at Champion Drive and the Visitor Centre. Additional funds were allocated for the general maintenance, insurances, utilities and cleaning expenditure for these facilities.



During the 2007-08 financial year, \$3.1 million was spent on building maintenance and asset preservation with a further \$647,000 spent on the re-tiling and refurbishment the 50 metre and 25 metre pools at the Aquatic Centre.

Due to the construction boom in WA, several planned projects were stalled due to acute shortages of construction materials and labour. Funds for these projects were carried forward to the next financial year.

The City undertook the following asset management and development projects:

- Completion of the major upgrade of the City administration building's air-conditioning system. New design technology and electronic control systems will ensure the new system is more efficient, cost-effective and environmentally friendly.
- Ongoing internal refurbishments to the administration building, including installation of evacuation alarm system, emergency lighting, office furniture, carpets and ceiling replacements.
- Works at other buildings included installation of security systems and modifications to ensure the disabled or universal-access to buildings meets building codes and statutory requirements.
- As part of the restoration of Roleystone Theatre, the City completed structural engineering designs and documentation for the stabilisation of the earth bank at the rear of the theatre. Construction works are programmed for late 2008.
- A small Closed Circuit Television system was installed on a trial

basis at the Armadale Visitor Centre, affording greater security to centre users. The effectiveness of the system is subject to ongoing evaluation.

- History House was re-roofed to ensure exhibits and equipment are protected from weather.
- New administrative offices were constructed in the foyer/office area of Armadale Arena as part of the co-location of Arena staff and PCYC officers.
- The existing north toilet block at Cross Park in Roleystone was refurbished for use by the Roleystone Cricket Club.
- Forming part of the Roleystone Revitalisation project, the southern toilet block at Cross Park was demolished and a new state-of-the-art facility was constructed adjacent to the Roleystone Hall. The facility includes female and male toilets and a uni-sex facility complete with baby change table.

Waste Management

The City's Waste Services Department continues to work towards minimising waste to landfill and increasing recycling activity. Throughout the year the City carries out kerbside recycling collections and verge-side green waste, junk and motor vehicle collections. It also sells salvageable material from the landfill facility and provides free mulched green waste for local residents.

Residential growth in the areas of Churchman's Brook, Harrisdale and Piarra Waters has led to the delivery of approximately 700 new bin services during 2007-08.

Plan For The Future

The City of Armadale is required to supply information about its Plan for the Future, in accordance with the *Local Government Act* 1995. The plan provides a 15-year outlook for the development of services and facilities across the City, with a focus on the next five years. It maps out new projects and provides a timeline for development and is designed to link the City's strategic direction, while also fitting in with its financial and organisational capacity.

Major initiatives to continue in 2008-09

Freehold Land Sales and Investment Strategy

This strategy, which was first initiated in 2007-08, seeks to more effectively manage the City's land assets by maximising returns, disposing and investing in new assets and allocating funds to strategic capital works. The estimates for this strategy over the next six years are:

- Net sale proceeds - \$20.7 million
- 70 per cent reinvestment in income producing assets - \$14.5 million
- Allocations to strategic capital works - \$6.2 million

Public Open Space (POS) Strategy

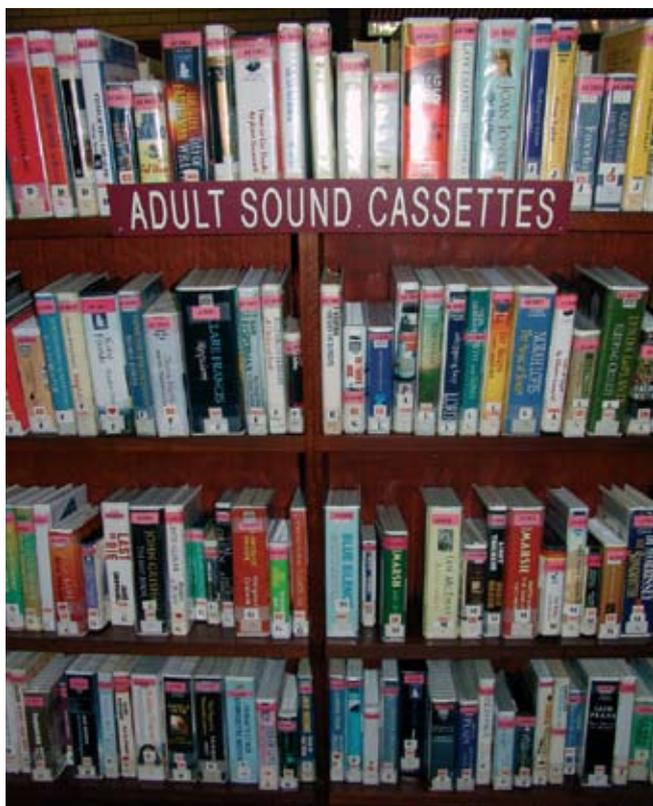
This initiative was launched in 2007-08 to provide a more efficient and effective utilisation of public open space lands across the City. The strategy seeks to identify and sell POS lands that are additional to current and future POS requirements, with 30 per cent of the net sale proceeds to be set aside for the development of reserves of regional significance. A precinct methodology applies, meaning that sale proceeds from a precinct (of which there are 10) are to be spent on improving the remaining POS in that same precinct. The estimates for this strategy over the next five years are:

- Net sale proceeds - \$4.6 million
- 30 per cent reinvestment on regional recreational initiatives - \$1.5 million
- Capital works on remaining POS - \$3 million



Asset Renewal – Facilities And Public Open Space

The issue of how local government will fund its asset renewal responsibilities has, and continues to be, the subject of much debate and numerous reports and inquiries Australia-wide. A prevailing outcome of these reports is that there needs to be a fairer sharing of total taxation revenues collected by federal and state governments as local government alone will not be able to fund its renewal responsibilities. However, the City accepts that it has a responsibility to fund as much of its asset renewal requirements as it believes affordable by the community and, to this end, this initiative seeks to set aside funding of \$28 million to renew and replace those infrastructure assets that will reach the end of their economic life over the next 15 years.



Major initiatives to start in 2008-09

Armadale Library Relocation

This initiative involves the Armadale Library Service being relocated at a cost of \$1.25 million to new premises within the Armadale Central Shopping Centre. In 2006 the City commissioned a strategic library study to determine the future of its library services for the next 10 years. As the regional library for Armadale, the current facility was identified as too small (450 square metres) and limited in services available to library users. As a consequence, in 2007 Council decided to relocate to new premises (1,100 square metres) within the Armadale Central Shopping Centre.

Armadale Library Conversion to Office Space

\$700,000 has been set aside in the 2008-09 annual budget to retro-fit the Armadale Library building to temporarily provide necessary additional Council office accommodation space as the main Administration Centre nears full capacity.

Closed Circuit Television

Council has focused for some time on the reinvigoration of the Armadale and Kelmscott CBDs and the safety and amenity of residents, business operators and visitors to the City is an important part of that revitalisation. As a consequence, and in partnership with major service providers, police and government agencies, Council determined a strategy to introduce Closed Circuit Television surveillance cameras to the Armadale CBD in 2008-09, specifically the Jull Street Mall, as Stage 1 of a significant security upgrade for the City. Capital funds of \$580,000 have been allocated for this initiative.

Statutory Reports

Each year the City is required to provide a number of statutory reports that discharge accountability for compliance with various legislative obligations. These reports include:

Record Keeping Plan (*State Records Act 2000*)

The Record Keeping Plan (RKP) describes the City's commitment to effective and compliant record keeping procedures. The City's RKP was last approved by the State Records Office in October 2006 and will require re-approval by October 2009.

2007-08 was another year of considerable advancement in the City's record keeping systems and practices, especially in the area of electronic record keeping. For instance, work started on:

- refining and enhancing the City's electronic record management system (TRIM) to ensure its efficiency and effectiveness;
- migrating records from two previous electronic record management systems into the current system; and
- converting old paper-based documents into an electronic form and profiling and recording them into the current system.

Ongoing staff training on record keeping requirements and practices, including induction sessions for new staff and regular refresher training, remains central to the City's effective record keeping efforts.

Disability Access and Inclusion Plan

The Disability Access and Inclusion Plan (DAIP) has guided the City in ensuring quality of life for people with a disability. Local governments are required to have a DAIP under the *Disability Services Act* (1993), which was amended in 2004 to include this requirement.

The City of Armadale developed a Disability Services Plan in 1995 and adapted this forward thinking approach into the DAIP 2007-11. The DAIP, which is available on the City's website, contains eight outcomes, of which only six are required by the Act. The City of Armadale has completed or partially completed 39 out of the 42 strategies contained in the plan.



Major achievements for the past year include:

- The development of an Access and Mobility Map. The map promotes accessible toilets, crossings, shops and other features in the CBDs of Armadale, Kelmscott, Seville Grove and Roleystone.
- The launch of the 'You're Welcome' project, which assesses ease-of-access to Council facilities.
- Roads and pathways repairs, replacements and upgrades, in accordance with the City's works program.
- The Aquatic Inclusion Project at Armadale Aquatic Centre, which offers specialist inclusion training for instructors and disability awareness for staff.
- Disability Awareness Training for City staff and a CD-ROM for community members and businesses, available through the libraries.
- A new page on the City's website covering access and inclusion issues and listing local services and support links with information on current projects has been developed.

Freedom of Information Act 1992 - Information Statement

All local governments must have an Information Statement relating to the provision of information to the public. The City's Information Statement was reviewed in November 2007 and a copy of this statement is available from Council's Administration Centre or the City's website at www.armadale.wa.gov.au.



Public Interest Disclosure Act 2003

The *Public Interest Disclosure Act* aims to ensure openness and accountability in government while encouraging people to make disclosures about wrongdoing within government while maintaining confidentiality and providing immunity from detrimental action.

In acknowledgement of its obligations under this Act, the City has:

- an appointed Public Interest Disclosure Officer; and
- implemented procedures to assist people wishing to make a disclosure.

During the 2007-08 year, the City received no disclosures. For further details about the procedures, please refer to the City's website.

National Competition Policy

The National Competition Policy (NCP) is designed to enable and encourage competition to improve the wellbeing of Australians. Of the three agreements that underpin the NCP process, the Competition Principles Agreement has most relevance to local government. In accordance with this agreement, the City is to annually report on its activities in relation to the following principles:

- Competitive Neutrality

Ensures local government business activities (those which generate user pay revenues > \$500k pa) do not have competitive advantages or disadvantages relative to their privately owned competitors as a result of their local government ownership, with regard to issues like exemption from taxes and lower costs of finance. In this regard, there were no new business activities initiated, or non-compliance allegations made for the City to report.

- Structural Reform (public monopolies)

The objective of structural reform as relating to public-operated monopolies is to introduce competition or, at a minimum, remove barriers to new businesses competing in the market. The City does not operate any monopoly type business activities nor did it privatise any such activities during 2007-08, and accordingly the City has no structural reform obligations to report.

- Legislation Review – Local Laws

The objective of the legislation review program, as it relates to local government, is to remove restrictions on competition from local laws, unless it can be shown to be in the public interest. All of the City's 13 local laws are compliant with this principle and all reviews are undertaken with regard to this principle. During the 2007-08 year, the City reviewed:

- the Parking and Parking Facilities Local Law to reflect current road traffic requirements and operational procedures; and
- the Environment, Animals and Nuisance Local Law to (a) reflect the provisions and maps of the City's Town Planning Scheme No.4 and (b) provide greater control of rubbish on building and development sites.

Reviews of the Standing Orders Local Law and Extractive Industries Local Law also commenced during the year.

Local Government Act 1995 – Conduct of certain officials

Section 5.53(2)(hb) of the Act which states:

“The annual report is to contain details of entries made under section 5.121 during the financial year in the register of complaints.”

In accordance with this requirement, it is reported that for the period 2007-08, no entries were made in the register.

Independent Audit Report



PARTNERS
Anthony Macri FCPA
Domenic Macri CPA
Connie Macri CA

INDEPENDENT AUDIT REPORT

TO: RATEPAYERS OF CITY OF ARMADALE

We have audited the financial report of the City of Armadale, which comprises the Balance Sheet as at 30 June 2008 and the Income Statement, Statement of Changes in Equity, Cash Flow Statement, Rate Setting Statement and the notes to and forming part of the financial report for the year ended on that date.

The Responsibility of the Council for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Independence

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





PARTNERS
Anthony Macri FCPA
Domenic Macri CPA
Connie Macri CA

Auditor's Opinion

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

- (i) gives a true and fair view of the financial position of the City of Armadale as at 30 June 2008 and of its financial performance for the year ended on that date; and
- (ii) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards (including the Australian Accounting Interpretations).

Statutory Compliance

We did not during the course of our audit become aware of any instances where the Council did not comply with the requirements of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).



**MACRI PARTNERS
CERTIFIED PRACTISING ACCOUNTANTS
28 THOROGOOD STREET
BURSWOOD WA 6100**



**A MACRI
PARTNER**

**PERTH
DATED THIS 13TH DAY OF OCTOBER 2008.**





Financial Report
For the year ended 30 June 2008

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

Statement by the Chief Executive Officer

The attached Financial Report of the City of Armadale, being the Annual Financial Report and Supporting Notes and other information for the financial year ended 30 June 2008 are, in my opinion, properly drawn up to present fairly the financial position of the City of Armadale at 30 June 2008 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and Regulations under that Act.

Signed on the 13th day of October 2008

A handwritten signature in blue ink, appearing to read "R S Tame".

R S Tame
Chief Executive Officer

City of Armadale – Income Statement by Nature or Type for the year ended 30 June 2008

	Note	2008 Actual \$	2008 Budget \$	2007 Actual \$
Revenues from Ordinary Activities				
Rates	23	23,891,505	23,740,000	21,506,464
Grants and Subsidies	29	3,091,115	3,067,826	3,166,992
Contributions, Reimbursements and Donations		9,382,818	4,057,641	5,278,983
Service Charges	25	0	0	0
Fees and Charges	28	8,566,535	7,614,524	8,383,626
Interest Earnings	2	2,538,809	1,957,215	1,703,819
Other Revenue		1,328,141	7,464,991	3,351,588
		48,798,924	47,902,197	43,391,473
Expenses from Ordinary Activities				
Employee Costs		(15,507,742)	(15,754,809)	(14,198,680)
Materials and Contracts		(12,257,981)	(12,956,217)	(10,755,238)
Utilities		(653,543)	(1,255,017)	(1,111,553)
Depreciation	2	(8,876,540)	(8,723,376)	(8,521,548)
Interest Expenses	2	(121,401)	(207,742)	(91,400)
Insurance		(514,732)	(561,966)	(497,726)
Other Expense		(3,055,701)	(265,548)	(345,181)
		(40,987,638)	(39,724,675)	(35,521,326)
Sub-Total		7,811,285	8,177,522	7,870,147
Grants / Contributions for Asset Development				
Grants and Subsidies - Non-Operating	29	5,285,183	7,249,146	2,524,565
		5,285,183	7,249,146	2,524,565
Profit / (Loss) on Disposal of Assets				
Profit on Asset Disposal		206,571	1,873,815	98,228
Loss on Asset Disposal		(38,086)	(15,062)	(44,734)
		168,485	1,858,753	53,494
Net Result		13,264,953	17,285,421	10,448,206

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

City of Armadale – Income Statement by Program for the year ended 30 June 2008

	Note	2008 Actual \$	2008 Budget \$	2007 Actual \$
Expenses from Ordinary Activities	2			
General Purpose Funding		28,732,489	27,949,867	25,585,271
Governance		1,530,831	9,223,119	3,665,464
Law, Order and Public Safety		484,659	430,057	455,760
Health		121,330	98,949	76,881
Education and Welfare		113,975	65,612	223,724
Community Amenities		13,152,097	7,040,799	9,388,880
Recreation and Culture		910,120	968,765	847,689
Transport		8,008,032	10,558,109	4,726,483
Economic Services		1,125,073	578,563	939,539
Other Property and Services		112,071	111,318	104,574
		54,290,678	57,025,158	46,014,266
Expenses from Ordinary Activities	2			
General Purpose Funding		(845,909)	(884,183)	(569,790)
Governance		(3,454,356)	(427,857)	(3,016,943)
Law, Order and Public Safety		(1,232,091)	(1,426,859)	(1,076,653)
Health		(766,867)	(838,432)	(711,646)
Education and Welfare		(1,967,731)	(2,206,748)	(1,365,542)
Community Amenities		(7,886,752)	(7,710,141)	(6,434,270)
Recreation and Culture		(12,876,422)	(12,519,985)	(11,027,017)
Transport		(10,474,861)	(12,015,578)	(9,875,102)
Economic Services		(1,326,437)	(1,153,911)	(985,845)
Other Property and Services		(72,896)	(348,301)	(411,852)
		(40,904,323)	(39,531,995)	(35,474,660)
Borrowing Costs Expense	2			
Governance		(59,195)	(112,660)	(59,057)
Community Amenities		(4,824)	(6,128)	(6,228)
Recreation and Culture		(22,785)	(45,131)	(25,923)
Transport		(34,596)	(43,823)	(193)
		(121,401)	(207,742)	(91,400)
Net Result		13,264,953	17,285,421	10,448,206

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

City of Armadale – Balance Sheet as at 30 June 2008

	Note	2008 Actual \$	2007 Actual \$
Current Assets			
Cash and Cash Equivalents	3	32,736,975	26,802,842
Trade and Other Receivables	5	3,077,847	2,257,972
Inventories	6	89,791	97,358
Total Current Assets		35,904,612	29,158,172
Non-Current Assets			
Other Receivables	5	706,821	696,053
Property, Plant and Equipment	7	27,304,961	26,473,592
Infrastructure	8	178,960,787	175,012,078
Total Non-Current Assets		206,972,569	202,181,723
Total Assets		242,877,181	231,339,895
Current Liabilities			
Trade and Other Payables	9	4,755,319	7,487,193
Current Portion of Long Term Borrowings	10	234,088	672,202
Provisions	11	3,431,984	2,458,830
Total Current Liabilities		8,421,392	10,618,225
Non-Current Liabilities			
Trade and Other Payables	9	123,278	105,404
Long Term Borrowings	10	2,759,067	1,738,227
Provisions	11	193,918	763,467
Total Current Liabilities		3,076,263	2,607,097
Total Liabilities		11,497,655	13,225,322
Net Assets		231,379,526	218,114,573
Equity			
Retained Surplus		201,773,971	203,903,546
Reserves - Cash Backed	12	21,153,808	5,759,279
Reserves - Asset Revaluation	13	8,451,748	8,451,748
Total Equity		231,379,526	218,114,573

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 2008

	Note	2008 Actual \$	2007 Actual \$
Retained Surplus			
Balance as at 1 July		203,903,546	194,488,435
Net Result		13,264,953	10,448,206
Transfer from / (to) Reserves		(15,394,529)	(1,033,095)
Balance as at 30 June		201,773,970	203,903,545
Reserves - Cash / Investment Backed			
Balance as at 1 July		5,759,279	4,726,184
Transfer (to) / from Retained Surplus		15,394,529	1,033,095
Balance as at 30 June	12	21,153,808	5,759,279
Reserves - Asset Revaluation			
Balance as at 1 July		8,451,748	8,451,748
Revaluation Increment		0	0
Revaluation Decrement		0	0
Balance as at 30 June	13	8,451,748	8,451,748
Total Equity		231,379,526	218,114,573

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

City of Armadale – Cash Flow Statement for the year ended 30 June 2008

	Note	2008 Actual \$	2008 Budget \$	2007 Actual \$
Cash Flows from Operating Activities				
Receipts				
Rates		23,891,505	23,740,000	21,458,853
Grants and Subsidies - Operating		3,091,115	3,067,826	3,166,992
Contributions, Reimbursements and Donations		9,382,818	4,130,080	5,278,983
Service Charges		0	0	0
Fees and Charges		7,746,660	7,949,564	9,582,100
Interest Earnings		2,538,809	1,957,215	1,703,819
Goods and Services Tax (on revenue)		818,936	400,000	683,231
Goods and Services Tax (refunded)		1,585,605	800,000	1,872,479
Other		1,317,373	0	2,896,946
Total Receipts		50,372,821	42,044,685	46,643,403
Payments				
Employee Costs		(15,104,136)	(15,756,369)	(13,721,185)
Materials and Contracts		(14,982,287)	(11,691,825)	(8,864,345)
Utilities		(653,543)	(1,255,017)	(1,111,553)
Insurance		(514,732)	(561,966)	(497,726)
Interest		(121,401)	(207,742)	(91,400)
Goods and Services Tax		(2,404,541)	(1,200,000)	(2,555,710)
Other		(3,037,827)	(3,275,651)	(577,160)
Total Payments		(36,818,466)	(33,948,570)	(27,419,079)
Net Cash Provided by Operating Activities	14	13,554,355	8,096,115	19,224,324

City of Armadale – Cash Flow Statement for the year ended 30 June 2008 *cont...*

	Note	2008 Actual \$	2008 Budget \$	2007 Actual \$
Cash Flows from Investing Activities				
Payments for Development of Land		0	0	0
Payments for Property, Plant and Equipment		(3,428,063)	(4,892,381)	(3,456,296)
Payments for Infrastructure		(10,871,977)	(19,505,877)	(9,219,490)
Advances to Community Groups		0	0	0
Payments for Purchases of Investments		0	0	0
Grants and Subsidies - Non-Operating		5,285,183	7,249,146	2,524,565
Proceeds from Sale of Assets		811,908	3,831,512	523,082
Proceeds from Advances		0	0	0
Net Cash Provided by Investing Activities		(8,202,949)	(13,317,600)	(9,628,140)
Cash Flows from Financing Activities				
Repayment of Debentures		(672,202)	(702,755)	(234,071)
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans		0	0	0
Proceeds from New Debentures		1,254,929	1,254,929	1,029,400
Net Cash Provided by Financing Activities		582,727	552,174	795,329
Net Increase / (Decrease) in Cash Held		5,934,133	(4,669,311)	10,391,513
Cash at Beginning of Year		26,802,842	26,802,767	16,411,330
Cash and Cash Equivalents at End of Year	14	32,736,975	22,133,456	26,802,843

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

City of Armadale – Rate Setting Statement for the year ended 30 June 2008

	Note	2008 Actual \$	2008 Budget \$
Revenues			
General Purpose Funding		4,840,984	4,209,867
Governance		1,530,831	9,223,119
Law, Order and Public Safety		484,659	430,057
Health		121,330	98,949
Education and Welfare		113,975	65,612
Community Amenities		13,152,097	7,040,799
Recreation and Culture		910,120	968,765
Transport		8,008,032	10,558,109
Economic Services		1,125,073	578,563
Other Property and Services		112,071	111,318
Total Revenues		30,399,172	33,285,158
Expenses			
General Purpose Funding		(845,909)	(884,183)
Governance		(3,513,552)	(540,517)
Law, Order and Public Safety		(1,232,091)	(1,426,859)
Health		(766,867)	(838,432)
Education and Welfare		(1,967,731)	(2,206,748)
Community Amenities		(7,891,576)	(7,716,269)
Recreation and Culture		(12,899,208)	(12,565,116)
Transport		(10,509,457)	(12,059,401)
Economic Services		(1,326,437)	(1,153,911)
Other Property and Services		(72,896)	(348,301)
Total Expenses		(41,025,724)	(39,739,737)

City of Armadale – Rate Setting Statement for the year ended 30 June 2008 *cont...*

	Note	2008 Actual \$	2008 Budget \$
Adjustments for Cash Budget Requirements			
Non-Cash Expense and Revenue			
(Profit) / Loss on Asset Disposals	20	(168,485)	(1,858,753)
Depreciation on Assets	2	8,876,540	8,723,376
Total Non-Cash Items		8,708,055	6,864,623
Capital Expense and Revenue			
Purchase Land	7	(97,700)	(146,250)
Purchase Buildings	7	(1,564,189)	(2,161,058)
Purchase Furniture and Equipment	7	(107,452)	(282,713)
Purchase Plant and Machinery	7	(1,658,722)	(2,302,360)
Purchase Infrastructure - Roads	8	(7,567,183)	(16,623,922)
Purchase Infrastructure - Drainage	8	(681,108)	(605,334)
Purchase Infrastructure - Pathways	8	(624,934)	(668,154)
Purchase Infrastructure - Parks / Reserves	8	(1,998,752)	(1,608,467)
Proceeds from Disposal of Assets	20	811,908	3,831,512
Repayment of Debentures	22	(672,202)	(702,755)
Proceeds from New Debentures	22	1,254,929	1,254,929
Transfer to Reserves	12	(16,329,061)	(13,756,097)
Transfer from Reserves	12	934,532	1,781,920
Total Capital Expense and Revenue		(28,299,934)	(31,988,749)
Add Estimated Surplus / (Deficit) July 1 B/Fwd		16,322,412	7,838,705
Less Estimated Surplus / (Deficit) June 30 C/Fwd		9,995,486	0
Amount Required to be Raised from Rates	23	(23,891,505)	(23,740,000)

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

1 Significant Accounting Policies

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

a Basis of Preparation

The Financial Report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other mandatory professional reporting requirements and the Local Government Act 1995 and accompanying Regulations. The report has also been prepared on the accrual basis under the convention of historical cost accounting as modified by the accounting treatment relating to the revaluation of financial assets and liabilities at fair value through profit and loss and certain classes of non-current assets.

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, revenue and expense.

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.

b The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report. In the process of reporting on the Local Government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated. All monies held in the Trust Funds are excluded from the financial statements, but a separate statement of those monies appears at Note 18 to these financial statements.

c Goods and Services Tax

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

d Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in-hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined previously, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the Balance Sheet.

e Trade and Other Receivables

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less and allowance for any uncollectible amounts. Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

f Inventories

General

Inventories are valued 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. Inventories held from trading are classified as current even if not expected to be realised in the next 12 months.

Land held for resale

Land purchased for development and / or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses. Revenue arising from the sale of property is recognised in the operating statement as at the time of signing a binding contract of sale. Land held for resale is classified as current except where it is held as non-current based on Council's intentions to release for sale.

g Fixed Assets

Initial recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration, plus costs incidental to the acquisition. For assets acquired at no cost, or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Revaluation

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

Land under roads

Land under roads is excluded from infrastructure in accordance with the transitional arrangements available under AASB 1045 and in accordance with legislative requirements.

h Impairment

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired. Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 - Impairment of Assets - and appropriate adjustments made. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income Statement. For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

i Investments and Other Financial Assets

Classification

Council classifies its investments in the following categories - financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the Balance Sheet date, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Balance Sheet.

Held-to-maturity investments

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

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the Balance Sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the Income Statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Income Statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the Income Statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the Income Statement as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the Income Statement. Impairment losses recognised in the Income Statement on equity instruments classified as available-for-sale are not reversed through the Income Statement.

j Depreciation of Non-Current Assets

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner that reflects the consumption of the future economic benefits embodied in those assets. Depreciation is recognised on a straight-line basis, using rates that are reviewed each reporting period. Major depreciation periods are -

Buildings	50 years
Furniture and Equipment	5 to 15 years
Plant and Machinery	3 to 20 years
Sealed Roads and Streets	
Clearing and Earthworks	Not depreciated
Construction and Roadbase	50 years
Original Surface and Major Resurfacing	50 years
Gravel Roads	
Clearing and Earthworks	Not depreciated
Construction and Roadbase	50 years
Gravel Sheet	12 years
Drainage	50 years
Pathways	20 years
Parks and Reserves	20 years

k Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets is based on quoted market prices at the Balance Sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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

l Trade and Other Payables

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

m Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the Balance Sheet date.

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.

n Employee Benefits

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

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

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

Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

o Provisions

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

p Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

q Joint Venture

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

r Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the Council obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates. Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in Note 2. That note also discloses the amount of contributions recognised as revenues in a previous reporting period that were obtained in respect of the Council's operations for the current reporting period.

s Superannuation

The City of Armadale contributes to defined contribution schemes. Contributions are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

t Rounding Off Figures

All figures shown in this Financial Report, other than a rate in the dollar, are rounded to the nearest dollar. As such, rounding errors in calculations may occur.

u Comparative Figures

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

v Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on Council's intentions to release for sale

w New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet effective, have not been adopted by Council for the annual reporting under review. Council's assessment of these new standards and interpretations are set out below -

AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements - Disclosures
Issued - February 2007

Applicable - Reporting periods commencing on, or after, 1 January 2008

Impact - Nil, as Council is not party to any Service Concession Arrangements.

AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8

Issued - February 2007

Applicable - Reporting periods commencing on, or after, 1 January 2009

Impact - Nil, as the Standard is not applicable to not-for-profit entities.

Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 and AASB 138 and Interpretations 1 and 12]

Issued - June 2007

Applicable - Reporting periods commencing on, or after, 1 January 2009

Impact - Nil, as the revised Standard has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the Financial Report of Council as Council already capitalises borrowing costs relating to qualifying assets.

AASB-I 13 Customer Loyalty Programs

Issued - August 2007

Applicable - Reporting periods commencing on, or after, 1 July 2008

Impact - Nil, as Council has no Customer Loyalty Programs.

AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Issued - August 2007

Applicable - Reporting periods commencing on, or after, 1 January 2008

Impact - Nil, as Council does not currently contribute to any defined benefit plans. The Interpretation provides guidance on the maximum amount that may be recognised as an asset in defined benefit plans. Consequently, there is not expected to be any impact on the financial statements.

Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101

Issued - September 2007 and December 2007

Applicable - Reporting periods commencing on, or after, 1 January 2009

Impact - Nil, as the revised Standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of Changes in Equity, but will not affect any of the amounts recognised in the financial statements. If Council has made, or is required to make, a prior period adjustment, or has reclassified items in the financial statements, it is likely this will be disclosed via a separate statement, being as at the beginning of the comparative period.

AASB 1049 Whole of Government and General Government Sector Financial Reporting

Issued - October 2007

Applicable - Reporting periods commencing on, or after, 1 July 2008

Impact - Nil, as the Standard is not applicable to Local Governments.

AASB 1050 Administered Items, AASB 1051 Land Under Roads, AASB 1052 Disaggregated Disclosures, revised AASB 1004 Contributions, AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31 and revised interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities

Issued - December 2007

Applicable - Reporting periods commencing on, or after, 1 July 2008

Impact - AASB 1050 is only applicable to Government departments and will have no impact on Council. AASB 1051 will allow Council to recognise, or not recognise, land under roads acquired before 30 June 2008. Land under roads acquired after 30 June 2008 must be recognised. AASB 1052 requires disclosure of financial information by function or activity. Council already provides this information so there will be no additional impact on the financial statements. AASB 1004 requires contributions made to Council to be recognised at fair value when they are controlled and to be appropriately disclosed. Council already accounts for contributions in this manner so there will be no additional impact on the financial statements. AASB 2007-9 will have a significant impact on Council's financial statements, the effects of which are not yet known.

City of Armadale – Notes to, and forming part of, the Financial Report for the year ended 30 June 2008 *cont...*

	Note	2008 Actual \$	2008 Budget \$	2007 Actual \$
2. Revenues and Expenses				
a. Result from Ordinary Activities				
The result from ordinary activities includes:				
i. Charging as an Expense				
Auditor's Remuneration		14,945	19,370	14,400
Bad and Doubtful Debts				
Write Off - Rates		31,404	33,017	31,907
Write Off - General		22,956	70,669	62,084
Write Off - Infringements		20,281	12,216	13,368
		74,642	115,902	107,358
Depreciation				
Land and Buildings		550,293	550,889	537,456
Plant and Machinery		15,682	1,294,164	1,273,532
Furniture and Equipment		1,387,297	7,719	7,532
Roads		2,673,022	2,585,477	2,522,417
Drainage		547,620	552,226	538,757
Pathways		347,159	322,777	314,904
Reserves		3,355,467	3,410,124	3,326,950
		8,876,540	8,723,376	8,521,548
Interest Expenses				
Finance Leases		0	0	0
Debentures	22	121,401	207,742	91,400
		121,401	207,742	91,400
ii. Charging as a Revenue				
Interest Earnings				
Investments - Reserve Funds		1,109,119	832,801	284,242
Investments - Municipal Fund		1,248,358	968,154	1,255,823
Other Interest Revenue	27	181,332	156,260	163,754
Other Interest Revenue - Loans		0	0	0
		2,538,809	1,957,215	1,703,819

2. Revenues and Expenses (continued)

b. Statement of Objective

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

Our Commitment

To create a caring and vibrant City, rich in history, heritage and lifestyle.

Our Vision

- A major regional centre
- A place with the advantages of City living and the natural beauty of the bushland setting
- A city strong in opportunity - in comparison to any other city in Australia
- A great place to raise small children
- Clean, green and prosperous

Council operations, as disclosed in this Report, encompass the following service oriented activities / programs:

General Purpose Funding

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

Governance

This program includes the administration and operation of facilities and services to the elected members of Council. 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.

Law, Order and Public Safety

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

Health

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

Education and Welfare

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

Community Amenities

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

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

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

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

Other Property and Services

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

	2008 Actual \$	2007 Actual \$
2. Revenues and Expenses (continued)		
c. Conditions Over Contributions		
Grants recognised as revenues in a previous reporting period that were not expended at the close of that period (in the manner required as per the terms of the contribution)		
Law, Order and Public Safety		
Emergency Services	0	17,398
Education and Welfare		
Indigenous Assistance	10,000	17,398
	10,000	34,796
New grants recognised as revenues during the reporting period that had not yet been fully expended at period end (in the manner required as per the terms of the contribution)		
Governance		
ARA Project Grants	36,364	0
Education and Welfare		
Indigenous Assistance	0	10,000
Community Arts	7,586	0
Seniors	25,800	0
Community Amenities		
Environment Programs	20,311	0
Transport		
National Community Crime Prevention	100,000	0
	190,061	10,000
Grants recognised as revenues in a previous reporting period that were expended in the current reporting period (in the manner required as per the terms of the contribution)		
Law, Order and Public Safety		
Emergency Services	0	17,398
Education and Welfare		
Indigenous Assistance	10,000	17,398
	10,000	34,796
Closing Balance of Unspent Grants	190,061	10,000

City of Armadale – Notes to, and forming part of, the Financial Report for the year ended 30 June 2008 *cont...*

	2008 Actual \$	2007 Actual \$
3. Cash and Cash Equivalents		
Unrestricted	11,393,106	14,918,236
Restricted	21,343,869	11,884,606
	32,736,975	26,802,842
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Reserves		
Asset Renewal - Buildings	54,000	0
Asset Renewal - Parks	54,000	0
Building Plant and Equipment	112,697	63,697
Crossover Contributions	492,334	0
Emergency Waste	233,532	123,000
Employee Provisions	3,625,902	0
Future Community Facilities	229,756	0
Future Project Funding	975,000	0
Future Recreation Facilities	157,081	105,081
Land Acquisition	296,050	233,051
Mobile Bin Program	1,114,398	702,850
North Forrestdale DCP 3	7,350,075	0
Plant and Machinery	2,107,919	1,410,437
Portable Long Service Leave	134,786	77,526
Revolving Energy	0	0
Strategic Asset Investments	0	0
Waste Management	3,535,247	2,826,796
Workers Compensation	277,841	216,841
Works Contributions	403,190	0
	21,153,808	5,759,279
Restricted Funds		
Employee Provisions	0	2,641,790
Deposits and Bonds	0	2,962,612
Unspent Grants	190,061	10,000
Minnawarra House Relocation Funds	0	510,925
	190,061	6,125,327
Total Reserves and Restricted Cash and Cash Equivalents	21,343,869	11,884,606

City of Armadale – Notes to, and forming part of, the Financial Report for the year ended 30 June 2008 *cont...*

	2008 Actual \$	2007 Actual \$
4. Investments		
Financial assets, at fair value, held in the form of an investment, as at 30 June	0	0
5. Trade and Other Receivables		
Current		
Accrued Revenue	527,523	882,710
Rates Debtors	434,938	373,211
ESL Debtors	22,822	19,109
Unclaimed Pensioner Rates Rebate	0	69,914
Unclaimed ESL Rates Rebate	0	4,431
Sundry Debtors	2,214,942	1,030,974
Provision for Doubtful Debts	(122,378)	(122,378)
	3,077,847	2,257,972
Non-Current		
Rates Debtors	549,108	546,774
ESL Debtors	22,927	19,782
Sundry Debtors	134,785	129,497
	706,821	696,053
6. Inventories		
Current		
Fuel and Materials	89,791	97,358
	89,791	97,358

City of Armadale – Notes to, and forming part of, the Financial Report for the year ended 30 June 2008 *cont...*

	2008 Actual \$	2007 Actual \$
7. Property, Plant and Equipment		
Land - Cost	3,520,794	3,423,094
Buildings - Cost	20,202,747	18,638,558
Less Accumulated Depreciation	(1,620,532)	(1,070,239)
	22,103,009	20,991,413
Furniture and Equipment - Cost	2,350,921	2,243,469
Less Accumulated Depreciation	(2,079,761)	(2,064,078)
	271,160	179,391
Plant and Machinery - Cost	11,693,308	11,682,616
Less Accumulated Depreciation	(6,762,517)	(6,379,828)
	4,930,791	5,302,788
Total Property, Plant and Equipment	27,304,961	26,473,592

Movements in Carrying Amounts

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

	Land \$	Buildings \$	Furniture and Equipment \$	Plant and Machinery \$	Total \$
Beginning Balance	3,423,094	17,568,319	179,391	5,302,788	26,473,592
Additions	97,700	1,564,189	107,452	1,658,722	3,428,063
Disposals	0	0	0	(643,422)	(643,422)
Revaluation Movements	0	0	0	0	0
Impairment Adjustments	0	0	0	0	0
Depreciation Expense	0	(550,293)	(15,682)	(1,387,297)	(1,953,273)
Carrying Amount	3,520,794	18,582,215	271,160	4,930,791	27,304,961

City of Armadale – Notes to, and forming part of, the Financial Report for the year ended 30 June 2008 *cont...*

	2008 Actual \$	2007 Actual \$
8. Infrastructure		
Roads - Cost	141,401,099	133,833,916
Less Accumulated Depreciation	(23,260,736)	(20,587,714)
	118,140,363	113,246,202
Drainage - Cost	28,064,060	27,382,952
Less Accumulated Depreciation	(5,621,133)	(5,073,513)
	22,442,928	22,309,439
Pathways - Cost	7,569,144	6,944,210
Less Accumulated Depreciation	(2,573,462)	(2,226,303)
	4,995,683	4,717,908
Parks and Reserves - Cost	69,126,104	67,127,352
Less Accumulated Depreciation	(35,744,290)	(32,388,823)
	33,381,813	34,738,529
Total Infrastructure	178,960,787	175,012,078

Movements in Carrying Amounts

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

	Roads	Drainage	Pathways	Parks & Reserves	Total
Particulars	\$	\$	\$	\$	\$
Beginning Balance	113,246,202	22,309,439	4,717,908	34,738,529	175,012,078
Additions	7,567,183	681,108	624,934	1,998,752	10,871,977
Disposals	0	0	0	0	0
Revaluation Movements	0	0	0	0	0
Impairment Adjustments	0	0	0	0	0
Depreciation Expense	(2,673,022)	(547,620)	(347,159)	(3,355,467)	(6,923,268)
Carrying Amount	118,140,363	22,442,928	4,995,683	33,381,813	178,960,787

City of Armadale – Notes to, and forming part of, the Financial Report for the year ended 30 June 2008 *cont...*

	2008 Actual \$	2007 Actual \$
9. Trade and Other Payables		
Current		
Sundry Creditors	2,917,589	2,435,609
Payroll Deductions	91,724	81,474
Accrued Expenses	652,458	501,716
Revenue Liability	1,081,192	895,073
Sundry Deposits and Bonds	0	3,473,537
ESL Liability	4,635	0
Payroll Entitlements	7,720	99,784
	4,755,319	7,487,193
Non-Current		
Sundry Creditors	123,278	105,404
	123,278	105,404

10. Borrowings

Current		
Secured by Floating Charge		
Debentures	234,088	672,202
	234,088	672,202
Non-Current		
Secured by Floating Charge		
Debentures	2,759,067	1,738,227
	2,759,067	1,738,227

Additional details on Borrowings are provided in Note 22.

11. Provisions

Current		
Provision for Annual Leave	1,845,187	1,215,828
Provision for Sick Leave	100,000	100,000
Provision for Long Service Leave	1,486,797	1,143,002
	3,431,984	2,458,830
Non-Current		
Provision for Annual Leave	0	508,413
Provision for Sick Leave	0	0
Provision for Long Service Leave	193,918	255,054
	193,918	763,467

	2008 Actual \$	2008 Budget \$	2007 Actual \$
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12. Reserves - Cash Backed

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

In the 2007 - 2008 Financial Year the City intended moving many of the Restricted Asset Funds balances into Reserves. Legislative changes, in particular with reference to Cash in Lieu funds and Public Open Space funds, as defined by the Planning and Development Act, and the treatment of performance bonds, have meant that many of those funds originally defined for movement to Reserve have, instead, been moved to the City's Trust Fund. These accounts are denoted with an *. Further information can be found at Note 18.

Asset Renewal - Buildings

To be used to assist in funding capital works on buildings, thereby extending the useful life of such assets.

Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	50,000	26,962	0
Transfer to Reserve - Interest Earnings	4,000	1,035	0
Transfer from Reserve	0	0	0
	54,000	27,997	0

Asset Renewal - Parks

To be used to assist in funding capital works on parks, thereby extending the useful life of such assets.

Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	50,000	26,962	0
Transfer to Reserve - Interest Earnings	4,000	1,035	0
Transfer from Reserve	0	0	0
	54,000	27,997	0

Building Plant and Equipment

To be used to assist in the maintenance and replacement of Plant and Equipment associated with Council's buildings.

Opening Balance	63,697	63,697	89,807
Transfer to Reserve - Municipal Funds	40,000	0	46,890
Transfer to Reserve - Interest Earnings	9,000	3,105	0
Transfer from Reserve	0	0	(73,000)
	112,697	66,802	63,697

Cash in Lieu - POS - A14 Plan

To be used to fund capital works associated with the development and redevelopment of Public Open Space areas in the vicinity of the A14 Structure Plan and to be funded by contributions received from developers pursuant to conditions of development approval.

Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	0	700,223	0
Transfer to Reserve - Interest Earnings	0	36,225	0
Transfer from Reserve	0	0	0
	0	736,448	0

	2008 Actual \$	2008 Budget \$	2007 Actual \$
12. Reserves - Cash Backed (continued)			
Cash in Lieu - POS - Agreements	*		
To be used to fund capital works associated with the development and redevelopment of Public Open Space areas in the vicinity of predefined areas covered by Legal Agreements and to be funded by contributions received from developers pursuant to conditions of development approval.			
Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	0	70,299	0
Transfer to Reserve - Interest Earnings	0	3,105	0
Transfer from Reserve	0	0	0
	0	73,404	0
Cash in Lieu - POS - Jarrah	*		
To be used to fund capital works associated with the development and redevelopment of Public Open Space areas in the vicinity of the Jarrah Ward and to be funded by contributions received from developers pursuant to conditions of development approval.			
Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	0	107,602	0
Transfer to Reserve - Interest Earnings	0	5,175	0
Transfer from Reserve	0	0	0
	0	112,777	0
Cash in Lieu - POS - Minnawarra	*		
To be used to fund capital works associated with the development and redevelopment of Public Open Space areas in the vicinity of the Minnawarra Ward and to be funded by contributions received from developers pursuant to conditions of development approval.			
Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	0	8,705	0
Transfer to Reserve - Interest Earnings	0	518	0
Transfer from Reserve	0	0	0
	0	9,223	0
Cash in Lieu - POS - Neerigen	*		
To be used to fund capital works associated with the development and redevelopment of Public Open Space areas in the vicinity of the Neerigen Ward and to be funded by contributions received from developers pursuant to conditions of development approval.			
Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	0	71,928	0
Transfer to Reserve - Interest Earnings	0	4,140	0
Transfer from Reserve	0	0	0
	0	76,068	0
Cash in Lieu - POS - River	*		
To be used to fund capital works associated with the development and redevelopment of Public Open Space areas in the vicinity of the River Ward and to be funded by contributions received from developers pursuant to conditions of development approval.			
Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	0	18,534	0
Transfer to Reserve - Interest Earnings	0	1,035	0
Transfer from Reserve	0	0	0
	0	19,569	0

	2008 Actual \$	2008 Budget \$	2007 Actual \$
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12. Reserves - Cash Backed (continued)

Cash in Lieu - POS - Strategy North

*

To be used to fund capital works associated with the development and redevelopment of Public Open Space areas in the vicinity of predefined areas covered by the Strategy North Plan and to be funded by contributions received from developers pursuant to conditions of development approval.

Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	0	71,008	0
Transfer to Reserve - Interest Earnings	0	4,140	0
Transfer from Reserve	0	0	0
	0	75,148	0

Crossover Contributions

To be used to fund the construction of Crossovers utilising contributions from property owners as a condition of approved building licences received in advance of the crossover being constructed.

Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	492,334	915,927	0
Transfer to Reserve - Interest Earnings	0	46,575	0
Transfer from Reserve	0	0	0
	492,334	962,502	0

Emergency Waste

To be used to assist with the costs associated with storm damage clean-up, collections and disposal.

Opening Balance	123,000	123,000	60,000
Transfer to Reserve - Municipal Funds	92,532	65,226	63,000
Transfer to Reserve - Interest Earnings	18,000	6,210	0
Transfer from Reserve	0	0	0
	233,532	194,436	123,000

Employee Provisions

To be used to cash-back the employees leave entitlements liability, particularly annual leave, long service leave and a portion of sick leave.

Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	3,410,902	2,641,790	0
Transfer to Reserve - Interest Earnings	215,000	136,620	0
Transfer from Reserve	0	0	0
	3,625,902	2,778,410	0

Future Community Facilities

To be used to assist in the construction of future Community Facilities.

Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	211,756	510,925	0
Transfer to Reserve - Interest Earnings	18,000	25,500	0
Transfer from Reserve	0	0	0
	229,756	536,425	0

City of Armadale – Notes to, and forming part of, the Financial Report for the year ended 30 June 2008 *cont...*

	2008 Actual \$	2008 Budget \$	2007 Actual \$
12. Reserves - Cash Backed (continued)			
Future Project Funding			
To be used to assist in funding future projects.			
Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	900,000	644,559	0
Transfer to Reserve - Interest Earnings	75,000	32,085	0
Transfer from Reserve	0	0	0
	975,000	676,644	0
Future Recreation Facilities			
To be used to assist in the construction of future recreation facilities.			
Opening Balance	105,081	105,081	75,500
Transfer to Reserve - Municipal Funds	40,000	0	29,581
Transfer to Reserve - Interest Earnings	12,000	5,175	0
Transfer from Reserve	0	0	0
	157,081	110,256	105,081
Land Acquisition			
To be used to assist in future acquisitions of land.			
Opening Balance	233,051	233,051	233,051
Transfer to Reserve - Municipal Funds	40,000	0	0
Transfer to Reserve - Interest Earnings	23,000	10,350	0
Transfer from Reserve	0	0	0
	296,050	243,401	233,051
Mobile Bin Program			
To be used to assist in the purchase and replacement of the City's Mobile Garbage Bins.			
Opening Balance	702,850	702,850	492,850
Transfer to Reserve - Municipal Funds	328,548	217,419	210,000
Transfer to Reserve - Interest Earnings	83,000	36,225	0
Transfer from Reserve	0	0	0
	1,114,398	956,494	702,850
North Forrestdale DCP 3 *			
To be used to fund common infrastructure works as identified in the Development Contribution Plan #3 and to be funded by contributions received from developers.			
Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	7,259,223	2,518,459	0
Transfer to Reserve - Interest Earnings	172,706	125,235	0
Transfer from Reserve	(81,854)	0	0
	7,350,075	2,643,694	0

	2008 Actual \$	2008 Budget \$	2007 Actual \$
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12. Reserves - Cash Backed (continued)

Plant and Machinery

To be used to assist in the purchase and replacement of Plant and Machinery.

Opening Balance	1,410,437	1,410,437	1,134,475
Transfer to Reserve - Municipal Funds	1,387,296	1,294,164	1,443,532
Transfer to Reserve - Interest Earnings	157,000	72,450	0
Transfer from Reserve	(846,814)	(1,242,685)	(1,167,570)
	2,107,919	1,534,366	1,410,437

Portable Long Service Leave

To be used to assist in financing Council's Portable Long Service Leave liability.

Opening Balance	77,526	77,526	77,526
Transfer to Reserve - Municipal Funds	54,624	0	0
Transfer to Reserve - Interest Earnings	8,500	3,105	0
Transfer from Reserve	(5,865)	0	0
	134,786	80,631	77,526

POS - Precinct A - Westfield

*

To be used to fund capital works associated with the development and redevelopment of public open space areas to be retained within the Westfield precinct.

Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	0	378,450	0
Transfer to Reserve - Interest Earnings	0	18,630	0
Transfer from Reserve	0	0	0
	0	397,080	0

POS - Precinct B - Seville Grove

*

To be used to fund capital works associated with the development and redevelopment of public open space areas to be retained within the Seville Grove precinct.

Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	0	43,091	0
Transfer to Reserve - Interest Earnings	0	2,070	0
Transfer from Reserve	0	0	0
	0	45,161	0

POS - Precinct C - West Armadale

*

To be used to fund capital works associated with the development and redevelopment of public open space areas to be retained within the West Armadale precinct.

Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	0	28,461	0
Transfer to Reserve - Interest Earnings	0	1,553	0
Transfer from Reserve	0	0	0
	0	30,014	0

	2008 Actual \$	2008 Budget \$	2007 Actual \$
12. Reserves - Cash Backed (continued)			
POS - Precinct G - Creyk *			
To be used to fund capital works associated with the development and redevelopment of public open space areas to be retained within the Creyk precinct.			
Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	0	593,518	0
Transfer to Reserve - Interest Earnings	0	31,050	0
Transfer from Reserve	0	(539,235)	0
	0	85,333	0
POS - Precinct I - Roleystone *			
To be used to fund capital works associated with the development and redevelopment of public open space areas to be retained within the Roleystone precinct.			
Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	0	208,800	0
Transfer to Reserve - Interest Earnings	0	10,350	0
Transfer from Reserve	0	0	0
	0	219,150	0
POS - Regional Recreation Infrastructure *			
To be used to fund capital works of a Regional Recreation Infrastructure nature and to be funded from the proceeds (30% of net sale proceeds) of selling Public Open Space land parcels identified as surplus to future requirements.			
Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	0	789,750	0
Transfer to Reserve - Interest Earnings	0	39,330	0
Transfer from Reserve	0	0	0
	0	829,080	0
Revolving Energy			
To be used to assist in establishing energy efficient management techniques.			
Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	0	0	0
Transfer to Reserve - Interest Earnings	0	0	0
Transfer from Reserve	0	0	0
	0	0	0
Strategic Asset Investments			
To be used to fund the acquisition of strategic asset investments and to be funded from the proceeds (70% of net sale proceeds) of selling Freehold land parcels.			
Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	0	141,750	0
Transfer to Reserve - Interest Earnings	0	7,245	0
Transfer from Reserve	0	0	0
	0	148,995	0

	2008 Actual \$	2008 Budget \$	2007 Actual \$
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12. Reserves - Cash Backed (continued)

Waste Management

To be used to assist in the management and future provisioning of Council's Waste Management Sites.

Opening Balance	2,826,796	2,826,796	2,455,134
Transfer to Reserve - Municipal Funds	446,581	466,217	371,662
Transfer to Reserve - Interest Earnings	261,870	134,550	0
Transfer from Reserve	0	0	0
	3,535,247	3,427,563	2,826,796

Workers Compensation

To be used to assist in covering Council's workers' compensation liability.

Opening Balance	216,841	216,841	99,841
Transfer to Reserve - Municipal Funds	40,000	0	117,000
Transfer to Reserve - Interest Earnings	21,000	10,350	0
Transfer from Reserve	0	0	0
	277,841	227,191	216,841

Works Contributions

To be used to fund works utilising contributions received from developers, generally pursuant to conditions of development approval.

Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	376,147	362,567	0
Transfer to Reserve - Interest Earnings	27,043	18,630	0
Transfer from Reserve	0	0	0
	403,190	381,197	0

Total Reserves

Opening Balance	5,759,279	5,759,279	4,718,184
Transfer to Reserve - Municipal Funds	15,219,942	12,923,296	2,281,665
Transfer to Reserve - Interest Earnings	1,109,119	832,801	0
Transfer from Reserve	(934,532)	(1,781,920)	(1,240,570)
	21,153,808	17,733,456	5,759,279

13. Reserves - Asset Revaluation

Opening Balance as at 1 July 2007	8,451,748	8,451,748	8,451,748
Revaluation Increment	0	0	0
Revaluation Decrement	0	0	0
Closing Balance as at 30 June 2008	8,451,748	8,451,748	8,451,748

2008
Actual
\$

2007
Actual
\$

14. Notes to the Cash Flow Statement

a. Reconciliation of Cash

For the purposes of the cash flow statement, 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 Balance Sheet as follows -

Cash and Cash Equivalents	32,736,975	26,802,842
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b. Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net Result	13,264,953	10,448,206
Depreciation	8,876,540	8,521,548
(Profit) / Loss on Sale of Asset	(168,485)	(53,494)
(Increase) / Decrease in Receivables	(830,643)	696,220
(Increase) / Decrease in Inventories	7,567	(6,175)
Increase / (Decrease) in Payables	(2,713,999)	1,724,219
Increase / (Decrease) in Employee Provisions	403,605	418,364
Grants and Contributions for Asset Development	(5,285,183)	(2,524,565)
Net Cash from Operating Activities	13,554,355	19,224,323

c. Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft Limit	100,000	100,000
Bank Overdraft at Balance Date	0	0
Credit Card Limit	6,000	6,000
Credit Card at Balance Date	0	0
Total Amount of Credit Unused	106,000	106,000

Loan Facilities

Loan Facilities - Current	234,088	672,202
Loan Facilities - Non-Current	2,759,067	1,738,227
Total Facilities in Use at Balance Date	2,993,156	2,410,429
Unused Loan Facilities at Balance Date	0	0

15. Contingent Liabilities

Council had no contingent liabilities for the periods reported.

16. Capital and Leasing Commitments

Council had no Capital or Finance Leasing Commitments for the periods reported.

17. Joint Venture

Council had no Joint Venture arrangements with other organisations for the periods reported.

18. Trust Funds

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

	Balance 1 July 2007 \$	Account Movement \$	Balance 30 June 2008 \$
Rates in Suspense	26,620	2,259	28,879
Town Planning Bonds	51,362	0	51,362
SEMACC Lease Liability	10,525	0	10,525
General Contributions	0	23,064	23,064
POS - Precinct B - Seville Grove	0	46,155	46,155
POS - Precinct C - West Armadale	0	30,485	30,485
POS - Precinct G - Creyk	0	635,717	635,717
POS - Regional Recreation Infrastructure	0	3,354	3,354
Cash in Lieu - POS - A14 Plan	0	1,236,786	1,236,786
Cash in Lieu - POS - Jarrah	0	213,211	213,211
Cash in Lieu - POS - Minnawarra	0	9,324	9,324
Cash in Lieu - POS - Neerigen	0	77,046	77,046
Cash in Lieu - POS - River	0	19,852	19,852
Cash in Lieu - POS - Heron	0	153,164	153,164
Cash in Lieu - POS - Agreements	0	70,477	70,477
Cash in Lieu - POS - Strategy North	0	76,057	76,057
Contractors Deposits	0	4,041,812	4,041,812
Hall and Key Deposits	0	55,562	55,562
Library Deposits	0	936	936
Kerb Deposits	0	862,835	862,835
Other Deposits	0	15,389	15,389
General Deposits	0	674,882	674,882
Engineering Deposits	0	66,180	66,180
	88,507	8,314,548	8,403,055

19. Total Assets Classified by Function and Activity

	2008 Actual \$	2007 Actual \$
General Purpose Funding	12,612,963	22,025,418
Governance	8,677,175	1,192,474
Law, Order and Public Safety	273,873	1,323,127
Health	6,127	136,534
Education and Welfare	229,756	2,854,449
Community Amenities	14,156,860	7,448,845
Recreation and Culture	52,342,016	51,039,656
Transport	147,539,701	143,281,928
Economic Services	0	283,758
Other Property and Services	7,038,710	1,753,705
	242,877,181	231,339,894

20. Disposal of Assets

The following assets were disposed of during the year:

	Net Book Value		Sale Price		Profit / (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land and Buildings	0	1,200,000	0	2,863,636	0	1,663,636
Plant and Machinery						
Backhoe - 85341	26,656	34,587	43,559	40,000	16,903	5,413
Compactor - 85271	0	3,910	0	2,200	0	(1,710)
Compactor - 85274	0	0	1,364	1,500	1,364	1,500
Compactor - 85272	0	4,959	2,045	4,180	2,045	(779)
Grader - 85273	0	0	0	40,000	0	40,000
Minor Plant	4,650	0	3,445	13,250	(1,205)	13,250
Sedan - 85250	29,375	30,595	28,519	32,000	(856)	1,405
Sedan - 85251	27,276	28,050	25,150	27,000	(2,126)	(1,050)
Sedan - 85252	13,582	12,786	14,331	15,000	749	2,214
Sedan - 85253	25,444	26,567	23,559	25,000	(1,885)	(1,567)
Sedan - 85256	11,787	11,214	11,968	10,000	181	(1,214)
Sedan - 85257	19,921	21,610	21,968	20,000	2,047	(1,610)
Sedan - 85261	27,417	28,231	24,237	27,000	(3,180)	(1,231)
Sedan - 85262	19,836	19,274	13,877	19,000	(5,959)	(274)
Sedan - 85263	0	13,017	0	15,000	0	1,983
Sedan - 85265	24,202	25,271	25,877	27,000	1,675	1,729
Sedan - 85266	0	12,573	0	16,000	0	3,427
Sedan - 85267	13,456	14,900	13,289	16,000	(167)	1,100
Sedan - 85284	17,109	16,566	11,740	18,000	(5,369)	1,434
Sedan - 85307	19,862	13,017	19,968	18,000	106	4,983
Tractor - 85276	10,484	9,610	31,236	20,000	20,752	10,390
Truck - 85278	0	18,491	45,455	50,000	45,455	31,509
Truck - 85279	17,048	39,262	40,909	40,000	23,861	738
Truck - 85320	7,311	11,674	18,256	15,630	10,945	3,956
Truck - 85321	6,800	10,647	19,177	15,630	12,377	4,983
Truck - 85322	7,798	11,674	19,177	15,630	11,379	3,956
Truck - 85323	7,984	12,227	23,020	15,630	15,036	3,403
Truck - 85324	7,311	11,674	18,640	15,630	11,329	3,956
Truck - 85375	4,269	13,544	21,172	30,000	16,903	16,456
Utility - 85254	0	15,708	0	19,000	0	3,292
Utility - 85258	19,133	19,182	21,286	20,000	2,153	818
Utility - 85259	13,201	14,866	12,835	15,000	(366)	134
Utility - 85260	13,830	15,599	13,517	15,000	(313)	(599)
Utility - 85269	16,965	15,161	17,786	19,000	821	3,839

20. Disposal of Assets

The following assets were disposed of during the year:

	Net Book Value		Sale Price		Profit / (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Utility - 85270	0	9,257	0	15,000	0	5,743
Utility - 85280	8,432	7,911	10,377	15,000	1,945	7,089
Utility - 85281	16,276	18,168	15,150	19,000	(1,126)	832
Utility - 85282	20,126	19,182	18,786	19,000	(1,340)	(182)
Utility - 85283	20,235	19,539	20,240	22,000	5	2,461
Utility - 85285	15,497	14,760	16,059	19,000	562	4,240
Utility - 85286	11,912	11,486	12,059	19,000	147	7,514
Utility - 85287	25,487	26,612	26,968	25,000	1,481	(1,612)
Utility - 85288	17,511	16,870	15,604	18,000	(1,907)	1,130
Utility - 85289	12,781	13,648	14,150	18,000	1,369	4,352
Utility - 85311	15,649	16,191	14,059	19,798	(1,590)	3,607
Utility - 85325	19,715	14,044	22,108	19,798	2,393	5,754
Wagon - 85255	29,418	30,235	24,240	27,000	(5,178)	(3,235)
Wagon - 85264	17,676	18,410	14,746	20,000	(2,930)	1,590
Plant and Machinery	643,422	772,759	811,908	967,876	168,486	195,117
Total	643,422	1,972,759	811,908	3,831,512	168,486	1,858,753

21. Financial Ratios

	2008	2007	2006	2005
Current Ratio	2.92	4.07	3.00	2.23
Untied Cash to Trade Creditors Ratio	3.90	6.13	2.79	3.52
Debt Ratio	0.05	0.06	0.05	0.04
Debt Service Ratio	0.02	0.01	0.01	0.01
Gross Debt to Revenue Ratio	0.06	0.06	0.05	0.06
Gross Debt to Realisable Assets Ratio	0.05	0.04	0.04	0.04
Rates Coverage Ratio	0.44	0.53	0.54	0.54
Outstanding Rates Ratio	0.02	0.02	0.02	0.03

The above Ratios are calculated as follows:

Current Ratio	=	$\frac{\text{Current Assets Minus Restricted Current Assets}}{\text{Current Liabilities Minus Liabilities From Restricted Assets}}$
Untied Cash to Trade Creditors Ratio	=	$\frac{\text{Untied Cash}}{\text{Unpaid Trade Creditors}}$
Debt Ratio	=	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Debt Service Ratio	=	$\frac{\text{Debt Service Cost (Principal and Interest Costs)}}{\text{Available Operating Revenue}}$
Gross Debt to Revenue Ratio	=	$\frac{\text{Gross Debt}}{\text{Total Revenue}}$
Gross Debt to Realisable Assets Ratio	=	$\frac{\text{Gross Debt}}{\text{Economically Realisable Assets}}$
Rate Coverage Ratio	=	$\frac{\text{Net Rate Revenue}}{\text{Operating Revenue}}$
Outstanding Rates Ratio	=	$\frac{\text{Rates Outstanding}}{\text{Rates Collectable}}$

22. Information on Borrowings
a. Repayment - Debentures (Budget)

Particulars	Principal 1 July \$	New Loans \$	Principal Repayments \$	Principal 30 June \$	Interest Repayments \$
Governance					
282 Corporate System 2004	497,271	0	499,342	(2,071)	29,288
285 Temporary Administration 2005	408,632	0	42,585	366,047	23,903
288 Loan Borrowings 2007	521,000	0	38,585	482,415	36,551
290 ARA Projects 2008	0	215,694	7,057	208,637	9,167
292 Loan Borrowings 2008	0	539,235	9,220	530,015	22,918
Recreation and Culture					
281 Golf Course Plan 2005	94,791	0	26,228	68,563	6,128
284 Rushton Park 2006	296,081	0	26,465	269,616	19,062
286 Kelmscott Library 2005	84,254	0	9,602	74,652	4,819
291 Aquatic Works 2008	0	500,000	4,959	495,041	21,250
Transport					
287 Civil Works 2006	300,000	0	22,657	277,343	19,415
289 Civil Works 2007	208,400	0	16,055	192,345	15,241
	2,410,428	1,254,929	702,755	2,962,602	207,742

b. Repayment - Debentures (Actual)

Particulars					
Governance					
282 Corporate System 2004	497,271	0	497,271	0	1,018
285 Temporary Administration 2005	408,632	0	41,550	367,081	22,660
288 Loan Borrowings 2007	521,000	0	37,549	483,451	35,409
290 ARA Projects 2008	0	215,694	0	215,694	43
292 Loan Borrowings 2008	0	539,235	0	539,235	107
Recreation and Culture					
281 Golf Course Plan 2005	94,791	0	25,193	69,598	4,824
284 Rushton Park 2006	296,081	0	25,430	270,651	18,014
286 Kelmscott Library 2005	84,254	0	8,567	75,687	4,672
291 Aquatic Works 2008	0	500,000	0	500,000	99
Transport					
287 Civil Works 2006	300,000	0	21,621	278,379	20,389
289 Civil Works 2007	208,400	0	15,020	193,380	14,164
	2,410,428	1,254,929	672,202	2,993,156	121,401

22. Information on Borrowings (continued)

c. New Debentures

Particulars	Amount Borrowed		Amount Used		Balance
	Actual	Budget	Actual	Budget	Unspent
	\$	\$	\$	\$	\$
Governance					
290 ARA Projects 2008	215,694	215,694	215,694	215,694	0
292 Loan Borrowings 2008	539,235	539,235	539,235	539,235	0
Recreation and Culture					
291 Aquatic Works 2008	500,000	500,000	500,000	500,000	0
	1,254,929	1,254,929	1,254,929	1,254,929	0

Particulars	Institution	Loan Type	Term (Years)	Total Costs	Interest Rate
Governance					
290 ARA Projects 2008	WATC	Debenture	10	94,489	7.30%
292 Loan Borrowings 2008	WATC	Debenture	15	361,273	7.29%
Recreation and Culture					
291 Aquatic Works 2008	WATC	Debenture	20	468,068	7.26%
				923,830	

d. Unspent Debentures

Council had no unspent debentures at 30 June 2008.

e. Overdraft Facilities

Council did not utilise an overdraft facility during the 2007-2008 Financial Year, although a \$100,000 facility has been established with Council'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. Council did not need to utilise these facilities and the balance of any bank overdraft facilities at 1 July 2007 and 30 June 2008 was \$nil.

23. Rating Information

a. Rating Information (Budget)	Rate in \$ / Minimum Charge	Property Numbers #	Rateable Value \$	Rate Revenue \$	Interim and Back Rates \$	Total Revenue \$
Rate Type						
General Rate						
Gross Rental Value	0.11990	18,568	165,985,431	19,901,653	533,537	20,435,190
Unimproved Value	0.00295	183	231,641,500	683,342	0	683,342
Sub-Total		18,751	397,626,931	20,584,995	533,537	21,118,532
Minimum Rate						
Gross Rental Value	\$685	3,508	16,526,026	2,402,980	0	2,402,980
Unimproved Value	\$823	22	4,354,820	18,106	0	18,106
Sub-Total		3,530	20,880,846	2,421,086	0	2,421,086
Total		22,281	418,507,777	23,006,081	533,537	23,539,618
Rate Equivalent Payments and Adjustments						0
Specified Area Rates						200,382
Total						23,740,000
b. Rating Information (Actual)						
Rate Type						
General Rate						
Gross Rental Value	0.11990	18,601	166,168,252	19,923,658	539,421	20,463,079
Unimproved Value	0.00295	188	231,641,500	683,342	(1,698)	681,644
Sub-Total		18,789	397,809,752	20,607,000	537,723	21,144,723
Minimum Rate						
Gross Rental Value	\$685	3,493	16,495,330	2,392,705	86,063	2,478,768
Unimproved Rental	\$823	22	4,354,820	18,106	44,454	62,560
Sub-Total		3,515	20,850,150	2,410,811	130,517	2,541,328
Total		22,304	418,659,902	23,017,811	668,240	23,686,051
Rate Equivalent Payments and Adjustments						2,031
Specified Area Rates						203,423
Total						23,891,505

	Rate in \$ / Minimum Charge	Property Numbers #	Rateable Value \$	Rate Revenue \$	Interim and Back Rates \$	Total Revenue \$
24. Specified Area Rates						
a. Specified Area Rates (Budget)						
Rate Type						
<u>Specified Area Rate - GRV</u>						
A - Armadale CBD	0.00802	88	10,974,856	88,023	0	88,023
B - Kelmscott CBD	0.01422	67	4,127,107	58,688	0	58,688
C - Kelmscott Industrial	0.00372	303	3,943,917	14,687	0	14,687
D - S/Armadale Industrial	0.00983	116	1,704,250	16,757	0	16,757
E - Shopping Precincts	0.01050	13	2,117,165	22,227	0	22,227
Total		587	22,867,295	200,382	0	200,382
b. Specified Area Rates (Actual)						
Rate Type						
<u>Specified Area Rate - GRV</u>						
A - Armadale CBD	0.00802	89	10,977,356	88,038	179	88,217
B - Kelmscott CBD	0.01422	66	4,076,220	57,964	3,475	61,439
C - Kelmscott Industrial	0.00372	303	3,943,917	14,671	40	14,711
D - S/Armadale Industrial	0.00983	116	1,704,250	16,753	73	16,826
E - Shopping Precincts	0.01050	13	2,117,165	22,230	0	22,230
Total		587	22,818,908	199,656	3,767	203,423

In the 2007 - 2008 financial year Council imposed 5 separate Specified Area Rates, whose purpose was to enhance the amenity of selected Townscapes by way of increased and improved service levels. The service - referred to as the Townscape Amenity Service - provided and funded by the Specified Area Rate, entailed increased and improved levels of street bin emptying, litter pick-ups, road and path sweeping, water blasting of pathways, garden maintenance, general maintenance (street furniture, signs, graffiti removal, bin cleaning etc) and weed control spraying.

The proceeds of the rates are applied in full to the provision of the service and, as such, no transfer to, or from, Reserve Accounts has occurred.

25. Service Charges

No service charges were imposed for the 2007-2008 financial year. As such, no transfer to, or from, Reserve Accounts has occurred.

26. Discounts, Incentives, Concessions and Write-Offs

Discounts

No discounts were offered in the 2007-2008 financial year.

Incentives

Three rate payment incentives were offered in the 2007-2008 financial year. The first was three prizes of \$1,000 provided by the City of Armadale. The second was one prize of \$1,000 provided by Australia Post. The third was four prizes of \$500 to those ratepayers currently using, or opting to use, Council's 'Smarter Way to Pay' direct debit payment method. Conditions relating to timing of the payment of rates and entry conditions applied to these incentives.

Concessions

No concessions were offered in the 2007-2008 financial year.

Write-Offs

The following Write-Offs were made during the 2007-2008 financial year:

	\$
Rates	31,404
General	22,956
Infringements	20,281
	74,642

27. Interest Charges and Instalments

Particulars	Interest Rate %	Admin Charge \$	Actual Revenue \$	Budgeted Revenue \$
Interest on late paid rates	11	-	86,572	64,441
Interest on instalment plans	5.5	-	93,608	91,819
Interest on Emergency Services Levy (ESL)	11	-	1,151	0
Charges on instalment plans (per payment)	-	7.20	107,323	111,386
Charges on special arrangements	-	34	21,696	2,070
			310,351	269,716

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

City of Armadale – Notes to, and forming part of, the Financial Report for the year ended 30 June 2008 *cont...*

	2008 Actual	2007 Actual
	\$	\$
28. Fees and Charges		
General Purpose Funding	306,679	299,532
Governance	6,424	7,373
Law, Order and Public Safety	352,384	274,229
Health	104,819	60,391
Education and Welfare	4,246	6,360
Community Amenities	5,648,764	5,397,662
Recreation and Culture	576,855	636,786
Transport	351,108	689,651
Economic Services	1,103,184	907,070
Other Property and Services	112,071	104,574
	8,566,535	8,383,626

29. Grant Revenue

By Nature and Type

Grants and Subsidies - Operating	3,091,115	3,166,992
Grants and Subsidies - Non-Operating	5,285,183	2,524,565
	8,376,299	5,691,557

By Program

General Purpose Funding	1,902,682	1,983,749
Governance	45,455	0
Law, Order and Public Safety	105,240	147,031
Health	16,510	10,408
Education and Welfare	109,729	142,929
Community Amenities	40,000	58,826
Recreation and Culture	167,991	77,600
Transport	5,988,691	3,255,047
Economic Services	0	15,968
Other Property and Services	0	0
	8,376,299	5,691,557

30. Employee Numbers

Number of Full-Time Equivalent Employees at Balance Date	250	236
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	2008 Actual \$	2008 Budget \$	2007 Actual \$
31. Councillors' Remuneration			
The following fees, expenses and allowances were paid to Council Members and / or the Mayor:			
Members Allowance	105,000	105,000	105,000
Mayoral Allowance	43,280	43,280	39,120
Deputy Mayoral Allowance	10,820	10,820	9,780
Telecommunications Allowance	24,220	24,220	23,380
Travelling Allowance	10,573	13,500	10,858
Communication Reimbursement	9,774	12,082	7,966
Child Minding Reimbursement	0	5,200	0
Information Technology Allowance	14,000	14,000	14,000
	217,667	228,102	210,103

32. Employees' Remuneration

Set out below, in bands of \$10,000, is the number of employees of the City of Armadale entitled to an annual salary of \$100,000 or more.

	2008	2007	2006	2005
100,000 - 109,999	0	2	2	2
110,000 - 119,999	1	2	2	0
120,000 - 129,999	3	0	0	0
130,000 - 139,999	0	0	0	0
140,000 - 149,999	0	0	0	1
150,000 - 159,999	0	0	1	0
160,000 - 169,999	1	1	0	0
170,000 - 179,999	0	0	0	0
	5	5	5	3

33. Major Land Transactions

No Major Land Transactions occurred in the 2007-2008 financial year.

34. Financial Risk Management

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

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

	Carrying Value		Fair Value	
	2008	2007	2008	2007
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	32,736,975	26,802,842	32,736,975	26,802,842
Receivables	3,784,668	2,954,025	3,784,668	2,954,025
	36,521,643	29,756,867	36,521,643	29,756,867
Financial Liabilities				
Payables	4,755,319	7,487,193	4,755,319	7,487,193
Borrowings	2,993,156	2,410,429	2,122,519	1,963,615
	7,748,475	9,897,622	6,877,838	9,450,808

Fair value is determined as follows -

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

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

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

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

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns. Council's weighted average interest rate on cash and cash deposits was 7.74% (2006 / 2007 - 6.3%).

Another risk associated with cash and investments is credit risk - the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council. Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

	Notation	30 June 2008	30 June 2007
		\$	\$
Impact of a 1% movement in interest rates on Cash and Investments			
Equity		327,370	268,028
Income statement		327,370	268,028

34. Financial Risk Management - (continued)

b Receivables

Council'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. Council 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 Council to recover these debts as a secured charge over the land - that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

Council makes suitable provision for doubtful receivables, as required, and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Council's credit risk at balance date was -

	30 June 2008 \$	30 June 2007 \$
Value of Rates and Annual Charges		
Current	434,938	373,211
Overdue - Older than 12 months	549,108	546,774
	984,046	919,985
Percentage of Rates and Annual Charges		
Current	44%	41%
Overdue - Older than 12 months	56%	59%
Value of Other Receivables		
Current	2,230,246	1,264,748
Overdue - Older than 30 days	570,376	769,292
	2,800,622	2,034,040
Percentage of Other Receivables		
Current	80%	62%
Overdue - Older than 30 days	20%	38%

34. Financial Risk Management (continued)

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. Council 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 Council'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 \$
2008					
Payables	4,755,319	0	0	4,755,319	4,755,319
Borrowings	434,056	2,002,650	1,753,321	4,190,027	2,993,156
	5,189,375	2,002,650	1,753,321	8,945,346	7,748,475
2007					
Payables	7,487,193	0	0	7,487,193	7,487,193
Borrowings	793,078	1,624,299	406,928	2,824,305	2,410,429
	8,280,271	1,624,299	406,928	10,311,498	9,897,622

Borrowings are also subject to interest rate risk - the risk that interest rates could adversely affect funding costs. Council 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 2008					
Borrowings					
Fixed Rate					
Debentures	6.81	234,098	1,518,885	1,240,173	2,993,156
Year ended 30 June 2007					
Borrowings					
Fixed Rate					
Debentures	6.36	672,202	1,476,086	262,141	2,410,429



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