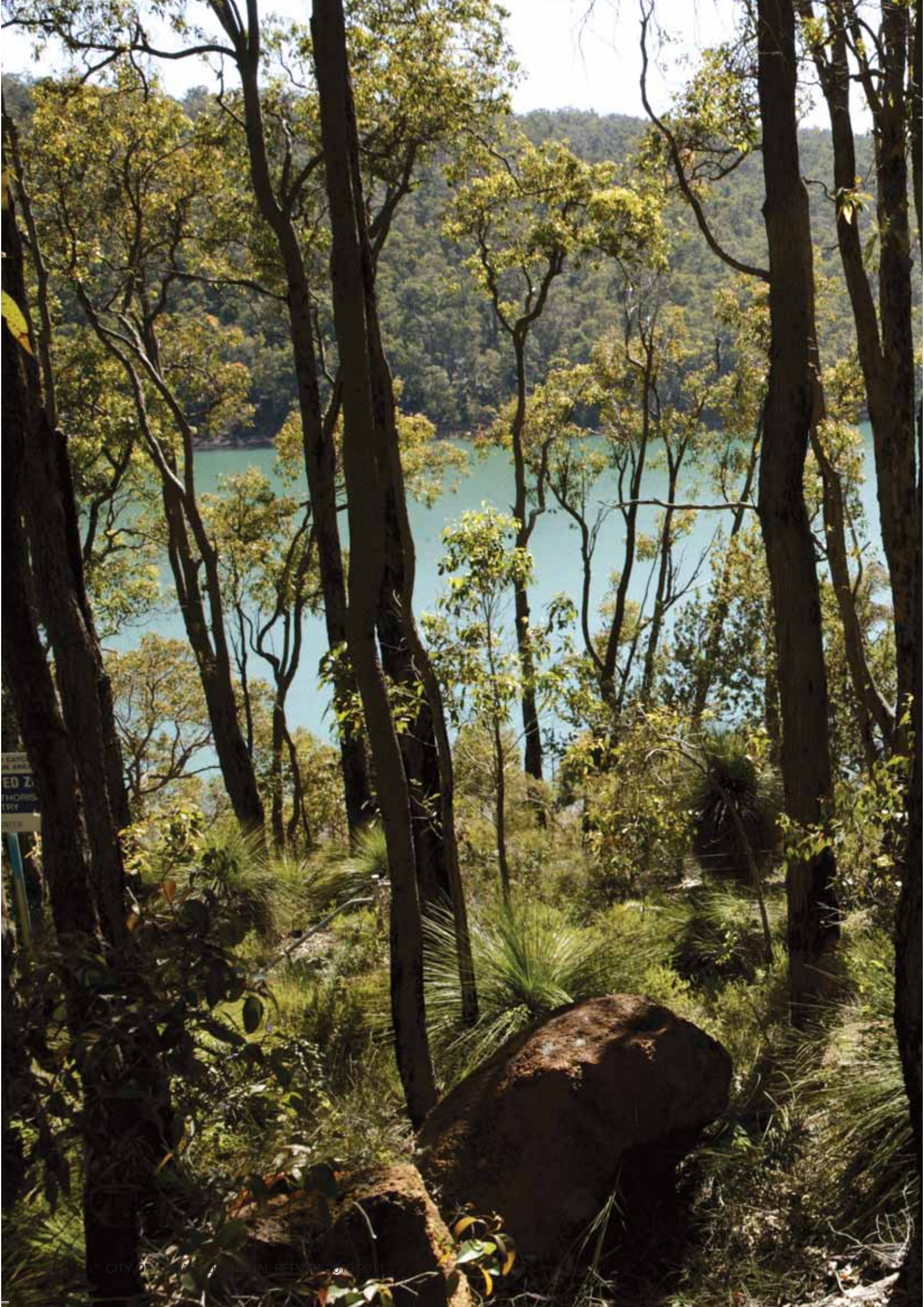




# Annual Report 2010/2011

CITY OF  Armadale



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# Armadale – building our future

The Armadale region is one of diverse opportunity and lifestyle. With its unique foothills environment, your City continues to grow rapidly into a bustling urban centre and a caring and tolerant community proud of its history and achievements.

The City continues to invest cautiously for the long-term benefits of the region. Millions of dollars are being put into road improvements and re-alignments to assist transport throughout the region. Major housing developments are taking place in the western part of the City, just a few minutes from the City centre. A well positioned rail service means its only 35 minutes to the centre of Perth from the heart of Armadale. The Forrestdale Business Park is just 20 mins from the airport and more businesses are moving to our region because of its versatile and ready workforce.

Forrestdale Business Park, Memorial Park upgrade in the city centre, the Armadale Aquatic Centre and the new Wungong housing estate development are all examples of Armadale's rapid march towards the future.

Seven day trading has proven a welcome addition for families and for City businesses in a time of some retail decline and our unique events such as the Highland Gathering, Minnawarra Festival and Australia Day celebrations, continue to draw crowds into the heart of the City.

Children are our future. That's why we've invested heavily in pre-school education programs and outdoor activities such as the new pirate ship playground at Frye Park and Splashtown at the Aquatic Centre, literacy programs at the Champion Centre and our libraries – to improve the reading, writing and play skills of our young people.

The past year has thrown some challenges in the form of bushfires, storm damage and fire damage to Council buildings. Throughout all of this, the resistance of spirit of our community has remained steadfast and firmly committed to a better future.



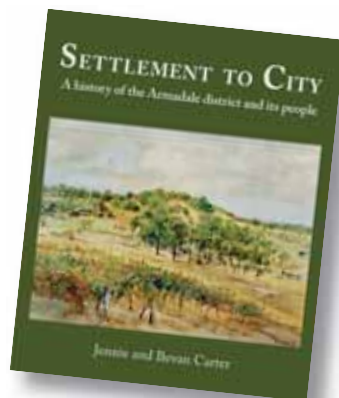
*Australia Day celebrations attracts thousands of people to Armadale*



Minnawarra Historic Precinct is a drawcard for many visitors

## History

Armadales history can be found in one concise location. "Settlement to City – A history of the Armadale district and its people" brings to life the events, people and stories which shaped the region as we know it today.



## Local events

September / October	Spring Family Bushwalks
October	Kelmscott Show
November	Highland Gathering and Cycling Classic
December	Carols by Candlelight
January	Australia Day
February/March/April	Concerts in the Park
March	Minnawarra Festival
May	Minnawarra Art Awards

## Current facts and figures

### Council Statistics 2010-2011

Distance from Perth (km)	29
Area (sq km)	560.4
Length of Sealed Roads (km)	625.8
Length of Unsealed Roads (km)	11.5
Estimated Population	64,583
Number of Electors	37,619
Number of Dwellings	24,263
Total Rates Levied	\$35,173,857
Total Revenue	\$80,173,919
Number of Employees	376
Areas of Parks and reserves	1651 hectares
Libraries	3
Schools	22 primary schools and 8 secondary schools
Localities and suburbs	19
Armadale, Ashendon, Bedforddale, Brookdale, Camillo, Champion Lakes, Forrestdale, Harrisdale, Haynes, Hilbert, Karragullen, Kelmscott, Lesley, Mt Nasura, Mt Richon, Piara Waters, Roleystone, Seville Grove & Wungong	

# Mayor's Foreword

The stunning growth, development and vibrancy that now characterises our City has largely been achieved over the last decade.

We have not done this alone. In conjunction with the Armadale Redevelopment Authority and working with the private sector, we have created an investment environment that has seen the revitalisation of interest in our beautiful region and the results of our efforts are beginning to flow.

However, the task is far from complete. I, and my Council colleagues, will build on these achievements and continue the excellent work of current and past members of Council. I would like to acknowledge the contribution made by former Mayor Linton Reynolds, Crs Pat Hart, Bob Tizard, Wayne Mauger and Keith Lethbridge for their long-serving contribution to the residents of Armadale.



Some of our more notable achievements over the last 10 years include:

- Development of the Armadale cinema complex to 6 cinemas
- The extension of the Tonkin Highway through to Thomas Road moving most heavy haulage traffic out of our town centres;
- Two new Railway stations at Armadale and Kelmscott.
- Expansion of the Armadale Shopping City, and the parallel construction of the Armadale Central retail complex;
- The establishment of Harvey Norman
- Construction of the International Rowing Course at Champion Lakes with its adjacent residential area;
- Upgrades to both major shopping centres in Kelmscott and an extension of bulky goods and food / service offerings along Albany highway;
- Makeover of the Roleystone shopping centre
- New shopping centre being built at West Armadale
- Creation of the Forrestdale Business Park
- The new Armadale Library
- A major revamp of public places in the Armadale CBD including installation of CCTV and lighting upgrades
- Significant upgrades to local parks and sporting reserves, the latest being the \$5 million works at Frye Park.
- Aquatic Centre Upgrade

Our City is growing with new high quality suburbs and provision of a higher standard of public open space across the entire district. Population growth means a higher demand for services from the Council which we are seeking to provide within the budget constraints of a 15 year financial plan.

The 2011 bushfires have marked a point in our history where our community has had to pause, draw breath and recharge for the future.

Your Council and I are very proud to be part of that new resolve as we build our remarkable district.

**Cr Henry Zelones JP  
Mayor**



*Armadale is open for business seven days a week*

# CEO's Report

When I introduced Budget 2010/11 to you last year, we had little inkling that the City's staff would be diverted to thousands of hours and over \$5M worth of assistance to bushfire victims following the February 6th bushfire event.

Then in March an arson attack destroyed the workspace of 40 of the City's staff, many of whom were working to assist bushfire victims.

These setbacks have affected the completion date of some major projects and programs, but the strategic direction of the City remains on track.

Our commitment to a better future is even firmer as we seek to put 2011 behind us.

Highlights of the year were the opening of the new Frye Park sporting facility in Kelmscott and completion of the major Warton Road dual carriageway in Piara Waters. This latter project enabled removal of the designated freight route classification from Nicholson Road in the vicinity of the Piara Waters residential and shopping precinct.

As the City continues to grow, the annual cost of maintaining our parks (\$5.1M) and buildings (\$3.8M) needs to be carefully managed.

The City's focus over the next 12 months will be to review its asset management strategy to ensure all decisions are taken with a long-term view.

The City has the outline of a sophisticated asset management strategy in place, but needs detailed data to fill in the gaps and assist in decision-making.

The unexpected events of 2011 delayed some of the preliminary work on the City's future accommodation. However, the crisis of damage to Council buildings has in fact advanced the need for a Civic Precinct development plan, which will be a top priority over the next 12 months.

I am proud of the people of our community for their resilience under adversity, very proud of our Mayor and Council for their leadership through a time of crisis, and extremely proud of the Council staff who gave their all under great pressure, to help these most in need.



**R S Tame**  
Chief Executive Officer



*The Frye Park redevelopment is a state of the art community sports facility*

# Your Council

The City of Armadale is divided into the seven wards of Heron, Jarrah, Lake, Minnawarra, Neerigen, Palimino and River. 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:

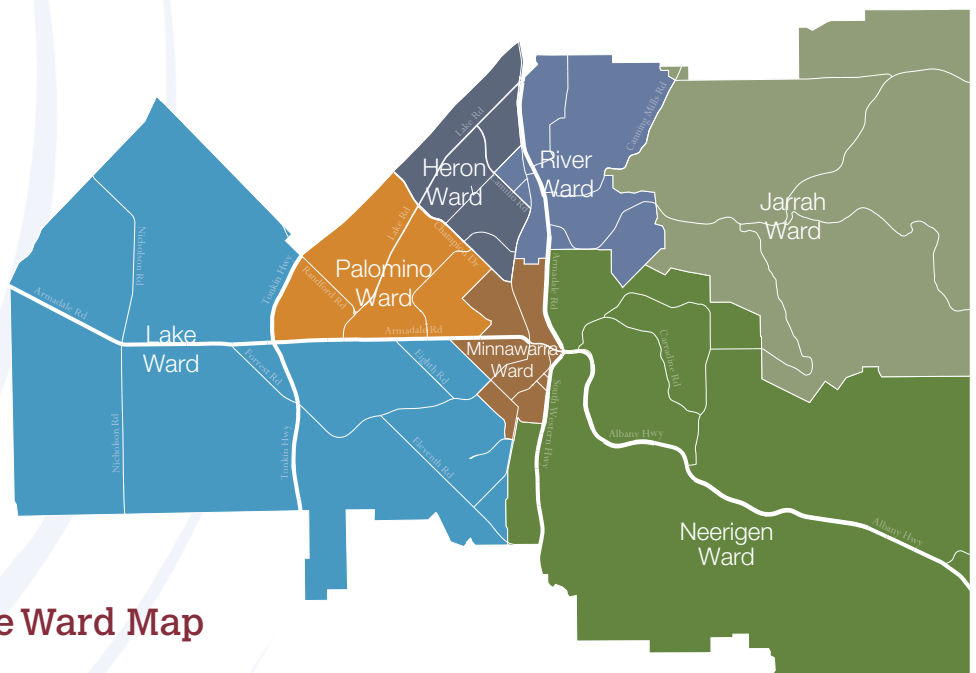
- Directing and controlling City affairs
- Taking responsibility for the performance of the City's functions
- Overseeing the allocation of the City's finances and resources and
- Determining the City's policies

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

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](http://www.armadale.wa.gov.au).

All committee and Council meetings are open to the public.

<p><b>Heron Ward</b></p>  <p>Cr Jim Stewart</p>  <p>Cr Donna Shaw</p>	<p><b>Jarrah Ward</b></p>  <p>Cr Grant Nixon</p>  <p>Cr Caroline Wieling</p>
<p><b>Lake Ward</b></p>  <p>Cr Jeff Munn JP CMC</p>  <p>Cr June MacDonald</p>	<p><b>Minnawarra Ward</b></p>  <p>Cr Kerry Busby</p>  <p>Cr Matthew Norman</p>
<p><b>Neerigen Ward</b></p>  <p>Cr Guenter Best</p>  <p>Cr Mark Geary</p>	<p><b>Palomino Ward</b></p>  <p>Cr Laurie Sargeson</p>  <p>Cr Melissa Northcott</p>
<p><b>River Ward</b></p>  <p>Cr Ruth Butterfield</p>  <p>Cr Henry Zelones JP</p>	



**City of Armadale Ward Map**



# Organisational structure

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

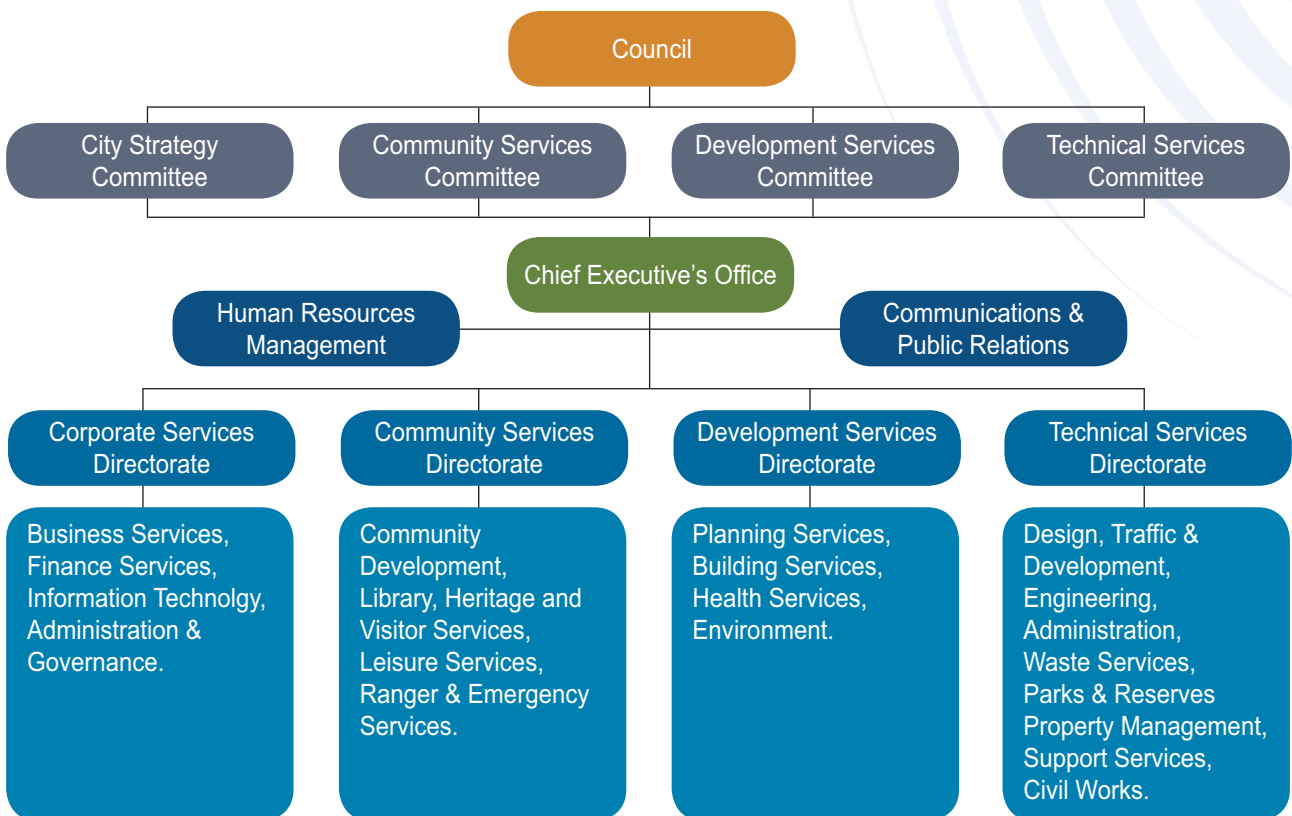
Deals with all the recreation, aquatic, library and cultural matters as well as community development and rangers services.

## Development Services

Considers development proposals, subdivisions, land use matters, 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.



## City of Armadale Key Staff



**Corporate Services Directorate**  
Tony Maxwell  
Executive Director



**Community Services Directorate**  
Yvonne Coyne  
Executive Director



**Chief Executive Office**  
Ray Tame  
CEO



**Development Services Directorate**  
Ian MacRae  
Executive Director



**Technical Services Directorate**  
Kevin Ketterer  
Executive Director

## CEO's office and corporate services

Providing leadership on corporate governance, managing the financial and administrative resources and providing high level executive support to the City's business operations.

ENQUIRIES



### Highlights

Frye Park Redevelopment

Armadale Aquatic Centre Redevelopment

Bushfire recovery process

Communicating with business

# CEO's office and corporate services

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*"The City has invested in streamlining its management capabilities and systems. Whether it's in response to customer service, records management or greening our IT systems, the outcome is greater efficiency and better value for money."*

Tony Maxwell, Executive Director, Corporate Services

## Frye Park Redevelopment

June 2011 saw the official re-opening of the Frye Park oval and pavilion. Completion of the second stage of the \$5 million redevelopment occurred in May 2011, with the pavilion, car park and landscaping works capping off the previously completed Stage One works. Works commenced in December 2009 when the old pavilion was demolished and the original playing surface was replaced with a state of the art irrigation system and drought tolerant "Village Green" turf. Construction of Stage Two commenced in September 2010. This new facility is home to 34 junior and senior sporting teams and is now a modern, practical facility, to be utilised by thousands of sporting club members and casual visitors each year. Additionally, the pavilion will provide a high quality venue for community functions and events.

## Armadale Aquatic Centre Redevelopment Stage 1A

The long awaited revitalisation of the Armadale Aquatic Centre commenced in April 2010. Approximately \$900,000 was spent on upgrading the change room facilities and grandstand, replacing the children's playground, removing old and tired features with landscaping and a multi-sport court as well as painting sections of the exterior. Stage 1A was completed in time for the opening of the 2010 summer season, and forms part of the City's overall strategy to upgrade the centre to a multi-purpose leisure facility.

## Staffing arrangements

Throughout the year the City recruited more than 50 employees to fill newly created positions or vacancies created through retirements, resignations and seasonal movement. Local students continue to take up the opportunity to gain work experience to enhance their skills and career opportunities with the City.

The City has successfully negotiated a single workplace agreement to cover all employees. This provides a sound platform to promote the City in the WA employment market and help retain our valuable human resource.

## Investing in greener IT systems

Since first implementing virtualisation software in 2008, the City has reduced its required number of hardware servers and as a result has reduced emissions by an estimated 37,000 kg of CO2 through lesser electricity usage.

In line with other e-waste initiatives, the City's 'Managed Leasing Program' has, this financial year, returned 55 computers for redeployment to other organisations. This hardware would traditionally have ended up in landfill sites.

Air conditioning units used to cool the City's server room were replaced during this year with more efficient units that automatically scale the amount of cooling required based on the demand of the servers. This sees further cost savings, over time, as less cooling is required during the evening hours.



Armadale Aquatic Centre redevelopment underway



*Frye Park playing surface includes a hi-tech irrigation system that automatically shuts down when it rains*

## **E-business News**

The first edition was successfully produced and disseminated to City business contacts all over Australia and has continued throughout the year. This will continue to be an important tool for communicating with a wider audience about the growth of Armadale and the business opportunities that exist. In our region. Subscribers can sign up for free on our website.

## **Customer Services**

Over 21,000 'in-person' customers were assisted by the Customer Services team at the City's main Administration Centre, with the City's busiest period being August through to November.

A new Customer Request Management (CRM) system has been implemented assisting staff to track the status of requests, from beginning to completion, and ensure that service requests are finalised within acceptable timeframes.

## **Visitor Centre Website**

The Visitor Centre Website is being refreshed with completion set late 2011. The ability to book accommodation, tours and entry to places will be a key feature and there is a focus on places to see and things to do in and around the City.

## **The Smarter Way to Pay**

During 2010-2011, the Smarter Way to Pay rates payment option continued to prove popular with ratepayers, with an increase of 877 ratepayers, to 4,200, opting to pay their rates by regular Direct Debit arrangements. Why should the City rates be the only bill paid in one annual lump sum? It makes sense to pay the rates in regular increments throughout the year, as you do with your taxes, power and water bills. As well as assisting ratepayers in meeting their payments on a regularly basis (weekly, fortnightly or monthly), it is a highly effective debt management tool. Ratepayers can make this arrangement simply by completing an application form available from the Rating Department.

## Roleystone-Kelmscott Bushfire – 6 February – Keelty Review

On 6 February the City suffered one of WA's worst urban bushfire, destroying 66 homes and damaging another 40. It is estimated some 4000 residents were evacuated safely from the Clifton Hills and Kelmscott areas, and despite adverse weather conditions, and significant property damage, no lives were lost. One volunteer firefighter was seriously injured during the event.

The City of Armadale's role in such emergency is primarily that of coordinating the recovery of its community. The City has applied itself to that task with determination and purpose, despite the setback of an arson attack which destroyed the offices of its Community Services Directorate, some three weeks after the bushfire.

Two Government reviews have been undertaken into the circumstances surrounding the 6 February bushfires.

The Fire & Emergency Services Authority (FESA) conducted a Major Incident Review and the State Government commissioned Mr Mick Keelty to conduct the Perth Hills Bushfire February 2011 Review.

The Keelty Report on the Perth Hills Bushfire February 2011 Review – "A Shared Responsibility" addresses broader questions on fire mitigation and management in the hills areas of greater metropolitan Perth. The report contains recommendations to be considered by both State and Local Government authorities throughout Western Australia. The City of Armadale has offered assistance to the Implementation Committee convened by the Department of Premier & Cabinet. Local Government is represented on that Committee by the WA Local Government Association.

The City awaits the Committee's findings and recommendations on possible legislative regulation and policy changes affecting Local Government's role in bushfire mitigation in WA.

The Keelty Review reflects on the City's direct role in a number of instances. The City is aware of the information considered by Mr Keelty in conducting the review and believes that had all the information been available and further opportunity to examine

been possible, the City's role would have been better understood.

The City supports the general thrust of Mr Keelty's review, calling for better coordination and resourcing of the bushfire mitigation effort in all fire prone areas of WA.

The City has taken immediate steps in those areas it can influence through its own efforts primarily to exercise the community's heightened awareness and encourage all property owners (private and Government) to reduce the fuel loads on property under their control for the forthcoming summer.

The 6th February bushfires required the oversight of unanticipated expenditure exceeding \$4.6M and distribution of some \$3.7M via the Lord Mayor's Relief Fund.

These additional efforts, and the redirection of up to 100 staff to the recovery process caused some setbacks to the City's intended programs throughout 2011. Despite these setbacks, the City and its community look towards a complete recovery through 2012/13 and beyond.



*The City co-ordinated a large scale recovery for the community following the February 6 bushfire*

## Community Services

Community Services staff work closely with a wide range of groups across Armadale to provide accessible programs and services to all residents.



### Highlights

- Roleystone/Kelmscott bushfire response
- Investing in young children's literacy
- Midnight Basketball
- Increase in number of tourists
- Sports facilities upgrades

# Community Services

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*“In February, one of the most destructive bushfires in WA history destroyed and damaged over 100 properties, burnt 405 hectares of land and forced the evacuation of around 4000 people. Community Services staff also experienced their own fire misfortune, when their building burnt down. The resilience of the community and our staff to rise above and beyond these disasters is truly inspiring.”*

Yvonne Coyne, Executive Director, Community Services and Recovery Co-ordinator for the Roleystone/Kelmscott bushfire 2011

## Achievements

### Roleystone / Kelmscott Bush Fire Recovery

The Roleystone/Kelmscott bushfire was a major tragedy with around 100 properties destroyed or damaged on 6 February 2011. The City's role in such events is focused primarily on the recovery of its community, including:

- Establishment and resourcing of the Armadale Arena as the Evacuation Centre
- Assistance with verification / evaluation of affected properties
- Assistance with animal welfare
- Volunteer co-ordination
- Recording and co-ordination of over 1,200 offers of assistance
- Residents' meetings
- Community Welfare Sub-Committee
- Co-ordination of events
- Information dissemination
- Individual resident support and networks
- Collection of artefacts to record history
- Collection of oral histories from people affected

### Armadale Visitor Centre

Armadale Visitor's Centre was a finalist in the GWN Top Tourism Town Award and final winner of the Heritage category award. With a growth in visitor numbers, Armadale's tourism offerings is increasing and we will build on this by rolling out the recently adopted Tourism Destination Marketing Strategy Plan.

## Community Planning

Community Planning worked closely with the Armadale Redevelopment Authority to secure \$26 million in funding through the Wungong Urban Development Contribution Scheme for new community infrastructure in that area.

## Indigenous Support

The City hosted a Sector Forum at the Champion Centre (attended by service providers and community groups) that looked at more effective ways of providing support programs for Aboriginal families. The City also secured a three year funding agreement with FAHCSIA to continue the work of the Champion Centre.

## Community Facilities

Community facility usage continued to grow throughout the year. Facilities were utilised 5,770 times this year (an increase of 8% on the previous year). The Frye Park Pavilion and Reserve recommenced operation and bookings for numerous parks in Harrisdale and Piara Waters are now managed by Leisure Services. Participation rates in sport are continuing to grow and demand on active reserves, to meet community needs, has been a challenge.

## Armadale Aquatic Centre

The Aquatic Centre had a very successful season with the Centre's revenue increasing by approximately \$103,000. Upgrades were completed in the off-season including a facelift to the change rooms, removal of the 'bull pit' and new landscaping of the complex. The Centre changed its computer software package in the 2010 season and some minor updates were made over the winter to streamline operations.



*A range of community courses are offered through the City to children, seniors, young people, new mums and people with disabilities*

### **Armadale Arena**

The Arena continued to increase attendances and participation in programs. Over the course of the year, 10 new programs were introduced and team sports grew to capacity. The Centre commenced utilising the adjacent Gwynne Park facility by hosting Boot Camp sessions, which proved very popular. The conversion of the Arena to an Evacuation Centre during the Roleystone – Kelmscott Bush Fire caused a disruption to programs and services, yet proved to be the best site for the emergency.

### **Arts and Events**

The City's traditional events proved as popular as ever with very good attendances at the Highland Gathering, Carols in the Park, Australia Day Celebrations, Minnowarra Festival, Minnowarra Art Awards and the Concerts in the Park series. Additions to the annual program included weekly activities in Jull Street Mall over the summer months and a Community Expo at the Champion Centre

### **Families, children and youth**

The City of Armadale was successful in securing \$20,000 through the Department of Education's Office of Early Childhood Development and Learning for the Local Champions Project, to improve understanding of the AEDI Australian Early Development Index results and promote activities to improve outcomes for Aboriginal children in our community. The Making Books, Making Readers program is one of four Local Champion initiatives.

The City's Youth Activity Area neared completion by the end of the year. Throughout the year three very successful Midnight Basketball seasons, in partnership with Armadale PCYC, occurred at the Armadale Arena.

### **Seniors and Access / Inclusion**

The focus for the year has been the development of the Positive Ageing Strategy and the City's Disability Access Inclusion Plan (DAIP).

### **Financial Assistance**

The City provided grants and donations to community groups and service providers to assist in the delivery of programs that benefit the community, or for individuals to help achieve their aspirations, over a wide range of cultural, academic or sporting activities. This year we funded community programs to the tune of \$200,000.

### **Volunteer Referral Service**

The service remains in great demand with 360 volunteer referrals made to 119 organisations throughout the year. The service now uses SEEK and GoVolunteer to advertise volunteer opportunities with great success.

### **Community Development**

Significant Community Development initiatives included support for Seniors Week, successful NAIDOC Week events at the Champion Centre, and a number of neighbourhood community days held to enable residents to provide input into the redevelopment of Bakers House, Don Simmons Reserve and Reg Williams Reserve.



## Club Development

A new Club Development Officer was appointed in August 2010, in a full-time role. Since commencing, the officer has circulated bi-monthly news letters to a number of clubs and community groups. The highlight for this year was the successful inaugural Active Clubs Workshop in conjunction with the City of Gosnells and City of Canning.

## Outdoor Programs

The Spring Bush Walks continued with 4 events in 2010 with a total of 169 attendees. Yoga in the Park ran for its third year, and for the second time in Memorial Park. Two health and fitness information sessions were held at Fancote Park to help community members use the fitness equipment to its full potential.

## Birtwistle Local Studies Library

Highlights included relocation of the compactus and archive collection from the Old Armadale School building to the City's Archives Room. Major ongoing input to the new history of the district and ongoing focus on the collection of people's stories including the video oral history of the Morsecodians and oral histories of those affected by the February 2011 bushfires.

## History House Museum

History House Museum is located in the Minnowarra Historic Precinct and continues to draw visitors and groups to its fascinating exhibitions. Last year we appointed a part time education officer which saw an increase in visitor numbers with holiday programs and school visits.

A big focus for the year was the collection of artefacts that record the history of the February 2011 bushfires.

## Libraries

Last year we implemented a Radio Frequency Identification Device (RFID) that involved security tagging all of the library stock across all branches. We also provided free IT training courses for seniors and rolled out a program of author's talks. In addition we continue to provide literacy programs for children culminating in the launch of the inaugural Armadale Young Writer's Award.



*Animal Control continues to demand a large portion of the Ranger Services' operational time. During the last 12 months they have dealt with in excess of 4,000 lost, nuisance and/or straying animal incidents.*

## Fire Prevention

The 2010-2011 fire season was very active with the Roleystone / Kelmscott area experiencing one of the biggest and most devastating bush fires in the history of the district resulting in the loss of many homes. City Rangers conducted an extensive animal welfare program during the fire incident, including:

- Checking the extent of animal injuries
- Ensuring fencing, damaged or otherwise, was adequate to contain animals
- Locating watering points in paddocks
- Recording animal information into an electronic database
- Providing ongoing sustenance

During the period 1 December 2010 through to 15 March 2011, the City carried out firebreak inspections on 5,600 properties throughout the district. During this inspection process, 62 Bush Fire Act Infringement Notices were issued against property owners that failed to comply with the Firebreak Notice. The number of infringements issued represented just 1.1% of the total number of properties inspected.

## Grant Revenue Received

The Community Services directorate was successful in sourcing outside funding for a variety of programs and service totalling \$1.6 million. In addition the directorate assists external organisations to source additional funds.

## Development Services

Our responsibilities are to manage land use so that people can enjoy living and working in Armadale.

### Highlights

Completion of the review of the City's Municipal inventory.

Refinement and extension of the north Forrestdale Developer Contribution Scheme to provide over \$70 million of infrastructure funding.

Continuing high number of building approvals despite the difficult general economic climate and introduction of new legislation.

The finalisation of the State of the Environment Report.

# Development Services

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*“We’re continuing to respond to the pressures resulting from the City’s growth, in a year that brought the most devastating urban bushfire Western Australia has witnessed. Armadale’s one of the fastest growing regions in WA, demanding high service levels, whilst also implementing State wide building and planning reform agendas.”*

Ian MacRae, Executive Director, Development Services

## Achievements

### Cataloguing our heritage Municipal Heritage Inventory (MHI) Review

Studies progressed for new sites including Buckingham’s House Ruins, Roleystone, and the old Fremantle Railway as part of a strategy to progressively add sites to the Municipal Heritage Inventory (MHI).

Research and consultation for the establishment of a heritage precinct based on River Road, Kelmscott, was progressed with landowner submissions received and recommendations for finalisation prepared.

### Progress Urban Development and Structure Planning for Harrisdale and Piara Waters

Development Contribution Scheme (DCS) No. 3 provides a centrally coordinated approach for developers to contribute the essential infrastructure required for the ongoing rapid development in Harrisdale and Piara Waters. With over 2,900 lots now created, an estimated 3,644 lots remain to be developed within the current North Forrestdale Development Contribution Area No.3. Work continues on expanding the Contribution area by bringing new development sites under its guidance.

The associated Infrastructure Cost Schedule now identifies over \$70 million of common infrastructure works, such as arterial drainage, acquisition of rehabilitated conservation category wetlands, road upgrades, implementation of a comprehensive dual use path network and funding towards the provision of community and sporting facilities. Common Infrastructure Works towards arterial drainage of more than \$13.6 million includes the acquisition of land and a contribution towards construction for drainage in Multiple Use (Public Open Space) Corridors of which 45% is now complete.

The State Government agreed to transfer the Primary Freight Truck Route north of Armadale Road onto the upgraded Warton Road and away from Nicholson Road. This will enhance the development of the district Town Centre now underway on Nicholson Road / Keane Road.

A further 100ha stage for Heron Park Phase 2 was brought on stream via assessment of a rezoning and Structure Plan application, which were both adopted by Council during the year.

### Public Open Space (POS) Strategy

Considerable progression of the seven stages in the POS Strategy throughout the City was achieved in the 2010 - 2011 financial year. Implementing the recommendations of the Public Open Space Strategy also included prioritising land sales within the first 5 stages of the Strategy and development of expenditure proposals, upon all land sales being finalized, in each POS precinct. In the last financial year, 9% of lots in the Strategy were sold and, to date, a total of 59% of POS Strategy lots have been sold. Stages 1 - 6 have completed all land administration and planning processes.

The Strategy has progressed to the stage where a number of expenditure proposals have been adopted, with works already undertaken. Two successful community engagement events and resident surveys were held, which assisted in the development and refinement of proposals.

### Planning Compliance

The Planning Compliance staff dealt with over 400 complaints and compliance matters this year. The City of Armadale has been a frontrunner in its use of Planning Infringement Notices (PINS) in comparison to other Local Governments. The use of PINS enables more timely resolution of minor compliance matters.

## Building Approvals

Building approvals issued by the City during 2010-2011 continued at a high level. Whilst the peak set during 2009-2010 was not quite attained, levels were comparable, retaining the City amongst Australia's most rapidly growing areas. The continued development of cost effective residential lots from quality subdivisions throughout the City of Armadale has ensured the continued large volume of residential building approvals being submitted to the City. Following this trend, minor structure applications such as Sheds, Patios, Swimming Pools / Spas and compliance issues have also remained at high levels.

There was an increase in commercial building activity within the City during the year. Significant building approvals issued during the year included the Kelmscott Plaza, Stargate and Haynes Shopping Centres, Grand Cinemas extensions, Bunnings Harrisdale and Forrestdale Project Masters Home Improvement, and major recreational development at Frye Park and Champion Lakes.

## Building Compliance

The existing full-time compliance officer, appointed in 2008, has been actively involved with Building and Health Department actions including action on number of unauthorised building works. An additional compliance officer was appointed in May 2010 to provide further assistance as the request for Building and Health Compliance Services have exceeded 260 during the year.

## Food and Water Safety

A good indicator of the strong economic growth of the City is the number of food businesses, which has increased substantially from 224 to 278 (24%) over the past two years. Regular food business risk assessment inspections were conducted, and food samples were collected for analysis, under the Local Health Authorities Analytical Scheme. To ensure water was safe for its intended use, monthly water samples were collected from 11 aquatic facilities available to the public and 17 public facilities not connected to scheme drinking water, including schools, food businesses, spring water sources and Council facilities.

## Requests for Intervention

The number of service requests requiring mediation and / or compliance action increased substantially compared to the previous 12 months. During the year 415 requests for intervention were received, of which 38% related to noise pollution. The purchase of a new sound level meter during the year assisted in managing the requests.

The City of Armadale has a firm commitment to ensuring its community is environmentally sustainable now and into the future.

## State of the Environment Report

The City of Armadale State of the Environment Report (2011) has been recently finalised and sanctioned by Council. This identifies priority actions for environmental management from 2011 - 2012 to 2015 - 2016.

## Environmental Awards

The Armadale-Gosnells Landcare Group (AGLG), which is supported by the City, was one of three finalists for the WA Environment Awards 2010 in the category of Bush, Land and Waterways, and highly commended in the area of Rivers, Estuaries and Wetlands.

The Streamcare Program was presented with a Western Australian Local Government Association (WALGA) Award in Excellence in Community Engagement to Support Local Biodiversity Conservation. The City was also honoured with a WALGA Perth Biodiversity Project Milestone Award for Preparing and endorsing a Local Biodiversity Strategy including an Action Plan.

The Switch Your Thinking (Syt!) initiative won the prestigious Banksia Award in the category of Education, and the WA Keep Australia Beautiful Council Sustainable Cities Awards (Environmental Innovation – Category Winner), and the Western Australian State Environment Awards (Resource and Waste Management – Category Winner).

## Armadale Settlers Common (East) – Track Rationalisation and Bushland Enhancement Project

The City's environmental staff, in conjunction with planning and technical services staff, had a significant role in the delivery of this project, overseeing construction activity and bushland management processes. The bushland areas are being improved through weed control and revegetation activities. In addition, trails within the reserve have been linked to the surrounding community.

The project included the installation of wheelchair accessible facilities such as a 1km red-asphalt looped trail linking to ACROD car parking. The initiative has been facilitated through Public Open Space Cash-in-lieu funding from five adjacent subdivisions to the reserve. In August 2010, the City also received \$58,000 of funding towards the trail through the 2010 Trails Grant Funding Program (Lotterywest) and the Department of Sport and Recreation.

The accessible trail and facilities was officially opened in May 2011.

## Management of Bushland Reserves

The Wungong River (Champion Drive to Armadale Road) Management Plan 2010 - 2015 was adopted by Council in August 2010. The plan is for improving riparian vegetation and water quality, managing fuel loads and designing a circular path for recreation, access by emergency service vehicles and weed control.

The draft Fletcher Park Bushland Management Plan was endorsed by Council in June 2011 and includes recommendations to minimise the impact of equestrian use on the bushland areas of the reserve, as well as the closure of identified tracks within the bushland.

## Urban Waterway Renewal Project

Over \$2 million of Federal and State Government funding is being used for water quality improvement projects with Armadale. Six sites will be enhanced through \$1.2 million of Federal funding, and \$900,000 from the Swan River Trust. These projects have commenced in earnest during 2010 - 2011. Here, the City has had a key role in supporting the project manager – the South East Regional Centre for Urban Landcare. All project sites are at the stage of detailed design prior to earthworks commencing in 2011 - 2012.

## Switch your thinking! Program

The Cities of Armadale and Gosnells, and the Shire of Serpentine-Jarrahdale, constitute the South East Regional Energy Group, which runs the Switch your thinking! (Syt!) program.

Highlights include: a highly successfully community Renewable Energy workshop series; implementation of the Syt! rebate scheme for a range of energy efficient and waterwise products; and the Switched on Recycling project delivered to local primary schools free of charge.



*There was an increase in commercial building activity in the last 12 months, with a large investment from the home improvement market*

## Technical Services

The Technical Services Directorate is responsible for the construction and maintenance of roads, pathways, drainage, buildings, parks and reserves, waste and recycling, composting and landfill. We also manage the Council's assets and dozens of roadworks projects across the region.



### Highlights

The completion of Warton Road and Nicholson Road  
Working closely with the Armadale Redevelopment  
Authority

Improving management of community assets, roads,  
parks and buildings

# Technical Services

*“The pressures associated with the growth of Armadale have continued to place demands with respect to new infrastructure provision, in addition to the demand for increased standards of engineering services to existing communities. It is pleasing to note the improvement in the quality of these services, and the positive response from the community.”*

Kevin Ketterer, Executive Director Technical Services

## Achievements

### Civil Works

Maintaining our road networks is costly. The City has been successful in gaining additional funding to carry out a whole range of road upgrades and major construction projects for residents, business owners and visitors to use and enjoy. Some examples of works funded through grant funds and/or developer contributions are the duplication of Nicholson and Warton Roads at a cost of \$5m, the resealing of various roads throughout the City at a cost of \$1m and routine road maintenance to a value of \$2.4 million.

A range of smaller projects comprising pathways, traffic calming, roundabout construction and drainage were also undertaken at various locations.

### Parks and Reserves

Armadale is renowned for its green open public spaces and semi rural idyllic lifestyle. The City places great emphasis on the maintenance of parks and reserves throughout the City. The City is working on improving the standard of the green and natural spaces, and continues to refine the maintenance and development programmes on order to raise the level of service.

### New Works

The main works performed in the past year was the redevelopment of Memorial Park at a total cost of some \$600 000. New works in parks and reserves was executed at a cost of approximately \$250 000, including playgrounds, tree planting and natural reserves upgrades.

### Renewal

Parks and reserve renewal works were carried out at a cost of some \$500 000 and included turf renewal in 12 locations, playground renewal in 68 locations, and reticulation improvement throughout the City.

## Maintenance

Parks and reserves maintenance costs amounted to some \$4,7m and included as main activities passive reserve maintenance, active reserve management, and the maintenance of other areas including roundabouts, gardens, road reserves and shoulders and community facilities.



*Memorial Park, in the heart of Armadale, is one of the many parks and gardens maintained by the City*



*Warton Road gets upgraded*

## Property

The City owns a number of buildings and public assets across the district and is required to repair and maintain a variety of buildings including pavilions, public buildings, halls and Council offices.

## New works

New works and extensions to existing works were done at a number of facilities at a value of some \$800 000, including the Armadale Hall, various sports halls, community halls, administrative buildings and Minnowara House

## Maintenance and Operations

The City operates and maintains all buildings in the City at a cost of \$3.4m. These operations cover all the administration buildings and facilities, all sporting halls, pavilions, public toilets and community facilities. In general the facilities are maintained well, but in some cases vandalism and break-ins have resulted in additional costs for the necessary repairs to be undertaken to restore these facilities to the normal condition.

## Waste Services

Delivery of services was maintained to the established high standards. Continued high levels of recycling reflected the consistent efforts throughout the year in carrying out established programs that included –

- Kerb side recycling activities
- Verge side green waste and junk
- Sale of salvageable material from the landfill facility
- Free mulched green waste for local residents

## Depot and Plant

During the past 12 months, Council's plant and vehicle replacement program was successfully managed ensuring the best value for Council was achieved at all times.

Also, during the same period, Council's Depot facilities were managed in a manner that ensured safe delivery and access of materials at all times.

## Administration and Client Services

The Administration and Client Services components engaged in sound management practices in order to meet Council's strategic objectives as well as delivering the 2010 - 2011 budget objectives that were consistent with timeframes and funding allocations.



## Plan for the future

The City's 15 Year Plan for the Future provides a 15-year outlook for the development and supply of services and facilities across the City, within the financial and organisational capacity of the City. The plan maps out those new projects aimed at delivering the outcomes identified in the City of Armadale Strategic Plan 2010 - 2014, and beyond.



# Plan for the Future

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## Major Initiatives to Continue in 2011-2012

### Abbey Road / Railway Avenue Link

An identified need to realign Abbey Road and Railway Avenue, Armadale, to provide improved access to the Armadale CBD, and reduce traffic incidents in the immediate vicinity has opened up an opportunity for the City to pursue a substantial urban renewal initiative. Several parcels of land have been acquired to complete the road realignment. Land not required for the realignment, as well as parcels of land already held by the City, will have the potential to be redeveloped and recoup the project cost – a matter that has already been accepted via an adopted Business Plan. The project capital expense is estimated in the Plan at \$13.2 million and scheduled to be fully completed in 2015.

### Additional Staff Resourcing

This initiative seeks to recognise that, as the range and extent of services provided by the City increases (commensurate with an increasing population) there will be a corresponding need to increase staff resources. It is to be noted that the City's current staffing numbers compare favourably with other growth local governments, reflecting a considered and responsible approach to human resource management at the City.

### Aquatic Centre Upgrade

A core outcome of the Needs Assessment and Feasibility Study undertaken by the City for the provision of indoor aquatic facilities at the Armadale Aquatic Centre was the realisation that, prior to any consideration being given to the future construction of an indoor facility, renewal works are required in order to permit the current facility to continue to operate. Stage 1A, which was completed in October 2010, included an upgrading of the change rooms, grandstand and outdoor facilities. Stage 1B, which is scheduled for completion in October 2011, includes replacement of all hydraulic systems, construction of a new plant room, and the installation of a new zero depth splash pad and children's pool. The plan contains \$3.7 million for this current phase of improvement at the Aquatic Centre.

### Armadale Youth Activity Area

In recent times there have been numerous approaches to the City, both formal and informal, in relation to youth activities within the Armadale CBD – in particular with reference to the provision of skate facilities. After consultation with the local community in relation to youth services and activities, the City engaged a leading skate park design company to consider options for a street real youth activity and skate facility. The brief for the project design was that it must incorporate the expressed needs of Armadale's young people with a design that was unlike traditional skate parks and more of a social and interactive community activity area. Importantly, the design must complement the current Central Business District community and tie in with both the built and natural environment. Construction is set for completion in December 2011.

### Bakers House Refurbishment

Located in Harrisdale, Bakers House is a large residential homestead originally built and owned by the Baker family and has, to date, been used by the Harrisdale Land Developers as a site office. The facility, having recently been transferred to the City's control, will become a community centre for the new communities in the area. A total capital funds allocation of \$950,000 is included in the Plan for works to bring the facility up to a standard for use by community members. This includes kitchen, toilet and structural modifications (including disability access), information technology and communications infrastructure and new fixtures and fittings.

### Community Sport and Recreation Facilities Fund Initiatives

This initiative is in response to the State Government's Community Sporting and Recreation Facilities Fund (CSRFF) program that is administered and funded through the Department of Sport and Recreation. The CSRFF is a co-contribution scheme aimed at improving sport and recreation opportunities for the community. The initiative makes financial provision in each year of the Plan for project costs totalling \$140,000 and revenues of \$80,000 comprising the CSRFF grants and community group contributions.



*The Youth Activity Area is under construction*

## Freehold Land Sales and Investment

First initiated in the 2007-2008 financial year, the Freehold Land Sales and Investment Initiative seeks to more effectively manage the City's land assets by maximising returns, disposing and investing in new revenue generating assets (as a priority) and allocating some funds to strategic capital works. The proceeds from the land sales are distributed to higher investment yielding assets (70%) and major asset and capital creation programs (30%). The remaining years of this initiative are estimated to generate \$15.8 million in land sales.

## Piara Waters (North) Community and Sporting Facility

The provision of a new oval and pavilion in Piara Waters (North) is a major community and sporting facility project forming part of the City's strategy for provision of active sporting facilities, as identified in the Active Sporting Reserves Needs Assessment and various feasibility studies, associated with areas covered by the North Forrestdale Development Contribution Plan. The key elements of the proposal include senior-sized playing fields, a community and sporting pavilion (incorporating function facilities

and change rooms), access roads and car parking, playground facilities, landscaping and drainage. The complete facility is expected to finish by 2013. A total of \$5.8 million has been included in the Plan for the Future for the capital components associated with this facility.

## Public Open Space (POS) Land Sales

The initiative, first launched in the 2007-2008 financial year, has, as its primary objective, a more efficient and effective utilisation of POS land holdings across the City. The initiative seeks to identify and sell POS land holdings that are superfluous to current and future requirements, with 30% of the net sale proceeds being directed to a Regional Recreation holding account, with the balance to be spent on improving those POS land holdings to be retained. It is anticipated that for the remaining years of this initiative \$2.3 million will be generated in land sales.



*Bakers House in Harrisdale is being converted into an accessible community facility*

## Major Activities to Start in 2011-2012

### Equestrian Club Facilities (Palomino Park)

The City recently commissioned and received a Needs study and a Feasibility study relating to the sustainability of the City's three equestrian facilities. The two studies recommended that the City continue to support two of the three facilities – those based at Palomino Park, Champion Lakes, and Fletcher Park, Armadale. Council acknowledged that, in their current condition and nature, the facilities at Palomino Park require upgrading for the downsizing of the total number of facilities to occur. Consequently, upgrading works will commence during this period to enable the grounds to cater for additional anticipated usage.

### Golf Course Redevelopment

During initial planning of the Wungong Urban Water Development Plan, consideration was given to the creation of an 18-hole Golf Estate. However, following a vast number of studies, this idea was passed over due to the current close locations of other high-quality golf courses in the area. It was, however, recommended that a modest upgrade of the existing

9-hole Armadale Golf Course take place. Prior to any redevelopment work commencing, a study will be undertaken to provide recommendations about the future of the golf course and the redevelopment options.

### Armadale District Hall Upgrade

The Armadale District Hall is listed on the State Heritage Register and, as a consequence, any redevelopment or changes to the facility are influenced by the State Heritage Council. Based upon Councillor and community feedback requests, Council has determined to set aside funds to investigate the future of the facility and, once that future has been determined, plan and implement any required modifications. Any proposed modifications to the Hall will be contingent upon any changes within the remainder of the Civic Precinct, the limitations of the facility (given its Heritage status), its current uses and any future proposed uses.

# Statutory Reports



# Statutory Reports

Each year the City is required, by legislation, to provide various statutory reports that discharge accountability for compliance with various legislative roles and responsibilities. These include –

## Record Keeping Plan – State Records Act 2000

The City's focus on enhancing its electronic record keeping continued with 117,524 documents registered in the corporate record keeping system during 2010 - 2011.

The 2010-2011 financial year saw the commencement of the City's eight-year back scanning and digitalisation project, with the City's initial focus being on hardcopy Building Applications and Personnel Files. This project will, as the primary objective, convert hard copy documents into digital documents within the compliance constraints of quality, access, storage and archiving of the final digital documents.

A total of approximately 15,720 building applications, dating back to 1992 through to 2004, have now been fully digitized, with over 2,150 of those documents having passed through quality assurance and then transferred into the corporate electronic record keeping system (TRIM). Approximately 1,100 Personnel files were also digitalised.

The City of Armadale is now also represented on the Records Information Management Professionals of Australasia (RIMPA) association.

## Disability Access and Inclusion Plan – Disability Services Act 1993

The City of Armadale's Disability Access and Inclusion Plan 2011-2016 (DAIP) seeks to improve access and inclusion for people with disability to facilities, services and community life. Local Governments are required to have a DAIP by the Disability Services Act (1993) which was amended in 2004 to include this requirement. It is also a requirement that DAIPs are reviewed every five years.

A review of the City's 'Disability Access and Inclusion Plan 2007 - 2011' was undertaken in the 2010 - 2011 financial year in consultation with key disability advocates and in line with requirements determined by the Disability Services Commission of WA. Following a public comment period, the City's revised Disability Access and Inclusion Plan 2011-2016 was endorsed by Council and forwarded for approval by the Disability Services Commission of WA.

Major achievements for the past year include:

- Review of the 'Disability Access and inclusion Plan 2007 - 2011'.
- Continued support of the Disability Advisory Team (DAT) comprised of community members, local service providers, a Councillor and staff from the City that meets bi-monthly to help implement the DAIP. The team also provides advice on how to improve access and inclusion for people with disabilities.
- Revision of the 'Access and Mobility Map'. The map promotes accessible toilets, crossings, shops and other features to the central business districts of Armadale, Kelmscott, Seville Grove and Roleystone.
- Implementation and launch of 'You're Welcome', which assesses ease-of-access to businesses in the City of Armadale.
- Celebrated 'International Day of People with Disability' on the 3rd December 2010 in partnership with local agencies.
- The implementation of 'audio loop' technology to assist people with hearing impairment.
- Opening of an accessible trail at Settlers Common.
- Continued development of accessible parks and play equipment, and upgrades to walkways and thoroughfares.



*Champion Lakes in Armadale is a multi million dollar open water facility attracting national rowing and swimming competitions in the lead up to the London Olympics*



*Minnowarra Park in the heart of Armadale hosts many successful large scale events and provides access for all*

## Information Statement – Freedom of Information Act 1992

In accordance with the Freedom of Information Act 1992 a total of eight Freedom of Information applications were processed during the financial year.

The City's Information Statement was reviewed in October 2010. This Statement supports the objects of the Freedom of Information Act in that it describes:

- the structure and functions of the City;
- the ways in which the functions of the City affect residents;
- the arrangements that exist to enable residents to participate in the formulation of the City's policy and the performance of the City's functions;
- the types of documents that are usually held by the City; and
- the arrangements for giving residents access to documents including details of library facilities.

A copy of the Information Statement is available from the City's Administration Centre and website.

## Public Disclosures – Public Interest Disclosure Act 2003

The Public Interest Disclosure Act aims to ensure openness and accountability in government. Disclosures are treated in-confidence and persons making a disclosure are protected from detrimental action.

In acknowledgement of its responsibilities, the City has –

- an appointed Public Interest Disclosure Officer, and
- published procedures to assist persons making a disclosure.

During the 2010-2011 financial year, the City did not receive any disclosures. Further details about public interest disclosures are available from the City's Administration Centre and 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

This principle is to ensure local government business activities (those that generate user pay revenues > \$500k per annum) do not have competitive advantages or disadvantages relative to privately owned competitors as a result of their local



*The upgrade works at Memorial Park include accessible pathways and seating.*

government ownership, e.g. Tax exemptions and lower financing costs. In this regard and for the 2010-2011 financial year, there were no new business activities commenced by the City, nor did the City receive any allegations of non-compliance.

### Structural Reform

The objective of structural reform, as relating to public-operated monopolies, is to introduce competition or, as a minimum, remove barriers to new businesses competing in the market. The City does not operate any monopoly type business activities during the 2010 - 2011 financial year and, accordingly, the City has no structural reform obligations to report.

### Legislation Review – Local Laws

Local governments are required to undertake a review at least every 8 years of their local laws to determine whether they should be repealed or amended.

The objective of the 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 and to ensure local laws remain current and relevant. All of the City's 13 local laws are compliant with these requirements.

During the 2010 - 2011 financial year, the following local laws were reviewed –

- Activities and Trading in thoroughfares and Public Places
- Bush Fire Control
- Dogs
- Fencing
- Parking and Parking Facilities

The Numbering of Houses and Buildings local law was repealed and replaced with the Street Numbering local law. Amendments to the Bushfire local law were also completed.

### Local Government Act 1995 – Conduct of Certain Officials

Section 5.53 of the Local Government Act states, "The annual report is to contain details of entries made under Section 5.121 during the financial year in the register of complaints." For the 2010 - 2011 financial year, there were no entries made in the Register of Complaints.



# Financial Report



## **INDEPENDENT AUDITOR'S REPORT**

### **TO: RATEPAYERS OF CITY OF ARMADALE**

We have audited the financial report of the City of Armadale, which comprises the Statement of Financial Position as at 30 June 2011 and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

#### **Council's Responsibility for the Financial Report**

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.




**Auditor's Opinion**

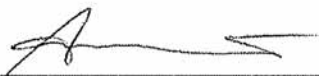
In our opinion, the financial report of the City of Armadale:

- (i) gives a true and fair view of the financial position of the City of Armadale as at 30 June 2011 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  
SUITE 2, 137 BURSWOOD ROAD  
BURSWOOD WA 6100**

  
\_\_\_\_\_  
**A MACRI  
PARTNER**

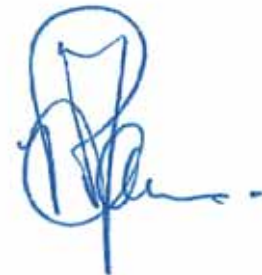
**PERTH  
DATED THIS 31<sup>st</sup> DAY OF OCTOBER 2011.**

**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 2011 are, in my opinion, properly drawn up to present fairly the financial position of the City of Armadale at 30 June 2011 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 20th day of October 2011



R S Tame  
Chief Executive Officer

**CITY OF ARMADALE**  
Statement of Comprehensive Income – By Nature or Type  
For the year ended 30 June 2011

	Note	2011 Actual \$	2011 Budget \$	2010 Actual \$
<b>Revenues from Ordinary Activities</b>				
Rates	23	35,173,857	35,151,300	31,593,843
Operating Grants, Subsidies and Contributions	29	18,743,722	6,127,800	12,496,296
Fees and Charges	28	12,319,768	11,883,800	10,730,021
Interest Earnings	2	3,983,919	2,505,885	2,641,914
Other Revenue		152,483	1,065,900	590,082
		<b>70,373,749</b>	<b>56,734,685</b>	<b>58,052,157</b>
<b>Expenses from Ordinary Activities</b>				
Employee Costs		(23,099,033)	(28,055,400)	(19,740,941)
Materials and Contracts		(27,178,903)	(15,334,700)	(20,535,588)
Utilities		(2,082,292)	(1,082,800)	(1,779,659)
Depreciation	2	(10,287,729)	(10,230,000)	(9,743,050)
Interest Expenses	2	(725,767)	(714,500)	(261,866)
Insurance		(637,696)	(898,300)	(713,089)
Other Expense		(2,243,387)	(3,619,300)	(2,451,144)
		<b>(66,254,809)</b>	<b>(59,935,000)</b>	<b>(55,225,336)</b>
		<b>4,118,940</b>	<b>(3,200,315)</b>	<b>2,826,821</b>
<b>Grants / Contributions for Asset Development</b>				
Grants and Subsidies - Non-Operating	29	7,802,844	18,982,800	9,058,577
		<b>7,802,844</b>	<b>18,982,800</b>	<b>9,058,577</b>
<b>Profit / (Loss) / Adjustments of Assets</b>				
Profit on Asset Disposal		1,997,326	559,500	2,089,557
Loss on Asset Disposal		(33,430)	(19,600)	(68,156)
		<b>1,963,896</b>	<b>539,900</b>	<b>2,021,401</b>
<b>Net Result</b>		<b>13,885,680</b>	<b>16,322,385</b>	<b>13,906,799</b>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	13	0	0	0
		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Comprehensive Income</b>		<b>13,885,680</b>	<b>16,322,385</b>	<b>13,906,799</b>

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

## CITY OF ARMADALE

### Statement of Comprehensive Income by Program For the year ended 30 June 2011

	Note	2011 Actual \$	2011 Budget \$	2010 Actual \$
<b>Revenues from Ordinary Activities</b>	2			
General Purpose Funding		42,212,193	40,023,285	37,130,485
Governance		3,864,893	1,103,600	606,959
Law, Order and Public Safety		567,305	660,900	684,272
Health		69,368	138,600	100,507
Education and Welfare		516,393	301,100	241,835
Community Amenities		20,496,159	13,314,900	15,551,836
Recreation and Culture		1,581,592	1,244,700	4,484,714
Transport		9,417,638	17,907,100	8,843,911
Economic Services		1,238,440	1,343,100	1,305,109
Other Property and Services		209,937	239,700	250,664
		<b>80,173,919</b>	<b>76,276,985</b>	<b>69,200,291</b>
<b>Expenses excluding Finance Costs</b>	2			
General Purpose Funding		(1,003,940)	(1,033,000)	(1,109,401)
Governance		(7,380,627)	(4,921,900)	(3,184,692)
Law, Order and Public Safety		(1,705,935)	(1,629,400)	(1,583,368)
Health		(991,391)	(1,088,800)	(952,784)
Education and Welfare		(2,594,004)	(2,530,300)	(2,522,106)
Community Amenities		(17,496,770)	(13,843,200)	(10,577,511)
Recreation and Culture		(17,474,022)	(17,343,800)	(19,102,930)
Transport		(14,190,613)	(14,850,800)	(13,560,705)
Economic Services		(1,993,538)	(1,739,300)	(2,081,653)
Other Property and Services		(731,633)	(259,600)	(356,476)
		<b>(65,562,472)</b>	<b>(59,240,100)</b>	<b>(55,031,626)</b>
<b>Finance Costs</b>	2			
Governance		(184,265)	(199,500)	(121,314)
Community Amenities		(261,195)	(251,000)	(2,480)
Recreation and Culture		(200,032)	(182,800)	(53,979)
Transport		(80,276)	(81,200)	(84,092)
		<b>(725,767)</b>	<b>(714,500)</b>	<b>(261,866)</b>
<b>Net Result</b>		<b>13,885,680</b>	<b>16,322,385</b>	<b>13,906,799</b>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	13	0	0	0
		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Comprehensive Income</b>		<b>13,885,680</b>	<b>16,322,385</b>	<b>13,906,799</b>

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

**CITY OF ARMADALE**  
Statement of Financial Position  
as at 30 June 2011

	Note	2011 Actual \$	2010 Actual \$
<b>Current Assets</b>			
Cash and Cash Equivalents	3	55,359,777	41,278,991
Trade and Other Receivables	5	5,781,812	5,612,697
Inventories	6	70,727	102,699
<b>Total Current Assets</b>		<b>61,212,317</b>	<b>46,994,388</b>
<b>Non-Current Assets</b>			
Other Receivables	5	782,102	783,134
Property, Plant and Equipment	7	42,546,604	37,627,802
Infrastructure	8	196,919,626	194,648,513
<b>Total Non-Current Assets</b>		<b>240,248,332</b>	<b>233,059,449</b>
<b>Total Assets</b>		<b>301,460,649</b>	<b>280,053,837</b>
<b>Current Liabilities</b>			
Trade and Other Payables	9	6,946,094	6,773,446
Current Portion of Long Term Borrowings	10	650,595	1,233,051
Provisions	11	5,053,951	4,273,533
<b>Total Current Liabilities</b>		<b>12,650,640</b>	<b>12,280,030</b>
<b>Non-Current Liabilities</b>			
Trade and Other Payables	9	207,315	156,487
Long Term Borrowings	10	17,802,658	10,776,763
Provisions	11	369,113	295,315
<b>Total Non-Current Liabilities</b>		<b>18,379,086</b>	<b>11,228,565</b>
<b>Total Liabilities</b>		<b>31,029,726</b>	<b>23,508,594</b>
<b>Net Assets</b>		<b>270,430,923</b>	<b>256,545,243</b>
<b>Equity</b>			
Retained Surplus		222,572,525	221,779,955
Reserves - Cash / Investment Backed	12	39,406,650	26,313,540
Reserves - Asset Revaluation	13	8,451,748	8,451,748
<b>Total Equity</b>		<b>270,430,923</b>	<b>256,545,243</b>

*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 2011**

	Note	2011 Actual \$	2010 Actual \$
<b>Retained Surplus</b>			
Balance as at 1 July		221,779,955	211,194,565
Total Comprehensive Income		13,885,680	13,906,799
Transfer from / (to) Reserves		(13,093,110)	(3,321,410)
<b>Balance as at 30 June</b>		<b>222,572,525</b>	<b>221,779,955</b>
<b>Reserves - Cash / Investment Backed</b>			
Balance as at 1 July		26,313,540	22,992,130
Total Comprehensive Income		0	0
Transfer (to) / from Retained Surplus		13,093,110	3,321,410
<b>Balance as at 30 June</b>	12	<b>39,406,650</b>	<b>26,313,540</b>
<b>Reserves - Asset Revaluation</b>			
Balance as at 1 July		8,451,748	8,451,748
Total Comprehensive Income		0	0
<b>Balance as at 30 June</b>	13	<b>8,451,748</b>	<b>8,451,748</b>
<b>Total Equity</b>		<b>270,430,923</b>	<b>256,545,243</b>

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



**CITY OF ARMADALE**  
**Statement of Cash Flows**  
For the year ended 30 June 2011

	Note	2011 Actual \$	2011 Budget \$	2010 Actual \$
<b>Cash Flows from Operating Activities</b>				
<b>Receipts</b>				
Rates		35,173,857	35,151,300	31,593,843
Operating Grants, Subsidies and Contributions		18,743,722	6,127,800	12,496,296
Fees and Charges		12,150,653	14,135,694	7,723,871
Interest Earnings		3,983,919	2,505,885	2,641,914
Goods and Services Tax (on revenue)		1,383,199	1,000,000	1,240,976
Goods and Services Tax (refunded)		2,614,174	2,000,000	2,960,252
Other		153,516	1,121,406	593,811
<b>Total Receipts</b>		<b>74,203,040</b>	<b>62,042,085</b>	<b>59,250,963</b>
<b>Payments</b>				
Employee Costs		(22,244,817)	(27,756,649)	(19,089,841)
Materials and Contracts		(26,974,283)	(15,061,830)	(18,585,973)
Utilities		(2,082,292)	(1,082,800)	(1,779,659)
Insurance		(637,696)	(898,300)	(713,089)
Interest		(725,767)	(714,500)	(261,866)
Goods and Services Tax		0	(3,000,000)	0
Other		(6,189,932)	(3,675,787)	(6,633,597)
<b>Total Payments</b>		<b>(58,854,789)</b>	<b>(52,189,866)</b>	<b>(47,064,024)</b>
<b>Net Cash Provided by Operating Activities</b>	14	<b>15,348,251</b>	<b>9,852,219</b>	<b>12,186,939</b>
<b>Cash Flows from Investing Activities</b>				
Payments for Property, Plant and Equipment		(7,944,855)	(16,457,900)	(11,437,993)
Payments for Infrastructure		(10,261,217)	(31,484,800)	(13,296,534)
Grants and Subsidies - Non-Operating		7,802,844	18,982,800	9,058,577
Proceeds from Sale of Assets		2,692,323	4,466,300	2,871,201
<b>Net Cash Provided by Investing Activities</b>		<b>(7,710,905)</b>	<b>(24,493,600)</b>	<b>(12,804,749)</b>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(1,233,060)	(1,259,300)	(271,244)
Proceeds from New Debentures		7,676,500	7,676,500	8,332,800
<b>Net Cash Provided by Financing Activities</b>		<b>6,443,440</b>	<b>6,417,200</b>	<b>8,061,556</b>
<b>Net Increase / (Decrease) in Cash Held</b>		14,080,786	(8,224,181)	7,443,746
<b>Cash at Beginning of Year</b>		41,278,991	41,278,991	33,835,245
<b>Cash and Cash Equivalents at End of Year</b>	14	<b>55,359,777</b>	<b>33,054,810</b>	<b>41,278,991</b>

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

**CITY OF ARMADALE**  
**Rate Setting Statement**  
**For the year ended 30 June 2011**

	Note	2011 Actual \$	2011 Budget \$
<b>Revenues</b>			
General Purpose Funding		7,038,336	4,871,985
Governance		3,864,893	1,103,600
Law, Order and Public Safety		567,305	660,900
Health		69,368	138,600
Education and Welfare		516,393	301,100
Community Amenities		20,496,159	13,314,900
Recreation and Culture		1,581,592	1,244,700
Transport		9,417,638	17,907,100
Economic Services		1,238,440	1,343,100
Other Property and Services		209,937	239,700
<b>Total Revenues</b>		<b>45,000,062</b>	<b>41,125,685</b>
<b>Expenses</b>			
General Purpose Funding		(1,003,940)	(1,033,000)
Governance		(7,564,892)	(5,121,400)
Law, Order and Public Safety		(1,705,935)	(1,629,400)
Health		(991,391)	(1,088,800)
Education and Welfare		(2,594,004)	(2,530,300)
Community Amenities		(17,757,965)	(14,094,200)
Recreation and Culture		(17,674,054)	(17,526,600)
Transport		(14,270,888)	(14,932,000)
Economic Services		(1,993,538)	(1,739,300)
Other Property and Services		(731,633)	(259,600)
<b>Total Expenses</b>		<b>(66,288,239)</b>	<b>(59,954,600)</b>
<b>Adjustments for Cash Budget Requirements</b>			
<b>Non-Cash Items</b>			
(Profit) / Loss on Asset Disposals	20	(1,963,896)	(539,900)
Depreciation on Assets	2	10,287,729	10,230,000
<b>Total Non-Cash Items</b>		<b>8,323,833</b>	<b>9,690,100</b>
<b>Capital Expense and Revenue</b>			
Purchase Land	7	(570,895)	(1,992,800)
Purchase Buildings	7	(5,250,784)	(10,913,800)
Purchase Furniture and Equipment	7	(73,620)	(151,700)
Purchase Plant and Machinery	7	(2,049,557)	(3,399,600)
Purchase Infrastructure - Roads	8	(7,134,634)	(26,219,200)
Purchase Infrastructure - Drainage	8	(918,395)	(678,200)
Purchase Infrastructure - Pathways	8	(349,400)	(570,200)
Purchase Infrastructure - Parks / Reserves	8	(1,858,788)	(4,017,200)
Proceeds from Disposal of Assets	20	2,692,323	4,466,300
Repayment of Debentures	22	(1,233,060)	(1,259,300)
Proceeds from New Debentures	22	7,676,500	7,676,500
Transfer to Reserves	12	(14,314,658)	(5,067,700)
Transfer from Reserves	12	1,221,548	2,174,200
<b>Total Capital Expense and Revenue</b>		<b>(22,163,418)</b>	<b>(39,952,700)</b>
<b>Add Estimated Surplus / (Deficit) July 1 B/Fwd</b>		14,813,478	13,940,215
<b>Less Estimated Surplus / (Deficit) June 30 C/Fwd</b>		14,859,573	0
<b>Amount Required to be Raised from Rates</b>	23	<b>(35,173,857)</b>	<b>(35,151,300)</b>

*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), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying Regulations. The report has also been prepared on the accrual basis and is based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

### Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, 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 City controls resources to carry on its functions have been included in the financial statements forming part of this financial report. In the process of reporting on the Local Government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated. All monies held in the Trust Fund are excluded from the financial statements, 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 Statement of Financial Position are stated inclusive of applicable GST.

### d Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks, other short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the Statement of Financial Position.

### e Trade and Other Receivables

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

## 1 Significant Accounting Policies (continued)

### f Inventories

#### General

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price, in the ordinary course of business, less the estimated costs of completion, and the estimated costs necessary to make the sale.

#### 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 borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is complete are expensed.

Revenue arising from the sale of property is recognised in the Statement of Comprehensive Income 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 the City's intentions to release for sale.

### g Fixed Assets

Each class of fixed asset is carried at cost or fair value, as indicated, less, where applicable, any accumulated depreciation and impairment losses.

#### 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 City 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.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the Statement of Comprehensive Income.

Any accumulated depreciation, at the date of revaluation, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

## 1 Significant Accounting Policies (continued)

### g Property, plant and equipment and Infrastructure assets (continued)

#### Land under roads

In Western Australia, all land under roads is Crown land, the responsibility for managing which, may be vested in the City. Effective as at 1 July 2008, the City elected not to recognise any value for land under roads acquired on, or before, 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads, and the fact Local Government (Financial Management) Regulation 16 (a) (i) prohibits the City from recognising such land as an asset.

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

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulations 4 (2) provides, in the event of such inconsistency, direction that the Local Government (Financial Management) Regulations prevail. Consequently, any land under roads acquired on, or after, 1 July 2008 is not included as an asset of the City.

#### 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. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use. 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

Asset residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

#### Capitalisation Threshold

Expenditure on items of equipment under \$1,000 is not capitalised. Management considers each purchase on its merits and may record the equipment on an asset inventory listing, where applicable.

## 1 Significant Accounting Policies (continued)

### h Financial Instruments

#### Initial Recognition and Measurement

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

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

#### Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or costs.

Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as -

- a) the amount in which the financial asset, or liability, is measured at initial recognition;
- b) less principal repayments;
- c) plus or minus the cumulative amortisation of the difference; and
- d) less any reduction for impairment.

The effective interest method used is to allocate interest revenue or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or, when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

Revisions to expected future net cash flows will necessitate an adjustment to the carrying value, with a consequential recognition of a revenue or expense in profit or loss.

#### *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 and are subsequently measured at amortised cost. Loan and receivables are included in current assets or current liabilities, except for those that are not expected to mature within 12 months after the end of the reporting period (classified as non-current assets).

## 1 Significant Accounting Policies (continued)

### h Financial Instruments (continued)

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loan and receivables are included in current assets or current liabilities, except for those that are not expected to mature within 12 months after the end of the reporting period (classified as non-current assets).

#### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the City's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are included in non-current assets, except for those that are expected to mature within 12 months after the end of the reporting period, which are classified as current assets. If the City 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.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Available-for-sale financial assets are included in non-current assets, except for those that are expected to mature within 12 months after the end of the reporting period (classified as current assets).

#### *Financial liabilities*

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

#### **Impairment**

At the end of each reporting period, the City assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

### i Impairment

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

## 1 Significant Accounting Policies (continued)

### j 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 date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The City 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 debt 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 City for similar financial instruments.

### k Trade and Other Payables

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

### l 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 City 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 City 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 the City does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.



## 1 Significant Accounting Policies (continued)

### m 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 Provisions

Provisions are recognised when -

- a) The City has a present legal or constructive obligation as a result of past events;
- b) It is probable that an outflow of economic benefits will result to settle the obligation; and
- c) That outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period. Provisions are not recognised for future operating losses.

### o Leases

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

### p 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 Statement of Financial Position and Statement of Comprehensive Income. Information about any joint ventures is set out in Note 17.

### q Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the City 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 City's operations for the current reporting period.

**1 Significant Accounting Policies (continued)**

**r 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.

**s Current and Non-Current Classification**

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

**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.

When the City applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in the financial statements, a Statement of Financial Position as at the beginning of the earliest period will be disclosed.

**v Budget Comparative Figures**

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimates for the relevant items of disclosure and do not reflect any budget variations that may have occurred throughout the reporting period.

**1 Significant Accounting Policies (continued)**

**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 the City for the annual reporting under review. The City's assessment of these new standards and interpretations is set out below -

Title and Topic	Issued	Applicable	Impact
<b>AASB 9 - Financial Instruments</b>	Dec 2009	Jan 2013	Nil - The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the City, it is not anticipated the standard will have any material affect.
<b>AASB 124 - Related Party Disclosures</b>	Dec 2009	Jan 2011	Nil - It is not anticipated the City will have any related parties as defined by the Standard.
<b>AASB 1053 - Application of Tiers of Australian Accounting Standards</b>	Jun 2010	Jul 2013	Nil - Due to its nature and statutory requirements, the City will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
<b>AASB 2009 - 12 Amendments to Australian Accounting Standards (AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052)</b>	Dec 2009	Jan 2011	Nil - The revisions embodied in this standard relate to standards that do not apply to local government (i.e. AASB 8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the City.
<b>AASB 2009 - 11 Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12)</b>	Dec 2009	Jan 2013	Nil - The revisions embodied in this standard relate to standards that do not apply to local government (i.e. AASB 8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the City.
<b>AASB 2009 - 14 Amendments to Australian Interpretations - Prepayments of a minimum Funding Requirement (AASB Interpretation 14)</b>	Dec 2009	Jan 2011	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the City.

**1 Significant Accounting Policies (continued)**

**w New Accounting Standards and Interpretations (continued)**

<p><b>AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 and 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 and 1052]</b></p>	<p>Jun 2010</p>	<p>Jul 2013</p>	<p>Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.</p>
<p><b>AASB 2010 - 4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 and AASB 134 and Interpretation 13]</b></p>	<p>Jun 2010</p>	<p>Jan 2011</p>	<p>Nil - The revision are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the City.</p>
<p><b>AASB 2010 - 5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 and 1038 and Interpretations 112, 115, 127, 132 and 1042]</b></p>	<p>Oct 2010</p>	<p>Jan 2011</p>	<p>Nil - The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the City.</p>
<p><b>AASB 2010 - 6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 and AASB 7]</b></p>	<p>Nov 2010</p>	<p>Jul 2011</p>	<p>Nil - The revisions embodied in this standard amend disclosures required on transfers of financial assets. The City is not expected to have any qualifying transfers.</p>
<p><b>AASB 2010 - 7 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 and 1038 and Interpretations 2, 5, 10, 12, 19 and 127]</b></p>	<p>Dec 2010</p>	<p>Jan 2013</p>	<p>Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9, which is not anticipated to have any material effect on the City.</p>

**1 Significant Accounting Policies (continued)**

**w New Accounting Standards and Interpretations (continued)**

<b>AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]</b>	Dec 2010	Jan 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the City.
<b>AASB 2010 - 9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]</b>	Dec 2010	Jan 2011	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the City.
<b>AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009-11 and AASB 2010-7]</b>	Dec 2010	Jan 2013	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the City.

**x Adoption of New and Revised Accounting Standards**

During the current year, a number of new and revised Australian Accounting Standards and Interpretations became mandatory and these were taken up by the City.

These new, and revised, standards were -

- AASB 2009 - 5
- AASB 2009 - 8
- AASB 2009 - 10
- AASB 2009 - 13
- AASB 2010 - 1
- AASB 2010 - 3
- Interpretation 19

The standards taken up by the City had a minimal effect on accounting and reporting practices as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

## CITY OF ARMADALE

### Notes to, and forming part of, the Financial Report For the year ended 30 June 2011

	Note	2011 Actual \$	2011 Budget \$	2010 Actual \$
<b>2 Revenues and Expenses</b>				
<b>a Result from Ordinary Activities</b>				
The result from ordinary activities includes -				
<b>i Charging as an Expense</b>				
<b>Auditor's Remuneration</b>		30,652	32,100	25,410
<b>Bad and Doubtful Debts</b>				
Write Off - Rates		85,079	51,900	361,906
Write Off - General		0	10,700	7,288
Write Off - Infringements		33,564	29,100	47,612
		<b>118,643</b>	<b>91,700</b>	<b>416,805</b>
<b>Depreciation</b>				
Land and Buildings		714,621	669,000	637,188
Furniture and Equipment		75,105	32,200	30,677
Plant and Machinery		1,507,900	1,527,700	1,455,001
Roads		3,212,605	3,203,800	3,051,331
Drainage		660,083	662,800	631,244
Pathways		414,837	415,800	396,000
Reserves		3,702,578	3,718,700	3,541,609
		<b>10,287,729</b>	<b>10,230,000</b>	<b>9,743,050</b>
<b>Interest Expense</b>				
Debentures	22	725,767	714,500	261,866
		<b>725,767</b>	<b>714,500</b>	<b>261,866</b>
<b>ii Charging as a Revenue</b>				
<b>Interest Earnings</b>				
Investments - Reserve Funds		1,601,493	979,000	852,153
Investments - Municipal Fund		2,033,015	1,257,085	1,518,806
Other Interest Revenue	27	349,411	269,800	270,955
		<b>3,983,919</b>	<b>2,505,885</b>	<b>2,641,914</b>

## 2 Revenues and Expenses

### b Statement of Objective

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

#### **Our Mission**

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

#### **Our Values**

- Honesty      - Professionalism      - Respect      - Accountability

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

#### **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.

	2011 Actual \$	2010 Actual \$
<b>2 Revenues and Expenses</b>		
<b>c Conditions over Contributions</b>		
<b>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)</b>		
<b>Education and Welfare</b>		
Community Activities Place Planning	0	15,000
Indigenous Assistance	0	71,100
Seniors	0	14,100
<b>Recreation and Culture</b>		
Australia Day	23,500	0
Concerts in the Park	6,500	0
Playgrounds	0	275,500
<b>Transport</b>		
Federal Black Spot	594,000	0
Local Government Road Funding	3,284,443	0
State Black Spot	115,600	0
Transport Network	0	167,755
	<b>4,024,043</b>	<b>543,455</b>
<b>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 conditions)</b>		
<b>Education and Welfare</b>		
Libraries - Connected Seniors	5,000	0
Youth	25,000	0
<b>Recreation and Culture</b>		
Australia Day	0	23,500
Concerts in the Park	0	6,500
<b>Transport</b>		
Federal Black Spot	0	594,000
Local Government Road Funding	535,505	3,284,443
State Black Spot	0	115,600
	<b>565,505</b>	<b>4,024,043</b>



	2011 Actual \$	2010 Actual \$
<b>2 Revenues and Expenses</b>		
<b>c Conditions over Contributions</b>		
<b>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)</b>		
<b>Education and Welfare</b>		
Community Activities Place Planning	0	15,000
Indigenous Assistance	0	61,600
Seniors	0	14,100
<b>Recreation and Culture</b>		
Australia Day	23,500	0
Concerts in the Park	6,500	0
Playgrounds	0	275,500
<b>Transport</b>		
Federal Black Spot	594,000	0
Local Government Road Funding	3,284,443	0
State Black Spot	115,600	0
Transport Network	0	167,755
	<b>4,024,043</b>	<b>533,955</b>
<b>Closing Balance of Unspent Grants</b>	<b>565,505</b>	<b>4,033,543</b>

## CITY OF ARMADALE

### Notes to, and forming part of, the Financial Report For the year ended 30 June 2011

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Actual \$	2010 Actual \$
<b>3 Cash and Cash Equivalents</b>			
<b>Unrestricted</b>		15,387,622	8,939,128
<b>Restricted</b>		39,972,155	32,339,863
		<b>55,359,777</b>	<b>41,278,991</b>
The following restrictions have been imposed by regulations or other externally imposed requirements -			
<b>Reserves</b>			
Abbey Road Link Project		2,665,117	0
Asset Renewal - Buildings		61,900	58,492
Asset Renewal - Parks		61,900	58,492
Building Plant and Equipment		128,300	121,158
Civic Precinct		370,000	348,562
Computer Systems Technologies		225,800	114,146
Crossover Contributions		55,000	53,575
Emergency Waste		183,300	173,178
Employee Provisions		5,053,950	4,295,242
Freehold Sales Capital Works		120,900	7,706
Future Community Facilities		661,500	624,948
Future Project Funding		6,073,583	2,539,284
Future Recreation Facilities		180,000	170,055
Land Acquisition		380,900	359,805
Mobile Bin Program		1,620,200	1,530,605
North Forrestdale DCP 3		12,765,800	8,799,725
North Forrestdale SAR Asset Renewal		643,000	232,807
Plant and Machinery		1,752,200	1,353,918
Portable Long Service Leave		207,300	156,487
Revolving Energy		81,800	101,348
Strategic Asset Investments		1,423,600	1,095,552
Waste Management		3,737,800	3,220,774
Workers Compensation		428,700	404,982
Works Contributions		524,100	492,700
		<b>39,406,650</b>	<b>26,313,540</b>
<b>Restricted Funds</b>			
Unspent Grants	2	565,505	4,033,543
Unspent Loans	22	0	1,992,780
		<b>565,505</b>	<b>6,026,323</b>
<b>Total Reserves and Restricted Cash and Cash Equivalents</b>		<b>39,972,155</b>	<b>32,339,863</b>

	2011 Actual \$	2010 Actual \$
<b>4 Investments</b>		
Financial assets, at fair value, held in the form of an investment, as at 30 June	0	0
<b>5 Trade and Other Receivables</b>		
<b>Current</b>		
Accrued Revenue and Prepayments	3,571,176	2,425,811
Rates Debtors	1,168,477	782,899
ESL Debtors	49,762	34,285
Unclaimed Pensioner Rates Rebate	0	0
Unclaimed ESL Rates Rebate	0	0
Sundry Debtors	1,114,776	2,492,080
Provision for Doubtful Debts	(122,378)	(122,378)
	<b>5,781,812</b>	<b>5,612,697</b>
<b>Non-Current</b>		
Rates Debtors	596,419	583,991
ESL Debtors	35,001	30,067
Sundry Debtors	150,681	169,076
	<b>782,102</b>	<b>783,134</b>
<b>6 Inventories</b>		
<b>Current</b>		
Fuel and Materials	70,727	102,699
	<b>70,727</b>	<b>102,699</b>

## CITY OF ARMADALE

### Notes to, and forming part of, the Financial Report For the year ended 30 June 2011

	2011 Actual \$	2010 Actual \$
<b>7 Property, Plant and Equipment</b>		
Land - Cost	6,804,510	6,233,615
Buildings - Valuation	32,077,870	27,029,867
Less Accumulated Depreciation	<u>(3,520,276)</u>	<u>(2,839,519)</u>
	<b>35,362,103</b>	<b>30,423,962</b>
Furniture and Equipment - Cost	3,229,283	3,155,663
Less Accumulated Depreciation	<u>(2,208,055)</u>	<u>(2,132,950)</u>
	<b>1,021,228</b>	<b>1,022,714</b>
Plant and Machinery - Cost	13,109,785	12,864,651
Less Accumulated Depreciation	<u>(6,946,513)</u>	<u>(6,683,525)</u>
	<b>6,163,273</b>	<b>6,181,126</b>
<b>Total Property, Plant and Equipment</b>	<b><u>42,546,604</u></b>	<b><u>37,627,802</u></b>

#### Movements in Carrying Amounts

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

Particulars	Land \$	Buildings \$	Furniture and Equipment \$	Plant and Machinery \$	Total \$
Beginning Balance	6,233,615	24,190,348	1,022,714	6,181,126	37,627,802
Additions	570,895	5,250,784	73,620	2,049,557	7,944,855
Disposals	0	(168,917)	0	(559,510)	(728,427)
Revaluation Movements	0	0	0	0	0
Impairment Adjustments	0	0	0	0	0
Depreciation Expense	0	(714,621)	(75,105)	(1,507,900)	(2,297,626)
<b>Carrying Amount</b>	<b><u>6,804,510</u></b>	<b><u>28,557,594</u></b>	<b><u>1,021,228</u></b>	<b><u>6,163,273</u></b>	<b><u>42,546,604</u></b>

	2011 Actual \$	2010 Actual \$
<b>8 Infrastructure</b>		
Roads - Cost	167,948,466	160,813,832
Less Accumulated Depreciation	(32,352,694)	(29,140,089)
	<b>135,595,772</b>	<b>131,673,743</b>
Drainage - Cost	33,928,472	33,010,076
Less Accumulated Depreciation	(7,473,736)	(6,813,653)
	<b>26,454,735</b>	<b>26,196,423</b>
Pathways - Cost	8,947,660	8,598,260
Less Accumulated Depreciation	(3,762,763)	(3,347,927)
	<b>5,184,897</b>	<b>5,250,333</b>
Parks and Reserves - Cost	76,129,045	74,270,257
Less Accumulated Depreciation	(46,444,823)	(42,742,245)
	<b>29,684,222</b>	<b>31,528,013</b>
<b>Total Infrastructure</b>	<b>196,919,626</b>	<b>194,648,513</b>

#### 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 and Reserves \$	Total \$
Beginning Balance	131,673,743	26,196,423	5,250,333	31,528,013	<b>194,648,513</b>
Additions	7,134,634	918,395	349,400	1,858,788	<b>10,261,217</b>
Disposals	0	0	0	0	<b>0</b>
Revaluation Movements	0	0	0	0	<b>0</b>
Impairment Adjustments	0	0	0	0	<b>0</b>
Depreciation Expense	(3,212,605)	(660,083)	(414,837)	(3,702,578)	<b>(7,990,103)</b>
<b>Carrying Amount</b>	<b>135,595,772</b>	<b>26,454,735</b>	<b>5,184,896</b>	<b>29,684,223</b>	<b>196,919,626</b>

## CITY OF ARMADALE

### Notes to, and forming part of, the Financial Report For the year ended 30 June 2011

	2011 Actual \$	2010 Actual \$
<b>9 Trade and Other Payables</b>		
<b>Current</b>		
Sundry Creditors	4,243,406	4,895,746
Payroll Deductions	0	0
Accrued Expenses	302,779	210,800
Revenue Liability	2,395,446	1,565,783
ESL Liability	0	83,637
Payroll Entitlements	4,464	17,481
	<b>6,946,094</b>	<b>6,773,446</b>
<b>Non-Current</b>		
Sundry Creditors	207,315	156,487
	<b>207,315</b>	<b>156,487</b>
<b>10 Borrowings</b>		
<b>Current</b>		
Secured by Floating Charge Debentures	650,595	1,233,051
	<b>650,595</b>	<b>1,233,051</b>
<b>Non-Current</b>		
Secured by Floating Charge Debentures	17,802,658	10,776,763
	<b>17,802,658</b>	<b>10,776,763</b>
Additional details on Borrowings are provided in Note 22.		
<b>11 Provisions</b>		
<b>Current</b>		
Provision for Annual Leave	2,923,453	2,416,121
Provision for Long Service Leave	2,130,498	1,857,412
	<b>5,053,951</b>	<b>4,273,533</b>
<b>Non-Current</b>		
Provision for Long Service Leave	369,113	295,315
	<b>369,113</b>	<b>295,315</b>

	2011 Actual \$	2011 Budget \$	2010 Actual \$
<b>12 Reserves - Cash Backed</b>			
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.			
<u>Abbey Road Link Project</u>			
<i>To be used to assist in funding the Abbey Road / Railway Avenue Link Road and Subdivision Project.</i>			
Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	2,665,117	355,000	0
Transfer to Reserve - Interest Earnings	0	0	0
Transfer from Reserve	0	0	0
	<b>2,665,117</b>	<b>355,000</b>	<b>0</b>
<u>Asset Renewal - Buildings</u>			
<i>To be used to assist in funding capital works on buildings, thereby extending the useful economic life of such assets.</i>			
Opening Balance	58,492	58,492	56,778
Transfer to Reserve - Municipal Funds	(28)	0	0
Transfer to Reserve - Interest Earnings	3,436	2,400	1,713
Transfer from Reserve	0	0	0
	<b>61,900</b>	<b>60,892</b>	<b>58,492</b>
<u>Asset Renewal - Parks</u>			
<i>To be used to assist in funding capital works on parks, thereby extending the useful economic life of such assets.</i>			
Opening Balance	58,492	58,492	56,778
Transfer to Reserve - Municipal Funds	(28)	0	0
Transfer to Reserve - Interest Earnings	3,436	2,400	1,713
Transfer from Reserve	0	0	0
	<b>61,900</b>	<b>60,892</b>	<b>58,492</b>
<u>Building Plant and Equipment</u>			
<i>To be used to assist in the maintenance and replacement of Plant and Equipment associated with Council's buildings.</i>			
Opening Balance	121,158	121,158	118,495
Transfer to Reserve - Municipal Funds	0	0	0
Transfer to Reserve - Interest Earnings	7,142	5,000	2,663
Transfer from Reserve	0	0	0
	<b>128,300</b>	<b>126,158</b>	<b>121,158</b>
<u>Champion Lakes SAR Asset Renewal</u>			
<i>To be used to assist in the renewal of assets associated with Champion Lakes Estates covered by Specified Area Rating.</i>			
Opening Balance	0	0	0
Transfer to Reserve - Municipal Funds	0	35,000	0
Transfer to Reserve - Interest Earnings	0	0	0
Transfer from Reserve	0	0	0
	<b>0</b>	<b>35,000</b>	<b>0</b>

## CITY OF ARMADALE

### Notes to, and forming part of, the Financial Report For the year ended 30 June 2011

	2011 Actual \$	2011 Budget \$	2010 Actual \$
<b>12 Reserves - Cash Backed (continued)</b>			
<u>Civic Precinct</u>			
<i>To be used to assist in research, planning and redevelopment of the City's Civic Precinct.</i>			
Opening Balance	348,562	348,562	0
Transfer to Reserve - Municipal Funds	(18)	74,900	500,004
Transfer to Reserve - Interest Earnings	21,456	5,100	6,558
Transfer from Reserve	0	(142,000)	(158,000)
	<b>370,000</b>	<b>286,562</b>	<b>348,562</b>
<u>Computer Systems Technologies</u>			
<i>To be used to assist in funding the long-term renewal of Council's core computer systems.</i>			
Opening Balance	114,146	114,146	0
Transfer to Reserve - Municipal Funds	102,500	100,500	112,500
Transfer to Reserve - Interest Earnings	9,154	2,000	1,646
Transfer from Reserve	0	0	0
	<b>225,800</b>	<b>216,646</b>	<b>114,146</b>
<u>Crossover Contributions</u>			
<i>To be used to assist in funding the construction of Crossovers as a condition of approved building licences.</i>			
Opening Balance	53,575	53,575	419,669
Transfer to Reserve - Municipal Funds	(31)	0	0
Transfer to Reserve - Interest Earnings	3,440	1,800	20,055
Transfer from Reserve	(1,983)	0	(386,150)
	<b>55,000</b>	<b>55,375</b>	<b>53,575</b>
<u>Emergency Waste</u>			
<i>To be used to assist with the costs associated with storm damage clean-up, collections and disposal.</i>			
Opening Balance	173,178	173,178	168,142
Transfer to Reserve - Municipal Funds	(20)	0	0
Transfer to Reserve - Interest Earnings	10,142	7,000	5,035
Transfer from Reserve	0	0	0
	<b>183,300</b>	<b>180,178</b>	<b>173,178</b>
<u>Employee Provisions</u>			
<i>To be used to cash-back the employees' sick, annual and long-service leave entitlements liability.</i>			
Opening Balance	4,295,242	4,295,242	3,621,521
Transfer to Reserve - Municipal Funds	507,799	0	500,653
Transfer to Reserve - Interest Earnings	250,909	156,400	173,068
Transfer from Reserve	0	0	0
	<b>5,053,950</b>	<b>4,451,642</b>	<b>4,295,242</b>



	2011 Actual \$	2011 Budget \$	2010 Actual \$
<b>12 Reserves - Cash Backed (continued)</b>			
<u>Freehold Sales Capital Works</u>			
<i>To be used to assist in funding capital works and to be funded from the proceeds (30% of net sale proceeds) of selling Freehold land parcels.</i>			
Opening Balance	7,706	7,706	0
Transfer to Reserve - Municipal Funds	106,355	371,900	0
Transfer to Reserve - Interest Earnings	6,839	13,500	7,706
Transfer from Reserve	0	0	0
	<b>120,900</b>	<b>393,106</b>	<b>7,706</b>
<u>Future Community Facilities</u>			
<i>To be used to assist in the research, planning and construction of future Community Facilities.</i>			
Opening Balance	624,948	624,948	605,988
Transfer to Reserve - Municipal Funds	(23)	0	0
Transfer to Reserve - Interest Earnings	36,575	26,100	18,959
Transfer from Reserve	0	(160,000)	0
	<b>661,500</b>	<b>491,048</b>	<b>624,948</b>
<u>Future Project Funding</u>			
<i>To be used to fund future projects considered in excess of the City's normal funding capacity.</i>			
Opening Balance	2,539,284	2,539,284	2,573,279
Transfer to Reserve - Municipal Funds	3,374,783	200,000	441,000
Transfer to Reserve - Interest Earnings	159,516	102,100	19,460
Transfer from Reserve	0	0	(494,454)
	<b>6,073,583</b>	<b>2,841,384</b>	<b>2,539,285</b>
<u>Future Recreation Facilities</u>			
<i>To be used to assist in the research, planning and construction of future recreation facilities.</i>			
Opening Balance	170,055	170,055	165,162
Transfer to Reserve - Municipal Funds	(10)	(200)	0
Transfer to Reserve - Interest Earnings	9,955	7,100	4,893
Transfer from Reserve	0	0	0
	<b>180,000</b>	<b>176,955</b>	<b>170,055</b>
<u>Land Acquisition</u>			
<i>To be used to assist in future acquisitions of land for investment or works requirement.</i>			
Opening Balance	359,805	359,805	350,075
Transfer to Reserve - Municipal Funds	0	0	0
Transfer to Reserve - Interest Earnings	21,095	15,100	9,730
Transfer from Reserve	0	0	0
	<b>380,900</b>	<b>374,905</b>	<b>359,805</b>

## CITY OF ARMADALE

### Notes to, and forming part of, the Financial Report For the year ended 30 June 2011

	2011 Actual \$	2011 Budget \$	2010 Actual \$
<b>12 Reserves - Cash Backed (continued)</b>			
<u>Mobile Bin Program</u>			
<i>To be used to assist in the purchase and replacement of the City's Mobile Garbage Bins.</i>			
Opening Balance	1,530,605	1,530,605	1,498,971
Transfer to Reserve - Municipal Funds	0	0	0
Transfer to Reserve - Interest Earnings	89,595	64,700	31,634
Transfer from Reserve	0	0	0
	<b>1,620,200</b>	<b>1,595,305</b>	<b>1,530,605</b>
<u>North Forrestdale DCP 3</u>			
<i>To be used to fund common infrastructure works as identified in the Development Contribution Plan #3.</i>			
Opening Balance	8,799,725	8,799,725	4,864,322
Transfer to Reserve - Municipal Funds	3,453,888	0	3,693,674
Transfer to Reserve - Interest Earnings	512,187	210,000	241,729
Transfer from Reserve	0	0	0
	<b>12,765,800</b>	<b>9,009,725</b>	<b>8,799,725</b>
<u>North Forrestdale SAR Asset Renewal</u>			
<i>To be used to assist in the renewal of assets associated with North Forrestdale Estates covered by Specified Area Rating.</i>			
Opening Balance	232,807	232,807	40,331
Transfer to Reserve - Municipal Funds	381,941	405,900	184,495
Transfer to Reserve - Interest Earnings	28,252	9,300	7,981
Transfer from Reserve	0	0	0
	<b>643,000</b>	<b>648,007</b>	<b>232,807</b>
<u>Plant and Machinery</u>			
<i>To be used to assist in the purchase and replacement of the City's Plant and Machinery requirements.</i>			
Opening Balance	1,353,918	1,353,918	2,454,701
Transfer to Reserve - Municipal Funds	1,507,900	1,524,400	1,455,001
Transfer to Reserve - Interest Earnings	84,484	93,900	60,274
Transfer from Reserve	(1,194,102)	(1,872,200)	(2,616,057)
	<b>1,752,200</b>	<b>1,100,018</b>	<b>1,353,919</b>
<u>Portable Long Service Leave</u>			
<i>To be used to assist in financing the City's Portable Long Service Leave liability.</i>			
Opening Balance	156,487	156,487	141,721
Transfer to Reserve - Municipal Funds	41,664	0	7,994
Transfer to Reserve - Interest Earnings	9,148	6,100	6,773
Transfer from Reserve	0	0	0
	<b>207,300</b>	<b>162,587</b>	<b>156,487</b>

	2011 Actual \$	2011 Budget \$	2010 Actual \$
<b>12 Reserves - Cash Backed (continued)</b>			
<u>Revolving Energy</u>			
<i>To be used to assist in establishing energy efficient management techniques and practices.</i>			
Opening Balance	101,348	101,348	0
Transfer to Reserve - Municipal Funds	(29)	0	99,996
Transfer to Reserve - Interest Earnings	5,943	4,100	1,352
Transfer from Reserve	(25,463)	0	0
	<b>81,800</b>	<b>105,448</b>	<b>101,348</b>
<u>Strategic Asset Investments</u>			
<i>To be used to fund the acquisition of strategic asset investments from the proceeds (70% of net sale proceeds) of selling Freehold land.</i>			
Opening Balance	1,095,552	1,095,552	990,958
Transfer to Reserve - Municipal Funds	248,182	866,000	0
Transfer to Reserve - Interest Earnings	79,866	74,500	104,594
Transfer from Reserve	0	0	0
	<b>1,423,600</b>	<b>2,036,052</b>	<b>1,095,552</b>
<u>Waste Management</u>			
<i>To be used to assist in the management and future provisioning of the City's Waste Management Sites.</i>			
Opening Balance	3,220,774	3,220,774	4,043,341
Transfer to Reserve - Municipal Funds	320,791	155,300	23,072
Transfer to Reserve - Interest Earnings	196,235	135,000	107,863
Transfer from Reserve	0	0	(953,504)
	<b>3,737,800</b>	<b>3,511,074</b>	<b>3,220,772</b>
<u>Workers Compensation</u>			
<i>To be used to assist in covering any workers' compensation liability claims in excess of the City's normal funding capacity.</i>			
Opening Balance	404,982	404,982	400,827
Transfer to Reserve - Municipal Funds	0	0	0
Transfer to Reserve - Interest Earnings	23,718	17,300	4,155
Transfer from Reserve	0	0	0
	<b>428,700</b>	<b>422,282</b>	<b>404,982</b>
<u>Works Contributions</u>			
<i>To be used to fund works utilising contributions received from developers, generally pursuant to conditions of development approval.</i>			
Opening Balance	492,700	492,700	421,069
Transfer to Reserve - Municipal Funds	2,430	0	59,033
Transfer to Reserve - Interest Earnings	28,970	18,100	12,597
Transfer from Reserve	0	0	0
	<b>524,100</b>	<b>510,800</b>	<b>492,700</b>
<b>Total Reserves</b>			
Opening Balance	<b>26,313,540</b>	<b>26,313,540</b>	<b>22,992,130</b>
Transfer to Reserve - Municipal Funds	12,713,165	4,088,700	7,077,423
Transfer to Reserve - Interest Earnings	1,601,493	979,000	852,153
Transfer from Reserve	(1,221,548)	(2,174,200)	(4,608,165)
	<b>39,406,650</b>	<b>29,207,040</b>	<b>26,313,540</b>

## CITY OF ARMADALE

### Notes to, and forming part of, the Financial Report For the year ended 30 June 2011

	2011 Actual \$	2011 Budget \$	2010 Actual \$
<b>13 Reserves - Asset Revaluation</b>			
Opening Balance as at 1 July 2010	8,451,748	8,451,748	8,451,748
Revaluation Increment	0	0	0
Revaluation Decrement	0	0	0
<b>Closing Balance as at 30 June 2011</b>	<b>8,451,748</b>	<b>8,451,748</b>	<b>8,451,748</b>

	2011 Actual \$	2010 Actual \$
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#### 14 Notes to the Statement of Cash Flows

##### a Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows -

Cash and Cash Equivalents	55,359,777	41,278,991
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##### b Reconciliation of Net Cash Provided by Operating Activities to Net Result

Net Result	13,885,680	13,906,799
Depreciation	10,287,729	9,743,050
(Profit) / Loss on Sale of Asset	(1,963,896)	(2,021,401)
(Increase) / Decrease in Receivables	(168,082)	(3,002,422)
(Increase) / Decrease in Inventories	31,972	(23,205)
Increase / (Decrease) in Payables	223,476	1,991,595
Increase / (Decrease) in Employee Provisions	854,216	651,101
Grants and Contributions for Asset Development	(7,802,844)	(9,058,577)
<b>Net Cash from Operating Activities</b>	<b>15,348,251</b>	<b>12,186,939</b>

##### 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
<b>Total Amount of Credit Unused</b>	<b>106,000</b>	<b>106,000</b>

###### Loan Facilities

Loan Facilities - Current	650,595	1,233,051
Loan Facilities - Non-Current	17,802,658	10,776,763
<b>Total Facilities in Use at Balance Date</b>	<b>18,453,253</b>	<b>12,009,813</b>
<b>Unused Loan Facilities at Balance Date</b>	<b>0</b>	<b>0</b>

### 15 Contingent Liabilities

The City had no contingent liabilities for the periods reported.

### 16 Capital and Leasing Commitments

The City had no Capital Leasing Commitments for the periods reported.

### 17 Joint Venture

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

### 18 Trust Funds

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

	Balance 1 July 2010 \$	Account Movement \$	Balance 30 June 2011 \$
Cash in Lieu - POS - A14 Plan	1,848,442	181,331	2,029,773
Cash in Lieu - POS - Agreements	77,862	4,170	82,033
Cash in Lieu - POS - Heron	118,450	6,344	124,794
Cash in Lieu - POS - Jarrah	79,613	4,259	83,872
Cash in Lieu - POS - Lake	530,865	266,651	797,517
Cash in Lieu - POS - Minnowarra	7,498	402	7,900
Cash in Lieu - POS - Neerigen	399,342	(74,755)	324,586
Cash in Lieu - POS - River	15,082	808	15,890
Cash in Lieu - POS - Strategy North	84,027	4,500	88,527
Cash in Lieu of Footpaths	142,741	58,543	201,284
Contractors Deposits	2,904,900	3,767,345	6,672,245
Hall and Key Deposits	69,078	3,030	72,108
Kerb Deposits	1,130,608	1,298	1,131,906
POS - Precinct A - Westfield	334,789	17,930	352,719
POS - Precinct B - Seville Grove	287,488	365,885	653,373
POS - Precinct C - West Armadale	33,679	598,333	632,012
POS - Precinct D - South Armadale	40,212	(1,192)	39,020
POS - Precinct F - Clifton Hills	153,517	67,819	221,336
POS - Precinct G - Creyk	445,855	23,879	469,733
POS - Precinct I - Roleystone	494,992	49,787	544,779
POS - Precinct M - Palomino	90,046	(33,805)	56,241
POS - Regional Recreation Infrastructure	1,174,149	693,344	1,867,493
Rates in Suspense	36,529	884	37,413
SEMACC Lease Liability	10,525	0	10,525
Town Planning Bonds	51,362	300,000	351,362
	<b>10,561,652</b>	<b>6,306,789</b>	<b>16,868,441</b>

## CITY OF ARMADALE

### Notes to, and forming part of, the Financial Report For the year ended 30 June 2011

	2011 Actual \$	2010 Actual \$
<b>19 Total Assets Classified by Function and Activity</b>		
General Purpose Funding	26,715,860	19,029,932
Governance	19,446,730	16,436,125
Law, Order and Public Safety	369,345	341,698
Health	5,584	5,826
Education and Welfare	0	0
Community Amenities	19,128,981	15,941,249
Recreation and Culture	59,978,597	56,984,544
Transport	167,895,690	163,778,624
Economic Services	4,389	795
Other Property and Services	7,915,473	7,535,045
	<b><u>301,460,649</u></b>	<b><u>280,053,837</u></b>

	Net Book Value		Sale Price		Profit / (Loss)	
	Actual	Budget	Actual	Budget	Actual	Budget
			\$	\$	\$	\$
<b>20 Disposal of Assets</b>						
<b>Land and Buildings</b>						
<u>Governance</u>						
Public Open Space Land	0	1,365,000	1,511,823	1,365,000	1,511,823	0
Freehold Land	0	1,940,000	354,545	1,940,000	354,545	0
<u>Health</u>						
Armadale Child Health	49,240	0	0	0	(49,240)	0
Kelmscott Child Health	4,991	0	0	0	(4,991)	0
<u>Education and Welfare</u>						
Minnawarra House (2nd)	74,858	0	0	0	(74,858)	0
W A'dale Pre-School	32,176	0	0	0	(32,176)	0
W A'dale Pre-School Shed	915	0	0	0	(915)	0
<u>Community Amenities</u>						
Kelmscott Railway Toilets	4,658	0	0	0	(4,658)	0
Minnawarra Park Toilets	2,081	0	0	0	(2,081)	0
<b>Total Land and Buildings</b>	<b>168,919</b>	<b>3,305,000</b>	<b>1,866,368</b>	<b>3,305,000</b>	<b>1,697,449</b>	<b>0</b>
<b>Plant and Machinery</b>						
<u>Governance</u>						
Executive Vehicle - 85250	38,373	39,200	30,552	32,000	(7,821)	(7,200)
Executive Vehicle - 85251	29,945	28,600	26,017	28,000	(3,928)	(600)
Sedan - 85252	6,548	6,500	11,017	19,000	4,469	12,500
Sedan - 85253	23,416	21,600	21,244	22,000	(2,172)	400
Sedan - 85254	10,068	10,200	12,835	19,000	2,767	8,800
Sedan - 85298	10,789	12,200	11,693	19,000	904	6,800
<u>Law, Order and Safety</u>						
4 x 4 Utility - 85259	17,924	16,500	22,466	15,000	4,542	(1,500)
4 x 4 Utility - 85295	17,924	16,500	21,926	15,000	4,002	(1,500)
Sedan - 85257	23,228	22,300	16,648	22,000	(6,580)	(300)
<u>Health</u>						
Sedan - 85301	12,291	12,400	13,198	22,000	907	9,600
Sedan - 85303	14,622	16,500	17,193	22,000	2,571	5,500
<u>Education and Welfare</u>						
Executive Vehicle - 85255	26,652	27,900	25,108	28,000	(1,544)	100
Sedan - 85412	15,608	14,700	16,244	24,000	636	9,300
Sedan - 85424	10,409	9,700	12,380	16,000	1,971	6,300
<u>Community Amenities</u>						
Minor - Waste - 85998	0	0	0	1,000	0	1,000
Truck - 85356	0	57,200	0	50,000	0	(7,200)
Utility - 85289	0	14,400	0	24,000	0	9,600
Executive Vehicle - 85261	26,758	25,200	24,380	28,000	(2,378)	2,800
Sedan - 85410	12,953	12,000	14,471	22,000	1,518	10,000
Sedan - 85304	0	15,300	0	22,000	0	6,700

## CITY OF ARMADALE

### Notes to, and forming part of, the Financial Report For the year ended 30 June 2011

	Net Book Value		Sale Price		Profit / (Loss)	
	Actual	Budget	Actual \$	Budget \$	Actual \$	Budget \$
<b>20 Disposal of Assets (continued)</b>						
<u>Recreation and Culture</u>						
Minor - Parks - 85996	0	0	0	5,300	0	5,300
Minor - Property - 85999	0	0	0	1,000	0	1,000
Outfront Mower - 85315	6,038	5,000	10,855	7,000	4,817	2,000
Sedan - 85266	11,428	11,400	14,653	22,000	3,225	10,600
Truck - 85326	3,182	6,700	22,633	35,000	19,451	28,300
Utility - 85310	16,214	15,000	20,017	26,000	3,803	11,000
Utility - 85325	14,063	12,100	17,380	20,000	3,317	7,900
Utility - 85328	15,164	14,300	14,744	24,000	(420)	9,700
Utility - 85385	8,862	8,200	13,289	19,000	4,427	10,800
Utility - 85409	10,764	10,800	12,835	16,000	2,071	5,200
<u>Transport</u>						
Executive Vehicle - 85265	30,487	28,400	26,744	28,000	(3,743)	(400)
Grader - 85339	0	0	61,922	85,000	61,922	85,000
Minor - Civil Works - 85995	0	0	0	3,000	0	3,000
Minor - Support - 85997	0	0	0	2,000	0	2,000
Roadsweeper - 85344	16,769	2,900	35,000	50,000	18,231	47,100
Sedan - 85267	10,509	10,500	13,653	22,000	3,144	11,500
Sedan - 85309	16,030	17,900	17,825	22,000	1,795	4,100
Sedan - 85415	11,246	10,100	12,380	16,000	1,134	5,900
Truck - 85278	0	0	55,000	85,000	55,000	85,000
Truck - 85368	0	0	19,644	25,000	19,644	25,000
Truck - 85370	0	0	65,000	85,000	65,000	85,000
Utility - 85283	20,807	19,900	17,835	19,000	(2,972)	(900)
Utility - 85287	22,433	21,000	20,562	24,000	(1,871)	3,000
Utility - 85311	12,396	12,200	12,471	18,000	75	5,800
Utility - 85312	12,859	11,300	14,653	16,000	1,794	4,700
Utility - 85417	12,960	12,200	17,380	19,000	4,420	6,800
<u>Economic Services</u>						
Wagon - 85264	9,789	12,600	12,108	17,000	2,319	4,400
<b>Total Plant and Machinery</b>	<b>559,508</b>	<b>621,400</b>	<b>825,955</b>	<b>1,161,300</b>	<b>266,447</b>	<b>539,900</b>
<b>Total Disposal of Assets</b>	<b>728,427</b>	<b>3,926,400</b>	<b>2,692,323</b>	<b>4,466,300</b>	<b>1,963,896</b>	<b>539,900</b>



	2011	2010	2009	2008
<b>21 Financial Ratios</b>				
Current Ratio	2.80	1.83	2.56	2.92
Untied Cash to Trade Creditors Ratio	3.63	1.83	3.48	3.90
Debt Ratio	0.10	0.08	0.05	0.05
Debt Service Ratio	0.03	0.01	0.01	0.02
Gross Debt to Revenue Ratio	0.26	0.21	0.08	0.06
Gross Debt to Realisable Assets Ratio	0.18	0.14	0.06	0.05
Rates Coverage Ratio	0.49	0.53	0.55	0.44
Outstanding Rates Ratio (excl Pensioner Deferments)	0.03	0.02	0.03	0.02

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 (excluding Pensioner Deferments)	=	$\frac{\text{Rates Outstanding}}{\text{Rates Collectable}}$

## CITY OF ARMADALE

### Notes to, and forming part of, the Financial Report For the year ended 30 June 2011

	Principal 1 July \$	New Loans \$	Principal Repayments \$	Principal 30 June \$	Interest Repayments \$
<b>22 Information on Borrowings</b>					
<b>a Repayment - Debentures (Budget)</b>					
<b>Particulars</b>					
<b>Governance</b>					
285 Temporary Administration 2005	276,581	0	49,400	227,181	15,400
288 Loan Borrowings 2007	400,024	0	400,000	24	27,100
292 Loan Borrowings 2008	496,155	0	24,400	471,755	35,900
295 Old Library Conversion 2009	700,000	0	50,500	649,500	48,300
296 Loan Borrowings 2009	517,551	0	23,500	494,051	34,800
298 Loan Borrowings 2010	550,000	0	39,700	510,300	38,000
306 Loan Borrowings 2011	0	675,000	0	675,000	0
<b>Recreation and Culture</b>					
281 Golf Course Plan 2005	14,719	0	14,700	19	600
284 Rushton Park 2006	214,871	0	31,000	183,871	13,100
286 Kelmscott Library 2005	57,027	0	10,400	46,627	3,300
291 Aquatic Works 2008	475,768	0	13,700	462,068	34,500
294 Armadale Library Relocation 2009	1,100,000	0	79,300	1,020,700	75,800
299 Aquatic Centre Upgrade 2010	970,000	0	81,200	888,800	24,300
300 Frye Park Redevelopment 2010	460,000	0	33,200	426,800	31,800
302 Aquatic Centre Upgrade 2011	0	1,430,000	0	1,430,000	0
303 Bakers House Refurbishment 2011	0	344,500	0	344,500	0
304 Frye Park Redevelopment 2011	0	1,067,000	0	1,067,000	0
305 Piara Waters (North) 2011	0	1,160,000	0	1,160,000	0
<b>Transport</b>					
287 Civil Works 2006	230,340	0	230,300	40	15,700
289 Civil Works 2007	160,010	0	160,000	10	11,000
290 ARA Projects 2008	183,967	0	18,000	165,967	13,300
293 Abbey Road Link Project 2008	650,000	0	0	650,000	41,200
297 Abbey Road Land 2010	4,552,800	0	0	4,552,800	250,400
301 Abbey Road Project 2011	0	3,000,000	0	3,000,000	0
	<b>12,009,813</b>	<b>7,676,500</b>	<b>1,259,300</b>	<b>18,427,013</b>	<b>714,500</b>

	Principal 1 July \$	New Loans \$	Principal Repayments \$	Principal 30 June \$	Interest Repayments \$
<b>22 Information on Borrowings</b>					
<b>b Repayment - Debentures (Actual)</b>					
<b>Particulars</b>					
<b>Governance</b>					
285 Temporary Administration 2005	276,581	0	49,239	227,342	14,933
288 Loan Borrowings 2007	400,024	0	400,024	0	26,821
292 Loan Borrowings 2008	496,155	0	23,967	472,188	35,736
295 Old Library Conversion 2009	700,000	0	54,177	645,823	40,332
296 Loan Borrowings 2009	517,551	0	23,139	494,412	34,649
298 Loan Borrowings 2010	550,000	0	42,567	507,433	31,689
306 Loan Borrowings 2011	0	675,000	0	675,000	105
<b>Recreation and Culture</b>					
281 Golf Course Plan 2005	14,719	0	14,720	(1)	266
284 Rushton Park 2006	214,871	0	30,560	184,311	12,881
286 Kelmscott Library 2005	57,027	0	10,152	46,875	3,079
291 Aquatic Works 2008	475,768	0	13,475	462,293	34,298
294 Armadale Library Relocation	1,100,000	0	85,135	1,014,865	63,378
299 Aquatic Centre Upgrade 2010	970,000	0	42,299	927,701	59,295
300 Frye Park Redevelopment 2010	460,000	0	35,602	424,398	26,504
302 Aquatic Centre Upgrade 2011	0	1,430,000	0	1,430,000	235
303 Bakers House Refurbishment	0	344,500	0	344,500	53
304 Frye Park Redevelopment 2011	0	1,067,000	0	1,067,000	176
305 Piara Waters (North) 2011	0	1,160,000	0	1,160,000	187
<b>Transport</b>					
287 Civil Works 2006	230,340	0	230,340	(1)	15,444
289 Civil Works 2007	160,010	0	160,010	0	10,728
290 ARA Projects 2008	183,967	0	17,653	166,314	13,110
293 Abbey Road Link Project 2008	650,000	0	0	650,000	40,560
297 Abbey Road Land 2010	4,552,800	0	0	4,552,800	260,875
301 Abbey Road Project 2011	0	3,000,000	0	3,000,000	434
	<b>12,009,813</b>	<b>7,676,500</b>	<b>1,233,060</b>	<b>18,453,253</b>	<b>725,767</b>

	Amount Borrowed		Amount Used		Balance Unspent
	Actual	Budget	Actual	Budget	
	\$	\$	\$	\$	\$
<b>22 Information on Borrowings (continued)</b>					
<b>c New Debentures</b>					
<b>Particulars</b>					
<b>Governance</b>					
306 Loan Borrowings 2011	675,000	675,000	675,000	675,000	0
<b>Recreation and Culture</b>					
302 Aquatic Centre Upgrade 2011	1,430,000	1,430,000	1,430,000	1,430,000	0
303 Bakers House Refurbishment	344,500	344,500	344,500	344,500	0
304 Frye Park Redevelopment 2011	1,067,000	1,067,000	1,067,000	1,067,000	0
305 Piara Waters (North) 2011	1,160,000	1,160,000	1,160,000	1,160,000	0
<b>Transport</b>					
301 Abbey Road Project 2011	3,000,000	3,000,000	3,000,000	3,000,000	0
	<b>7,676,500</b>	<b>7,676,500</b>	<b>7,676,500</b>	<b>7,676,500</b>	<b>0</b>

Particulars	Institution	Loan Type	Term (Years)	Total Costs	Interest Rate
<b>Governance</b>					
306 Loan Borrowings 2011	WATC	Debenture	10	221,525	5.68%
<b>Recreation and Culture</b>					
302 Aquatic Centre Upgrade 2011	WATC	Debenture	20	1,062,005	6.02%
303 Bakers House Refurbishment	WATC	Debenture	10	113,060	5.68%
304 Frye Park Redevelopment 2011	WATC	Debenture	20	792,419	6.02%
305 Piara Waters (North) 2011	WATC	Debenture	15	610,304	5.89%
<b>Transport</b>					
301 Abbey Road Project 2011	WATC	Debenture	3	480,682	5.29%
				<b>3,279,995</b>	

**d Unspent Debentures**

The City had no unspent debentures at 30 June 2011.

**e Overdraft Facilities**

The City did not utilise an overdraft during the 2010 - 2011 financial year, although a \$100,000 facility has been established with the City's bankers to assist with short-term liquidity requirements. A further provision to this facility is the permitted temporary increase to \$1,500,000 during the months of July through September if required. The City did not need to utilise these facilities and the balance of any bank overdraft facilities at 1 July 2010 and 30 June 2011 was \$nil.

	Rate in \$ / Minimum Charge	Property Numbers #	Rateable Value \$	Rate Revenue \$	Interim and Back Rates \$	Total Revenue \$
<b>23 Rating Information</b>						
<b>a Rating Information (Budget)</b>						
<b>Rate Type</b>						
<b>General Rate</b>						
Gross Rental Value	10.560	19,810	265,968,287	28,086,237	838,100	<b>28,924,337</b>
Unimproved Value	0.342	146	177,085,000	605,610	0	<b>605,610</b>
<b>Sub-Total</b>		<b>19,956</b>	<b>443,053,287</b>	<b>28,691,847</b>	<b>838,100</b>	<b>29,529,947</b>
<b>Minimum Rate</b>						
Gross Rental Value	\$829	6,047	41,816,992	5,012,963	0	<b>5,012,963</b>
Unimproved Value	\$995	22	4,859,433	21,890	0	<b>21,890</b>
<b>Sub-Total</b>		<b>6,069</b>	<b>46,676,425</b>	<b>5,034,853</b>	<b>0</b>	<b>5,034,853</b>
<b>Total</b>		<b>26,025</b>	<b>489,729,712</b>	<b>33,726,700</b>	<b>838,100</b>	<b>34,564,800</b>
Rate Equivalent Payments and Adjustments						0
Specified Area Rates						586,500
<b>Total</b>						<b>35,151,300</b>
<b>b Rating Information (Actual)</b>						
<b>Rate Type</b>						
<b>General Rate</b>						
Gross Rental Value	10.560	19,967	267,664,920	28,263,038	593,919	<b>28,856,957</b>
Unimproved Value	0.342	146	177,085,000	605,631	(1,050)	<b>604,581</b>
<b>Sub-Total</b>		<b>20,113</b>	<b>444,749,920</b>	<b>28,868,669</b>	<b>592,869</b>	<b>29,461,538</b>
<b>Minimum Rate</b>						
Gross Rental Value	\$829	6,020	40,954,031	4,990,298	23,832	<b>5,014,130</b>
Unimproved Value	\$995	22	4,859,433	21,890	28,337	<b>50,227</b>
<b>Sub-Total</b>		<b>6,042</b>	<b>45,813,464</b>	<b>5,012,188</b>	<b>52,169</b>	<b>5,064,357</b>
<b>Total</b>		<b>26,155</b>	<b>490,563,384</b>	<b>33,880,857</b>	<b>645,038</b>	<b>34,525,895</b>
Rate Equivalent Payments and Adjustments						39,330
Specified Area Rates						608,632
<b>Total</b>						<b>35,173,857</b>

## CITY OF ARMADALE

### Notes to, and forming part of, the Financial Report For the year ended 30 June 2011

	Rate in \$	Property Numbers #	Rateable Value \$	Rate Revenue \$	Interim and Back Rates \$	Total Revenue \$
<b>24 Specified Area Rates</b>						
<b>a Specified Area Rates (Budget)</b>						
<b>Rate Type</b>						
<b>Specified Area Rate - GRV</b>						
A - Armadale CBD	0.439	89	22,483,373	98,600	0	<b>98,600</b>
B - Kelmscott CBD	1.245	97	5,276,651	65,700	0	<b>65,700</b>
C - Kelmscott Industry	0.243	333	6,742,940	16,400	0	<b>16,400</b>
D - S A'dale Industry	0.653	128	2,878,267	18,800	0	<b>18,800</b>
E - Shopping Precincts	1.107	13	2,248,866	24,900	0	<b>24,900</b>
F - North Forrestdale	1.427	2,098	25,379,855	362,100	0	<b>362,100</b>
<b>Total</b>		<b>2,758</b>	<b>65,009,952</b>	<b>586,500</b>	<b>0</b>	<b>586,500</b>
<b>b Specified Area Rates (Actual)</b>						
<b>Rate Type</b>						
<b>Specified Area Rate - GRV</b>						
A - Armadale CBD	0.439	89	22,483,373	98,702	787	<b>99,489</b>
B - Kelmscott CBD	1.245	98	5,276,651	65,694	(21)	<b>65,673</b>
C - Kelmscott Industry	0.243	333	6,742,940	16,385	52	<b>16,437</b>
D - S A'dale Industry	0.653	128	2,878,267	18,795	(7)	<b>18,788</b>
E - Shopping Precincts	1.107	13	2,248,866	24,895	(2,413)	<b>22,482</b>
F - North Forrestdale	1.427	2,145	26,013,684	371,076	14,687	<b>385,763</b>
<b>Total</b>		<b>2,806</b>	<b>65,643,781</b>	<b>595,547</b>	<b>13,085</b>	<b>608,632</b>

In the 2010-2011 financial year, the City imposed 6 separate Specified Area Rates, the purpose of which was to enhance the amenity of selected areas by way of increased and improved service levels.

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

The Area F Specified Area Rate - the North Forrestdale Estates Amenity Service - is for the increased maintenance and enhancement of the public open space (POS) and streetscapes of selected new estates in the North Forrestdale area of the City over and above other areas of the City.

## 25 Service Charges

No service charges were imposed for the 2010 - 2011 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 2010 - 2011 financial year.

### Incentives

Five rate payment incentives were offered in the 2010 - 2011 financial year. The first incentive was three prizes each of \$2,000 provided by the City of Armadale. The second incentive was one prize of \$1,500 provided by Westpac. The third incentive was two prizes of \$500 provided by Bendigo Bank. The fourth incentive was four prizes of \$1,000 to those ratepayers currently using, or opting to use, Council's 'Smarter Way To Pay' yearly direct debit payment method. The fifth incentive two prizes each of a Double Pass to see the WA Symphony Orchestra perform Lazarev Conducts Tchaikovsky. Conditions relating to timing of the payment of rates and entry conditions applied to these incentives.

### Concessions

No concessions were offered in the 2010 - 2011 financial year.

### Write-Offs

The following write-offs were made during the 2010 - 2011 financial year -

Rates	85,079
General	0
Infringements	33,564
	<u>118,643</u>

## 27 Interest Charges and Instalments

Particulars	Interest Rate %	Admin Charge \$	Actual Revenue \$	Budgeted Revenue \$
Interest on late paid rates	11	-	156,582	129,700
Interest on instalment plans	5.5	-	156,357	140,100
Interest on Emergency Services Levy (ESL)	11	-	1,657	0
Charges on instalment plans (per payment)	-	9.00	178,200	150,500
Charges on special arrangements	-	40.00	25,560	15,500
			<u>518,355</u>	<u>435,800</u>

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

## CITY OF ARMADALE

### Notes to, and forming part of, the Financial Report For the year ended 30 June 2011

	2011 Actual \$	2010 Actual \$
<b>28 Fees and Charges</b>		
General Purpose Funding	395,914	412,226
Governance	4,846	2,748
Law, Order and Public Safety	389,399	421,465
Health	120,544	95,487
Education and Welfare	5,540	4,511
Community Amenities	7,886,218	6,853,568
Recreation and Culture	1,100,436	934,131
Transport	995,409	480,272
Economic Services	1,211,525	1,274,948
Other Property and Services	209,937	250,664
	<b>12,319,768</b>	<b>10,730,021</b>
<b>29 Grant, Subsidies and Contributions Revenue</b>		
<b>By Nature or Type</b>		
Operating Grants, Subsidies and Contributions	18,743,722	12,496,296
Non-Operating Grants, Subsidies and Contributions	7,802,844	9,058,577
	<b>26,546,565</b>	<b>21,554,873</b>
<b>By Program</b>		
General Purpose Funding	2,656,743	2,481,181
Governance	3,706,558	15,449
Law, Order and Public Safety	169,364	262,807
Health	2,148	5,021
Education and Welfare	264,256	237,324
Community Amenities	11,096,600	6,873,884
Recreation and Culture	452,171	3,523,578
Transport	8,174,131	8,125,470
Economic Services	24,596	30,161
Other Property and Services	0	0
	<b>26,546,565</b>	<b>21,554,873</b>
<b>30 Employee Numbers</b>		
Number of Full-Time Equivalent Employees at Balance Date	<b>282</b>	<b>261</b>



	2011 Actual \$	2011 Budget \$	2010 Actual \$
<b>31 Councillors' Fees and Allowances</b>			
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	60,000	60,000	60,000
Deputy Mayoral Allowance	15,000	15,000	15,000
Telecommunications Allowance	27,160	27,200	26,180
Travelling Allowance	12,060	12,000	11,377
Communication Reimbursement	12,439	13,500	9,587
Child Minding Reimbursement	3,120	3,200	215
Information Technology Allowance	14,000	14,000	14,000
Vehicle Operation - Mayor	8,299	8,300	7,878
	<b>257,078</b>	<b>258,200</b>	<b>249,238</b>

### 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.

	2011	2010	2009	2008
100,000 - 109,999	6	0	4	0
110,000 - 119,999	2	2	1	1
120,000 - 129,999	1	3	2	3
130,000 - 139,999	3	2	2	0
140,000 - 149,999	3	2	0	0
150,000 - 159,999	1	0	0	0
160,000 - 169,999	1	0	1	1
170,000 - 179,999	0	1	0	0
180,000 - 189,999	0	0	0	0
190,000 - 199,999	0	0	0	0
200,000 - 209,999	1	0	0	0
	<b>18</b>	<b>10</b>	<b>10</b>	<b>5</b>

### 33 Major Land Transactions

#### Abbey Road and Railway Avenue Urban Renewal Project

##### a) Details

Land was acquired in Abbey Road and Railway Avenue, Armadale during the 2009-2010 financial year, for road realignment and residential subdivision purposes. Costs associated with the development of this land will be incurred by Council over future years.

A Business Plan titled *Abbey Road and Railway Avenue Urban Renewal Project* was advertised in June / July 2009 in accordance with Section 3.59 of the *Local Government Act 1995 (as amended)*.

## CITY OF ARMADALE

### Notes to, and forming part of, the Financial Report For the year ended 30 June 2011

	2011 Actual \$	2011 Budget \$	2010 Actual \$
b) Current Year Transactions			
<u>Non-Operating Revenue</u>			
New Debentures	3,000,000	3,000,000	4,552,800
Disposal of Assets	0	0	0
From Reserve	0	0	0
<u>Operating Expense</u>			
Interest Expenses	(301,869)	(291,600)	0
<u>Capital Expense</u>			
Purchase of Land	(570,895)	(1,992,800)	(2,560,020)
Development Costs	0	0	0
<u>Non-Operating Expense</u>			
Principal Repayments	0	0	0
To Reserve	(2,127,236)	(355,000)	0
	<b>0</b>	<b>360,600</b>	<b>1,992,780</b>

The above capital expense has been included in land acquisitions (Note 6 - Annual Budget) with the remaining funds included in the 2010-2011 Annual Budget for the remaining land purchases.

	To 2011 \$	2012 \$	2013 \$	2014 \$	2015 \$
c) Expected Cash Flows					
<b>Opening</b>	<b>0</b>	<b>1,421,900</b>	<b>1,750,700</b>	<b>0</b>	<b>0</b>
<u>Non-Operating Revenue</u>					
New Debentures	8,202,800	5,290,000	5,290,000	0	0
Disposal of Assets	0	0	6,897,500	9,242,100	6,897,500
From Reserve	0	2,362,200	0	0	9,383,900
<u>Operating Expense</u>					
Interest Expenses	(334,868)	(456,500)	(621,800)	(1,018,600)	(793,600)
<u>Capital Expense</u>					
Purchase of Land	(3,780,915)	0	0	0	0
Development Costs	0	(6,711,900)	(5,290,000)	0	0
<u>Non-Operating Expense</u>					
Principal Repayments	0	0	0	(3,295,000)	(15,487,800)
To Reserve	(2,665,117)	(155,000)	(8,026,400)	(4,928,500)	0
<b>Closing</b>	<b>1,421,900</b>	<b>1,750,700</b>	<b>0</b>	<b>0</b>	<b>0</b>

The net cash flows of the entire land transaction is expected to result in an inflow of \$4,028,917.

### 34 Financial Risk Management

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

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

	Carrying Value		Fair Value	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	55,359,777	41,278,991	55,359,777	41,278,991
Receivables	6,563,914	6,395,832	6,563,914	6,395,832
	<b>61,923,691</b>	<b>47,674,823</b>	<b>61,923,691</b>	<b>47,674,823</b>
<b>Financial Liabilities</b>				
Payables	7,153,409	6,929,933	7,153,409	6,929,933
Borrowings	18,453,253	12,009,813	12,709,192	8,390,561
	<b>25,606,662</b>	<b>18,939,746</b>	<b>19,862,601</b>	<b>15,320,494</b>

Fair value is determined as follows -

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

**34 Financial Risk Management (continued)**

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

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

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

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns. The City's weighted average interest rate on cash and cash deposits was 5.62% (2009 / 2010 - 4.95%).

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

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

	<b>30 June 2011 \$</b>	<b>30 June 2010 \$</b>
Impact of a 1% movement in interest rates on Cash and Investments		
Equity	553,598	412,790
Income statement	553,598	412,790

### 34 Financial Risk Management (continued)

#### b Receivables

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

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

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

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

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

	30 June 2011 \$	30 June 2010 \$
Value of Rates and Annual Charges		
Current	1,168,477	786,033
Overdue - Older than 12 months	596,419	583,992
	<b>1,764,896</b>	<b>1,370,025</b>
Percentage of Rates and Annual Charges		
Current	66%	57%
Overdue - Older than 12 months	34%	43%
Value of Other Receivables		
Current	4,613,335	4,826,664
Overdue - Older than 30 days	185,683	199,143
	<b>4,799,018</b>	<b>5,025,807</b>
Percentage of Other Receivables		
Current	96%	96%
Overdue - Older than 30 days	4%	4%

**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. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required. The contractual undiscounted cash flows of the City's payables and borrowings are set out in the Liquidity Sensitivity table below -

	<b>Due Within 1 Year \$</b>	<b>Due Between 1 and 5 Years \$</b>	<b>Due After 5 Years \$</b>	<b>Total Contractual Cash Flows \$</b>	<b>Carrying Values \$</b>
<b>2011</b>					
Payables	7,153,409	0	0	<b>7,153,409</b>	7,153,409
Borrowings	1,720,840	12,258,188	8,222,350	<b>22,201,378</b>	18,453,253
	<b>8,874,249</b>	<b>12,258,188</b>	<b>8,222,350</b>	<b>29,354,787</b>	<b>25,606,662</b>
<b>2010</b>					
Payables	6,929,933	0	0	<b>6,929,933</b>	6,929,933
Borrowings	1,238,276	9,904,105	4,223,552	<b>15,365,933</b>	12,009,813
	<b>8,168,209</b>	<b>9,904,105</b>	<b>4,223,552</b>	<b>22,295,866</b>	<b>18,939,746</b>

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

	<b>Weighted Average Rate %</b>	<b>Less Than 1 Year \$</b>	<b>Between 1 and 5 Years \$</b>	<b>More Than 5 Years \$</b>	<b>Total \$</b>
<b>Year ended 30 June 2011</b>					
<b>Borrowings</b>					
<b>Fixed Rate</b>					
Debentures	5.89	650,595	11,858,019	5,944,639	<b>18,453,253</b>
<b>Year ended 30 June 2010</b>					
<b>Borrowings</b>					
<b>Fixed Rate</b>					
Debentures	6.11	1,233,059	7,664,128	3,112,626	<b>12,009,813</b>

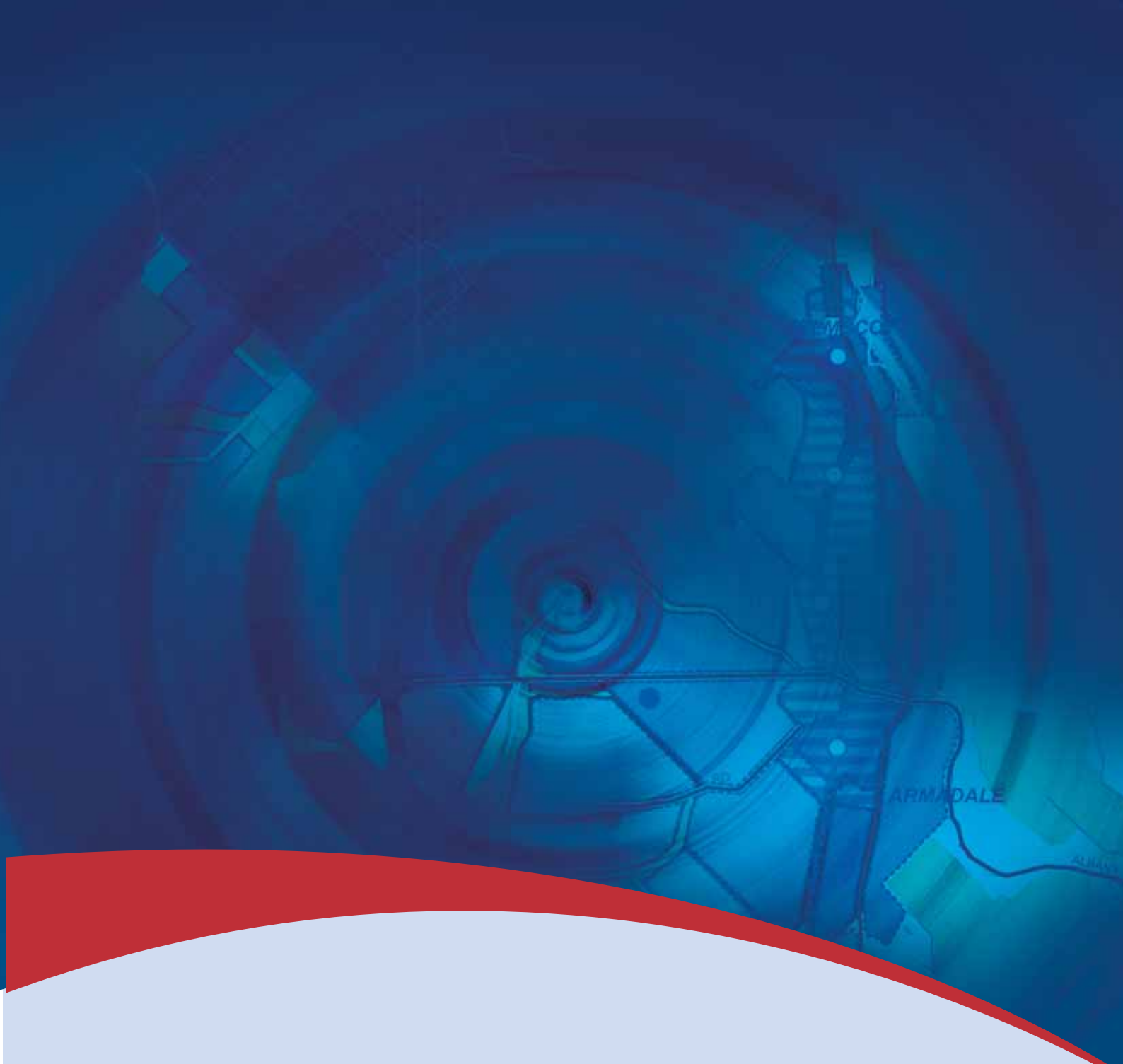


The City of Armadale logo is a simple and clear depiction of a forward-looking and progressive municipality.

All three colours are fresh and bright reflecting a rejuvenated City.

Green is representative of the natural environment, red represents the community and the built environment and blue symbolises an economic focus and the water resources of the district.

The three arcs leaping forward also depict the rolling hills and symbolise a combination of elements and ideals woven together to make one unit.



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